


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING NAIROBI	
DATE: 03 MAR 2022	DAY: <u>Thurs</u>
TABLED BY: <u>LDM</u>	CLERK-AT-THE-TABLE: <u>C. Ndiritu</u>

THE AUDITOR-GENERAL

ON

**KIMASIAN TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE SIXTEEN (16) MONTHS
PERIOD ENDED
30 JUNE, 2020**



**MINISTRY OF EDUCATION
STATE DEPARTMENT OF TVET
KIMASIAN TECHNICAL AND VOCATIONAL
COLLEGE**



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**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD
ENDED 30TH JUNE 2020**

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

Table of Contents

	Page
I. KEY COLLEGE INFORMATION AND MANAGEMENT.....	iii
<u>THE BOARD OF GOVERNORS</u>	vii
MANAGEMENT TEAM	ix
CHAIRMAN’S STATEMENT	xi
REPORT OF THE PRINCIPAL.....	xii
CORPORATE GOVERNANCE STATEMENT	xv
II. MANAGEMENT DISCUSSION AND ANALYSIS.....	xviii
CORPORATE SOCIAL RESPONSIBILITY POLICY	xix
III. STATEMENT OF THE BOARD OF GOVERNORS RESPONSIBILITIES Error! Bookmark not defined.	
REPORT OF THE INDEPENDENT AUDITOR	xxii
IV. STATEMENT OF FINANCIAL PERFORMANCE FOR SIXTEEN(16) MONTHS PERIOD ENDED 30 TH JUNE 2020.....	1
V. STATEMENT OF FINANCIAL POSITION FOR SIXTEEN(16) MONTHS PERIOD ENDED 30TH JUNE 2020	2
VI. STATEMENT OF CHANGES IN NET ASSET FOR SIXTEEN(16) MONTHS PERIOD ENDED 30TH JUNE 2020	3
VII. STATEMENT OF CASH FLOWS FOR SIXTEEN(16) MONTHS PERIOD ENDED 30TH JUNE 2020.....	4
IX. NOTES TO THE FINANCIAL STATEMENTS.....	6
APPENDIX III: INTER-ENTITY TRANSFERS	26
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES ...	27

I. KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background Information

Kimasian Technical and Vocational College foundation stone was laid on 22/3/2014 by H.E The Deputy President of the Republic of Kenya Hon. William Samoei Ruto. The college was constructed using funds from the Government on a 30 acre piece of land donated by the County Government of Kericho under the mentorship of Kaiboi Technical Training Institute. Upon its completion in late 2017, the College got registered under the TVET Act on 11th/4/2018 under the Ministry of Education state department of Vocational & Technical Training. In March 2019 the MOE posted the first CEO to the college.

The college received state of art welding and fabrication equipment from China in January 2018 and is a centre of excellence in the same trade area. There are a total of eight different courses accredited by TVETA offered at different levels and we expect to roll out more in the next five years. All the courses offered are market driven and it is our desire to bridge the skill gaps currently being experienced in the country through effective curriculum implementation and ICT integration in training.

(b) Principal Activities

Vision

To be a Centre of excellence in offering quality Vocational and Technical Training, moral and spiritual growth for human development and a point of reference in quality welding and fabrication in Kenya.

Mission



To provide quality and relevant training in research, technology, innovation and entrepreneurial skills necessary for self-reliance and enhanced quality life.

Core Values

Kimasian Technical and Vocational College (KIMTVC) is committed to and will be identified by the following core values.

- i. Integrity
- ii. Professionalism
- iii. Transparency & accountability
- iv. Team work
- v. Efficiency and Effectiveness
- vi. Equity and Fairness

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

NAME	AREA OF RESPONSIBILITY
 <p>5. Enock Kiprotich</p>	<p>Finance Officer</p> <ul style="list-style-type: none"> - Certified Public Accountant of Kenya - Bachelor in Business Management (Finance Option)
 <p>6. Kipkoech Korir</p>	<p>Procurement Officer</p> <ul style="list-style-type: none"> - BSC Business Administration with IT (Supply Chain Management Option)

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

CHAIRMAN'S STATEMENT

It is with great pleasure that I take this opportunity to present the Kimasian Technical and Vocational College (KIMTVC) annual report and financial statements for the year which ended on 30th June 2020. In the report you will be able to find all the required information pertaining to this report.

