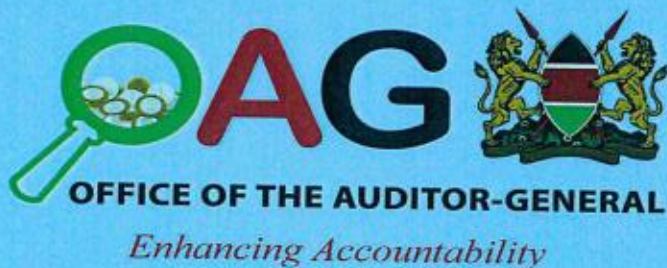


REPUBLIC OF KENYA



REPORT 22 FEB 2023

OF CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

**KAPCHEROP TECHNICAL AND
VOCATIONAL COLLEGE**

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



KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *Kapcherop Technical and Vocational College* was established under the Technical, Vocational, Education and Training (TVET) Act 2013 on 21 December 2016. The entity is domiciled in Kenya. The Kapcherop Technical and Vocational College operates under the Ministry of Education state department of Technical, Vocational, Education and Training (TVET).

(b) Principal Activities

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

Vision

To be international leader in technical and vocational training.

Mission

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

Core Values

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

Core Values are fundamental values or ideas at the heart of Kapcherop Technical and Vocational College that lays

the foundation on which the college operates.

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

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

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

These core values are;

- Responsiveness.
- Accountability
- Teamwork
- Integrity
- Transparency

(c) Key Management

The *Kapcherop Technical and vocational college* day-to-day management is under the following key organs:

- Board of Governors
- Principal
- Management Team

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(d) Fiduciary Management

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

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Simion Cheplogoi
2.	Ag. Deputy principal	Philamon Kibet Yano
3	Registrar (s)	Michael Ngo'k
4	Dean of students	Caroline Sugut
5	Head of Finance	Nicholas K. Biwott
6	Act Procurement	Oscar Chongwo

(e) Fiduciary Oversight Arrangements

a) Academic committee

1. Ms. Emily Wabuye (Chairlady)
2. Virginia A. Okere (Member)
3. William K. Cheratum (Member)
4. Simion Cheplogoi (Secretary)

Their roles include:

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

b) Human Resource/ Budget/Finance Committee

1. Solomon Cheboi (Chairman)
2. Eng. Benjamin Mumia Wamukoya (Member)
3. Edith Chepkorir Koske (Member)
4. Simion Cheplogoi (Secretary)

Their roles include;

- i) Approval of budget statement.
- ii) Ensures that financial statements are in agreement with public finance act

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Simion Cheplogoi
2.	Deputy principal	Philamon Yano
3	Registrar (s)	Michael Ngo'k
4	Dean of students	Caroline Sugut
5	Accountant	Nicholas Kosgei
6	Ag. Head Procurement	Oscar Chongwo

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II.KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(c) Entity Headquarters

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

(a) Entity Contacts

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

(b) Entity Bankers

- 1.Transnational Bank.
Kapcherop Branch.
- 2.Kenya commercial bank
Eldoret Branch

(c) Independent Auditors

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

(d) Principal Legal Adviser

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

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III.THE COUNCIL/BOARD OF GOVERNORS

1. Insert each Council/Board of Governor's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Member's date of birth, key qualifications and work experience. Indicate whether the director is independent or an executive director and which committee of the Member chairs where applicable.
 <p>Elias Koech-Board chairman.</p>	<p>Elias Koech was born in 1956.He studied at Kenya Science Teacher's College and later to McGill University (CANADA). B.Ed. (Sci).</p> <p>He has a wealth of experience in the field of Education administration, he has worked in various institutions as Kabianga high school, Marakwet sec. school as deputy head teacher, Kapsowar Day sec. school as head teacher, also worked at saint Patrick High school Iten as a deputy head teacher and later on acting capacity head teacher.</p> <p>He then later on moved to Tambach Teachers' college as the principal in 1998.In 1999 he moved to Eldoret polytechnic as deputy principal. In June 1999 he went to Eregi Teachers College as the principal until 2005 where he became the Chief principal in the college. He is the B.O.G chair person</p>
 <p>Name: William Cheratum Koech</p>	<p>Mr. William was born on 17th December, 1962. he is currently the board member of the Governing Council of the Kapcherop technical & vocational college. he has wealth of experience of corporate & public Education administration. He is a founder and MD of Barry developers and construction company limited & a professional in human resource. He worked a a banker for 6 years in KCB bank. he is a graduate in BSc. (Human Resource) From Moi university. He is currently pursuing masters of science (HRM).</p>

