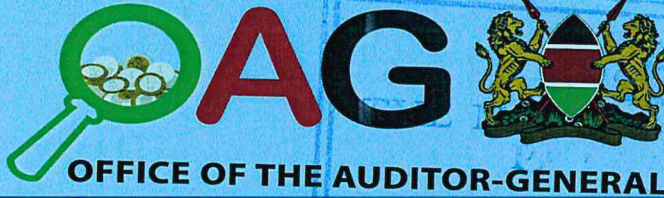


REPUBLIC OF KENYA



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THE AUDITOR-GENERAL

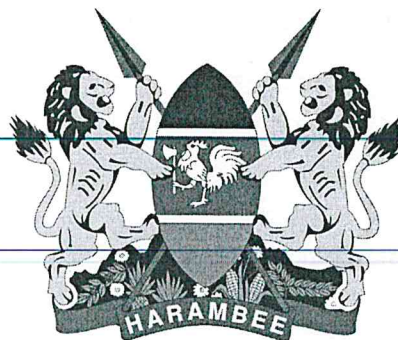
ON

**NUU TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
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NUU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2020

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

NUU TECHNICAL AND VOCATIONAL COLLEGE
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *institution* was incorporated/ established under the TVET Act No 29 of 2013 on 2014. The government advertised the first 60 Technical and Vocational Colleges in 2014. NuU Technical and Vocational College was Tender No. MOEST/TVET/16/2014-2015. The BOM of NuU Secondary School donated 5 acres of land for the construction of the college. The Principal was posted in January 2018, however, the first student joined the college in January 2019.

(b) Principal Activities

Mandate

Provide Technical, Vocational Education and Entrepreneurship Training geared towards Self-Reliance to meet the Labour Market needs.

Vision Statement

A Centre of Excellence in the provision of innovative Technical, Vocational Education and Training (TVET) programs.

Mission Statement

To provide TVET skills and competencies, nature innovation, research and technology for self-reliance and national development.

Core values

- Professionalism and integrity
- Team work and commitment to duty
- Quality service delivery
- Transparency and Accountability
- Innovativeness and creativity
- Social responsibility

Institute Motto

Fostering Talents and Technical Skills

Objectives

1. To enhance access and equity in Technical Vocational Education and Training (TVET)
2. To promote institutional corporate governance
3. To enhance skills and expertise in Technical Vocational Education and Training (TVET) courses
4. To Create collaborations and linkages with labour markets and partners
5. To promote optimistic attitude towards science, technical and research.

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(c) Key Management

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

- (1) The Principal/Accounting Officer
- (2) The Deputy Principal
- (3) Head of Departments
- (4) Accountant

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chairman BOG	Mr Evans Owiti
2.	Principal/Accounting officer	Ms Grace Borah
3.	Deputy Principal	Mr Daniel Manthi
4.	Accountant	Mr Joel Zakayo

Fiduciary Oversight Arrangements

Finance committee of the BOG

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

Terms of Reference

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

- a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
- b) To receive reports from the Principal and the accounts Officer.
- c) To monitor implementation of the strategy for the Institute estate.
- d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- f) To determine the fees and charges made for Institute services and facilities.
- g) To supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
- h) To supervise the arrangements for safeguarding the Institute's assets.

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- i) To ensure the proper financial evaluation and control of projects.
- j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
- k) To ensure the appropriate exploitation of the Institute's intellectual property.
- l) To make recommendations to Board of Governors on the financing of projects.
- m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- n) To supervise the Institute's purchasing procedures and practices.
- o) To submit an annual statement on its activities to Board of Governors.
- p) To keep under review the activities of the Institute's various department

Academic committee activities

The academic committee of the Board is entrusted with the following roles and functions:

- a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
- b. To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study.
- c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
- d. To approve programmes of study, regulate admission of persons to NUU TVC and determine their continuance or discontinuation in such programmes.
- e. To determine the Academic policy of NUU TVC and to advise the Board on the provision of facilities to carry out that policy,
- f. To direct and regulate the teaching and instruction within the Institute subject to the powers of the Board.

Management Committee Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that NUU TVC's Board of Governors is able to take strategic decisions relating to NUU TVC's activities
- 2) Provide leadership in communicating NUU TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of NUU TVC's strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of NUU TVC's activities.

Specifically the Senior Management Team:

- 1) Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic Framework;
- 2) Agrees NUU TVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.

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- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- ~~4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of NUU TVC, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;~~
- ~~5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;~~
- 6) Oversees and monitors NUU TVC's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing NUU TVC staff to deliver the highest standards of performance and customer service.

Audit Committee

The activities of the Audit Committee include:

- a. **Governance initiatives:**
Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.
- b. **Risk management:**
Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.
- c. **Internal control framework:**
Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.
- d. **Audit activity:**
Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.
- e. **Follow up on management action plans:**
The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.
- f. **Financial statements and public accountability reporting:**
The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

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The audit of the Instructional activities is undertaken by the Office of the
Audit

NUU TECHNICAL AND VOCATIONAL COLLEGE
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(e) Entity Headquarters

P.O. Box 376-90400
Nuu Technical and Vocational College Building
Off Mwingi-Garisa Highway, two km from Nuu town KENYA

(f) Entity Contacts

Telephone: (254) 758001730/724114703
E-mail: nuutvckitui@gmail.com
Website: www.go.ke

(g) Entity Bankers

1. Kenya Commercial Bank(KCB)
Mwingi Branch
A/C No.1254590196

(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

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THE COUNCIL/BOARD OF GOVERNORS

