

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 MAR 2023	DAY: TUESDAY
REPORTED BY:	The Leader of the Majority Party (LOM)
CLERK-AT THE TABLE:	Inzofu Mwale

REPORT

OF

THE AUDITOR-GENERAL

ON

**KIMININI TECHNICAL AND
VOCATIONAL COLLEGE**

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



KIMININI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE, 2021

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kiminini technical and vocational college (KTVC) is one of the 70 Technical and Vocational Colleges (TVCs) that the Government of Kenya constructed in the second phase in order to meet the increasing demand for Technical, Vocational and Entrepreneurial training in Kenya and the world at large.

This is a concerted effort by the Government of Kenya to ensure that each Constituency has at least one technical training institute by the year 2022.

The construction of Kiminini TVC commenced in the year 2015 by Zamalek Construction Company Ltd with a cost of Ksh. 60,000,000, the project was completed in September 2018 and was officially handed over to Kiminini Technical and Vocational College in January, 2019, by the mentoring institute Matili TTI.

In preparation for its take off, the College went through the following outlined steps:

- Inspection by public works.
- Inspection by the Ministry of Education.
- Registration/ accreditation to offer training.
- Posting of trainers.

The college received a consignment of Equipment in Fashion and Design in March, 2019 from the Ministry of Education through Avic International Company Limited from China. In September, 2019, a consignment of furniture was supplied to the College by the Ministry of education through a company called Ann kite Technologies. With this infrastructure in place and with the surging demand from the trainees who had expressed interest to join the college, the college opened its doors for training on 9th September, 2019.

(b) Principal Activities

Mission

To offer the best technical, vocational and entrepreneurship training through research and innovation to meet societal needs

Vision

To be an epicentre in technical training for local, national and international industrial needs and entrepreneurship.

Motto: Technology for Economic Empowerment.

Core Values

- (i) **Professionalism** – We are committed to the highest levels of achievement obtainable through

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competence and pertinent skills.

- (ii) **Teamwork** – We encourage positive teamwork and positive contribution from its motivated and innovative workforce.
- (iii) **Honesty** – We conduct our business with employees, parents/sponsors, customers and other interested parties in an honest, fair and caring manner.
- (iv) **Evidence based decision making** – We observe good corporate governance at all times.
- (v) **Competitiveness** – We practice fair competition.
- (vi) **Health and safety** – We embrace internationally accepted health and safety practices in our operations.
- (vii) **Innovation and creativity** – We promote innovation and creativity in our training programs, service delivery and governance.
- (viii) **Courtesy** – We handle all customers and other interested parties with respect and kindness.

(c) Key Management

The mandate of the Institute is executed through the Board of Governors represented in the day to day running of the Institute by:

- Board of Governors
- Principal
- Deputy Principal
- Registrar
- Dean of Students
- Finance Officer
- Head of Departments.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Moses Obwaso
2.	Deputy Principal	Mr. Okwaro Omindi
3.	Registrar	Mrs. Ndieyira Mildred
4.	Dean of Students	Ms. Ogoti Bwari
5.	Head of Finance	CPA Ezekiel Masai

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

Kiminini Technical and Vocational College
P.O. Box 542-30200
Kitale
Trans-Nzoia, KENYA

(f) Entity Contacts

Kiminini Technical and Vocational College
Telephone : (254) 759424048
E-mail: kimininitvc@gmail.com

(g) Entity Bankers

1. Kenya Commercial Bank
Kitale Branch
P.O. Box 1974 - 30200
Kitale
Trans-Nzoia County, Kenya

(h) Independent Auditors




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

(i) Principal Legal Adviser



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

THE BOARD OF GOVERNORS

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 <p>ENG. FESTUS MASOLO WASILWA (CHAIRMAN, BOG)</p>	<p>Diploma in electrical engineering Degree in electrical engineering M.Sc. Telecommunication engineering Worked in Kenya Posts and Telecommunication</p>
 <p>MS. EMILY CHEPKOECH (MEMBER)</p>	<p>Bachelors in education technology Masters in procurement PHD Education Management Working at Mount Kenya University</p>
 <p>MR. TUWEI BUNDOTICH (MEMBER)</p>	<p>Born 1/1/1957 Certificate of primary education Degree Christian Counselling Worked as an education officer</p>

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 <p style="text-align: center;">MS. HILDA KIPTOO (MEMBER)</p>	<p>Born 31/03/184 Holder of CPA part 2 Holder of Diploma in secretarial Studies Bachelor of Business Management A/C Worked at Mount Kenya University as an accountant</p>
 <p style="text-align: center;">MR. MOSES BUYELA (MEMBER)</p>	<p>Certificate in risk management Diploma in marketing BCOM Sales and Marketing</p>
	BSc. Civil and Structural Engineering