During this period so many key activities took place in the College. The current Board was inaugurated on 23rd December 2019. During this period two full Board meetings took place, one on 3rd of January 2020 and the second meeting was on 9th February 2020. Several other meetings of sub-committees was also done during the said period. The most important one is the meeting held on 27th May 2020 for intervening trainers and the one held on 28th May 2020 for ratification of successful candidates for the positions of trainers in Computer studies and Mechanical engineering. In the same period some non-teaching staffs were employed by the institute.

The Board acknowledges the role played by the College staff in producing well equipped graduates. It is the responsibility of the Board to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. In this regards the Board is working keenly with the College staff to ensure that programmes offered are done in the best way so as to enable the trainees acquire the necessary skills and knowledge so as to become responsible citizens wherever they will be.

The Board in conjunctions with other stake holders has tried to provide an enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond.

However there are some challenges being faced i.e., shortages of classrooms, science laboratory, workshops, student hostels among others to enable the College achieve its core mandate. The way forward or future outlook for the organisation is to find ways of collaborating with various industries, notably the tea industries which are based within the county, and also to request the National Government to increasing the funding to the young institutions. Parents and guardians should send students to the College to enable the College to get more capitations.

Finally, I and on behalf of the Board, I wish to thank the Government of Kenya, the area member of parliament and other stakeholders for their continued financial support. I also wish to thank all the staff and students for their continued support and dedication.

Thank you and May the Lord bless all of you.



David Sonoiya Ndugi
BOARD CHAIRMAN

Date: 25/4/2021

REPORT OF THE PRINCIPAL

I wish to take this opportunity to present to you the annual financial statement for Kimasian Technical and Vocational College for year ending June 2020. This is the first annual financial report we have prepared for presentation to you.

Kimasian Technical & Vocational College is one of the new public TVET Institutions. It commenced operations on 11th/ 3/2019 under the mentorship of Kaiboi TTI until 23rd December, 2019 when the pioneer Board of Governors was inaugurated. Before the BOG inauguration, the college had an account at Kenya Commercial Bank Eldoret East branch which was being managed by our mentor.

The college had its first intake of 15 trainees in May 2019. The main intake was in September 2019 during which 314 trainees were admitted. The number increased to 384 by January 2020 and we anticipate to have the number increase gradually.

Currently the college has thirteen trainers employed by Ministry of Education, eight employed by the BOG, three part-time trainers and eleven support staff. Our staff are qualified to hold their respective positions and a good number were competitively hired. All the support staff and a good number of trainers are employed by the BOG. This has contributed heavily to the financial burden we have incurred.

During the financial year under review, the college was able to do the following:-

- Procure 20 desk top computers for training and partial automation of services in offices.
- Procure and install computer soft wares
- Procure two printers and one receipt printing machine.
- Procure assorted training consumable material and equipment.
- Repair plumbing system in the main building, drainage system and the septic tank.
- Procure of 200 metallic trainees' chairs with writing surface.
- Fabricate technical drawing tables.
- Construction of a railed ramp leading to the washrooms.
- Grilling of windows in the administration block.
- Procure three 10,000 liters PVC water tank and installation.
- Procured and installed some COVID-19 PPEs for use by staff, trainees and guests.

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

- In support of the Government Big Four Agenda, the college has planted maize in 12 acres of the college farm in order to boost food security. We intend to improve and diversify on food security going forward and even incorporate the neighboring community.

Being the first end of year financial report we have prepared we have encountered several challenges during the compilation in the recommended format and hope to improve going forward with your assistance. Another challenge has been financial constraints occasioned by delay in grants and capitation remittance by our mother Ministry. Being a new institution we heavily rely on the revenue we receive from the Government to meet our obligations.

Despite the challenges highlighted above, we are grateful to the Government of Kenya for the financial support we have received in form of grants and capitation. We also appreciate other stakeholders such as HELB who have supported our trainees by giving them bursaries and loans.