Governor	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
1.MR. EVANS OWITI	CHAIRMAN		Overall management of the board of governors activities	Date of birth:1973 <u>QUALIFICATIONS</u> Bachelor degree in Specialization policy development and administration MBA Arizon university Businessman
2.MS GRACE BORAH	Principal/ Secretary B.O.G		In Charge of the overall management of the Institute	date of birth:1965 <u>QUALIFICATIONS</u> Bachelor degree in education
3.GIDEON MUSILI	Member		Risk and Audit committee	Date of birth :1960 <u>QUALIFICATIONS</u> Bachelor degree in business management -Retired career public servant

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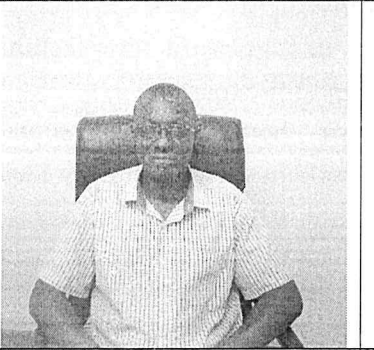
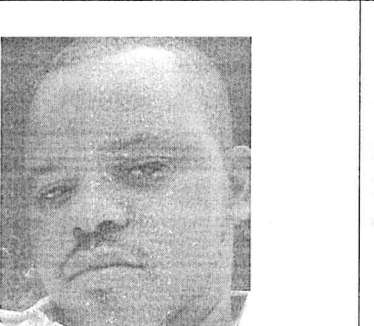
Governor	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
4.MS MALTIDA MULWA	Member		Finance and resource mobilization committee	Date of birth :1978 <u>QUALIFICATIONS</u> Bachelor in B com accounting and marketing -Chief executive officer Fressy Food Company.
5.MS IRENE MUNYOKI	Member		Academic committee	Date of birth:1963 <u>QUALIFICATIONS</u> PHD in development studies -Consultant- Marist International.
6.MR.JOHN NDIRANGU	Member		Governance/strategies/human resource committee	Date of birth:1960 <u>QUALIFICATIONS</u> Bachelor degree in business management -Businessman.

NUU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

Governor	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
7.MR.MICHAEL NDULI	Member		Governance/ strategies/human resource committee	Date of birth:1974 <u>QUALIFICATIONS</u> Bachelor degree in BA bulding Bachelor degree in economics,law -Managing Director- Zamaki Consultantancy Limited

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I. MANAGEMENT TEAM

Manager	Title	Photograph	Qualifications & Responsibility	
			Responsibility	Date of Birth & Qualifications
1. Grace Borah	Principal /Secretary B.O.G		Overall in Charge of Institute Affairs	Date of birth: <u>QUALIFICATIONS</u> Bachelor degree in education
2. Daniel Manthi	Deputy Principal Planning, Administration and Finance		Planning, Administration & Finance	Date of birth: 1963 <u>QUALIFICATIONS</u> Master in accounting and finance/CPA K
3. JOEL ZAKAYO	Accountant		Financial management of the college	Date of birth: 1989 <u>QUALIFICATION</u> CPA(K)

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CHAIRMAN'S STATEMENT

Preamble

NUU Technical and Vocational College was established with the aim of providing knowledge and skills to the people of the larger Kitui and beyond. The mandate of the Institute is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable socio-economic development.

Key Activities

During the FY-19/20, the Institute undertook the following activities:

1. Partnership with County, National and International bodies.
2. Undertook exhibitions in TVET Fair and ball games

Successes

The Institute has been successful in the following areas:

- i. The attained student enrolment of 110
- ii. Received six trainers from the public service board

Challenges

During the FY -19/20 the Institute faced the following challenges:

- i. Inadequate water supply
- ii. Inadequate physical Infrastructure- lecture rooms, workshops, hostels, and staff houses.
- iii. Inadequate Land for expansion
- iv. Inadequate staff , both trainers and support
- v. Inaccessible buildings to people with physical disabilities
- vi. Inadequate furniture
- vii. Delayed GOK funding

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 19/20

1. Drill a borehole
2. Construct Perimeter fence & gate
3. Purchase furniture ICT lab
4. Strengthen the Institute financial base through increasing income generating activities

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of the Institute to increase the enrolment as the time goes by.

Signature



EVANS OWITI

NUU TECHNICAL AND VOCATIONAL COLLEGE
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Chairman, Board of Governor

REPORT OF THE PRINCIPAL

Preamble

NUU Technical and Vocational College was established with the aim of providing knowledge and skills to the people of the larger Kitui and beyond. The mandate of the Institute is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable socio-economic development.

Key Activities

During the FY-19/20, the Institute undertook the following activities:

1. Partnership with County, National and International bodies.
2. Undertook exhibitions in TVET Fair and ball games

Successes.

- i. The increase of gross student enrolment to 110 students. .
- ii. Acquired new playground
- iii. Acquired 1,400 Seedlings
- iv. Received six trainers from the Public Service Board.

Challenges

During the FY 19/20 the Institute faced the following challenges:

i. In adequate water supply

The Institute is located semi-arid area and hence we face major water challenge due to the inadequate and unreliable water supply.

ii. Infrastructure

We are facing a major challenge in physical infrastructure due to the growing numbers. There is need for more classrooms, workshops offices, hostels and staff houses.

iii. In adequate Land for expansion

The Institute has limited land for expansion.

iv. In adequate staff

The institute has in adequate staffs where some departments like business, hair & beauty as well as food & beverage has no single tutor employed by Public Service Board. The institute usually deploy BOG tutors to train in such departments.

v. Inadequate furniture.