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Name: Emily Wabuye

Emily wabuye, PHD was born on 1971. She is currently the board member of kapcherop technical & vocational college. She is a consultant advisor; hardson Hse, Dunga road industrial area Nairobi. She is a PHD holder from university of Oslo, Norway. she has Msc in bio-diversity from Addis Ababa University, Ethiopia and Bsc botany geography and zoology from Kenyatta university, Kenya. she has wealth of experience in biological research and capacity building, strategic planning and coordination of multi-institutional projects at national regional and international levels.



Name: Janet Jeruto
Bsc. Law(LLB)

Janet Jeruto, was born on She is currently the board member of kapcherop technical & vocational college. She is the legal adviser office of the governor Elgeyo Marakwet County. She has a Bsc of law (LLB) from Moi university and diploma holder in law from Kenya school of law. worked with gender thematic and women, peace and security thematic team, scrutinizing and advising regional/country office on the strategic plan within the thematic area.



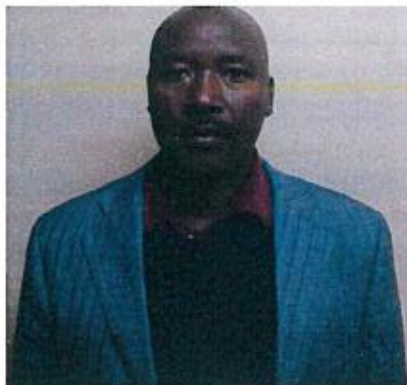
Name: Virginia Okerere.
Degree social works.

Virginia Okere was born on 14th July 1987. She has a degree of art in social works from Moi university and Diploma in information & communication technology from Digital Advisory Learning Centre.

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 <p>Eng. Benjamin Mumia</p>	<p>Eng. Benjamin Mumia Wamukoya was born on 14th June 1984. He attained his Bachelor of Technology Degree, civil & structural Engineering from Moi University and later joined Kenya Institute of management to study and attained Diploma in Project Management.</p> <p>Eng. Mumia is experienced since he has worked for Malaba Keya and Partners, consulting Engineers and Planners as CAD Technician, Graduate engineer and project Engineer and later on in 2014/2017 being Resident Engineer during the construction of Moi University Pension Scheme, mups plaza, Eldoret. He is a finance committee chair.</p>
 <p>Solomon Cheboi</p>	<p>Miss Edith was born in 19th June 1982. She studied in Egerton University, Njoro Campus Nakuru, Kenya where she graduated with degree in Economics and Sociology.</p> <p>She has worked with Kenya Association of Manufactures (KAM) from 2012 to date as Regional Coordinator -North Rift Region, also worked at Kenya Investment Authority, Nairobi.</p> <p>Business consultant, Resolution Health EA Ltd, Mombasa and as a research assistant coast Region at Kenya Institute for Public Policy Research and Analysis (KIPPRA). She is Member executive committee.</p>
 <p>Edith Chepchirchir Koske</p>	<p>Miss Edith was born in 19th June 1982. She studied in Egerton University, Njoro Campus Nakuru, Kenya where she graduated with degree in Economics and Sociology.</p> <p>She has worked with Kenya Association of Manufactures (KAM) from 2012 to date as Regional Coordinator -North Rift Region, also worked at Kenya Investment Authority, Nairobi.</p> <p>Business consultant, Resolution Health EA Ltd, Mombasa and as a research assistant coast Region at Kenya Institute for Public Policy Research and Analysis (KIPPRA). She is Member executive committee.</p>