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MS. LINDA ACHIENG (MEMBER



**MR. MOSES OBWASO
 (PRINCIPAL/SECRETARY)**

Born on 15th March, 1977
 Attained Bachelor's degree in Education
 Maths/Economics from Egerton University
 Attained an MBA from Catholic University
 Served as Head of department: Maths, Business and
 Sports.
 Currently Principal, Secretary BOG Kiminini TVC

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MANAGEMENT TEAM



MR. MOSES OBWASO
(PRINCIPAL/SECRETARY, BOG)

Master of Business Administration

- Being overall head of Institution under the direction of the Board of Governors.
- Serving as the Secretary to the managing authority of the Institution.
- Promoting linkages between the Institution and the neighbouring communities and organizations.



MR. JOHN OKWARO OMINDI
(DEPUTY PRINCIPAL)

Bachelor in Education

- Administering of the Institution's in the absence of the Principal.
- Coordinating all the departments and ensuring that the approved curriculum is implemented.
- Maintaining student disciplinary in the Institution.
- Guiding and counselling of trainers and trainees.
- Initiating and supervising of income-generating activities in the departments.

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MRS. NDIEYIRA MILDRED
(REGISTRAR)

Bachelor of Science Clothing and Textile

- Head of Registry section.
- Ensuring Admissions and registration of students.
- Coordinating the marketing of college programmes.
- Assessing teaching manpower needs in the Institution.
- Serving as secretary to the Academic Board and Heads of Departments' meetings.



MR. OGOTI BWARI
(DEAN OF STUDENTS)

Bachelor of Science Clothing and Textile

- Head of Students affairs in the Institution.
- Organizing of orientation programmes.
- Organizing and supervising students' elections, installation and training of student leaders.
- Ensuring utilization of student's recreational facilities.
- Coordinating the organization of students' government public lectures, clubs and societies.



CPA EZEKIEL MASAI
(FINANCE OFFICER)

CPA-K

- In charge of Finance and Accounts department.
- Preparation of financial reports.
- Preparation of annual financial budgets.
- Financial Advisor to the college.
- Ensuring proper financial controls are in place.

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CHAIRMAN'S STATEMENT

The Financial Year 2020/2021 is the first financial year since the college became operational in September, 2019. As the first Chairman of the board of governors, I committed to support Kiminini Technical and Vocational College in meeting its vision, mission and core values. Besides, I was keen in helping the college administration enpress good governance, inclusivity in decision making, respect of rule of law and moral uprightness, transparency and accountability.

It is in this financial year that the college management was tasked to chat the way forward for the growth of the college by coming up with a blue print that captures the vision, mission and strategic objectives of the college.

Among the notable achievements within this period include:

1. Construction of a pit latrine with eight doors.
2. Construction of a security house at the gate.
3. Construction of a water pump house.
4. Installation of electric water pump and accessories.
5. Installation of 10,000 litres water tank.
6. Procurement of training equipments.

My sincere appreciation goes to the Government of Kenya through the Ministry of education, State department of Vocational and Technical Training for funding the construction of Kiminini Technical and Vocational College, equipping the college with state of the art equipment in clothing and textile, for posting trainers to the college and for funding the college through grants and capitation. I must on behalf of the Board, thank the parents, the trainers, administrators, guardians, the community, suppliers, investors and all the Kiminini Technical and Vocational College stakeholders for their support.



CHAIR BOG

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REPORT OF THE PRINCIPAL

This is the first financial report for Kiminini Technical and Vocational College since the college commenced offering service. It is a modern management practice that an organization with a vision for growth should develop a strategic blue print that plays the role of a compass direction to point the organization towards its vision and mission.

Kiminini Technical and Vocational College, (KTVC) being a young training college, the development of the 2021-2026 strategic plan to determine the strategic direction that will steer its high demand for growth and development and upon which a legacy for success can be build is a noble idea whose time is now. The planning process started in the financial year 2020/2021 and execution is ongoing.


It was not easy for us to navigate through the financial year 2020/2021 due a number of challenges. The year 2020 was not favourable for learning institutions due to the effects of Covid 19. Learning institutions were closed a number of times as a way of mitigating the spread of the viral disease. This meant that most operations of the college were slowed down. There was unplanned expenditure in order to meet the Covid 19 protocols put in place by the ministry of health.

The liquidity of the college is highly depended on enrolment which is translated into capitation funds given by the government. The effects of Covid 19 that led to restricted physical learning in learning institutions resulted into low enrolment. As a result, some of the projects earmarked in the financial year 2020/2021 were not executed. They include:

- Construction of makeshift female hostel.
- Construction of makeshift male hostel.
- Construction of two makeshift workshops
- Procurement of library books

The growth of the college is highly dependent on the good will of all the stakeholders including: the Ministry of Education, political leaders, the sponsor, the private sector, the local community, parents, sister colleges, development partners among others.

