

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
REPORT	
DATE: 16 NOV 2022	DAY: Wednesday
TABLED BY:	OF Lom
CLERK-AT THE TABLE:	Mannah Wanjiku

THE AUDITOR-GENERAL

ON

**KAJIADO EAST TECHNICAL AND
VOCATIONAL COLLEGE**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY.
414 / Nbi / Pub
30 SEP 2021

Revised Template: 30th June 2021

RECEIVED



**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
*Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges***

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET),
NATIONAL POLYTECHNIC OR TEACHER TRAINING COLLEGE
*KAJIADO EAST TECHNICAL AND VOCATIONAL COLLEGE***

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
2021**

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

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)/NATIONAL
POLYTECHNIC/TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2021**

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *institution* was incorporated/ established under the TVET Act/ 2013 Act on 23/01/2020. The entity is domiciled in Kenya . The institute is under the Ministry of Education. The College, registered with TVETA in accordance with the TVET Act 2013. The College is located in Kisaju Village, Enkeju Sub-Location, Kitengela Location/Ward, Kajiado east Sub-County, and Kajiado County. It is about 7km off Namanga main road. The College has admitted its pioneer trainees in Feb 2021 with eight department and various courses. It offer courses at three level Artisan, Certificate and Diploma both in Technical and Business related discipline.

(b) Principal Activities

The principal activity is organise, coordinate and monitor both trainers and non- teaching staffs to attain college mandate that is provide technical education and training in order equip trainees with innovative competencies for sustainable livelihood empowerment and transforms society.

(c) Key Management

The entity's day-to-day management is under the board of governors chaired by the chairperson and other official members.

- Chief Principal
- Deputy Principal
- Registrar
- Dean of students
- finance officer
- Heads of departments.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	DAVID KIHANYA
2	Deputy principal Academics	JOSELYNE KONGE KIRIMI
3	Registrar (s)	GILBERT NJORORO OKEYA
4	Dean of students	MARY MULATYA
5	Head of Finance	DUNCAN LESIAMON KOSEN

(e) Fiduciary Oversight Arrangements

Audit and Risk committee activities

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The institute is intending to form audit and risk committee to perform the following responsibility since it does not have the capacity now

Duties and responsibility are

- a) To ensure financial statement are understandable, transparent and reliable*
- b) To ensure strong and effective internal control systems are in place to achieve organization goal*
- c) To ensure rule and regulation policies are compiled and control conflict of interest and fraud are controlled.*
- d) Reviewing internal audit plans, report and other significant findings.*
- e) Establishing a direct reporting relationship with the external auditors.*

Finance and operation committee activities

The committee shall exercise all the powers of BOG in financial matters. The role of the committee shall be to monitor the financial status of the institute on behalf of the BOG. this are their responsibility.

- a) To provide strategic plan on financial matters*
- b) To supervise and organize the arrangement for safeguarding the institute assets.*
- c) Financial evaluation and control of projects*
- d) To communicate and recommend to BOG on the financing of projects.*
- e) To determine fee charge on institute service and facilities.*
- f) To receive reports from finance officer*
- g) To supervise the effective and efficient procurement resources and ensure they are utilised.*

- Academic committee activities*
- Development partner oversight activities*
- Other oversight activities*

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KEY ENTITY INFORMATION AND MANAGEMENT

(f) Entity Headquarters

P.O. Box 483
Kajiado east Building
7km off Namanga Highway
Kajiado, Kenya

(g) Entity Contacts

Telephone: (254) 0789999770
E-mail: kajiadoeasttvc@gmail.com

(h)

Kenya Commercial Bank
Kajiado branch
Kajiado, Kenya

(i) Independent Auditors







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

(j) Principal Legal Adviser



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

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II. THE COUNCIL/BOARD OF GOVERNORS

