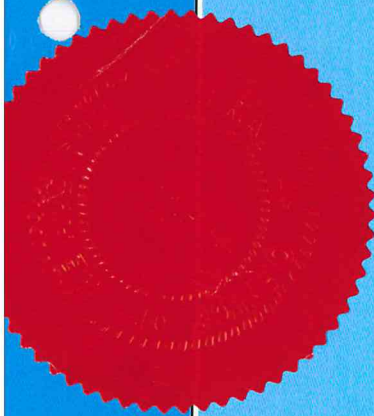


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PARLIAMENTARY COMMISSION	
REPORT YEAR 2022	
DAY: <u>THUR</u>	
TABLED BY:	<u>LOM</u>
CLERK-AT THE-TABLE	<u>C. Ndlovu</u>

THE AUDITOR-GENERAL

ON

**KIPSINENDE TECHNICAL AND
VOCATIONAL COLLEGE**

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



KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT	2
THE BOARD OF GOVERNORS.....	5
CHAIRMAN'S STATEMENT	7
REPORT OF THE PRINCIPAL/CHIEF EXECUTIVE OFFICER.....	8
CORPORATE GOVERNANCE STATEMENT	9
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY	11
REPORT OF THE DIRECTORS.....	11
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	12
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2020	13
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020	14
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020	15
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020	16
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	17
NOTES TO THE FINANCIAL STATEMENTS	19
APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	36

KEY ENTITY INFORMATION AND MANAGEMENT

Background information

Kipsinende Technical and Vocational College (KTVC) is a Public institute as per the aspiration of peoples of Kipkelion of Kericho County through self-help group in recognition of the fact that Technology is part of everyday life. KTVC is located 10km North of Fort-Ternan town, off the Londiani-Muhoroni road in Chilchila Division in Kipkelion West Constituency in Kericho County in the South Rift Valley Region of Kenya.

Kipsinende TTI is one of the most recently constructed institutes mentored by Ol'lessos TTI. It is managed by a Board of Governors (BOG) under the general direction of the Ministry of Education. It operates under the Technical Vocational Education and Training (TVET) Act, 2013. Kipsinende Technical and Vocational College (KTVC) is a middle level college sponsored by FGCK and is established on a 21-acre land.

The inception and growth of KTVC dates back to 2008 when the local community of Kipsinende had a vision of having a Technical Institution under the direction of the local leaders at then. It transformed fully into a Technical Training Institute after it received funding from the Government from the treasury and the CDF.

Upon the handing over of the project by the contractor, the community and the mentor institution on 3rd September 2016 rolled out the first 50 students in Business and Information Communication and Technology (ICT) departments as a constituent campus of Ol'lessos TTI.

Kipsinende TVC was registered by TVET Authority in January 2017 as a Technical and Vocational College.

The institute is located in a serene environment with a moderately cool climate that is conducive for learning.

Since then, KTVC has produced competent graduates who fit the global competitive needs of current and the emerging challenges.

KTVC is an equal opportunity Technical and Vocational Education and Training (TVET) institute under the Ministry of Education, State department of TVET offering TVET courses at Diploma, Certificate and Artisan levels. It distinguished itself as an Institute with high academic standards. It is adopting strict academic discipline with relevant and marketable programmes. The institute is developing partnerships with very able stakeholders. It aims to link every training department with

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

well-established industries to ensure the training skills gaps with the industry are reduced with the aim of producing globally competitive graduates.

KTVC is gearing towards certified Quality Management System (QMS) (ISO 9001:2015) and this gives holistic approaches to training self-driven graduates aimed at achieving Kenya industrialization envisaged in the vision 2030 and who will drive the Government's 'Big Four' agenda for sustainable development of the society.

The Institute is fully accredited by TVETA under Ministry of Education. It will be participating in TVET Trade fairs, Robots contests and other activities approved by the parent Ministry.

Principal Activities

Kipsinende Technical and Vocational College is mandated to train with the following:

MOTTO

Service Before Self

VISION

A centre of excellence for competency training in Technical and Vocational Education

MISSION

To provide Technical and Vocational Training that promotes Competencies to meet Local, Regional and Global Technological, Environmental and Dynamic Socio-Economic Challenges

STRATEGIC GOALS

Enhance capacity in TVET and Innovations;

Promote positive corporate image;

Inculcate Entrepreneurial culture in trainees;

Improve Institutional corporate governance;

strategic collaboration with other Institutions and linkages with Industry.

CORE VALUES

Transparency, Accountability and Integrity.

Innovation, creativity and incubation.