I wish to appreciate the Board of Governors (BOG), management, staff and all the stake holders for their timely contribution in the commencement and growth of Kiminini Technical and Vocational College. My humble request is that we have commenced the journey together and we must keep together as we walk towards our vision and mission.



PRINCIPAL

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CORPORATE GOVERNANCE STATEMENT

Board and Management Succession

The Board will put in place a succession plan for both the Board and Management and review the same regularly.

Existence of the Board Charter

This Board of Governors Charter exists and it defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance. The Charter will help the Board in directing Kiminini Technical and Vocational College to maximize the long term value of services provided for all stakeholders.

The Charter has been adopted by the Institute, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations.

The Board of Governors will review this Charter at least annually and, if appropriate, revise this Charter from time to time. This Charter is available to all members of the Board for application and is posted on the Institute's website for the information of stakeholders.

Process of Appointment and removal of Board Members

- i. The relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:
 - a) Serves the appointing authority with a written notice of resignation; or
 - b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
 - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
 - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.
 - i. Any removal of a Board member under (i) above, shall be through formal revocation.
 - ii. The record of the appointment letter, gazette notice and written acceptance by the Board member shall kept in the personal file of the Board member.

Evaluations are conducted to review the Board's role, Board processes and committees to support that role and the performance of the Board and each governor. This is undertaken using a variety of techniques including external consultants, and Board discussion. The last full Board performance review, was conducted in February, 2019 vide the retreat whose main agenda was review of the performance for the year 2018.

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Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Board and the CEO/Principal of the Institute.

The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Institute's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board will:

- a) Determine the Institute's Mission, Vision, Purpose and Core Values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the Institute;
- c) Review, evaluate and approve the Institute budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the Institute;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Institute operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;
- i) Review, evaluate and approve the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the Institute;
- k) Adopt, implement and monitor compliance with the Institute's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the Institute's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Enhance the Institute's organization's public image and ensure engagement with stakeholders through effective communication;
- o) Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- p) Review, monitor and ensure that the Institute is effectively and consistently delivering on its mandate.

Responsibilities of Individual Board Members

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Each Board member shall:

- a) Exercise the highest degree of care, skill and diligence in discharging their duties;
- b) Act in the best interest of the Institute and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the Institute;
- d) Exercise independent judgment;
- e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;
- f) Promote and protect the image of the Institute;
- g) Owe their duty to the Institute and not to the nominating or appointing authority; and
- h) Owe the Institute the duty to hold in confidence all information available to them by virtue of their position as a Board member.

Induction and Training

In order to provide directions for the effective governance and oversight of the Institution, the Ministry of Education conducts induction and Training of the new board. The inductions program runs for three days for and covers a variety of areas including; Rationale & Status of On-going Reforms, An Overview of Mwongozo. The Role of Boards & Its Organs, Legal & Institutional framework for governance of TVET Institutions, Obligations, Accountability & Internal Controls in TVETs, Highlight on Key Policy Issues Governing Board Operations, The Role of Board in Organizational Competency Development, Board Dynamics & Evaluation (including Board tools), Statutory & Legal compliance, Risk Management in State Corporations, Institutionalizing Anti-Corruption Mechanism in TVETs, Ethical Leadership on Boards, Public Procurement and Disposal in TVETs.

Board Performance

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO/Principal/Secretary to the Board.

Conflict of Interest

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Institute. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members

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by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Board Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

Ethics and Conduct

Code of Ethics for Board Members Goal aims establishing a set of principles and practices of the Kiminini Technical and Vocational College Board of Governors that will set parameters and provide guidance and direction for board conduct and decision-making.

Members of the Board of Governors of the Kiminini Technical and Vocational College are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board of Kiminini Technical and Vocational College. Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

Accountability:

1. Faithfully abide by the Articles of Incorporation, by-laws and policies of Kiminini Technical and Vocational College
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived or actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and non-profit sector, and where applicable, to government and funding bodies. Professional Excellence.
6. Maintain a professional level of courtesy, respect, and objectivity in all Kiminini Technical and Vocational College activities.
7. Strive to uphold those practices and assist other Kiminini Technical and Vocational College members of the board in upholding the highest standards of conduct Personal Gain.
8. Exercise the powers invested for the good of all members of the Institute rather than for his or her personal benefit, or that of the non-profit they represent.