Furniture for both staff and students is inadequate due to the growing college population.

vi. Delayed GOK funding

The delayed disbursement of development funds by the government led to delay in implementation of planned projects.

Our students come from poor background hence they are not able to meet all financial obligations.

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Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 19/20

1. Drill a borehole in order to ensure the water supply is adequate and reliable
2. Construct Perimeter fence & gate to address the problem of uncontrolled entry points and boost security.
3. Construct hostels. This will enable the enrolment to increase because we will be able to get NYS students.
4. To equip Electrical ,Building and Plumbing workshops
5. Fence the land. The remaining land that will not be covered by the perimeter wall will be fenced with chain link.
6. Purchase furniture. More chairs, desks and tables for staff and students will be purchased.
7. Strengthen the Institute financial base through increasing income generating activities. We shall seek for collaborations and partnerships with International, National and County governments, Writing proposals for donor funding

Financial Performance of the Institute

In the FY 19/20 the Institute targeted to raise A.I.A (Appropriation in Aid) of Kshs. **11,280,000**. By the end of the FY 19/20 the Institute had had collected AIA amounting to Kshs 2,189,042. This was caused By decreased enrolments.

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of college to increase the enrolment,

Signature.



GRACE BORAH
Principal/ Secretary, BOG

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REVIEW OF NUU TVET/ NATIONAL POLYTECHNIC/TEACHER TRAINING COLLEGE 'S PERFORMANCE FOR FY 2019/2020

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

Nuu Technical and Vocational College has *three* strategic pillars and objectives within its Strategic Plan for the FY 19/20- 23/24. These strategic pillars are as follows:

Pillar 1: Access and equity

Pillar 2: Corporate governance

Pillar 3: Public, Private partnerships

Nuu technical and Vocational College develops its annual work plans based on the above *three* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Institute* achieved its performance targets set for the FY 19/20 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Access and equity	To promote access and equity with focus to youth, women and PLWDS	<ul style="list-style-type: none"> Access to loans, bursaries and sponsorships Application of modern techniques in teaching 	<ul style="list-style-type: none"> Increase access to relevant TVET education Enhance quality of curriculum delivery 	<ul style="list-style-type: none"> Increased access to TVET programs Improved training methods
Pillar 2:	Corporate governance	To enhance inclusivity in institutional corporate governance	<ul style="list-style-type: none"> Involvement of both BOG and management in key decision making process 	<ul style="list-style-type: none"> Provide leadership in making key strategic decisions 	<ul style="list-style-type: none"> Prudent results
Pillar 3:	Public, private partnership	To encourage collaboration and linkages with County Government and stakeholders	<ul style="list-style-type: none"> Lobby for bursaries from the county government kit Create opportunities for provision of products and services 	<ul style="list-style-type: none"> Collaborate with County Government in ensuring that youth access TVET. Partner with industry on areas of research, job 	<ul style="list-style-type: none"> Higher access to TVET Efficient trainers equipped with skills

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			mutual to all players.	absorption and attachments	
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CORPORATE GOVERNANCE STATEMENT

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the institute. The board consists of nine members. The Boards of Governors for NUU TECHNICAL VOCATIONAL COLLEGE serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

ii. Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;
- (c) Administering and managing the property of the institution;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya
- (l) Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

iii. Board of Governors Allowances

The institute gives sitting allowances to board members to cater for their transport.

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- iv. Meetings
- a. Full board meetings - are held once every term and
 - b. board committee meetings- once every term
-

MANAGEMENT DISCUSSION AND ANALYSIS

i. Operational Performance;

Management has worked hard to make living of the students in the college easy by working so hard to see if they can get a hostel and also borehole for adequate supply of water.

Institute's compliance with statutory requirements

The institute complies with making statutory payments before the relevant deadlines .the institute workers pay P.A.Y.E Tax as generated on the I-tax portal.

Major risks facing the entity

Financial litigation – due to limited finances, the institute has not been able to start any projects.
Poor enrolment –due to acute water shortage in the area and Hostels.

Material arrears in statutory /financial obligations

At end of the financial year no single project for the institution had been constructed.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Nuu Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

Economic sustainability embraces general aspects of an organisation that have to be respected. The use of such generic aspects seems meaningful, as good results in these aspects are likely to lead to good financial and sustainability results of the institute. The management of the college has developed the following sustainability strategies:

- *Innovation and Technology*
- *Collaboration-good cooperation and collaboration with other institutions, county government and other stakeholders.*
- *Sustainability reporting.-the institute reports sustainability issues within the institute's report separately or incorporated in the integrated institutes report*

2. Environmental performance

The environmental impact of an organization is an important factor in evaluation of a given corporate's level of social responsibility. Deficiency in public awareness of the importance of the environment is the main causes of the low social responsibility among the institution. The environmental performance of food firm exerts influence on the corporate social responsibility.

3. Employee welfare

Nuu Technical and vocational College Seeks to improve the welfare of its employees through:

- *Increased organisational citizenship behaviours and improved employee relationships*
- *Enhanced employee identification with the organization*
- *Improved retention and organizational commitment*

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- *More attractive institution culture to prospective employees*
- *Better employee engagement and performance*
- *Increased creativity*

Nuu Technical and Vocational College is an equal employer where all the applicants have equal chances of being employed irrespective of their gender, tribe or religion. The institute ensures gender ratio any time recruitment is taking place. There is a standardised appraisal and rewarding system which applies to all employees within the institute. Nuu Technical and Vocational discloses its safety policy and compliance with occupational safety and healthy Acts of 2007, (OSHA)

4. Market place practices-

Nuu technical and Vocational College maintains corporate social responsibility in the market place practices through:-

The institute and the suppliers take responsibility to do no harm to the environment, to reduce waste and pollution as well as complying with the government regulations. In order to stay away in the competition, the institute determines its strategies and plan their relevant activities

5. Community Engagements-

Nuu technical and Vocational College seeks and maintain important links with the community. The institute combine with the public, business and civil constituencies who engage in voluntary, mutual beneficial, innovative relationships to address common societal aims through combining their resources and competencies.