Rosemary Awuor Otieno-Soi

Principal

Date: 25/04/2021



**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

**REVIEW OF KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE PERFORMANCE
FOR FY 2019/2020**

Kimasian Technical and Vocational College has two strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2023/2024. These strategic pillars are as follows:

Pillar 1: To provide Vocational and Technical Training

Pillar 2: To increase the number of courses

Kimasian Technical and Vocational College develops its annual work plans based on the above two pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kimasian Technical and Vocational College achieved its performance targets set for the FY 2019/2020 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
To provide quality Vocational & Technical Training	To offer market driven courses to trainees	<ul style="list-style-type: none"> - Number of SET courses mounted and implemented - Level of adequacy of training materials and equipment - Number of trainers per course 	<ul style="list-style-type: none"> - Advertisement of SET courses - Requisitions for training materials and equipment - Number of trainers employed per course 	<ul style="list-style-type: none"> - The college mounted 20 SET courses over the FY - Training materials and equipment were procured progressively in all training areas based on need - The college employed 9 trainers under BOG terms to supplement the 13 PSC trainers
To increase the number of courses offered	To increase access to education for trainees	<ul style="list-style-type: none"> - Number of courses introduced in FY 2019/2020 	<ul style="list-style-type: none"> - To market and do publicity for the college - To participate in sports and recreational activities - To undertake corporate social responsibility to the community 	<ul style="list-style-type: none"> - The college introduced and maintained 21 courses over the financial year - Trainees were trained and registered for KNEC exams in all the courses offered by the College.

CORPORATE GOVERNANCE STATEMENT

The corporate governance policies and structure provide the basis on which we operate, work and collaborate with our stakeholders. Our core mandates are guided by our Vision and mission statements. Our core values are a source of inspiration from where we derive our strength.

The college, being one of the public TVET institutions is guided by the Government policies and majorly the TVET ACT of 2013. The college has a substantially appointed Board of Governors which was inaugurated on 23rd December, 2021. The board comprises of nine members. Seven having been appointed by the Cabinet Secretary, The County Director TVET and the Principal who sit as the full time member and the Secretary. All the BOG members have got diverse vast experiences necessary for the development of such a young institution like Kimasian TVC.

There are three sub committees in the BOG who have been assigned various responsibilities. The sub-committees are Finance, Audit and Risk Management, Education, Training and HRM and Project Development and Managements committee. Each sub-committee has a Chairperson and two more members. The Principal sits in all the sub- committee meetings as the secretary.

The full BOGs meetings are held once every quarter with an exception of the last quarter in the last financial year due to the COVID-19 pandemic. Education, Training and HRM and Finance, Audit and Risk Management Sub- committees also meet once every quarter unless in special cases occasioned by unavoidable circumstances. The Project Management committee meet whenever there is need to do so. Since the inauguration of the BOG, only one full Board meeting took place during which a plan on how to conduct college activities was developed. The meeting developed a guideline on how BOG members will be remunerated whenever there was a meeting. The Finance, Audit and Risk Management Committee met twice in the last financial year to review the budgets for FY ending June 2019 and June 2020.

According to the TVET ACT of 2013, the BOGs provide oversight role and is very instrumental in ensuring that the college is run in accordance to the prevailing Government policies and guidelines. The BOG also approves the annual budget, the annual procurement plan and ensures prudent use of all the revenue the college receives. The BOG has also been mandated by the TVET ACT to recruit trainers on behalf of Public Service Commission. The BOG has also played a key role in the recruitment and remunerating of the non-academic staff whose role in day to day running of the college is key.

So far no BOG induction has been done and we hope this exercise will take place soon.

The college has developed a strategic plan which would have been launched in May this year had it not been for COVID-19 pandemic out-break. We have also developed a financial management manual, procurement management manual as well as curriculum implementation manual. It is expected that these crucial documents will steer the college to achieve its core mandates and strategic objectives and enhance service delivery to our trainees and stakeholders.

As we begin a new financial year we hope to have productive BOG meetings to develop more policies and guidelines that will steer the college further to greater heights.

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

Under the TVET act of 2013, the functions of Board of Governors as 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 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 Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (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; (1) 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 of this Act;
- (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 subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades 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 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 Board;
- (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.

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board.

This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

II. MANAGEMENT DISCUSSION AND ANALYSIS

Compliance with statutory requirements

The college did not have any compliance issues relating to its statutory requirements.