Governor	Title	Photograph	Date of birth	Qualification	experience
1. Prof. Thomas a T O Mboya	Chairman			PhD-Computational fluid dynamic	
2. Mr. John N Mburu	Member			CPA, CPSK, Masters-strategic management	
3. Mr. Moses Gakuru	Member			CPA, Masters- Strategic management	
4. Mr. Lekina k Tutui	Member			Masters-Civil Engineering	
5. Mrs. Lucy I Murura	Member			Masters- innovation & change	
6. Mrs. Rhoda K Tete	Member			Degree-Technology, Electrical communication	


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7. Mrs.Bessy D O Achieng	Member			Degree-law	
8. Mr. David K.Kihanya	Secretary			Degree-education	

III. MANAGEMENT TEAM

Manager	Title	Photograph	Date of birth	qualification	experience
Mr. David K.Kihanya	Chief Principal		25/06/1962	Bachelor in education	22 years
Mrs. Joselin K Nkonge	Deputy principal		15/12/1965	Bachelor in education	18 years
Mr. Gilbert j Okeya	Registrar		30/12/1979	Bachelor in education	9 years
Mrs. Mary k Mulatya	Dean of student		15/08/1978	Masters in education	16 years

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Mr. Duncan I kosen	Finance Officer		25/06/1990	Bcom, CPA	2 Years
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IV. CHAIRMAN'S STATEMENT

It gives me much pleasure in presenting the annual report and financial statement of the Kajiado east technical and vocational college for the year ended 2021.

The institute board of governor note with appreciation the continued support of the government and other stakeholder in the daily running of the institution.

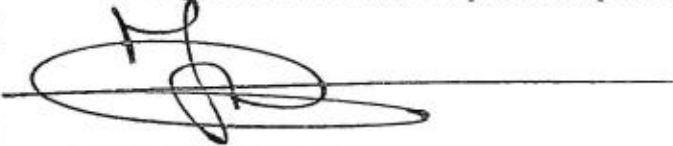
We thank government for the new programmes on CBET aimed at matching skills in the institution with industry need.

The BOG will work with industry and other partners to strategies in order to ensure that the skills offered at Kajiado east technical and vocational college meet the industry needs.

The government has been of great help by providing provision of resources to acquire the skills teaching and other learning materials

We are pleased of the achievement so for realised despite the financial challenges faced especially non-payment of government capitation

I would like to thank the government, supplier, parent, guardian and service provider for their support and trust, cooperation and continue partnership during the FY 2020/2021



PROFF.THOMAS. ONYANGO
CHAIRMAN BOARD OF GOVERNORS

V. REPORT OF THE PRINCIPAL


Let me take this opportunity to present the annual report and financial statement of the Kajiado east technical and vocational college for the year ended 30 June 2021 in accordance with the Accrual method under the international Public Sector Accounting standards (IPSAS).

With support from BOG the institution managed and utilise its financial, procurement and internal control The institute will continue improving its programme and facilities to enhance growth opportunities in the market despite many challenges that are not favourable to the institution. The most challenge factor is COVID -19. Which has really affect the learning process and not economical friendly because of its measures that are required.

Technical has embarked on numbers of initiatives aimed at enhancing learners experience in the institute. Improve efficiency and increase of innovation. The student total population is 30 students, which is not good number .because of above challenges of COVID-19 and finances to publicise the institute.

The institute has already register with KUCCPS and we are looking forward to expect capitation and student placement.

Lastly, I want to appreciate BOG, Management, staffs and other all stakeholder for their commitment and dedication to their work and ensure that Kajiado east tvc will attain its vision and mission.



PRINCIPAL
KAJIADO EAST TECHNICAL
VOCATIONAL COLLEGE

David kihanya (Mr)
Chief principal/Secretary BOG

VI. CORPORATE GOVERNANCE STATEMENT

1. Corporate governance statement

- a) Good corporate governance is the key to integrity and corporation and central to the institute stability
- b) The BOG ensure conformity by focusing and providing institute strategy, direction and policy making
- c) They ensure internal control are in place, accountability, monitoring and safeguarding the asset.
- d) They ensure the financial statement are reliable and rea free from errors and fraud
- e) They also provide and follow transparency and accountability in its stewarding institute affairs