Timeliness in service delivery.

Teamwork in pursuit of excellence.

Unity in diversity.

Equity, effectiveness and efficiency in service delivery.

Gender equity

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Main-streaming disability

Spirituality.

Key Management Entity Headquarters

Main campus at Kipsinende-Chilchila hill

P.O. Box 28-20209

Fort Ternan

Off Londiani - Muhoroni/Road/Highway at Fort Ternan

Fort Ternan, KENYA

Contacts:

Telephone :(254) 772498383/0721661791

E-mail: kipsinendetechnical@gmail.com.

Website: <https://www.kipsinendeinstitute.ac.ke>

Bankers:

Kenya Commercial Bank, Kericho main branch

A/C No. 1212733894,

P.O. Box 43-20200,

Kericho, Kenya

Independent Auditors:

Auditor General,

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084, GOP 00100

Nairobi, Kenya

Principal Legal Adviser:

The Attorney General,

State Law Office, Harambee Avenue

P.O. Box 40112,

City Square 00200,

Nairobi, Kenya

The Kipsinende Technical and Vocational College day-to-day management is under the following key organs:

Board of governors.

Principal.




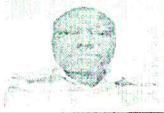

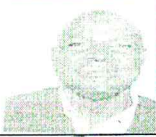


Senior Mmanagement team.

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Fiduciary Management

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

THE BOARD OF GOVERNORS








POSITION & PHOTO	PERIOD OF SERVICE	NAME AND QUALIFICATION
1. CHAIRMAN 	JULY 2017	PROF. WESLEY TOO, D.O.B 10 TH /04/1976, PHD, FOUNDING DEAN, SCHOOL OF MEDICINE AND HEALTH SCIENCE.
2. PRINCIPAL/BOG SECRETARY 	MARCH 2017	JOSEPH K. MIBEY, D.O.B 24/09/1964. BACHELOR OF TECHNICAL EDUCATION
3. MEMBER/REP PS-CDTVET-KERICHO	AUGUST 2021	KIPKOECH PETER CHERUIYOT, D.O.B 08/08/1972. M. PHIL.
4. MEMBER 	JULY 2017	JANET RUTO, D.O.B 22/01.1970, BACHELOR OF EDUCATION, GENDER EMPOWERMENT MANAGEMENT JAMES FINLAY KENYA LTD.
5. MEMBER 	JULY 2017	BENJAMIN KYAMBO, D.O.B , PHD STRATEGIC INFORMATION SYSTEM, LECTURER KISII UNIVERSITY COLLEGE.
6. MEMBER 	JULY 2017	MUTAI KIMELI, D.O.B 26 TH /06/1982, BACHELOR OF MEDICINE AND SURGERY, REGISTERED MEDICAL PRACTITIONER BY KENYA MEDICAL PRACTITIONERS AND DENTIST BOARD.
7. MEMBER 	JULY 2017	JEREMIAH ORUKO ORUKO, D.O.B 20/09/1956, TECHNICAL EACHER AT RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY KISUMU AND ALSO THE DEAN OF STUDENTS
8. MEMBER 	JULY 2017	JOSEPH RUGUT, D.O.B FEB /1970, B.TECH DEGREE IN ELECTRICAL AND COMMUNICATIONS ENGINEERING
9. MEMBER/REP. GOVERNOR KERICHO COUNTY 	JULY 2017	SAMUEL KOSKEI KIP CHUMBA, D.O.B 31/12/1965, PHD DEGREE IN AGRICULTURAL ECONOMICS, CHIEF OFFICER, EDUCATION, CULTURE, GENDER AND SOCIAL SERVICES KERICHO COUNTY.

Fiduciary Oversight Arrangements

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Key entity information and management

MANAGEMENT TEAM

NAME OF THE STAFF		RESPONSIBILITY
JOSEPH KIRWA MIBEY		-CHIEF EXECUTIVE OFFICER/ PRINCIPAL -SECRETARY BOG - ACCOUNTING OFFICER
PAUL SITIENEI		-D/PRINCIPAL ACADEMICS -HEAD OF ACADEMIC MATTERS -CHAIRPERSON OF ACADEMIC COMMITTEE
ESTHER MASINDE LAGAT		-AG D/PRINCIPAL ADMINISTRATION -CHAIRPERSON DISCIPLINARY COMMITTEE -HUMAN RESOURCE FUNCTION
CAROLINE CHELIMO		-ACCOUNTANT -FINANCIAL MANAGEMENT -BUDGETING AND CONTROL -FINANCIAL REPORTING
SIMEON K. KOSKEI		-AG. REGISTRAR -ADMISSIONS AND MARKETING
JOHN MUTWEKE. MAINA		-AG. DEAN OF STUDENTS -STUDENTS WELFARE
DORCAS KURGAT		-PROCUREMENT OFFICER -ADVISOR IN PROCUREMENT MATTERS

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Kipsinende Technical and Vocational College Financial Report for the Financial Year ending 30th June, 2020. The College this year endeavoured to increase the number of programmes to enable access to technical education. The College seeks linkages with the private and public sectors to enhance quality of teaching, participate during attachments.