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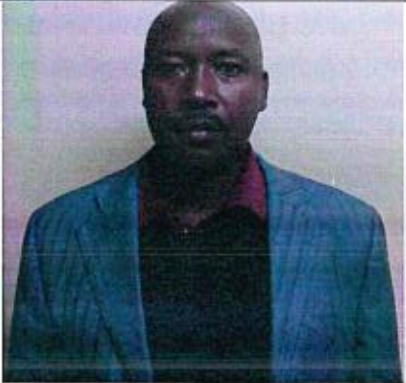

Simion Cheplogoi
Principal/B O G Secretary.

Simion cheplogoi was born in 1973. He attained Diploma in science and technical education from Kenya Science Teachers College in 1995. He joined Moi University for Bed. Technology. He is currently on going with MPHIL in University of Eldoret.

He has a wealth of experience in the field of education administration. He worked as lecturer in Aiyebo High school before joining Rift Valley Technical Training Institute as a senior lecture, deputy registrar, admission and marketing as well as teaching maths and mechanical. He moved to Baringo Technical College as deputy principal before joining Kapcherop Technical and vocational college as the principal to date. He is the secretary B.O.G.

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IV.MANAGEMENT TEAM

1. Insert each key manager's/Principal passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
 <p>Simion Cheplogoi He attained Diploma in science and technical education from Kenya Science Teachers College. He joined Moi University for Bed. Technology. He is currently on going with MPHIL in University of Eldoret.</p>	<ul style="list-style-type: none"> • Principal
 <p><i>Philemon Yano</i> He attained Bachelor of Commerce in Entrepreneurship and Enterprise Development Option in 2016.He also have Higher National Diploma (Entrepreneurship and Enterprise Development). Also have Diploma in Technical Education Business Option and Diploma in Business Administration.</p>	<ul style="list-style-type: none"> • Ag. Deputy Principal

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Michael Ng'ok.

He has Diploma Technical Education (KTTC),
 Bsc.Administration (KEMU) master's in Business
 administration (MBA-marketing) from JKUAT
 and currently pursuing PHD university of
 Nairobi.

- Registrar



Caroline Sugut

*She graduated with a degree in Education Technology
 (building and construction option) from Moi university.*

- *Dean of students*



Nicholas K. Kosgei

He is a KATC(K) final holder, joined CPA
 Professional course and completed CPA part I,
 now on going with part II (SEC 3&4).

- Accountant

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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V. CHAIRMAN'S STATEMENT

It is my pleasure to present the Kapcherop Technical and Vocational College's annual report and financial statement for the year ended 30th June 2019.

The College registered significant growth in enrolment of students, more of staff - both trainers and non-trainers were recruited. The Board committed resources towards the provision of training materials, tools and equipment to ensure quality training in the college.

During the year under review, capacity building and training of Board members and Staff, were conducted. This will go a long way in transforming the approaches in management of college activities and service delivery to all.

I wish to thank the Government of Kenya for financing, supporting TVET Education and making it attractive through Capitation, HELB facilities and provision of state of art training equipment.

Due to increased enrolment, the capacity of tuition facilities is currently strained. I therefore appeal to the Government to consider providing more financing for expansion of infrastructure to accommodate rising number of students and enhance access to training.

Finally, I thank all stakeholders for their continued support and we endeavour to make even greater strides in the coming years to achieve our vision.

VI. REPORT OF THE PRINCIPAL

I'm pleased to report on financial statement for the year ending 30th June 2019. The college made great strides during the year which saw enrolment rise from 45 students to 176. The college has improved on its service capacity which included provision of internet, equipping of a 10 user ICT laboratory, recruitment of more trainers and support staff.