Nuu Technical and Vocational College engage in community developments such as

- *Training of community professionals in computer support and maintenance*
- *Students perform voluntary projects during vacations to the community where they share experiences, knowledge and sustainable practices within the community.*
- *Students support vulnerable communities in the development and improvement of their housing spaces*
- *Implementation of a community engagement programme to empower jobless youth*

NUU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *entity's* affairs.

Principal activities

The core mandate of the Institute is providing knowledge and skills to the people of the larger KITUI County and beyond.

The Mandate of NUU TECHNICAL VOCATIONAL COLLEGE is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

Results

The results of the entity for the year ended June 30 are set out on Page

COUNCIL/BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on pages (viii) to (x). During the year that ended 30 June 2020, none of members retired/ resigned.

Auditors

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

NUU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

The BOG members are responsible for the preparation and presentation of NUU TVC financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year (period) ended on June 30, 2020. The BOG responsibility includes:

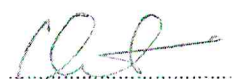
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute;
- (iii) designing,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

The BOG members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the TVET Act 2013*). The BOG members are of the opinion that the *institute's* financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2020, and of the *institute's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *institute*, which have been relied upon in the preparation of the *institute's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *institute's* financial statements were approved by the Board on 28TH AUGUST 2020 and signed on its behalf by:



Chairperson of the Board/Council



Accounting officer/Principal

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NUU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of NuU Technical and Vocational College set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Statement of Cash Flows

Review of the comparative figures on the statement of cash flows as at 30 June, 2020 revealed the following anomalies:

- i. The statement of cash flows reflects a balance of Kshs.2,084,784 and Kshs.1,268,505 in respect to comparative figures for employee costs and use of goods and services respectively. However, these amounts are at variance with the Kshs.2,217,357 and Kshs.107,665 reflected in the statement of financial performance.

- ii. The statement shows total payments under the 2018/19 comparatives as Kshs.4,030,263 but a casting error of Kshs.1,028,267 was noted and the correct amount for total payments should be Kshs.5,058,530.
- iii. The statement reflects nil amount for net increase/decrease in cash and cash equivalents under 2018/19 comparatives figures column instead of Kshs.1,835,599 as confirmed from the previous year audited financial statements.

The statement also reflects a negative balance of Kshs.776,550 as the net cash flows from financing activities under 2018/19 comparatives figures instead of the amount of Kshs.233,376(negative).

In the circumstances, the statement of cash flows does not reflect the correct comparative figures for the financial year 2018/2019.

2. Statement of Financial Position

Review of the statement of financial position as at 30 June,2020 revealed the following anomalies:

The statement of financial position reflects nil balance for long term receivables from exchange transactions for both 2019/20 and 2018/19 financial years. However, the disclosure Note 30 to the financial statements reflects Kshs.3,780,000 and Kshs.1,000,000 for the two years respectively.

Similarly, the statement of financial position reflects an amount of Kshs.500 for refundable deposits from customers for 2019/2020 and nil balance for 2018/2019 financial years. However, Note 37 to the financial statements reflects nil amount for refundable deposits for 2019/2020 and an amount of Kshs.500 for 2018/2019 financial years.

In view of the foregoing, the accuracy and completeness of the statement of financial position for the year ended 30 June, 2020 could not be confirmed.

3. Differences Between the Financial Statements balances and the Trial Balance Figures

Comparison of the balances disclosed in the financial statements with the trial balance figures revealed unexplained or unreconciled variances as detailed below:

Item	Financial Statements (Kshs)	Trial Balance (Kshs)	Variance (Kshs)
Tuition expenses	1,306,533	1,079,317	227,216
Personal emoluments	3,029,812	1,978,634	5,008,446
Local Travel and Transport	651,010	650,160	1,301,170
Examination fees	371,220	371,280	-60
Contingencies	11,270	110,460	(99,190)

Item	Financial Statements (Kshs)	Trial Balance (Kshs)	Variance (Kshs)
PAYE	62,574	72,504	(9,930)
Remuneration of directors	190,670	314,390	(123,720)
N.H.I. F	73,100	48,700	24,400
Performance and other Bonuses	0	127,700	(127,700)
Administration fees	143,000	235,408	(92,408)

The variances have not been explained or reconciled.

Consequently, the accuracy and completeness of the balances reflected in the financial statements could not be confirmed.

4. Unsupported Cash and Cash Equivalents

As disclosed in Note 28 to the financial statements, the Statement of financial position reflects a balance of Kshs.2,090,678 in respect of cash and cash equivalents. However, the balance was not supported with relevant documents.

In the absence of supporting documents, the accuracy and completeness of cash and cash equivalents balance of Kshs.2,090,678 as at 30 June, 2020 could not be confirmed.

5. Rendering of Services-Fees from Students

As disclosed under Note 10 to the financial statements, the statement of financial performance reflects an amount of Kshs.2,189,042 in respect of rendering of services-fees from students. However, the ledger accounts provided in support of the revenue reflected an amount of Kshs.2,529,792 resulting to unreconciled variance of Kshs.340,750.