Equal Opportunity:

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9. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of geography, political, religious, or socio-economical characteristics of the state or region represented.
10. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of the organization's volunteer or staff make-up in respect to gender, sexual orientation, national origin, race, religion, age, political affiliation or disability, in accordance with all applicable legal and regulatory requirements. Confidential Information.
11. Respect the confidentiality of sensitive information known due to board service. Collaboration and Cooperation
12. Respect the diversity of opinions as expressed or acted upon by the Kiminini Technical and Vocational College board, committees and membership, and formally register dissent as appropriate.
13. Promote collaboration, cooperation, and partnership among association members.

Governance Audit

The Board should ensure that a governance audit of the Institute is undertaken on an annual basis. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

- a) Leadership and strategic management;
- b) Transparency and Disclosure;
- c) Compliance with Laws and Regulations;
- d) Communication with stakeholders;
- e) Board independence and governance;
- f) Board systems and procedures; and
- g) Consistent stakeholders' value enhancement

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Financial year ending 30th June, 2020

Our approach to Corporate Social Responsibility (CSR) reflects the steps that we are taking to ensure we are, and remain, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behaviour as a Public Entity.

Our role in supporting education, training and research makes a valuable contribution to the continuing development of a training society. As a TVET Institution that champion's competency based for our trainees, and online research and learning resources and services, we also support our members to deliver against their environmental priorities.

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We are committed to ensuring that Kiminini Technical and Vocational College is a responsible corporate citizen. To do this, we must:

- Minimise the environmental impact of our corporate activities;
- Identify and address issues of equality, diversity and inclusion amongst our current and future workforce;
- Ensure that employees are supported in their mental and physical health and treated with dignity, respect and in accordance with basic human rights;
- Enhance our fundraising and volunteering activities for third party good causes;
- Understand our suppliers' commitments to CSR issues and practices and ethical approaches to business in our investment strategy.

REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activities of the entity are providing technical training services to trainees.

Results

The results of the entity for the year ended June 30th 2021 are set out.

BOARD OF GOVERNORS

The members of the Board of Governors who served during the year are shown on page v-xii.

BOARD OF GOVERNORS MEETING ATTENDANCE AS AT 30TH JUNE, 2021

NO.	NAME	DATE	DATE	DATE
		15/07/2020	18/11/2020	09/06/2021
1	ENG. Festus Masolo Wasilwa	✓	✓	✓
2	Ms. Emily Chepkoech	✓	✓	✓
3	Mr. Tuwei Bndotich	✓	✓	✓
4	Ms. Hilda cheptoo	✓	✓	✓
5	Mr. Moses Buela	✓	✓	✓
6	Ms. Linda Achieng	-	-	-
7	Ms. Lucy Ng'ang'a	✓	✓	✓
8	Mr. Moses Obwaso	✓	✓	✓

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Auditors

The Auditor General is responsible for the statutory audit of Kiminini Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of Kiminini Technical and Vocational College for the period ended 30th June, 2021 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

Corporate Secretary
Nairobi
Date.....

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OPENING STATEMENT ON FINANCIAL POSITION

The financial year 2020/2021 is the first financial year since the college became operational in September 2019 therefore the college was starting off its financial statement.

The handing over was done and the report available.

The balance at the bank as at 12/03/2019 was Ksh. 845,000.

The following assets were available on the day of handing over/taking over:

1. Completed storied building with twin workshop.
2. 32 sealed boxes of equipment in workshop A.
3. 10 additional sealed boxes in workshop A.
4. 16 fire extinguishers in workshop A.
5. 24 sealed boxes of equipment in workshop B.
6. 30 Keys and 10 padlocks.
7. The equipment's checklist from Avic international.
8. Financial statements from Matili TTI.

The approximate value of the assets at the time of handing over was as follows:

Land	Ksh. 6,000,000
Buildings	Ksh. 61,100,000
Equipment	Ksh. 30,165,512
Furniture	Ksh. 2,344,400
Computers	Ksh. 1,258,000
Total	Ksh. 100,867,912
Liabilities	Ksh. 0.00

Assets and liabilities were measured in cash and cash basis before starting off financial statements.

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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 KIMININI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiminini Technical and Vocational College set out on pages 1 to 43, which comprise the statement of financial performance for the year ended 30 June, 2021, statement of financial position as at 30 June, 2021, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements in accordance with the provisions of Article 229 of the Constitution of Kenya and Section

35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kiminini Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1. Inaccuracies in the Annual Reports and Financial Statements

The annual reports and financial statements presented by the Management of the institute were not in accordance with the approved annual financial reporting template issued by the Public Sector Accounting Standards Board. The following misstatements were noted: -

- i. The comparative balances for the previous financial period are missing in the financial statements presented for audit.
- ii. The statement of changes in net assets was missing casting doubt on the accuracy of the statement of financial position.
- iii. The statement of cash flows had casting errors in that the net increase/decrease in cash and cash equivalents was disclosed as a negative of Kshs.1,666,058 instead of a negative of Kshs.279,531. In addition, the opening balance of cash and cash equivalents as at July, 2020 of Kshs.2,939,531 was not confirmed nor supported by any ledgers.
- iv. The financial statements have not been signed by both the chairman and the principal on pages xii and xx respectively to signify ownership.