Key projects and Investment Decisions

The College procured and installed three PVC water tanks. This project was funded by NG-CDF Kipkelion East. The college also procured another 3,000 liters PVC water tank using A-in-A funds. These tanks are currently being used in the storage of rain water harvested for general use.

In order to boost revenue collection, the college invested in maize farming and intends to diversify and expand in cultivation of the college farm come next financial year.

Major Risks

The college does not foresee any major risks in its financial operations. The Board of Governors has been able to mitigate risks especially in the key areas of operations. The management in collaboration with the BOG has put in place strong financial management policies and internal control systems aimed at minimizing risks that may arise. The college credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Kenya Commercial Bank. The college holds high quality fees debts that are continuously being monitored with a major portion being receivables underwritten by GOK agencies like HELB. The college's capital risk was minimal since at the end of the year under review, the college had no external borrowing.

Material arrears in Statutory/Financial Obligations

The college complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The college has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

Governance

It is worth to note that the college has strived to comply with all Financial and Governance Policies and Laws as stipulated by the Constitution of Kenya, 2010 and will always continue to do so. Provisions of chapter 12 on Principles of Public Finance have been followed in all the financial management decisions undertaken by the college. The BOG and the management has also complied with the Provisions of Chapter 6 of the Constitution in defining its Governance Structures as well as the Provisions of the Public Procurement and Asset Disposal Act, 2015 that preclude any instances of conflict of interest.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Kimasian Technical and Vocational College is committed to promote Corporate Social Responsibility (CSR) to support community work and enhance attainment of the institutional core mandate.

In the financial year 2019/2020, the College was engaged in various activities that promoted CSR such as youth empowerment, promotion of education, career guidance, labour relations, staff training and development, environmental conservation and water and sanitation.

The College in pursuit of promoting TVET training convened for the youth in Kipkelion East constituency to sensitize them on TVET courses and job prospects after completion of courses. This led to increased enrolment of students at Kimasian TVC, most of them choosing to pursue engineering courses. The youth were also empowered in entrepreneurship skills. The college gave partial sponsorship to four students from needy families; two men and two ladies, to train at the college to achieve their career dreams.

Mass HELB loan application was conducted by the College in partnership with Kipkelion East NG-CDF office to enable students enrolled in the college obtain financial assistance for the courses they pursuing. This was meant to augment Government capitation which does not pay college fees in full. The impact has been high retention rates of students in the various courses offered by the college.

Career guidance was conducted through visits by College staff to secondary schools within the catchment area of the college for career talks. The objective was to sensitize secondary school students to understand the various TVET courses and requirements to enhance proper career choice. This has helped change the perception of students towards TVET courses which has yielded to increased enrolment in TVET courses and girls in SET courses.

In promoting labour relations, the college prioritized employment of support staff from the community meeting the minimum requirements for the various job positions. Community members have also been considered for the various casual jobs to empowerment them economically.

With the outbreak of COVID-19 pandemic at the beginning of this year, the community was in dire need of sensitization on how to handle the disease. The College conducted staff and student council training to assist in empowering community members with Knowledge and skills to address challenges of the pandemic. A one-day sensitization workshop was conducted in partnership with Londiani Sub-County Hospital facilitated by the college. The college fabricated hand washing machines for use in the college by trainees, staff and public and others earmarked for donation to public institutions for use by the public.

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

The College with its scarce water resource has been providing water to neighbouring institutions such as churches to improve sanitation in their facilities. This has helped to improve hygiene and prevent communicable diseases. With the collection of spring water from the College farm anticipated to be implemented this year, the College plans to provide more water to the community.

Environmental conservation is paramount in addressing challenges of climate change and in promoting college development of the college. In line with the Government agenda of increasing forest cover by 10%, the college embarked on afforestation of college land by engaging Kenya Forestry Service in Londiani to demonstrate and sensitize the community on tree planting. So far the college has planted more than 1500 trees for commercial and aesthetic purposes and with a plan to plant more trees in the coming years. The community members who have participated are expected to sensitize other community members on the importance of environmental conservation by virtue of the college being adjacent to Mau Forest.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with for the year ended June 30, 2019 which show the state of Kimasian Technical training institute affairs.

Principal activities

The principal activities of the College are;

- i. Offer TVET training
- ii. Prepare and guide trainees for evaluation and certification by the appropriate examining bodies
- iii. To promote science, technology and innovation in all training programs
- iv. To nurture trainees talent in different capacities.