Consequently, the accuracy and completeness of the revenue balance of Kshs.2,189,042 reported as fees from students could not be confirmed.

6. Unsupported Remuneration of Directors

As disclosed in Note 17, the statement of financial performance reflects a balance of Kshs.190,670 in respect of remuneration of Directors. However, the expenditure was not supported.

In the absence of supporting documents, the accuracy and validity of Director's remuneration of Kshs.190,670 as at 30 June, 2020 could not be ascertained.

7. Unsupported expenditure - Use of Goods and Services

The statement of financial performance and Note 15 to the financial statements reflects a balance of Kshs.2,514,694 in respect of use of goods and services. The balance

includes an amount of Kshs.288,290 incurred on electricity, water, fuel and conservancy expenses. However, the expenditure of Kshs.288,290 was not supported.

Similarly, the balance includes an amount of Kshs.371,220 on account of examination expenses out of which only Kshs.14,700 was supported leaving Kshs.356,520 unaccounted. Further, included in this balance is an amount of Kshs.261,950 incurred on purchase of learning and examination materials. However, procurement records to support the process and the cost were not provided

In the circumstances, the accuracy and validity of the use of goods and services balance of Kshs.2,514,694 as at 30 June, 2020 could not be confirmed.

8. Trade and Other Payables from Exchange Transactions

The statement of financial position reflects Kshs.646,121 in respect of trade and other payables from exchange transactions while Note 36 to the financial statements reflects Kshs.646,621 resulting to unexplained variance of Kshs.500. Further, relevant documents to confirm the balance were not provided.

In the circumstances, it has not been possible to confirm the accuracy and validity of trade and other payables balance of Kshs.646,121 as at 30 June, 2020.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.13,304,000 and Kshs.5,969,042 respectively resulting to an under-funding of Kshs.7,334,958 or 55% of the budget. Similarly, the College expended Kshs.6,593,960 against an approved budget of Kshs.5,969,042 resulting to an over-expenditure of Kshs.624,918 or 10.4% of the budget.

However, a casting error of Kshs.400 was noted on the total budgeted income. Further, the statement does not include explanations for the differences between

actual and budgeted amounts which are over or under 10% as required by International Public Sector Accounting Standards 24.14.

The shortfall in revenue implies that some of the budgeted programmes and activities were not fully implemented. Further, failure to collect the budgeted revenue impacts negatively on the financial performance of the College and its ability to sustain its operations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis of Conclusion

1. Presentation and Disclosures in the Financial Statements

Review of the financial statements revealed the following errors and omissions:

- i. Work experience of the Board of Governors and whether individual directors are independent or executive directors was not included under the Council /Board of Governors report.
- ii. Under entity bankers, on the Key Entity Information and Management report only one KCB account was shown but the College operates two bank accounts at KCB account.
- iii. Under the Corporate Governance Statement, succession plan, existence of a board charter, induction and training, board and member performance, conflict of interest, board remuneration, ethics and conduct as well as governance audit was not included in the financial statements as stipulated in the Kenya Gazette Supplement, the Technical and Vocational Education Training Act, 2013.
- iv. Management Discussion and Analysis report on page xviii is too summarized and does not give a detailed report on the operational and financial performance of the College and has not made use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.
- v. Report of the Board of Governors on page xx has not been signed and the pages under which the results for the year are reported have not been indicated.

- vi. Under the statement of Board of Governors/Council Members' Responsibilities, the applicable legislation under which the College is regulated is not indicated.
- vii. Under related party balances on Note 47, key management compensation is indicated as nil despite expenses in relation to directors' emoluments, compensation to the principal and compensation to key management having been incurred.
- viii. The statement of financial performance reflects net surplus for the prior year of Kshs.2,612,149 instead of the Kshs.2,068,975 reported in the audited financial statements for 2018/19 financial year.
- ix. The statement reflects amounts of Kshs.292,881 and Kshs.2,068,975 for 2019/2020 and 2018/2019 respectively. However, the balances have no description since the row they are printed in is blank.

In view of the above, the financial statements do not fully comply with the financial reporting template as prescribed by the Public Sector Accounting Board (PSASB).

2. Irregular Procurement of Tuition Materials

As disclosed in Note 15 to the financial statements, the statement of financial performance reflects an amount of Kshs.2,514,694 in respect of use of goods and services. . Included in the amount is Kshs.1,306,533 incurred on tuition materials out of which Kshs.226,950 was procured through cash payments. However, the expenditure was above the thresholds as specified in the threshold matrix in the Public Procurement and Assets Disposal Act, 2015. Further, the expenditure lacked supporting documents.

Consequently, the College was in breach of the law and value for money may not have been realized from the Kshs.226,950 spent on tuition materials.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Basis of Conclusion

1. Lack of Approved Human Resource Policy Documents

Audit revealed that the College did not have in place policy documents for management of human resource functions such as; Human Resource Policies and Procedures Manual, Career Guidelines, Scheme of Service and approved Staff Establishment to guide on staff recruitment, remuneration, development and discipline. This is contrary to the provisions of Human Resource Policy and Procedures Manual for Public Service, May, 2016.

Consequently, the College is in breach of the law.

2. Lack of Internal Audit Function

During the year under review, the College did not have in place an internal audit function to perform risk assessment processes and evaluate operational effectiveness through reviews of the internal controls. This is contrary to the provisions of Section 73(1) and (5) of the Public Finance Management Act, 2012 which requires every National Government entity to have arrangement in place for internal audit function for the purpose of carrying out in depth reviews of management operations and internal controls.

In the absence of an internal audit function, the Management is in breach of the law and has not been able to implement stringent internal controls.