I wish to appreciate the support of the Government through its capitation programme and organization like the Higher Education Loans Board for continuing to support our students in paying their fees. Increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students pursue their studies. I appeal for further support from the private sector and Non-Governmental organizations. We sincerely ask the above collaborators to continue supporting us as we endeavor to achieve our vision and Mission.

In the course of the year the world was hit by the COVID-19 pandemic. That resulted to many challenges where the college with other institutions were closed down and yet to be open to run normally. The Board would like to appeal to the Government to consider enhancing our recurrent capital development grants to enable the College meeting its financial obligations and put up infrastructure to accommodate the rising number of trainees in line with the COVID-19 health protocols. The College faces huge challenge in putting up critical infrastructure including learning and accommodation facilities. We are looking forward that the college to expand by creating another campus next to the Fort Ternan town in-line with the local community vision by utilizing available facilities within the community for the community.

I thank all: students, parents, the sponsor, community, and other stakeholders for choosing to invest in our Institution and urge that together we should strive to achieve higher levels of excellence in the coming years. I sincerely thank my fellow board members for their cooperation and input in good governance during their three year term service which ends this year.

SIGNATURE



DATE

26.06.2021.

PROF. WESLY TOO

CHAIRMAN, BOARD OF GOVERNORS

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

REPORT OF THE PRINCIPAL/CHIEF EXECUTIVE OFFICER

During the FY 2019/2020 the college is to complete the strategic plan and execute its mandate and Core Functions as outlined in the stated strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of productivity, professionalism, excellence, accountability, transparency, equity and innovation in order to be competitive. The strategic plan will provide for the regular review of curricula and the establishment of linkages with institutions in public and private sector.

Finance Performance Highlights

The college recorded an improved revenue based on expansion of admission programmes for January, May and September intake which increased the number of students. The increase has also been as a result of Capitation program which commenced in September 2018.

However, the expansion of these programs has resulted in an increase in operational costs. Our challenge is to develop a way of instituting cost reduction measures, while implementing quality assurance systems that ensure programs are not compromised. During the Financial year 2019/2020 the college is committed to establish management policies, for example academic policy and scheme of service for non-teaching staff and we anticipate completing the process in the financial year 2020/2021.

The college total revenue for the financial year ended 30 June 2020 was Kshs. 27,500,282 that comprises revenue from exchange transactions (students fees) of Kshs.17,090,282 and government capitation of Kshs. 10,410,000. The grant accounted for 37.85% of the total revenue while 57.37% was generated through internal sources mainly fees charged to students. The main challenge the institution is facing is inability of the students to clear their fees arrears, which was kshs. 6,043,515 as at 30 June 2020. Although there has been progress, the college still has shortcomings as a result of lack of adequate funding.

Although the college is on the upward trend in progress; It has shortcomings as a result of lack of adequate learning facilities as well as academic and administrative offices and accommodation; The accessibility to the institution is a challenge due to the location of the college and since its inception the road has not been graded or improved. It also faces a shortage of means of transport; the water supplied to college is raw water from river obstruction without treatment; the institute is served by septic tank with few pit latrines; the college at time is affected by power blackout due to lack of power backup so it requires a stand by generator or any other alternative source of power for example a wind power generation because it is situated on a hill, these challenges is a result of low funding from the exchequer. In the FY 2020/2021 plans to work closely with other stakeholders in funding some of these projects as planned in the strategic plan. I would like to thank the Government of Kenya and other stake holders for their continued financial support during the year under consideration. The college enrolment has increased from 412 in the year 2019 to 512 in the FY ending 30th June 2020 and requires more facilities and both Human and Material resources is required on the increase especially on the teaching staff we hope the government to employ more trainers in the FY 2020/2021.

Finally, I like to acknowledged the support of BOG, Staff, Students, Local leaders and other stake holders for their overwhelming cooperation in running the college during the year under review.