During the year under review, the college received income from students' fees (A-in-A) of **Ksh. 4,649,920**, GOK capitation grants of **Ksh. 5,224,078**, operational Grants of **Ksh 500,000**, and Other Income **11,529**. Total revenue for the year is **kshs. 10,385,528**. Total expenditure for the year is **kshs. 6,957,060** resulting to a surplus of **kshs. 3,428,468**. The increase was occasioned by the newly introduced financing method through capitation.

I would like to appreciate the Board of Governors for providing the strategic leadership, staff for their commitment to providing service. During the year under review the management facilitated Students Governance structures and students' Board. I therefore extend my appreciation to students for exhibiting good behaviour and discipline.

In conclusion I wish to thank all stake holders for their support during the period.

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VII.CORPORATE GOVERNANCE STATEMENT

APPOINTMENT OF BOARD

The Chairman and Members of the Board were appointed by the Cabinet Secretary of Education on 24th July 2017 for a 3-year term.

INDUCTION AND TRAINING OF THE BOARD

During the year under review, the Board attended a three-day training on governance conducted by the Directorate of Technical Training from 15th to 17th May 2019.

CORPORATE GOVERNANCE

During the year under review, Members of the Board committed themselves to the service of Kapcherop Technical and Vocational College and upheld the tenets of good corporate Governance by being transparent, accountable, persons of integrity, socially responsive, promoted excellence and exercised fairness in all dealings.

The Board of Kapcherop Technical and Vocational College consists of 8 members.

SNO	NAME	TITLE
1.	Mr. Elias Komen.	Chairman
2.	Mr. Simion Cheplogoi.	Principal/Secretary to the Board
3.	Eng. Benjamin Mumia.	Member
4.	Dr. Emily Wabuye.	Member
5.	Edith Chepchirchir Kosgei.	Member.
6.	Mr. Solomon Cheboi.	Member.
7.	Jane Jeruto.	Member.
8.	Virginia Okere.	Member

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The following are functions of the Board of Governors as stipulated in the TVET Act 2013 Section 29

- a) Overseeing the conduct of education and training in the institution in accordance to the Act and other written laws
- b) Promoting and maintaining standards, quality and relevance in education and training in the institution
- c) Administering and managing the property of the institution
- d) developing and implementing the institutions' strategic plan
- e) preparing annual estimates of revenue and expenditure for the institution incurring expenditure on behalf of the institution,
- f) Receiving on behalf of the institution, fees, grants, subscriptions donations, bequests or other monies and make disbursements to the institution or other bodies or persons
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act.
- h) Mobilizing resources for the institution
- i) Developing and reviewing programmes for training and to make representations thereon to the TVETA Board
- j) Regulating the admission and exclusion of students from the institution, subject to a qualification framework and the provisions of the TVET Act
- k) approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by TVETA board
- l) determining terms and conditions of support staff, trainers and instructors and remunerating the staff of the institution in consultation with TVETA
- m) making regulations governing organization, conduct and discipline of staff and students.
- n) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submitting the same to TVET Board
- o) Providing for welfare of students and staff of the institution
- p) encouraging, nurturing and promoting democratic culture, dialogue and tolerance in institution
- q) discharging all functions conferred upon it by the Act or any other written Law.

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VIII.MANAGEMENT DISCUSSION AND ANALYSIS

The college operational and financial performance

The operational and financial performance of Kapcherop Technical College is set out in pages 1 to 43

College compliance with statutory requirement

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

Total exposure

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

Reporting framework

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

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

The college financial probity and serious governance issues

During the financial year 2018-2019 there was no major financial improprieties reported by agencies on oversight that came to the knowledge of management. In addition, the college does not have serious governance issues among the board and the top management including conflict of interest.

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**IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

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

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

During the financial year ended 30 June 2019, Kapcherop Technical and Vocational College did not engage in any corporate social responsibility.

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X.REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board members submitted their report for the year ended June 30, 2019 which shows the state of the *Kapcherop Technical and Vocational College* affairs.

Principal activities

The principal activities of the entity are training.