3. Lack of Risk Management Policy and Disaster Recovery and Business Continuity Plan

The College did not have an approved Risk Management Policy and a Disaster Recovery and Business Continuity Plan in place. This is contrary to the provisions of Section 165(a) and (b) of the Public Finance Management (National Government) Regulations, 2015, which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies which include fraud prevention mechanisms and develop a system of risk management and internal control that builds robust business operations.

Consequently, the College lacks a blue print for identifying and mitigating against risks and is exposed to loss and interruption of operations in case of a disaster.

4. Lack of Information Communication Technology Policy

Review of Information Communication Technology (ICT) environment revealed that the College does not have an approved ICT Policy in place. Further, the College has

not automated key operational areas such as finance, human resource management and procurement.

Lack of ICT Policy and failure to automate key processes implies that the College has not leveraged on ICT to ensure accuracy, speed and efficiency in processing as well data confidentiality, reliability, integrity and availability.

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 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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 noncompliance. 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 going concern 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 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

09 February, 2022

NUU TECHNICAL AND VOCATIONAL COLLEGE
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IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	3,780,000	1,000,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		3,780,000	1,000,000
Revenue from exchange transactions			
Rendering of services- Fees from students	10	2,189,042	5,099,238
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Other income	14	-	-
		2,189,042	5,099,238
Revenue from exchange transactions		5,969,042	6,099,238
Total revenue			
Expenses			
Use of goods and services	15	2,514,694	107,665
Employee costs	16	3,816,496	2,217,357
Remuneration of directors	17	190,670	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	72,100	133,800
Operating Expenses	20	-	772,041
Administrative Expenses	21	-	799,400
Contracted services	22	-	-
Grants and subsidies	23	-	-
Finance costs	24	-	-
		6,593,960	4,030,263
Total expenses			
Other gains/(losses)			
Gain on sale of assets	25	-	-
Unrealized gain on fair value of investments	26	-	-
Impairment loss	27	-	-
		-	-
Total other gains/(losses)		(624,918)	2,612,149
Net Surplus for the year			
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
		292,881	2,068,975

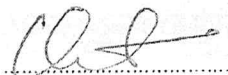
The notes set out on pages 6 to 42 form an integral part of the Annual Financial Statements.

NUU TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2020

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

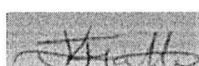
	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	28	2,090,678	1,835,599
Current portion of receivables from exchange transactions	29(a)	-	477,376
Receivables from non-exchange transactions	30	-	-
Inventories	31	-	-
Investments	32	-	-
		2,090,678	2,312,975
Non-current assets			
Property, plant and equipment	33	-	-
Intangible assets	34	-	-
Investment property	35	-	-
Long term receivables from exchange transactions	29(b)	-	-
		-	-
Total assets		2,090,678	2,312,975
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36	646,121	244,000
Refundable deposits from customers	37	500	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of borrowings	43	-	-
Deferred income	40	-	-
Employee benefit obligation	41	-	-
Payments received in advance		-	-
		646,621	244,000
Non-current liabilities			
Non-current employee benefit obligation	41	-	-
Non-current provisions	42	-	-
Borrowings	43	-	-
Service concession liability	44	-	-
Deferred tax liabilities	53	-	-
Total liabilities		646,621	244,000
Net assets		1,444,057	2,068,975
Reserves			
Accumulated surplus		1,444,057	2,068,975
Capital Fund		-	-
Total net assets and liabilities		2,090,678	2,312,975

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Council/Board of Governors

Date..23.04.2021.



Finance Officer
ICPAK No26036

Date 23.04.2021



Principal

Date..23.04.2021.

NUU TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2020

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2018	-	-	-	-	-
Revaluation gain	-	-	2,068,975	-	2,068,975
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2019	-	-	2,068,975	-	2,068,975
At July 1, 2019	-	-	2,068,975	-	2,068,975
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Retained Earnings for the year	-	-	(624,918)	-	(624,918)
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2020	-	-	1,444,057	-	1,444,057

NUU TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2020

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	3,780,000	1,000,000
Public contributions and donations	9	-	-
Rendering of services- Fees from students	10	2,189,042	5,099,238
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income	13	-	-
Other income	14	-	-
Total Receipts		5,969,042	6,099,238
Payments			
Use of goods and services	15	2,514,694	1,268,505
Employee costs	16	3,816,496	2,084,784
Remuneration of directors	17	190,670	
Repairs and Maintenance	19	72,100	133,800
Operating Expenses	20	-	772,041
Administrative Expenses	21	-	799,400
Grants and subsidies paid		-	-
Total Payments		6,593,960	4,030,263
Net cash flows from operating activities		(624,918)	2,068,975
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(-)	
Proceeds from sale of property, plant and equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		(-)	(-)
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Increase in deposits		-	-
Increase in payables		402,621	244,000
Receivables		477,376	(477,376)
Net cash flows used in financing activities		879,997	(776,550)
Net increase/(decrease) in cash and cash equivalents		255,079	
Cash and cash equivalents at 1 JULY	26	1,835,599	-
Cash and cash equivalents at 30 JUNE	26	2,090,678	1,835,599