2. Institute BOG

- a) The BOG constitutes of chairman BOG and seven members who have appointed in accordance to the TVET Act 2013, which meets at least three times a year and any other time when need arise.
- b) BOG responsibility is to set direction of the institute through establishment of strategic information, policies and approval of budget
It monitor implementation of the policies through structure approach of reporting by management and accountability.
- c) BOG have skills, knowledge and experience that help the institute to set goals and attains its objectives
- d) It ensure that the institute has complied with statutory

3. Related party disclosure

- a) The government
- b) The board of governor
- c) The management

FUNCTION OF THE BOARD OF GOVERNANCE

According to the TVET Act 2013, the BOG shall have the following function

- a) Provide control and regulate finances
- b) Approves budget
- c) Provide oversight and strategic leadership
- d) Employ staff
- e) *Determine the method of recruitment, appointment and promotion of all staffs as per the law*
- f) Approves polices for the institute.
- g) Approves statutes
- h) Enter into contract or terminate contract on behalf of the institution
- i) Transact any other business of the institute covered by the law.

f) MANAGEMENT DISCUSSION AND ANALYSIS

Kajiado east tvc has complied with statutory that is required by the government,

Major risks facing the organisation,

- *Poor fee payment*
- *Inadequate funding by the ministry of education that is on capitation, operation and development grant*
- Limited capacity e.g. Luck of enough classes and trainers

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- COVID -19 challenges
- The institution also has no good accessibility roads especially during rainy season, which will interfere with learning process.

Material arrears in statutory and other financial obligations

*The organization does not have any pending bills since it is new and struggling with limited funds.
The suppliers are paid in time therefore limit the pending bills.*

g) ENVIRONMENTAL AND SUSTAINABILITY REPORTING

- **Corporate social responsibility**

Kajiado east tvc has advocate the policy of the corporate social responsibility (CSR) by engaging the following.

- a) Environment activities like planting trees
- b) Offering carries advice to students.
- c) Offering internship and industrial attachment
- d) Financial support to needy students through coordinating bursary and help loan.
- e) Provision of casual labour opportunity and suppliers when the need arise.

Environmental performance

Through environment, activity like planting trees will change the climate condition around the community and its environment.

Employee welfare

The BOG has procures and policies that guide when recruiting its employees that will help to employee qualified staffs and also reduce bias and corruption during recruitment process

The policies also take into account gender balance.

The institute ensure that it train its employees through workshop and seminar this will help improves skills and knowledge that is required to attain the objectives of the institution.

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REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the *institute* affairs.

Principal activities

The principal activity is organise, coordinate and monitor both trainers and non- teaching staffs to attain college mandate that is provide technical education and training in order equip trainees with innovative competencies for sustainable livelihood empowerment and transforms society.

Results

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

COUNCIL/BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on page VI

Auditors

The Auditor General is responsible for the statutory audit of the *Kajiado east tvc* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *kajiado east tvc* for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

2021
Corporate Secretary
Nairobi
Date:.....

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h) STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' 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 that *institute*, which give a true and fair view of the state of affairs of the *institute* at the end of the financial year/period and the operating results of the *institute* for that year/period. The council members are also required to ensure that the *institute* keeps proper accounting records, which disclose with reasonable accuracy the financial position of the *institute*. The council members are also responsible for safeguarding the assets of the *institute*.

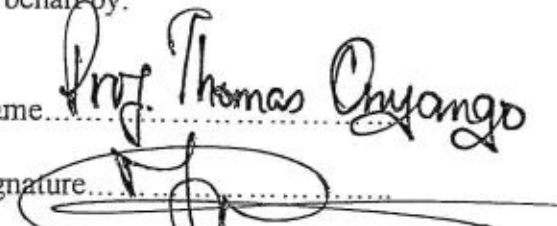
The council members are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *institute* for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining 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 the *institute*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The council members accept responsibility for the *institute* 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) – *institute should quote applicable legislation as indicated under*). The council members are of the opinion that the *institute* financial statements give a true and fair view of the state of *institute* transactions during the financial year ended June 30, 2021, and of the *institute* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *institute*, which have been relied upon in the preparation of the *institute* 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 the *institute* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *institute* financial statements were approved by the Board on 17th Sept 2021 and signed on its behalf by:

Name..... Prof. Thomas Chyango
Signature..... 
Chairperson of the Board/Council

Name..... David Kihaya
Signature..... 
Accounting Officer/Principal
TECHNICAL AND VOCATIONAL COLLEGE

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON KAJIADO EAST TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kajiado East Technical and Vocational College set out on pages 1 to 46, which comprise of the statement of financial

position as at 30 June, 2021, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kajiado East Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the 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 Variances between the Financial Statements and the Notes

The amounts relating to various items in the financial statements differ with the corresponding Notes to the financial statements as analysed below.

Item	Note	Amount as per Financial Statement (Kshs.)	Amount as per the Note (Kshs.)	Variance (Kshs.)
Rendering of Services- Fees from students	10	638,600	438,400	200,200
Sale of Goods	11	40,970	-	40,970
Other Income	14	38,000	-	38,000
Use of Goods and Services	15	2,013,739	1,956,842	56,897
Remuneration of Directors	17	251,041	-	251,041
Repairs and Maintenance	19	624,148	681,045	(56,897)
Current portion of receivables from exchange transactions	27(a)	-	168,860	(168,860)
Receivables from non-exchange transactions	28	-	3,266,865	(3,266,865)
Investments	30	3,266,865	-	3,266,865
Long term receivables from exchange transactions	27(b)	-	182,860	(182,860)

The variances have not been explained or reconciled.

1.2 Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects amounts relating to rendering of services-fees from students, sale of goods, use of goods and services and other payment of Kshs.400,400, Kshs.Nil, Kshs.1,956,842, and Kshs.923,086 respectively, which differ- with balances as per the statement of financial performance of Kshs.638,600, Kshs.40,970, Kshs.2,013,739 and Kshs.Nil respectively. The variances were not explained or reconciled.

1.3 Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final budget amounts that are similar to the actual expenditure with casting errors. Further, the statement reflects use of goods and services and repair and maintenance amounts of Kshs.1,961,842 and Kshs.837,775 respectively while the statement of financial performance reflects Kshs.2,013,739 and Kshs.624,148 respectively in respect of the same items. The resulting variances were not explained or reconciled.

1.4 Unsupported Transfers from National Government

The statement of financial performance reflects transfers from national Government of Kshs.3,266,865 as disclosed in Note 6 to the financial statements. The note similarly reflects prior year transfers from national Government amount of Kshs.1,246,865. However, the transfers are not supported or explained considering that the College did not prepare financial statements for the year ended 30 June, 2020.

1.5 Unrecognized Net Surplus

The statement of financial performance for the year ended 30 June, 2021 reflects a net surplus of Kshs.527,327. This amount was however not recognized in the statement of financial position as accumulated surplus.

1.6 Blank Statement of Changes in Net Assets

The statement of changes in net assets reflects no amounts in the revaluation, fair value adjustment reserves, retained earnings and capital development grants and funds despite movement and adjustments in other statements.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2.0 Lack of a Trial Balance

The Management did not provide a trial balance for audit review in support of the financial statement's amounts. Therefore, it was not possible to confirm the origin of the figures stated in the financial statements.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

3.0 Unreconciled Revenue

As disclosed in Note 6 to the financial statement, the statement of financial performance reflects rendering of services – fees from student's balance of Kshs.638,600. However, a review of the ledgers and supporting schedules provided for audit review indicated an amount of Kshs.432,300 resulting to an unexplained variance of Kshs.206,300.

In the circumstances, the accuracy and completeness of the fees from students amounting to Kshs.638,600 could not be confirmed.

4.0 Unsupported Expenditure

4.1 Use of Goods and Services

As disclosed in Note 15 to the financial statement, the statement of financial performance reflects use of goods and services amount of Kshs.2,013,739. Examination of records provided revealed that payment vouchers were not supported with use requisitions, quotations, and inspection and acceptance certificates. In addition, the goods were not taken on charge in the stores records. In addition, the amount in the financial statements was not supported with the analysis schedules. In the absence of the respective supporting documents, the validity of the expenditure could not be ascertained.