In the circumstances, the annual reports and financial statements are not fairly stated.

2. Unsupported Balance of Transfers from Other Government Entities

The statement of financial performance reflects an amount of Kshs.7,500,000 under transfers from the other government entities as disclosed further in Notes 6(A) and (B) to the financial statements. However, the underlying ledgers provided for audit (capitation release letters) indicates that the College received an amount of Kshs.2,580,000 leading to an unreconciled and unexplained balance of Kshs.4,920,000.

In the circumstances, the accuracy of the balance of Kshs.7,500,500 in respect of transfers from other government Entities could not be confirmed.

3. Unsupported Balance of Revenue from Exchange Transactions

The statement of financial performance reflects a balance of Kshs.6,605,000 in respect of revenue from exchange transactions representing rendering of services to

students. However, Note 7(A) to the financial statements discloses a balance of Kshs.3,553,723 leading to an unexplained and unreconciled variance of Kshs.3,051,277.

In the circumstances, the accuracy and completeness of Kshs.6,605,000 in respect of revenue from exchange transactions could not be confirmed.

4. Lack of Ownership Documents for Land

The statement of financial position reflects a balance of Kshs.92,678,539 in respect of property, plant and equipment as disclosed in Note 15 to the financial statements, includes a balance of Kshs.6,000,000 being the value of the College's parcels land. However, the title deed and valuation report for the land were not provided for audit review.

In the circumstances, the ownership, accuracy and fair value of the land could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.14,105,000 and Kshs.5,896,223 respectively resulting to an under-funding of Kshs.8,336,647 or 58% of the budget. Similarly, the College incurred actual expenditure of Kshs.5,219,781 against an approved budget of Kshs.14,105,000 resulting to an under-expenditure of Kshs.8,885,219 or 63% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public by the College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and sections of my report,

based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unremitted Pay As You Earn (PAYE) on Board Allowances

The statement of financial performance reflects an amount of Kshs.361,500 in respect to remuneration of Directors as disclosed in Note 10 to the financial statements, includes Kshs.324,000 relating to directors' sitting allowances. However, the Management did not deduct Pay As You Earn (PAYE) and remit the same to Kenya Revenue Authority (KRA) as required by Regulation 23(2)(a) of the Public Finance Management (National Government) Regulations, 2015.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Operational Policies and Guidelines

The College did not have a financial manual, human resource policies and procedures manual, internal audit operations manual, disaster recovery management policy and a risk management policy.

In the circumstances, the College did not maintain proper internal controls to safeguard its operations and transactions.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services 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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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

31 August, 2022

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

	Notes	2020-2021
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments entities	6 B)	7,500,000
Revenue from non-exchange transactions		7,500,000
Revenue from exchange transactions		
Rendering of services	7 C)	6,605,000
Revenue from exchange transaction		6,605,000
Total revenue		14,105,000
Expenses		
Use of goods and services	8	3,369,381
Employee costs	9	583,000
Remuneration of directors	10	361,500
Repairs and maintenance	12	905,900
Depreciation	11 c)	4,420,282.08
Total expenses		9,640,063.08
Net surplus for the year		4,464,936.96

II STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021 Kshs
Assets		
Current Assets		
Cash and cash equivalents	13	1,273,473
Receivables from exchange transactions	7 B)	8,208,777
Inventories	14	3,000
Total Current Assets		9,485,250
Non-Current Assets		
Property, plant and equipment	14	92,678,538.72
Total Non- Current Assets		92,678,538.72
Total Assets		102,163,788.72
Liabilities		
Current Liabilities		
Trade and other payables		-
Total Current Liabilities		-
Non-Current Liabilities		-
Total Non- Current Liabilities		-
Total Liabilities		
Reserves		92,678,538.72
Net surplus for the period		4,464,936.96
Transfer of depreciation/amortisation from capital fund to retained earnings		5,020,313.04
Total Net Assets		
Total Net Assets and Liabilities		102,163,788.72

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30TH JUNE, 2021

IV. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other governments entities	6 A)	2,342,500
Rendering of services	7A)	3,553,723
Total Receipts		5,896,223
Payments		
Use of goods and services	8	3,369,381
Employee costs	9	583,000
Remuneration of directors (Board of Governors)	10	361,500
Repairs and maintenance	11	905,900
General expenses		
Total Payments		5,219,781
Net cash flows from operating activities		676,442
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	15	955,500
Net cash flows used in investing activities		955,500
Net increase / (decrease) in cash and cash equivalents		(1,666,058)
Cash and cash equivalents at 1 July 2020		2,939,531
Cash and cash equivalents at 30 June 2021	13	1,273,473