Results

The results of the College for the year ended June 30 are set out on pages IV - VII

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on pages vii– viii.

Auditors

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

By Order of the Board



Rosemary Awuor Otieno- Soi

BOG SECRETARY

Date:



STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the council members to prepare financial statements in respect of Kimasian TTI, which give a true and fair view of the state of affairs of Kimasian TTI at the end of the financial year and the operating results of Kimasian TTI for that year. The council members are also required to ensure Kimasian TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of Kimasian TTI. The council members are also responsible for safeguarding the assets of Kimasian TTI


The council members are responsible for the preparation and presentation of Kimasian TTI financial statements, which give a true and fair view of the state of affairs of Kimasian TTI for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Kimasian TTI(v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The council members accept responsibility for Kimasian TTI financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act of 2013*). The board of governors are of the opinion that Kimasian TTI financial statements give a true and fair view of the state of Kimasian TTI transactions during the financial year ended June 30, 2019, and of Kimasian TTI financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Kimasian TTI, which have been relied upon in the preparation of Kimasian TTI financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kimasian TTI financial statements were approved by the Board on 27th September 2020 and signed on its behalf by:

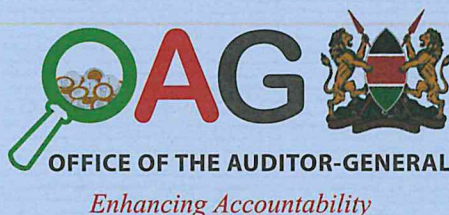

Chairperson of the Board


Accounting Officer/Principal



REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE FOR THE SIXTEEN (16) MONTHS PERIOD ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kimasian Technical and Vocational College set out on pages 1 to 25, 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, statement of comparison of budget and actual amounts for the sixteen (16) months period ended 30 June, 2020, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Kimasian Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the sixteen (16) months period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Accounting Period

The accounting period of the statements of financial performance, statement of cash flows and statement of comparison of budget and actual amounts is not properly titled to reflect the sixteen (16) months period ended 30 June, 2020.

Similarly, the Report of the Board of Governors refers to the results of the College for the year ended 30 June, 2019 instead of 30 June, 2020.

Report of the Auditor-General on Kimasian Technical and Vocational College for the Sixteen (16) Months Period ended 30 June, 2020

1.2 Employees Costs

Included in the statement of financial performance is employee costs totalling Kshs.1,569,559. However, review of the payrolls revealed a total amount of Kshs.1,459,520 resulting into unexplained variance of Kshs.110,039.

Consequently, the accuracy and validity of the employees cost expenditure amounting to Kshs.1,569,559 reflected in the financial statements for the sixteen-months (16) period ended 30 June, 2020 could not be confirmed.

1.3 Property, Plant and Equipment

Note 17 to the financial statements reflects property, plant and equipment valued at Kshs.124,598,350 as at 30 June, 2020. However, the total depreciation of Kshs.7,844,650 for different categories of assets reflected in Note 17 to the financial statements was not based on an approved depreciation policy. In addition, the asset register provided for audit reflected buildings with a historical cost of Kshs.60,000,000 which differs with the cost of buildings amounting to Kshs.50,000,000 reflected under Note 17. The difference of Kshs.10,000,000 was not explained.

Consequently, the accuracy, validity and completeness of the property, plant and equipment balance of Kshs.124,598,350 could not be confirmed.

1.4 Unsupported Amendments to Financial Statements Balances

The financial statements provided for audit on 27 September, 2020 were subsequently amended on 7 April, 2021. However, approved journal vouchers in support of the amendments were not provided. The amendments are as detailed below:

Item	Financial Statements Submitted on 27 September 2020 (Kshs.)	Revised Financial Statement Balance (Kshs.)	Variance (Kshs.)
Total Revenue	10,334,686	17,840,151	(7,505,465)
Depreciation	15,426,960	7,844,650	7,582,310
Repairs and Maintenance	1,042,720	552,385	490,335
Receivables	7,020,020	5,824,566	1,195,454
Current Liabilities	3,020,472	1,146,064	1,874,408

Consequently, the accuracy of the financial statements for the sixteen (16) months period ended 30 June, 2020 could not be confirmed.