Further, out of the total amount of Kshs.2,013,739, expenditure totaling to Kshs.136,804 was not correctly classified.

In the circumstances, the accuracy and completeness of the use of goods and services amount of Kshs.2,013,739 could not be confirmed.

4.2 Repairs and Maintenance

As disclosed in Note 19 to the financial statement, the statement of financial performance reflects an amount of Kshs.681,045 in respect to repairs and maintenance. Review of a sample of the payment vouchers provided for audit revealed that the payments were not adequately supported with requisition forms and receipts for the items procured. Further, it was observed that for the items procured, a list of pre-qualified suppliers was not provided.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.681,045 on repairs and maintenance could not be confirmed.

5.0 Expensing of Capital Expenditure

As disclosed in Note 19 to the financial statement, the statement of financial performance reflects an amount of Kshs.681,045 in respect to repairs and maintenance. Review of payment records provided for audit review revealed that items of capital nature which include pit latrines, beds, water tanks and white boards amounting to Kshs.547,300 were

misclassified as repairs and maintenance instead of property, plant and equipment. This has led to the understatement of property, plant and equipment by Kshs.547,300 and overstatement of repairs and maintenance by the same amount.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.681,045 on repairs and maintenance could not be confirmed.

6.0 Irregular Expenditure

Examination of records provided revealed that a motor vehicle with private registration number KBU 242U fueled using the College's funds. In addition, the Management did not provide ownership documents of the vehicle. Further, the cash used for fueling of the vehicle was issued without imprest warrants and expensed without surrender.

In the circumstances, the validity of the fuel expenditure and ownership of the motor vehicle could not be confirmed.

7.0 Irregularities in Imprest and Procurement

Examination of records provided revealed that the College used temporary imprest to procure various items without issuing an imprest warrant to the imprest holders. It was also noted that the goods were used before being taken on charge, and there were no records to show how the goods were received and issued. In addition, details on purchase of water did not indicate the registration numbers of the water bowsers that delivered the water.

In the circumstances, the accuracy of the funds used in procurement of water could not be confirmed.

8.0 Cash and Cash Equivalents

As disclosed in Note 26 to the financial statement, the statement of financial position reflects cash and cash equivalents balance of Kshs.250,027. It is however noted that the balance represents the bank balance as per the bank statement instead of the cashbook balance of Kshs.275,931. The variance of Kshs.25,904 has not been reconciled. In addition, the monthly bank reconciliations were not prepared, contrary to Section 90(1) of the Public Finance Management Regulations, 2015.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.250,027 could not be confirmed.

9.0 Property, Plant and Equipment

As disclosed in Note 31 to the financial statement, the statement of financial position reflects a balance of Kshs.57,542,785 on property, plant and equipment. The balance relates to the cost of buildings which was reported at historical cost and not net book value.

Further, the value of furniture and fittings, computers and plant and equipment has been omitted from the reported balance since their value could not be determined. A physical verification of the furniture and fittings, computers and plant and equipment revealed that the assets are not tagged or branded in the name of the College.

In addition, the College did not provide title documents for the land on which the College is located.

In the circumstances, the accuracy and ownership of the property, plant and equipment balance of Kshs.57,542,785 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

Examination of the statement of comparison of budget and actual amounts reflects original expenditure budget of Kshs.2,000,000 against actual expenditure of Kshs.3,457,108 resulting in budget over-utilization of Kshs.1,457,108 equivalent to 72% of the budget amount. In addition, the College budgeted to receive Kshs.2,000,000 as revenue but received Kshs.3,984,435 resulting in a surplus of Kshs.1,984,435 equivalent to 99% of the budget. The Institution Management ought to relook at the budget preparation process with a view to making it as effective and realistic as possible in order to achieve its objective.