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VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
Revenue										
Transfers from other Govt entities Govt grants	2,000,000				2,000,000		3,780,000		1,780,000	
Public contributions and donations	-				-		-		-	
Rendering of services- Fees from students	11,280,000				11,280,000		2,189,042		(9,090,958)	
Sale of goods	20,000				20,000		-		(20,000)	
Finance income	-				-		-		-	
Other Income	4,400				4,400		-		(4,400)	
Gains on disposal, rental income and agency fees	-				-		-		-	
Total income	13,304,000				13,304,000		5,969,042		(7,334,958)	
Expenses										
Compensation of employees	3,279,000				3,279,000		3,816,496		(537,496)	
Use of Goods and services	8,555,000				8,555,000		2,514,694		6,040,306	
Finance costs	-				-		-		-	
Repairs and Maintenance	-				-		72,100		(72,100)	
Remuneration of directors	690,000				690,000		190,670		499,330	
Grants and subsidies paid	-				-		-		-	
Total expenditure	12,524,000				12,524,000		6,593,960		5,930,040	
Surplus for the period	780,000				780,000		(624,918)		(1,404,918)	

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nuu Technical and Vocational College is established by and derives its authority and accountability from TVET Act No.29 of 2013. Nuu Technical and Vocational College is under the Ministry of Education, State department of Technical and Vocational Training. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to train competent Human Resource for social economic development at TVET level.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *institute's* accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act No.18 of 24th July 2012, the State Corporations Act, the TVET Act 2013 and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2019 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>Nuu Technical and Vocational College did not apply this standard in the preparation of the accounts under review.</i>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: 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. <p>Nuu Technical and Vocational College did not apply this standard in the preparations of the accounts under review.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

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Standard	Effective date and impact:
	<p align="center">Nuu Technical and Vocational College did not apply this standard in the preparations of the accounts under review</p>
Amendments to Other IPSAS resulting from	<p>Applicable: 1st January 2022:</p> <p>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.</p>
IPSAS 41, Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
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>

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 19/20 was approved by the Council or Board on **06.02.2019**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per First schedule **Section 10 subsection (a) and (b)** of the 2010 **income tax** Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

e) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **50** years.

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

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

d) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Leases

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. NUU TVC does not maintain any reserves during the year under review.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	3,780,000	1,000,000
Other grants	0	0
Conditional grants		
Library grant	0	0
Hostels grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Learning facilities grant	0	0
Other organizational grants	0	0
Total government grants and subsidies	3,780,000	1,000,000

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Tvet Ministry/State Department	3,780,000			3,780,000	3,780,000
Education Ministry	-	-	-	-	-
Total	3,780,000	-	-	3,780,000	3,780,000

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2018-2019
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
Other grants	0	0
Total grants from development partners	0	0

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Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County xxx	0	0
Transfer from xxx University	0	0
Transfer from xxx institute	0	0
Total Transfers	0	0

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	0	0

10 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	600,860	1,258,620
Activity fees	35,578.4	110,156.8
Personal Emoluments	140,296	400,792
Caution fees	15,017.6	34,589.2
Helb	1,183,000	2,700,800
Repairs Maintenance & Improvement	95,596	265,192
Library fees	-	-
Electricity Water & Conservancy	43,798	134,496
Local Travel & Transport	74,896	194,592
Facilities and materials	-	-
Registration fees	-	-
Total revenue from the rendering of services	2,189,042	5,099,238

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS

Description	2019/2020	2018/2019
	KShs	KShs
Sale of goods		
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Other(include in line with your organisation)	0	0
Total revenue from the sale of goods	0	0

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019/2020	2018/2019
	KShs	KShs
Straight-lined operating lease receipts	0	0
Contingent rentals	0	0
Total rentals	0	0

13 FINANCE INCOME

Description	2019/2020	2018/2019
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14 OTHER INCOME

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Skills development levy	0	0
Income from disposal of assets	0	0
Total other income	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 USE OF GOODS AND SERVICES

Description	2019/2020	2018/2019
	KShs	KShs
Electricity, Water, Fuel & Conservancy	288,290	107,665
Students Activities	12,100	
Tuition Expenses	1,306,533	
Professional services	-	
Subscriptions-Katti	176,600	
Advertising	200,300	
Admin fees	143,000	
Audit fees	-	
Consulting fees	-	
Consumables	-	
Insurance	-	
Legal expenses	-	
Contingencies	11,270	
Examination Fees	371,220	
Rent expenses	-	-
Sewage treatment costs	-	-
Inventory scrapping	-	-
Bank Charges	5,381	-
Total good and services	2,514,694	107,665

16 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	3,029,812	2,2217,357
Employee related costs - contributions to pensions and medical aids	73,100	-
Travel, motor car, accommodation, subsistence and other allowances	651,010	-
Housing benefits and allowances	-	-
Performance and other bonuses	-	-
Paye	62,574	-
Employee costs	3,816,496	2,217,357

17 REMUNERATION OF DIRECTORS/BOARD OF GOVERNORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	-	-
Other allowances	190,670	-
Total director emoluments	190,670	-

18 DEPRECIATION AND AMORTIZATION EXPENSE

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Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	0	0
Investment property – earning rentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	72,100	133,800
Total repairs and maintenance	72,100	133,800

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. OPERATING EXPENSES.