2.0 Undisclosed Inventories

The statement of financial position reflects that the College had no inventories. However, paragraph (i) of the summary of significant accounting policies provides that

Report of the Auditor-General on Kimasian Technical and Vocational College for the Sixteen (16) Months Period ended 30 June, 2020

inventories are also recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute. No evidence was provided to confirm the expensing of the loose tools held by the various departments and valued at Kshs.263,910 as at 30 June, 2020.

Consequently, the accuracy and completeness of the nil balance for inventories as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,481,240 and Kshs.17,840,151 respectively, resulting in a shortfall of Kshs.2,641,089 or 13% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.20,481,240 and Kshs.5,635,565 respectively resulting in an under performance amounting to Kshs.14,845,675 or 72%.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the students and stakeholders of Kimasian Technical and Vocational College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the College was nineteen (19) all who were members of the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

Consequently, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Governors

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 sustain its services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

16 February, 2022

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2020

		16 months
	Notes	2019/2020
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	6	4,097,500
Public contributions and donations	7	371,000
Total Revenue from non-exchange transactions		4,468,500
Revenue from exchange transactions		
Rendering of services- Fees from students	8	13,371,651
Revenue from exchange transactions		13,371,651
Total revenue		17,840,151
Expenses		
Use of goods and services	9	3,146,621
Employee costs	10	1,569,559
Remuneration of directors	11	367,000
Depreciation and amortization expense	12	7,844,650
Repairs and maintenance	13	552,385
Total expenses		13,480,215
Net Surplus for the year		4,359,936

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

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

	Notes	2019/2020
		Kshs
Assets		
Current assets		
Cash and cash equivalents	14	5,083,084
Receivables from exchange transactions	15	5,292,066
Receivables from non-exchange transactions	16	532,500
Total Current Assets		10,907,650
Non-current assets		
Property, plant and equipment	17	124,598,350
Total Non-current Assets		124,598,350
Total assets		135,506,000
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	18	936,064
Refundable deposits from customers	19	210,000
Total Current Liabilities		1,146,064
Total liabilities		1,146,064
Capital and Reserves		
Reserves		
Accumulated surplus		12,204,586
Capital Fund	20	122,155,350
Total Capital and Reserves		134,359,936
Total Liabilities and Capital & Reserves		135,506,000

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

David Sonang Ndugi

Chairman Board of Governors

Rosemary A. O. Soi

Principal

Erick Kiprono

Finance Officer

ICPAK No.

Date *25/4/2021*

Date *25/04/2021*

Date *25/04/2021*



KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020

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

	Accumulated surplus	Capital grants	Total
Balance b/f as at March 1, 2019	-	-	-
Net surplus for the year	4,359,936		4,359,936
Capital grants received during the period		130,000,000	130,000,000
Transfer of depreciation from accumulated surpluses to capital grants	7,844,650	(7,844,650)	-
Balance c/d as at June 30, 2020	12,204,586	122,155,350	134,359,936

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

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

		2019/2020
	Note	Kshs
Cash flows from operating activities		
Net cash flows from operating activities	21	7,526,084
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(2,443,000)
Net cash flows used in investing activities		(2,443,000)
Net increase in cash and cash equivalents		5,083,084
Cash and cash equivalents at 1 March 2019		
Cash and cash equivalents at 30 June 2020	14	5,083,084

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH, JUNE 2020

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities Govt grants	11,025,000		11,025,000	4,097,500	6,927,500
Public contributions and donations	-			371,000	(371,000)
Rendering of services- Fees from students	9,456,240		9,456,240	13,371,651	(3,915,411)
Total income	20,481,240	-	20,481,240	17,840,151	2,641,089
Expenses					
Compensation of employees	3,096,000		3,096,000	1,569,559	1,526,441
Use of Goods and services	15,306,840		15,306,840	3,146,621	12,160,219
Repairs and maintenance	1,478,400		1,478,400	552,385	926,015
Remuneration of directors	600,000		600,000	367,000	233,000
Total expenditure	20,481,240	-	20,481,240	5,635,565	14845675
Surplus for the period	-	-	-	12,204,586	(12,204,586)
Non cash expense - Depreciation	-	-	-	7,844,650	12,204,586
Surplus for the period after depreciation	-	-	-	4,359,936	(24,409,172)
Capital expenditure				2,443,000	(10,678,145)

I. IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kimasian Technical Training Institute is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer technical skills and knowledge.