Results

The results of the entity for the year ended June 30 are set out on page 1-44

BOARD OF GOVERNORS

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

Auditors

The Auditor General is responsible for the statutory audit of the *Kapcherop Technical and Vocational College* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Kapcherop Technical and Vocational College* for the year/period ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Simion Cheplogoi
Principal/B O G Secretary
Kapcherop Technical
Date:27/9/2021

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XI.STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The Board are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on 30 June 2018. 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) Safeguarding the assets of the entity;
- (iv) Selecting and applying appropriate accounting policies; and
- (v) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and Technical Vocational Education and Training (TVET) Act, 2013. The board members are of the opinion that the College's financial statements give a true and fair view of the state of Kapcherop Technical and Vocational College transactions during the financial year ended 30 June 2019 and of the entity's financial position as at that date.

Approval of the financial statements

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

Elias K.omen



Chairman of Council/Board of Governors

Date: 27/09/2021

Nicholas Biwott



Accountant

Date: 27/09/2021

Simion Cheplogoi



Principal

Date: 27/09/2021

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kapcherop Technical and Vocational College set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapcherop Technical and Vocational College as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Inaccuracies in Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.2,088,016. However, the balance excludes undetermined value of land, buildings, furniture and fittings, computers and other training equipment of which had not been valued. Further, a fixed assets register was not provided for audit verification.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.2,088,016 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kapcherop Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other

ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted revenues of Kshs.44,823,925 and actual revenues of Kshs.10,385,527, resulting in a budget shortfall of Kshs.34,438,398 or 77% of the budget. Similarly, the College spent an amount of Kshs.6,718,098 against an approved budget of Kshs.38,733,925 resulting in an under-expenditure of Kshs.32,015,827 or 83% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Audit Committee and Internal Audit Function

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

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

2. Lack of Risk Management Policy

During the year under review, the College did not have a Risk Management Policy in place contrary to Regulation 165(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which requires each National Government entity to develop risk management strategies and a system of risk management.

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

3. Lack of Human Resource Policy

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

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit

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

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

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
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XIII.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	5,224,078	4,902,225
Grants from donors and development partners	7		
Transfers from other levels of government-cdf	6	500,000	1,000,000
Public contributions and donations	9		
		5,724,078	5,902,225
Revenue from exchange transactions			
Rendering of services- Fees from students	10	4,649,920	1,676,575
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Consultancy fees		-	-
Other income	14	11,529	5,000
Revenue from exchange transactions		4,661,449	1,681,575
Total revenue		10,385,527	7,583,800
Expenses			
Use of goods and services	15	3,306,145	1,538,908
Employee costs	16	2,159,610	470,000
Remuneration of directors	17	970,500	-
Depreciation and amortization expense	18	335,235	48,713
Repairs and maintenance	19	185,570	99,300
Contracted services	20	-	-
Grants and subsidies	21	-	-
General expenses	22	-	-
Finance costs	23	-	-
Total expenses		6,957,060	2,156,921
Other gains/(losses)			
Gain on sale of assets	24		
Gain on foreign exchange transactions	25		
Unrealized gain on fair value of investments			
Impairment loss			
Total other gains/(losses)			
Net Surplus for the year		3,428,468	5,426,879

The notes set out on pages 6 to 39 form an integral part of the Annual Financial Statements.

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XIV.STATEMENT OF FINANCIAL POSITION AS AT 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,686,162	4,410,462
Receivables from exchange transactions	28	1,545,156	675,430
Receivables from non-exchange transactions	29	4,417,684	-
Inventories	30	-	-
Investments	31	-	-
Total current assets		7,649,002	5,085,892
Non-current assets			
Property, plant and equipment	32	2,088,016	340,988
Total assets		9,737,018	5,426,880
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	35	881,672	-
Refundable deposits from customers	36	-	-
Non-current liabilities		881,672	-
Non-current provisions			
Total liabilities		881,672	-
Net assets		8,855,346	5,426,880
Reserves			
Balance b/f		5,426,880	5,426,880
Surplus /Deficit for the period		3,428,466	-
Balance c/d		8,855,346	5,426,880