Description	2019-2020	2018-2019
	KShs	KShs
Tuition Expenses	0	565,560
Bank charges	0	5,381
Contingencies	0	49,900
Examination	0	8,500
Student activities	0	142,700
Other	0	0
Total operating expenses	0	772,041

21 ADMINISTRATIVE EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Local Travel and Transport	0	396,400
KATTI Expenses	0	160,000
Administration Expenses	0	143,000
Audit fees	0	100,000
Other	0	0
Total administrative expenses	0	799,400

22 CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
Total contracted services	0	0

23 GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	KShs	KShs
Community development	0	0
Education initiatives and programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
Total grants and subsidies	0	0

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24 FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings (amortized cost)*	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

25 GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	0	0

26 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

27 IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	2,090,678	1,835,599
On - call deposits	0	0
Fixed deposits account	0	0
Staff car loan/ mortgage	0	0
Others(specify)	0	0
Total cash and cash equivalents	2,090,678	1,835,599

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

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	1254590196	2,090,678	1,835,599
Sub- total		2,090,678	1,835,599
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Cash in transit		-	-
cash in hand		-	-
M pesa		-	-
Sub- total		-	-
Grand total		2,090,678	1,835,599

ANNUAL REPORT AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 RECEIVABLES FROM EXCHANGE TRANSACTIONS

29(a)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	-	501,245
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	23,869
Less: impairment allowance	-	-
Total current receivables	-	477,376

29(b)

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	-	-

30 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Transfers from other govt. entities	3,780,000	1,000,000
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	3,780,000	1,000,000

31 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	-	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 INVESTMENTS

Description	2019-2020		2018-2019	
	KShs		KShs	
a) Investment in Treasury bills and bonds				
Financial institution				
CBK	-		-	
CBK	-		-	
Sub- total	-		-	
b) Investment with Financial Institutions/ Banks				
Bank x	-		-	
Bank y	-		-	
Sub- total	-		-	
c) Equity investments (specify)				
Equity/ shares in company xxx	-		-	
Sub- total	-		-	
Grand total	-		-	

d) Shareholding in other entities

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Specify)		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30th June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30th June 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment																
At 1 July 2018	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30th June 2019	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Disposals	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustment	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30th June 2020	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Net book values																
At 30 th June 2019	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At 30 th June 2020	-	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions–internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

35 INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation(where investment property is at cost)	(-)	(-)
At end of the year	-	-

36 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	-	-
Fees paid in advance	165,761	-
Employee advances	-	-
Third-party payments-examinations	479,360	244,000
Other payables	1,000	-
Caution fees	500	-
Total trade and other payables	646,621	244,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits	-	-
Caution money	-	500
Other refundable deposits	-	-
Total deposits	-	500

38 CURRENT PROVISIONS

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

39 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2019-2020
	KShs	KShs	KShs	KShs
Within current year	-	-	-	-
Long term portion of lease payments	-	-	-	-
Total provisions	-	-	-	-

40 DEFERRED INCOME

Description	2018-2019	2019-2020
	KShs	KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

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

41 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post- employment medical benefits	Other Provisions	2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

The entity does not operate a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is based on xxx percentage of salary of an employee at the time of retirement. During the year, 19/20 actuarial valuers were not engaged to value the scheme. The liability at the end of the year is as follows:

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year	-	-
Changes in valuation during the year	-	-
Valuation at end of the year	-	-

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 NON-CURRENT PROVISIONS

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

43 BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

43 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018-2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from 'zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

44 SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

45 CASH GENERATED FROM OPERATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	-	-
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	477,376	(477,376)
Increase in deferred income	-	-
Increase in payables	402,621	244,000
Increase in payments received in advance	-	-
Net cash flow from operating activities	879,997	(233,376)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	477,376	477,376	0	0
Receivables from non-exchange transactions	-	-	0	0
Bank balances	1,835,599	1,835,599	0	0
Total	2,312,975	2,312,975	0	0
At 30 June 2020				
Receivables from exchange transactions	-	-	0	0
Receivables from non-exchange transactions	-	-	0	0
Bank balances	2,090,678	2,090,678	0	0
Total	2,090,678	2,090,678	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from 30th June 2020

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2019				
Trade payables	0	244,000	0	244,000
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	244,000	0	244,000
At 30 June 2020				
Trade payables	0	646,621	0	646,621
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	646,621	0	646,621

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

The institute does not maintain any foreign exchange.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	2,090,678	0	2,090,678
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	2,090,678	0	2,090,678

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2012 – KShs xxx)

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	1,444,057	2,068,975
Capital reserve	-	-
Total funds	1,444,057	2,068,975
Total borrowings	0	0
Less: cash and bank balances	2,090,678	1,835,599
Net debt/(excess cash and cash equivalents)	(646,621)	233,376
Gearing	44.78%	11.28%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx	0	0
Sales of services xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from National Government	3,780,000	1,000,000
Grants from County Government	0	0
Donations in kind	0	0
Total	3,780,000	1,000,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the CEO	0	0
Compensation to key management	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 SEGMENT INFORMATION

The organization does not operate in different geographical region hence doesn't have segmental reports.

49 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case 0 against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

50 CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

51 EVENTS AFTER THE REPORTING PERIOD

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

52 ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

53 Currency

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

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

This is the first Audit for the college

Director General/C.E.O/M.D (enter title of head of entity)
Chairman of the Board
Evans Owiti



Date: 23/04/2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

NB:

The institute did not start any project in the FY-19/20 due to financial constrains

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Vocational and Technical Training				
FY 19/20				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	19/07/2019	1,515,000	2018/2019	
	18/10/2019	607,500	2019/2020	
	07/05/2020	1,657,500	2019/2020	

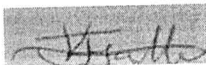
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		Total	3,780,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	

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

Finance Officer
Nuu Technical and Vocational College

Sign



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Direct Payment	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	0	Recurrent	0	0	0	0	0	0	0
Ministry of Education	0	Development	0	0	0	0	0	0	0
USAID	0	Donor Fund	0	0	0	0	0	0	0
Ministry of Education	0	Direct Payment	0	0	0	0	0	0	0
			0	0	0	0	0	0	0
Total			0	0	0	0	0	0	0