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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

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	<p>Applicable: 1st January 2019</p> <p>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.</p> <p>There is no impact of the IPSAS 40 to the institute</p>

KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020

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:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. 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><i>(There is no impact of the standard to the entity)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(There is no impact of the standard to the entity)</i></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</p>

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<p>when IPSAS 41 was issued.</p> <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

The entity 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

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 College will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

c) 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

d) Research and development costs

The College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the College 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.

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

Impairment of financial assets

The College assesses at each reporting date whether there is objective evidence that a financial asset or an College of financial assets is impaired. A financial asset or a College 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 College of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an College 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 College determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

Amortized cost is calculated by taking into account 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

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 Institute.

j) Provisions

Provisions are recognized when the College 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 College 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 College 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 College 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 College 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.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an College pays fixed contributions into a separate College (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.

p) Related parties

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the College'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 College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the College
- 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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	FY/2019/2020
	KShs
Unconditional grants	
Operational grant	2,500,000
Capitation	1,597,500
Total Government grants and subsidies	4,097,500

a) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred	Amount recognised in capital fund.	TVC - Grant	Total Grant Income during the quarter
Ministry of Education	4,097,500	-	-	-	4,097,500
Ministry of Education	-	-	-	-	-
Total	4,097,500	-	-	-	4,097,500

The details of the reconciliation have been included under (Appendix iii)

7 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	FY/2019/2020
	KShs
Unconditional grants	
Public donations (Kipkelion East NG-CDF)	300,000
Donations from local leadership(Kipkelion East Member of parliament)	71,000
Total Public Contributions and Donations	371,000

8 RENDERING OF SERVICES

Description	EY/2019/2020
	KShs
Examination fee	1,787,510
Tuition fees	11,563,520
Balance transferred by Mentor	20,621
Total Rendering of Services	13,371,651

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

9 USE OF GOODS AND SERVICES

Description	FY/2019/2020
	KShs
Tuition	1,739,407
Water and Electricity	58,240
Activity	121,203
Scholarships	80,900
Medical	540
Travel, motor car, accommodation, subsistence and other allowances	1,146,331
Total good and services	3,146,621

10 EMPLOYEE COSTS

Description	FY/2019/2020
	KShs
Salaries and wages	1,569,559
Total Employee costs	

11 REMUNERATION OF DIRECTORS

Description	FY/2019/2020
	KShs
Other allowances	367,000
Total director emoluments	367,000

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	FY/2019/2020
	KShs
Property, plant and equipment	7,844,650
Total depreciation and amortization	7,844,650

13 REPAIRS AND MAINTENANCE

Description	FY/2019/2020
	KShs
Other	552,385
Total Repairs and Maintenance	552,385

14 CASH AND CASH EQUIVALENTS

Description		FY/2019/2020
		KShs
KCB, Eldoret	1153433486	45,488

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

KCB, Londiani	1269508768	4,879,900
Cash on hand		157,696
Total cash and equivalents		5,083,084

The amount agrees with the closing and opening balances as included in the statement of cash flows.

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	FY/2019/2020
	KShs
Student debtors	5,291,066
Staff advances	1,000
Total current receivables	5,292,066

16 RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

Description	FY/2019/2020
	KShs
Quarter 3 of 2019/2020 Capitation received on July 2020	532,500
Total current receivables	532,500

Receivables aging

Details	0-30 days Shs '000	31-365 days Shs'000	Total Shs'000
Student receivables	-	5,291,066	5,291,066
Staff receivables	1,000	-	1,000
Non exchange receivables	532,500		532,500
Total Receivables	533,500	5,291,066	5,824,566

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR SIXTEEN (16) MONTHS PERIOD ENDED 30TH JUNE, 2020**

17 PROPERTY, PLANT AND EQUIPMENT

The board of governance is in the process of revaluing its assets to establish the current market value of the institution.