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

Elias Komen

Nicholas Biwott

Simion Cheplogoi



Chairman of Council/Board of Governors



Accountant
ICPAK NO. 26115



Principal

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2017	-	-	-	-	-
Transfers	-	-	-	-	-
Surplus/deficit for the year	-	-	5,426,880	-	5,426,880
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2018	-	-	5,426,880	-	5,426,880
At July 1, 2018	-	-	5,426,880	-	5,426,880
Transfers	-	-	-	-	-
Surplus/deficit for the year	-	-	3,428,466	-	3,428,466
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2019	-	-	8,855,346	-	8,855,346
	-	-	-	-	-

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XVI.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018-202019	2017-2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	5,224,078	4,902,225
Transfers from other levels of government-cdf Marakwet West		-	1,000,000
Recurrent grants	6	500,000	-
Rendering of services- Fees from students	10	4,649,920	1,676,575
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Consultancy income		-	-
Other income, -interest from bank	15	11,529	5,000
Total Receipts		10,385,527	7,583,800
Payments			
Use of goods	16	3,306,145	470,000
Compensation of employees	17	2,159,610	1,538,908
BOG Remuneration	18	970,500	-
Repairs	20	185,570	99,300
Finance cost-bank charges	24		-
Other payments			
Grants and subsidies paid			
Total Payments		6,621,825	2,108,208
Net cash flows from operating activities		3,763,702	5,475,592
Adjustment for working capital			
Increase /Decrease in debtors		(5,287,410)	(675,430)
Increase /Decrease of payables		881,672	
Net cash flow from operating activities		(642,036)	4,800,162
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(2,082,264)	(389,700)
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(2,082,264)	(389,700)
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(2,724,300)	-
Cash and cash equivalents at 1 JULY 2018	26	4,410,462	4,410,462
Cash and cash equivalents at 30 JUNE 2019	26	1,686,162	4,410,462

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Difference	% utilization
	2018-2019	2018-2019	2018-2019	2018-2019		2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers from other Govt entities Govt grants	41,482,225	-	41,482,225	5,724,078	35,758,147	14%
Public contributions and donations				-		
Rendering of services- Fees from students	3,341,700	-	3,341,700	4,649,920	1,308,220	139%
Sale of goods				-		
Finance Income-interest from bank				11,529	11,529	0%
Consultancy Income				-		
Gains on disposal, rental income and agency fees						
Total income	44,823,925	-	44,823,925	10,385,527	34,438,398	
Expenses						
Compensation of employees	2,500,000	-	2,500,000	2,159,610	340,390	86%
Use of Goods and services	34,433,925	-	34,433,925	3,306,145	31,031,507	9%
Repairs	300,000	-	300,000	185,570	114,430	62%
Remuneration of directors	1,500,000	-	1,500,000	970,500	529,500	68%
Total expenditure	38,733,925	-	38,733,925	6,718,098	32,015,827	
Surplus for the period	6,090,000	-	6,090,000	3,667,429	2,422,571	

Budget notes

1. Underutilization of transfer from government facilities was because the budget not realised
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</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.</p> <p>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 2022</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> <ol 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.

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iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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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 2018/2019 was approved by the Council or Board on *12/07/2019*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

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

c) Taxes

Current income tax

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

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

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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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

Kapcherop Technical and Vocational College recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

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construction 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

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

q) Service concession arrangements

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

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

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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. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Operational grant	5,224,078	4,902,225
Other grants	500,000	1,000,000
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	5,724,078	5,902,225

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
MOE- Ministry/State Department				5,724,078	5,724,078
Ministry					
Total				5,724,078	5,724,078

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2018-2019	2017-2018
	KShs	KShs
JICA- Research grant	-	-
World Bank grants	-	-
Other grants	-	-
Total grants from development partners	-	-