SIGNATURE: 
MR. JOSEPH K. MIBEY
PRINCIPAL/ SECRETARY BOG
KIPSINENDE TVC

DATE: 28/04/2021



KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

CORPORATE GOVERNANCE STATEMENT

The members of the board have committed themselves to the service of Kipsinende technical and vocational college and to hold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

THE BOARD

The board consists of 8 eight inclusive of the principal as the secretary. The membership is as follows:

S/NO	NAME	TITLE
1	PROF. WESLEY TOO	Chairman
2	JOSEPH K. MIBEY	Principal/BoG secretary
3	PETER CHERUIYOT	Member- TVET Director
4	JANET RUTO	Member
5	JEREMIAH ORUKO	Member
6	DR. MUTAI KIJMELI	Member
7	BENJAMINE KYAMBO	Member
8	JOSEPH RUGUT	Member

BOARD RESPONSIBILITIES

The college Board undertakes the following responsibilities

1. The board is the governing body of the college through which the college acts and undertakes the following
 - a. Administers the property and funds of the college in a manner and for the purpose which promotes the interest of the college, but the board does not charge or dispose of immovable property of the exchanger except in accordance with the procedures laid down by the government of Kenya.
 - b. Receives on behalf of the college donations, gifts, grants or other moneys and make disbursement there from the college or other bodies or persons.
 - c. Provides for the welfare of the staff and students on the college.
 - d. May enter into association with other collages, training colleges or other institutions of learning within Kenya.
 - e. May, after consultation with academic board make regulations governing the conduct discipline of the student of the college
2. All documents, other than those required by law to be under seal, made on behalf of the board and all the decisions of the board may be signed under the hand of the chairman, principal or other members of the board generally or specifically authorised by the board on that behalf.
3. Ensure that proper management structure is in a place and that the structure functions to maintain corporate integrity, reputation and responsibility.
4. Monitors and evaluate the implementations of strategies, policies and management criteria plans of the college.
5. Constantly review the viability and financial sustainability of the college and does so once every year.
6. Ensures that the college comply with all the relevant laws, regulations, governance practice accounting and auditing standards.

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

BOARD COMMITTEES

The board committees facilitate the decision –making to assist the board in the execution of its duties, power and authority, however delegation of authority to the committees does not in any way qualify dispel the discharge by the board of its duties and responsibilities.

Board committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the board.

EXECUTIVE COMMITTEE

S/NO	NAME	TITLE
1	PROF. WESLEY TOO	CHAIRMAN
2	JOSEPH K. MIBEY	PRINCIPAL/BOG SECRETARY
3	JANET RUTO	MEMBER
4	JEREMIAH ORUKO	MEMBER
5	PETER CHERUIYOT	MEMBER/CD TVET

MANDATE

The role of the executive committee considers and makes appropriate recommendations to the board on urgent issues to be executed on behalf of the full board.

FINANCE AND HUMAN RESOURCE COMMITTEE

S/NO	NAME	TITLE
1	JANET RUTO	CHAIR PERSON
2	JOSEPH RUGUT	MEMBER
3	JOSEPH MIBEY	PRINCIPAL /BOG SECRETARY
4	BENJAMINE KYAMBO	MEMBER

MANDATE

The role of finance and human resource committee is to advise the board on better financial practices, cost reduction, monitor production unit, to carry the audit function as well as the human resource function and submit a draft budget to the full board for adoption and approval.

DEVELOPMENT AND PROJECT COMMITTEE

S/NO	NAME	TITLE
1	JEREMIAH ORUKO	CHAIRMAN
2	JOSEPH K MIBEY	PRINCIPAL/BOG SECRETARY
3	PETER CHERUIYOT	CD/TVET DIRECTOR
4	JOSEPH RUGUT	MEMBER

MANDATE

The core mandate of the development and project committee is to oversee all project and investment of the college and advise the board accordingly.

TECHNICAL COMMITTEE

S/NO	NAME	TITLE
1	PETER CHERUIYOT	TVET DIRECTOR
2	JOSEPH K MIBEY	PRINCIPALBOG /SECRETARY
3	DR. MUTAI KIMELI	MEMBER
4	BEJAMIN KYAMBO	MEMBER

MANDATE

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

The core mandate of the technical committee is to undertake Quality Management Systems, Strategic Planning Management and review Strategic plans periodically.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management of the collage meet as stipulated by the TVET Act with the view of getting reports from the management on its operation and finance performance. Currently the college is running with the small skeleton of staff and the limited resources with the improve enrolment.