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. Entities should use the direct method of cash flow preparation as shown above)

The Financial Statements set out on pages 4 to 7 were signed on behalf of the Board of Directors by:

Accounting Officer

Name: Mr. Moses Obwaso



Date: 16th Sept, 2021

Head of Finance

Name: Ezekiel Masai

ICPAK Member Number: 26772



Date: 16th Sept, 2021

Chairman of the Board

Name: Festus Masolo



Date: 16th Sept, 2021

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	7,500,000	-	7,500,000	2,342,500	5,157,500	31%
Rendering of services	6,605,000		6,605,000	3,553,723	3,051,227	54%
Total income	14,105,000	-	14,105,000	5,896,223	8,208,727	42%
Expenses						
Use of goods and services	4,629,000	-	4,629,000	3,369,381	1,259,619	73%
Employee costs	4,392,000	-	4,392,000	583,000	3,809,000	13%
Remuneration of directors	1,164,000	-	1,164,000	361,500	802,500	31%
Repairs and maintenance	3,920,000	-	3,920,000	905,900	605,900	23%
Total expenditure	14,105,000	-	14,105,000	5,219,781	8,885,219	37%
Surplus for the period	-	-	-	-	-	-

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

-The actual and budgeted amount were 10% underutilized because revenue from government entities was not fully received and rendering of service fee not fully received.

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)

-No changes made between original and final budget.

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.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kiminini Technical and Vocational College is established by Ministry of Education and derives its authority and accountability from TVET Act under certificate no. TVETA/PUBLIC/TVC/0020/2016. Kiminini Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. Kiminini Technical and Vocational College principal activity is to provide technical skills and 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 Kiminini Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

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Annual Reports and Financial Statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

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

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

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

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

Kiminini Technical and Vocational College did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Kiminini Technical and Vocational College recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

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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.

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on *31st January 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of *xxxx* on the 2020-2021 budget following the governing body's approval.

Kiminini Technical and Vocational College 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.

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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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where Kiminini Technical and Vocational College operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

KIMININI TECHNICAL AND VOCATIONAL COLLEGE
Annual Reports and Financial Statements for the year ended June 30, 2021.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

KIMININI TECHNICAL AND VOCATIONAL COLLEGE
Annual Reports and Financial Statements for the year ended June 30, 2021.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) 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
- ii) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its costs 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.

e) Leases

Finance leases are leases that transfer substantially all of the 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.

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Kiminini Technical and Vocational College 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 Kiminini Technical and Vocational College 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.

f) 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.

g) Research and development costs

Kiminini Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

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Annual Reports and Financial Statements for the year ended June 30, 2021.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

h) Financial instruments

a) 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 Kiminini Technical and Vocational College 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

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

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

b) 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. Kiminini Technical and Vocational College 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

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any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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.

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

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Annual Reports and Financial Statements for the year ended June 30, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

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Annual Reports and Financial Statements for the year ended June 30, 2021.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

o) Employee benefits

Retirement benefit plans

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

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

p) 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.

q) Borrowing costs

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

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

r) Related parties

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

s) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes corresponding liability, adjusted by a cash consideration paid or received.

t) 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 imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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Annual Reports and Financial Statements for the year ended June 30, 2021.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

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. State all judgements, estimates and assumptions made: e.g

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

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Annual Reports and Financial Statements for the year ended June 30, 2021.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

KIMININI TECHNICAL AND VOCATIONAL COLLEGE
Annual Reports and Financial Statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. A) Transfers from National Government Ministries.

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional Grants.		
1 st Quarter grant	500,000	
2 nd Quarter grant	-	
3 rd Quarter grant	500,000	
Other grants(capitation) 1 st Quarter	-	
2 nd Quarter	1,102,500	
3 rd Quarter	240,000	
Total Unconditional Grants	2,342,500	
Conditional Grants		
National housing grant	-	
National infrastructure grant	-	
Provincial health grant	-	
Social services grant	-	
Development grants (F & B project)	-	
Transportation fund (international funding)	-	
Other organizational Grants (mentor institutions)	-	
Total conditional Grants		
Total government grants and subsidies	2,342,500	

6 B) Expected transfer from other government entities (capitation)

Quarter	Q. 1	Q.2	Q.3	Q.4	TOTAL
KSH.	1,875,000	1,875,000	1,875,000	1,875,000	7,500,000
				TOTAL	7,500,000

7. A) Rendering Of Services

Description	2020-2021	2019-2020
	KShs	KShs
Tuition	957,300	-
Personal emoluments	534,000	-
EWC	293,500	-
Contingencies (Administration)	489,823	-
L T \$ T	380,000	
RMI	399,100	
Exams	500,000	
Total revenue from the rendering of services	3,553,723	