Reconciliations of grants from donors and development partners

Description	2018-2019	2017-2018
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

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8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from County xxx	-	-
Transfer from xxx University	-	-
Transfer from xxx institute	-	-
Total Transfers	-	-

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
Total donations and sponsorships	-	-

10 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	4,649,920	1,676,575
Total revenue from the rendering of services	4,649,920	1,676,575

11 SALE OF GOODS

Description	2018-2019	2017-2018
	KShs	KShs
Sale of goods		
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	-	-
Other(include in line with your organisation)	-	-
Total revenue from the sale of goods	-	-

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019	2017-2018
	KShs	KShs
Straight-lined operating lease receipts	-	-
Contingent rentals	-	-
Total rentals	-	-

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13 FINANCE INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14 OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Insurance recoveries	-	-
Interest from bank	11,529	5,000
Services concession income	-	-
Skills development levy	-	-
Income from disposal of assets	-	-
Total other income	11,529	5,000

15 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Electricity, Water	147,500	9,000
Transport	609,170	638,600
Tuition	1,270,491	310,705
Computer expenses	-	188,425
Tvet Fairs	105,200	71,300
KATTI	499,600	216,070
KUCCPS	-	70,000
Rental Box	-	10,960
PTA Projects	-	12,000
Bank charges	24,275	11,848
Activity	224,240	-
Advertisement	8,500	-
Industrial attachment	57,800	-
Insurance	12,600	-
Internet	176,819	-
Kitchen expense	2,050	-
Stationeries	167,900	-
Total good and services	3,306,145	1,538,908

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16 EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	2,159,610	470,000
Employee costs	2,159,610	470,000

17 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	970,500	-
Other allowances	-	-
Total director emoluments	970,500	-

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment		-
Intangible assets		-
Furniture and fittings	335,235	48,713
Total depreciation and amortization	335,235	48,713

19 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Property		
Investment property – earning rentals		
Equipment and machinery		
Vehicles		
Furniture and fittings		
Computers and accessories		
General repairs	185,570	99,300
Total repairs and maintenance	185,570	99,300

20 CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	-	-

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21 GRANTS AND SUBSIDIES

Description	2018-2019	2017-2018
	KShs	KShs
Community development	-	-
Education initiatives and programs	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	-	-

22 GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertising	-	-
Admin fees	-	-
Audit fees	-	-
Conferences and delegations	-	-
Consulting fees	-	-
Consumables	-	-
Electricity	-	-
Fuel and oil	-	-
Insurance	-	-
Legal expenses	-	-
Licenses and permits	-	-
Postage	-	-
Printing and stationery	-	-
Hire charges	-	-
Rent expenses	-	-
Security costs	-	-
Sewage treatment costs	-	-
Skills development levies	-	-
Inventory scrapping	-	-
Telecommunication	-	-
Training expenses	-	-
Other	-	-
Total general expenses	-	-

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23 FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Bank charges	-	-
Total finance costs	-	-

24 GAIN ON SALE OF ASSETS

Description	2018-2019	2017-2018
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

25 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

26 IMPAIRMENT LOSS

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

27 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Current account	1,686,162	4,410,462
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	1,686,162	4,410,462

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

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

		2018-2019	2017-2018
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1219806722	1,099,592	-
Transnational Bank -fees	251197002	286,408.01	402,529
Transnational Bank -cdf	251197004	126,694	1,004,250
Transnational Bank -Project	251197001	173,468.05	3,003,683
Grand total		1,686,162.06	4,410,462

28 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Student debtors	1,545,156	675,430
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total current receivables	-	-
Non-current receivables		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	1,545,156	675,430

29 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Transfers from other govt. entities	4,417,684	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	4,417,684	-

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30 INVENTORIES

Description	2018-2019	2017-2018
	KShs	KShs
Consumable stores	-	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

31 INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution	-	-
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c) Equity investments (specify)	-	-
Equity/ shares in company xxx	-	-
Sub- total	-	-
Grand total	-	-