The management has embarked on capacity building of the staff to ensure the entity is compliant with all statutory requirements to mitigate any major risks. Due to limited resource the entity is focusing on the provision of basic requirements.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

REPORTING

The college is located on a hill where the environmental degradation is evident. In liaison with the local leaders and the neighbouring community with the efforts of the Forest service planted 1000 tree seedling.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Kipsinende Technical and Vocational College affairs.

Principal activities

The principal activities of the Kipsinende Technical and Vocational College is to provide technical and vocational training.

Results

The results of the Kipsinende Technical and Vocational College for the year ended June 30, 2020 and respective notes are set out on page 12 to 39.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 4 to 9. The term for the Board members expires in 2020.

Auditors

The Auditor General is responsible for the statutory audit of the Kipsinende technical and vocational college in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and TVET Act, 2013 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kipsinende technical and vocational college for the year/period ended June 30, 2020 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


JOSEPH K. MIBEY
SECRETARY OF BOARD OF GOVERNORS
KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE

Date: 28/08/2021

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

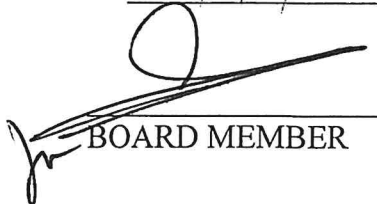
The Board members are responsible for the preparation and presentation of The Kipsinende Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of The Kipsinende Technical and Vocational College for and as at the end of the financial year (period)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

The Board members accept responsibility for The Kipsinende Technical and Vocational College 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) The Kipsinende Technical and Vocational College. The Directors are of the opinion that The Kipsinende Technical and Vocational College financial statements give a true and fair view of the state of the Kipsinende Technical and Vocational College transactions during the financial year ended June 30, 2020, and of The Kipsinende Technical and Vocational College financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for The Kipsinende Technical and Vocational College, which have been relied upon in the preparation of The Kipsinende Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that The Kipsinende Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statement

The Kipsinende Technical and Vocational College financial statements were approved by the Board on 26/4/ 2021 and signed on its behalf by:

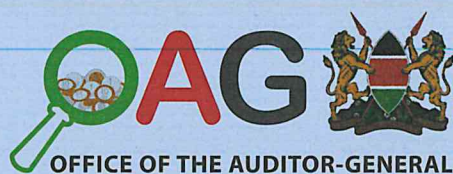

BOARD MEMBER


BOARD MEMBER


BOARD MEMBER

REPUBLIC OF KENYA

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



Enhancing Accountability

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kipsinende Technical and Vocational College set out on pages 13 to 36, which comprise the statement of financial position as at 30 June, 2020, and the statement of 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, the financial statements present fairly, in all material respects, the financial position of the Kipsinende 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 and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kipsinende 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 opinion.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.40,282,151 and Kshs.27,500,282 respectively, resulting to an underfunding amounting to Kshs.12,781,869 or 32% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.40,282,151 and Kshs.20,396,888 respectively, resulting to under expenditure of Kshs.19,885,267 or 49% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on the College's service delivery.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe 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 standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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 abolish 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 College monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30
JUNE 2020

INCOME	Note	2019-2020 Kshs	2018-2019Kshs.
Revenue from non-exchange transactions			
Transfers from National governments	1	10,410,000	4,200,000
Total Revenue from non-exchange transactions		10,410,000	4,200,000
Revenue from exchange transactions			
Rendering of services	2	17,090,282	6,146,191
Total Revenue from exchange transactions		17,090,282	6,146,191
TOTAL REVENUE		27,500,282	10,346,191
EXPENSES			
Use of goods and services	3	3,885,530	2,396,742
Employee costs	4	4,848,553	4,050,130
Remuneration of directors	5	724,716	
Depreciation	6	29,570,048	29,570,048
Repairs and maintenance		2,006,017	908,020
General expenses	7	9,373,784	2,567,421
TOTAL EXPENSES		50,408,648	39,492,361
Deficit for the period		(22,908,366)	(29,146,170)

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

Assets	Notes	2019-2020 Kshs	2018-2019 Kshs
Current assets			
Cash and cash equivalents	8	3,028,286	1,149,571
Receivables from exchange transactions			
Student debtors (fees in arrears)	9a	6,043,515	1,662,788
Receivables from non-exchange transactions	9b	3,840,000	
Inventories	10	364,317	286,680
Total current assets		13,276,118	3,099,039
Non-current assets			
Property, plant and equipment	11	144,607,933	174,177,981
Total non-current assets		144,607,933	174,177,981
TOTAL ASSETS		157,884,051	177,277,020
LIABILITIES			
Current liabilities			
Payables from exchange transactions	12		568,503
Other payables – Caution money	13	91,000	207,100
Total current liabilities		91,000	775,603
Non-Current Liabilities		-	-
Total Liabilities		91,000	775,603
CAPITAL AND RESERVES			
Retained earning		(47,854,537)	(29,146,170)
Capital fund		205,647,588	205,647,588
Total Capital and Reserves		157,793,051	176,501,417
TOTAL LIABILITIES AND CAPITAL RESERVES		157,884,051	177,277,020