(These are fees received from trainees apportioned in various vote heads)

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

7B) Rendering of services-Tuition inflows

Rendering of Services-Tuition Inflows	2020-2021	2019-2020
	sKShs	KShs
Rendering of Services-Tuition Fee Recognised in the Statement of Financial Performance	14,105,000	
Add:-		
Increase in prepaid fees/Tuition Fee to be Earned in Future But Received During the Year		
Less:-		
Amount recognised in statement of cash flows	5,896,223	
Non-Cash Item-Increase in provision for bad debts	-	
Increase in Receivable from Non Exchange Transaction/Income Earned During the Year But Not Received		
Less:-Incorporated receivables		
Increase in Revenue Receivable/ Student Debtors/Income Earned During the Year But Not Received	8,208,777	

7 C) Expected Rendering of services (fees from trainees)

Quarter	Q. 1	Q.2	Q.3	Q.4	TOTAL
KSH.	1,651,250	1,651,250	1,651,250	1,651,250	6,605,000
TOTAL					6,605,000

8. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Electricity	100,000	-
Water	213,962	-
Security	468,000	-
Exams	440,700	-
Subscriptions	-	-
Advertising	-	-
Admin fees	1,038,960	-
Audit fees	-	-
Conferences and delegations	-	-
Consulting fees	-	-
L T \$ T	252,630	-
Fuel and oil	-	-
Insurance	-	-
Legal expenses	-	-

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

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Description	2020-2021	2019-2020
	KShs	KShs
Licenses and permits	-	-
Library	-	-
Water purification cost	-	-
Postage	-	-
Printing and stationery	245,920	-
Hire charges	-	-
Bank charges	2,852	-
Security costs	-	-
Sewage treatment costs	-	-
Skills development levies	-	-
Activity Expenses	-	-
Telecommunication	-	-
Training	606,357	-
Travel, accommodation, subsistence and other allowances*	-	-
Total	3,369,381	-

9. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	583,000	-
Employer contribution to health insurance schemes (NHIF)	-	-
Employer contribution to pension schemes (NSSF)	-	-
Travel, motor car, accommodation, subsistence, and other allowances	-	-
PAYE	-	-
HELB	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Gratuity	-	-
Other employee related costs *	-	-
Employee costs	583,000	-

10. Board /Council Expense

Description	2020-2021	2019-2020
	KShs	KShs
Chairman/Directors' Honoraria	37,500	-
Directors sitting allowances	324,000	-
Medical Insurance	-	-
Induction and Training	-	-

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Travel and accommodation	-	-
Other allowances	-	-
Total	361,500	-

11. Depreciation and Amortization Expense

Description	2020-2021
	KShs
Property, plant and equipment	9,144,873.28
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	9,144,873.28

12. Repairs and Maintenance

Description	2020-2021
	KShs
Property	882,280
Investment property – earning rentals	-
Equipment and machinery	-
Vehicles	-
Furniture and fittings	-
Computers and accessories	-
Others	23,620
Total repairs and maintenance	905,900

13. Cash and Cash Equivalents

Description	2020-2021
	KShs
Current account	1,273,473
Savings account	
On - call deposits	
Fixed deposits account	
Staff car loan/ mortgage	
Others(specify)	
Total cash and cash equivalents	1,273,473

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

(a) Detailed Analysis of the Cash and Cash Equivalents

		2020-2021
Financial institution	Account number	KShs
a) Current account		
Kiminini Technical and Vocational college.	1266460993	1,180,939
cash in hand		92,534
Grand total		1,273,473

14 Inventories

Description	2020-2021
	KShs
Consumable stores	3,000
Medical supplies	-
Spare parts and meters	-
Water for distribution	-
Other goods held for resale	-
Catering	-
Less: Allowance for impairment	-
Total inventories at the lower of cost and net realizable value	3,000

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Annual Reports and Financial Statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Property, Plant and Equipment

Cost	Land	Motor vehicles	Furniture and fittings	Computers	Building	Plant and Equipment	Capital Work in progress	Total
Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Rate	0%	10%	10%	20%	2%	10%		
As at 1 July 2019	6,000,000	0	2,344,400	1,258,000	61,100,000	30,165,512	-	100,867,912
Additions								
Disposals								
Transfers/adjustments								
Depreciation	0	-	(234,440)	(251,600)	(1,222,000)	(3,016,551.20)		(4,724,591.20)
As at 30 th June 2020	6,000,000	-	2,109,960	1,006,400	59,878,000	27,148,960.80	-	96,143,320.80
At 1 st July 2020	0	0	0	0	0	0		
Additions	-	150,000	805,500	-	-	-	-	955,500
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Depreciation	0	(15,000)	(291,546)	(201,280)	(1,197,560)	(2,714,896.08)		(4,420,282.08)
As at 30 th June 2021	6,000,000	135,000	2,623,914	805,120	58,680,440	24,434,064.72	-	92,678,538.72
Net book values								
As at 30 th June 2021	6,000,000	135,000	2,623,914	805,120	58,680,440	24,434,064.72	-	92,678,538.72
As at 30 th June 2020	6,000,000	-	2,109,960	1,006,400	59,878,000	27,148,960.80	-	96,143,320.80

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings were valued by Management of the institution and Board of governors during handing over by Matili TTI and adopted in the financial year 2020/2021.