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d) Shareholding in other entities

For investments in equity share listed under note 31 (c) above, list down the equity investments under the following categories:

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 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	Shs
Cost/valuation								
As at 1 July 2017								
Additions			389,700					389,700
As at 30 June 2018			389,700					389,700
As at 1 July 2018			389,700					389,700
Additions			1,954,264	128,000				2,082,264
As at 30 June 2019			2,343,964	128,000				2,471,964
Depreciation								
As at 1 July 2017								
Additions			48,712					48,712
As at 30 June 2018			48,712					48,712
As at 1 July 2018			48,713					48,712.5
Additions			292,996	42,240				335,236
As at 30 th June 2019			341,708	42,240				383,948
NBK VALUE								
As at 30 June 2019			2,002,256	85,760				2,088,016
As at 30 June 2018			340,988	0				340,988

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 INTANGIBLE ASSETS-SOFTWARE

Description	2018-2019	2017-2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions-internal development	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34 INVESTMENT PROPERTY

Description	2018-2019	2017-2018
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (where investment property is at cost)	-	-
At end of the year	-	-

35 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	-	-
Fees paid in advance	881,672	-
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	881,672	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018-2019	2017-2018
	KShs	KShs
Consumer deposits	-	-
Caution money	-	-
Other refundable deposits	-	-
Total deposits	-	-

37 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	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	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Total provisions	-	-	-	-

38 FINANCE LEASE OBLIGATION

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

39 DEFERRED INCOME

Description	2018-2019	2017-2018
	KShs	KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

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

40 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2018-2019	2017-2018
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is based on xxx percentage of salary of an employee at the time of retirement. During the year, XXX actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	2018-2019	2017-2018
	KShs	KShs
Valuation at the beginning of the year	-	-
Changes in valuation during the year	-	-
Valuation at end of the year	-	-

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 NON-CURRENT PROVISIONS

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

42 BORROWINGS

Description	2018-2019	2017-2018
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestics borrowings during the year	-	-
Balance at end of the period	-	-

42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2018-2019	2017-2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2018-2019	2017-2018
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

43 SERVICE CONCESSION ARRANGEMENTS

Description	2018-2019	2017-2018
	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	-	-

44 CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 20xx	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2019	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
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
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 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.

iv) Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

46 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	5,724,078	-
Grants from County Government	-	-
Donations in kind	-	-
Total	5,724,078	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	2,159,610	-
Payments for goods and services	3,306,145	-
Total	5,465,755	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	-	-

47 SEGMENT INFORMATION

Kapcherop Technical and Vocational College has no segment

48 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2018-2019	2017-2018
	Kshs	Kshs
Court case xxx against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

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49 CAPITAL COMMITMENTS

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

50 EVENTS AFTER THE REPORTING PERIOD

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

51 ULTIMATE AND HOLDING ENTITY

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

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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

- (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.



Elias Komen
Chairman of the Board

Date: 27/09/2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

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

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of Kapcherop Technical and Vocational college			
	FY 18/19			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	18/2/2019	2,165,000	2018/2019
	Capitation	27/2/2019	1,000,000	2018/2019
	Capitation	7/10/2019	1,665,000	2018/2019
	Capitation	17/7/2019	394,078	2018/2019
	Recurrent	5/10/2019	500,000	2018/2019
		Total	5,724,078	

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

Nicholas k Biwott
 Accountant.

Simion Cheplogoi
 Principal/B O G Secretary

Sign 

Sign 

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	18/2/2019	Capitation	2,165,000	2,165,000				2,165,000
Ministry of Education	27/2/2019	Capitation	1,000,000	1,000,000				1,000,000
Ministry of Education	7/10/2019	Capitation	1,665,000	1,665,000				1,665,000
Ministry of Education	17/7/2019	Capitation	394,078	394,078				394,078
Ministry of Education	5/10/2019	Recurrent	500,000	500,000				500,000
Total			5,724,078	5,724,078				5,724,078