The Financial Statements set out on pages 1 to 14 were signed on behalf of the Board of Directors by:

Director General/C.E. O/M. D

Name:

Date:

Head of Finance

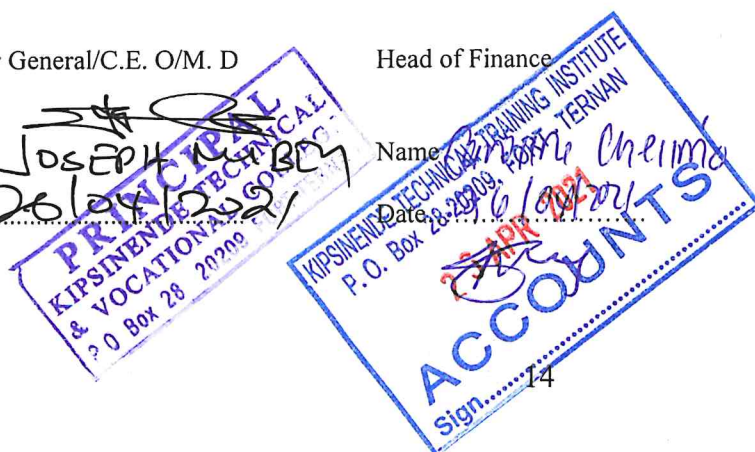
Name:

Date:

Chairman of the Board

Name:

Date:



Prof. Wesley Too
 26.04.2021

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

ITEM	2019/202 Original Budget	2019/2020 adjustment	2019/2020 Final Budget	2019/2020 Actual	2019/2020 Performance difference
REVENUE	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Fees from students and other levies	11,971,500	4,076,559	16,048,059	16,804,332	(756,273)
Capitation	18,600,000		18,600,000	10,410,000	8,190,000
Accomodation	3,506,980		3,506,980	285,950	3,221,030
Development grant		2,127,112	2,127,112		2,127,112
Total Revenue	34,078,480	6,203,671	40,282,151	27,500,282	12,781,869
RECURRENT EXPENDITURE					
Personal emoluments	7,921,558		7,921,558	3,265,510	4,656,048
catering	3,224,320		3,224,320	1,278,688	1,945,632
Boarding	1,515,500		1,515,500	633,818	881,682
Local travel and transport	1,020,000		1,020,000	1,583,043	(563,043)
Repairs maintenance and improvements	700,000		700,000	2,006,017	(1,306,017)
Tuition expenses	3,060,493		3,060,493	3,227,310	(166,817)
Electricity, Water and conservancy	1,230,000		1,230,000		1,230,000
Administrative costs	6,582,710		6,582,710	7,388,153	(805,443)
Others	2,568,529		2,568,529	1,014,345	1,554,184
Total recurrent expenditure	27,823,110	-	27,823,110	20,396,884	7,426,226
DEVELOPMENT EXPENDITURE					
Electricity metre Instalation KPLC	685,359		685,359		685,359
Prefab classrooms	1,300,000		1,300,000		1,300,000
Automation	1,000,000		1,000,000		1,000,000
Farm development	1,000,000		1,000,000		1,000,000
Hostels (200 students)	1,441,753		1,441,753		1,441,753

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Equipment for training	4,500,000		4,500,000		4,500,000
Driving training car	500,000		500,000		500,000
Furniture	1,031,929		1,031,929		1,031,929
Staff houses	1,000,000		1,000,000		1,000,000
Total development expenditure	12,459,041	-	12,459,041	-	12,459,041
Total Expenditure	40,282,151	-	40,282,151	20,396,888	19,885,267

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2020: 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.