	Land	Buildings	Furniture, fittings and other equipment	Computers	Plant and equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
Rate	0%	2%	12.50%	30%	12.50%	
At 1 st March 2019	-	-	-	-	-	-
Additions			790,000	1,653,000		2,443,000
Transfer/adjustments	30,000,000	50,000,000			50,000,000	130,000,000
At 30 th June 2019	30,000,000	50,000,000	790,000	1,653,000	50,000,000	132,443,000
Depreciation and impairment						-
At 1 March 2019	-	-	-	-	-	-
Depreciation		1,000,000	98,750	495,900	6,250,000	7,844,650
At 30 June 2020	-	1,000,000	98,750	495,900	6,250,000	7,844,650
Net book values						-
At 30 th June 2020	30,000,000	49,000,000	691,250	1,157,100	43,750,000	124,598,350

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
ENDING JUNE 30TH, 2020**

18 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	FY/2019/2020
	KShs
Trade payables	98,104
Fees paid in advance	837,960
Total trade and other payables	936,064

19 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	FY/2019/2020
	KShs
Caution money	210,000
Total deposits	210,000

20 CAPITAL GRANTS

Description	FY/2019/2020
	KShs
Land	30,000,000
Building	50,000,000
Machinery	50,000,000
Less: depreciation charge	(7,844,650)
Net capital grants	122,155,350

21 CASH GENERATED FROM OPERATIONS

	2019-2020 KShs
Surplus for the year	4,359,936
Adjusted for:	
Depreciation and amortization	7,844,650
Working Capital adjustments	
(Increase) in receivables	(5,824,566)
Decrease in payables	1,146,064
Net cash flow from operating activities	7,526,084

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
ENDING JUNE 30TH, 2020**

33. Financial Risk Management

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the governors. 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 College's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

As at 30 June 2020	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Receivables from exchange transactions	5,291,066	5,291,066	-	-
Receivables from Non exchange transactions	532,500	532,500		
Bank balances	5,083,084	5,083,084	-	-
Total	10,906,650	10,906,650	-	-

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
ENDING JUNE 30TH, 2020**

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 College has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of Governors sets the College'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 College's governors, who have built an appropriate liquidity risk management framework for the management of the College's short, medium and long-term funding and liquidity management requirements. The College manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the College 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.

As at 30 June 2020	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
Trade payables	-	98,104	-	98,104
Prepaid fees	-	837,960	-	837,960
Refundable deposits from customers	-		210,000	210,000
Total	-	936,064	210,000	1,146,064

34. Related Party Balances

Nature of related party relationships

Entities and other parties related to the College 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

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
ENDING JUNE 30TH, 2020**

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

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

Description	2019/2020 K.shs
Transactions with related parties	
Grants from the Government	
Capitation Grants from National Govt.	4,097,500
Total	4,097,500

34. Events after the Reporting Period

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

35. Ultimate and Holding Institute

The Kimasian Technical and Vocational College is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

36. Currency

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

**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
ENDING JUNE 30TH, 2020**

APPENDIX III: INTER-ENTITY TRANSFERS

Kimasian Technical and Vocational College				
Break down of Transfers from the State Department of Technical and Vocational Training				
FY 2019/2020				
a.	Capitation Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	MOE-TVET Capitation Grant		1,065,000	2019/2020
	MOE-TVET Recurrent Grant		2,000,000	2019/2020
	MOE-TVET Recurrent Grant		500,000	2018/2019
	MOE-TVET Capitation Grant	532,500	532,500	2019/2020
		Total	4,097,500	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		

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

Finance Officer Emmanuel Kiprotich

Signature [Signature]

Date 25/04/2021



Principal Rosemary Awaro Othman Soi

Signature [Signature]

Date 25/04/2021



**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE REVISED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
ENDING JUNE 30TH, 2020**

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the Department Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
MOE - TVET	21 st May 2020	Capitation Grant	1,065,000	1,065,000	-	-	-	-	1,065,000
MOE - TVET	11 th May 2020	Recurrent Grant	1,000,000	1,000,000	-	-	-	-	1,000,000
MOE - TVET	29 th July 2019	Recurrent Grant	1,000,000	1,000,000					1,000,000
MOE - TVET	2 nd March 2019	Recurrent Grant	500,000	500,000	-	-	-	-	500,000
MOE - TVET	5 th July 2020	Capitation Grant	532,500	532,500					532,500
Total			4,097,500	4,097,500					4,097,500