15 (b) Property, Plant and Equipment at Cost

The freehold land, buildings and other assets were stated on the historical cost basis the amounts are as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	6,000,000	-	6,000,000
Building	61,100,000	2,419,560	58,680,440
Plant and machinery	30,165,512	5,731,447.28	24,434,064.72
Motor vehicle parts	150,000	15,000	135,000
Computers and related equipment	1,258,000	452,880	805,120
Office equipment, furniture, and fittings	3,149,900	525,986	2,623,914
Total	101,823,412	9,144,873.28	92,678,538.72

KIMININI TECHNICAL AND VOCATIONAL COLLEGE

Annual Reports and Financial Statements for the year ended June 30, 2021.

16 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital / Development Grants/ Fund	Total
Balance b/f at July 1, 2017					0
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income					0
Capital/Development grants received during the year					0
Transfer of depreciation/amortisation from capital fund to retained earnings					0
Balance c/d as at June 30, 2018	0	0	0	0	0
Balance b/f as at July 1, 2020	96,143,320.80	0	0	0	96,143,320.80
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income			4,464,936.96		4,464,936.96
Capital/Development grants received during the year				0	0
Transfer of depreciation/amortisation from capital fund to retained earnings			5,020,313.04		5,020,313.04
Balance c/d as at June 30, 2021	92,678,538.72	0	9,485,250	0	102,163,788.72

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Trade and Other Payables

Description	2020-2021 KShs
Trade payables	-
Payments received in advance	-
Employee payables	-
Third-party payments	-
Other payables	-
Total trade and other payables	-

KIMININI TECHNICAL AND VOCATIONAL COLLEGE**Annual Reports and Financial Statements for the year ended June 30, 2021.****Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance b/d (1.07.2020)	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	(-)	(-)	(-)	(-)
Change due to discount and time value for money	-	(-)	(-)	(-)	(-)
Transfers from non -current provisions	-	-	-	-	-
Total provisions as at 30.6.2021	-	-	-	-	-

Cash Generated from Operations

	2020-2021
	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	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

Kiminini Technical and Vocational College activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. Kiminini Technical and Vocational College 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. Kiminini Technical and Vocational College does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Kiminini Technical and Vocational College financial risk management objectives and policies are detailed below:

i) Credit risk

Kiminini Technical and Vocational College 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 Kiminini Technical and Vocational College management based on prior experience and their assessment of the current economic environment.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

Foreign currency sensitivity analysis

The following table demonstrates the effect on Kiminini Technical and Vocational College 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/Net assets
	Kshs	Kshs	Kshs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that Kiminini Technical and Vocational College financial condition may be adversely affected as a result of changes in interest rate levels. Kiminini Technical and Vocational College interest rate risk arises from bank deposits. This exposes Kiminini Technical and Vocational College to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on Kiminini Technical and Vocational College 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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Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder Kiminini Technical and Vocational College, holding 100% of Kiminini Technical and Vocational College equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Kiminini Technical and Vocational College, both domestic and external.

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) TVETA & KATTI
- v) Key management;
- vi) Board of directors;

or those already contracted for and ongoing)

Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *In line with this legal requirement the entity remitted Kshs0 (FY 2020), because this is the first financial year since the college began September 2019.*

The Surplus Remission has been computed as follows:

	2020-2021
	Kshs
Surplus for the period	-
Less: Allowable deductions by NT	-
90% computation (Included in Statement of Financial performance)	-

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APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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

Guidance Notes:

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

Director General/C.E. O/M.D (enter title of head of entity)

Date.....

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APPENDIX II: INTER-ENTITY TRANSFERS


ENTITY NAME:				
Break down of Transfers from the State Department of Technical and Vocational Training				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		19/11/2020	500,000	2020/2021
		23/2/2021	1,102,500	2020/2021
		10/3/2021	240,000	2020/2021
		10/3/2021	500,000	2020/2021
		Total	2,342,500	

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

Finance Manager

Kiminini TVC

Sign



Head of Accounting Unit

Kiminini TVC

Sign

 16/9/21