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 2020:</p> <p>The objective of IPSAS 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 the assessment of amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statement 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 assets 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 accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: social benefits	<p>Applicable: 1st January 2020:</p> <p>The objective of this statement is to improve the relevance, faithful representatives and comparability of the information that are a reporting entity provides in the financial statements about social benefits. The information provided should help the users of the financial statements and general purpose financial reports assess.</p>

iii. Early adoption of standards

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

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

a) Revenue recognition

i) Revenue from non-exchange transactions

a. 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 Kipsinende Technical and Vocational College 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

b. Rendering of services

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

ii) Revenue from exchange transactions

a. 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.

b. 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.

b) Budget information

The original budget for FY 2019-2020 was approved by the Board of Governors on...4.7.2019.... 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 **KIPSINENDE TECHNICAL**

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

AND VOCATIONAL COLLEGE upon receiving the respective approvals in order to conclude the final budget.

The ***KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE*** budget is prepared on 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 accruals as per the statement of financial performance has been presented on the table above of ***KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE*** of these financial statements.

c) Taxes

Current income tax

Kipsinende Technical and Vocational College is exempted from paying taxes as per the Income Tax Act 2019.

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Sales tax/value added tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the **Kipsinende Technical and Vocational College** 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 estimated fair value.

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.

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 Kipsinende Technical and Vocational College

j) Provisions

Provisions are recognized when the Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational 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.

k) Nature and purpose of reserves

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

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

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

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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) Related parties

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

o) Service concession arrangements

The Kipsinende Technical and Vocational College analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) 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 impress as and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

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

r) 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.

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

1 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
			KShs	KShs
Ministry of Education	10,410,000	0	0	10,410,000
TOTAL	10,410,000	0	0	10,410,000

2. REDERING OF SERVICES

ITEM

2019/2020

2018/2019

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Kshs	Kshs.
Cash Revenue from exchange transactions	11,046,767	4,483,403
Credit revenue (fees) outstanding as at 30/6/2020	6,043,515	1,662,788
TOTAL	17,090,282	6,146,191

3.USE OF GOODS AND SERVICES

ITEM	2019/2020 Kshs	2018/2019 Kshs.
Tuition Expenses	3,227,310	1,272,584
Electricity and Water expenses		165,290
Exam fees expenses	658,220	547,935
TOTAL	3,885,530	2,396,742

4EMPLOYEE COSTS

ITEM	2019/2020 Kshs	2018/2019 Kshs.
Personal emoluments expenses	3,218,700	1,649,150
Local Tours & Travel expenses	1,583,043	2,393,420
Medical expenses	46,810	7,560
TOTAL EMPLOYEE COSTS	4,848,553	4,050,130

5 .REMUNERATION OF DIRECTORS

During the financial year 2019/2020 expenditure on remunerations of directors of Kshs. 724,716 were incurred in relation to sitting allowances and travel & subsistence allowances. The expenses were charged to the Catering/meals vote and Local tours and travel vote as appropriate.

6 .DEPRECIATION AND AMORTIZATION EXPENSE

ITEM	2019/2020 Kshs	2018/2019 Kshs.
Building	1,332,371	1,332,371
Furniture and fittings	95,855	95,855
Computers	1,498,633	1,498,633
Plant and Equipment	26,643,190	26,643,190
Total	29,570,049	29,570,049

7. GENERAL EXPENSES

ITEM	2019/2020	2018/2019
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KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Kshs.	Kshs.
Registration expenses	9,000	9,500
Computer packages expenses	44,900	33,000
Meals/ catering/lunch expenses	1,278,688	838,135
Contingencies expenses	7,388,153	1,253,746
Boarding expenses	633,818	182,800
Activity expenses		275,460
Bank charges	19,225	
TOTAL	9,373,784	2,592,641

Bank charges for the period was reported as part of contingencies.

8.CASH AND CASH EQUIVALENTS

Description	Bank and Branch	Account number	2019/2020	2018-2019
			Kshs	KShs
Current account	KCB	1212733894	3,028,286	1,149,571.35
Total cash and cash equivalents			3,028,286	1,149,571.35

9a . RECEIVABLES FROM EXCHANGE TRANSACTIONS

Receivables from exchange transactions of kshs. 6,043,515 relate to the student fees balance as at 30th June 2020.

9b . RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions of Kshs. 3,840,000 for the year ended 30 June 2020 relates to the grant from the national government that had not been received at the close of the financial year. The amount was received in the month of July 2020.

10 .INVENTORIES

Inventories of kshs. 364,317 related to the value of items that were in the store as at 30th June 2020 for catering, repairs and maintenance tuition and boarding as detailed below.

ITEM	2019/2020	2018/2019
	Kshs	Kshs.
Catering	49,157	21,720
Repairs and maintenance	38,340	104,520
Tuition	273,380	156,940
Boarding	2,950	3,500
Total	364,317	286,680

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11.PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Building	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	TOTAL
As at 1, July 2018	11,340,000	53,294,841		766,841	4,500,400	133,215,948	203,118,030
Additions	630,000						630,000
As at 30, June 2019	11,970,000	53,294,841	-	766,841	4,500,400	133,215,948	203,748,030
As at 1, July 2019	11,970,000	53,294,841	-	766,841	4,500,400	133,215,948	203,748,030
Additions							-
As at 30, June 2020	11,970,000	53,294,841	-	766,841	4,500,400	133,215,948	203,748,030
Depreciation							
As at 1, July 2018			2.50%	12.50%	33.30%	20.00%	
Charge for year ended 2019	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049
As at 30, June 2019	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049
As at 1, July 2019	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049
Charge for year ended 2020	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049
As at 30, June 2020	-	2,664,742	-	191,710	2,997,266	53,286,379	59,140,098
NET BOOK VALUES							
As at 30, June 2019	11,970,000	51,962,470	-	670,986	3,001,767	106,572,758	174,177,981
As at 30, June 2020	11,970,000	50,630,099	-	575,131	1,503,134	79,929,569	144,607,932

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

notes	
Land	The cost of land of Kshs. 11,970,000 include the estimated cost of 21 acres of land on which the institute is located of Kshs.11,340,000 and the purchase price of additional 0.7 acres purchased in the financial year 2018/2019.
Building	The cost of building of Kshs. 53,294,841 relates to the costs of construction of buildings taken over that were constructed by the Mother institute OL'LESSOS technical.
Furniture and fittings	The cost of furniture of Kshs. 766,841 relates to the estimated costs of furniture delivered by the Ministry of Education in the financial year 2018/2019 on which the management estimated the values pending valuation exercise.
Computers	The costs of computers of Kshs. 4,500,400 were recognized at the costs of which they were delivered by the Ministry of Education in the financial year 2018/2019.
Plant and Equipment	The cost of plant and equipment for training of Kshs. 133,215,948 was recognized at the costs of which they were delivered by the Ministry of Education in USD and converted by the Management to Kshs using exchange rate of 108 prevailing at the beginning of financial year 2018/2019 i.e 1/7/2018.
12.PAYABLES FROM EXCHANGE TRANSACTION	
There were no payables from exchange transactions for the year ended 30 June 2020.	
13 .OTHER PAYABLES	
Other payables for the year ended 30 June 2020 of kshs. 91,000 relate to outstanding caution money as at 30 th June 2020.	
ITEM	2019/2020 Kshs
Purchase of land	91,000
Caution Money	91,000
Total	207,100

KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

14 FINANCIAL RISK MANAGEMENT

The Kipsinende Technical and Vocational College activities expose it to a variety of financial risks including credit and liquidity risks. The institute 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 institute does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history and put measures to control losses of revenue.

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

(i) Credit risk

Kipsinende Technical and vocational college has exposure to credit risk, which is the risk that a counter-party 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, considering 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 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 uncollected amounts that the institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Kipsinende Technical and Vocational College has significant concentration of credit risk on amounts due from 2020

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

(iii) Market risk

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

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Market risk is the risk arising from changes in market prices, such as interest rate, and equity prices 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 Finance and Human Resource Management Committee.

The Institute Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Finance and Human Resource 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.

15 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the Kipsinende Technical and Vocational 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

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

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

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	10,410,000.00	4,700,000

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Grants from County Government	-	-
Donations in kind	-	-
Total	10,410,000.00	4,700,000

16 SEGMENT INFORMATION

The entity is operating as a single entity at the moment

ULTIMATE AND HOLDING ENTITY

Kipsinende Technical and Vocational College is Semi- Autonomous Government Agency under the Ministry of Education in the State Department of Vocational and Technical Training. Its ultimate parent is the Government of Kenya.

Currency

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

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The year 2019/2020 was the first year of reporting on financial statement for Kipsinende Technical and Vocational College. The management has not received audit certificate for the audit of financial year ended 30 June 2019.



Joseph K. Mibey
Accounting Officer/Principal/Secretary of the BOG

Date 26/04/2021

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Recurrent/Development/Others	Nature:	Total Amount - KES	Statement of Financial Performance	Total Transfers during the Year
Ministry of Education	July 2019	Re-current		4,200,000	✓	4,200,000
Ministry of Education	Oct 2019	Re-current		2,730,000	✓	2,730,000
Ministry of Education	Feb 2020	Re-current		3,840,000	✓	3,840,000
Total				10,770,000		10,770,000

Transfer from the Ministry of Education of Kshs. 4,200,000 received in the Month of July 2019 relates to the financial year 2018/2019.



100