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 public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Staff Establishment

The statement of financial performance reflects employee costs of Kshs.406,450. However, a review of the human resource documents and files revealed that Kajiado East Technical and Vocational College did not have an approved staff establishment in place that indicates the optimal number of staff for each category, the number in the post and the variance.

In the circumstances, it was not possible to ascertain whether the College was operating within optimal level of staff establishment.

2. Non-Remittance of Statutory Deductions- NHIF and NSSF Deductions

During the year under review, the Management did not remit deductions amounting to Kshs.25,320 from staff salaries inform of National Social Security Fund and NHIF deductions. Failure to remit deductions exposes the College to additional costs in form of penalties and interests while compromising the welfare of staff upon retirement.

Consequently, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Internal Controls

Review of the College's internal controls which included financial, and operations revealed a number of controls not working as expected to prevent occurrence of error, fraud or general inefficiency. These areas include;

- i) Inadequate segregation of responsibilities in the accounting department as the same officers were involved in raising of requisition and approval of payments.
- ii) There were no policies to guide areas including liabilities, receivables, inventories and non-current assets have not been prepared.
- iii) Absence of business continuity plan including adequate storage of the software data.
- iv) No stock taking exercise was carried out as at 30 June, 2021, despite having stocks in store.

Failure to enforce internal control procedures may lead to fraudulent expenditures.

2. Lack of Internal Audit Function Department and Audit Committee

During the year under review, it was noted that the College did not have an internal audit function to perform risk assessment processes and evaluate operational effectiveness of the College through reviews of the internal controls in the College. Similarly, it was noted that the College does not have an audit committee to oversee the development, performance and effectiveness of internal controls over financial reporting, performance reporting and compliance with laws and regulations in the College.

Lack of an internal audit function and audit committee places the College at a risk of having financial accountability and risk assessment problems since the College's systems of internal control are not reliable in the absence of the internal audit unit and a functional audit committee.

3. Lack of Key Policy Documents

The College does not have a risk management policy, a strategic plan, operational plans, minutes of management meetings and the organizational chart in place. Further, Management did not carry out risk assessment during the year under review. The Management could not identify, assess and take mitigating measures to control threats that may affect its future operations.

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

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

29 July, 2022

**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)/NATIONAL
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j) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021 Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	6	3,266,865
Grants from donors and development partners	7	0
Transfers from other levels of government	8	0
Public contributions and donations	9	0
		3,266,865
Revenue from exchange transactions		
Rendering of services- Fees from students	10	638,600
Sale of goods	11	40,970
Rental revenue from facilities and equipment	12	0
Finance income - external investments	13	0
Other income	14	38,000
Revenue from exchange transactions		717,570
Total revenue		3,984,435
Expenses		
Use of goods and services	15	2,013,739
Employee costs	16	406,450
Remuneration of directors	17	251,041
Depreciation and amortization expense	18	0
Repairs and maintenance	19	624,148
Contracted services	20	0
Grants and subsidies	21	0
Finance costs	22	0
Total expenses		3,457,108
Other gains/(losses)		
Gain on sale of assets	23	0
Unrealized gain on fair value of investments	24	0
Impairment loss	25	0
Total other gains/(losses)		0
Net Surplus for the year		527,327


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

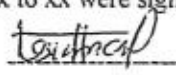
**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)/NATIONAL
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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021**

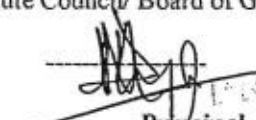
k) STATEMENT OF FINANCIAL POSITION AS AT 2021

	Notes	2020-2021 Kshs
Assets		
Current assets		
Cash and cash equivalents	26	250,027
Current portion of receivables from exchange transactions	27(a)	
Receivables from non-exchange transactions	28	
Inventories	29	0
Investments	30	3,266,865
Non-current assets		
Property, plant and equipment	31	57,542,785
Long term receivables from exchange transactions	27(b)	0
		0
Total assets		61,059,677
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	32	0
Refundable deposits from customers	33	0
Current Provisions	36	0
Finance lease obligation	37	-
Current portion of borrowings	41	0
Deferred income	38	0
Employee benefit obligation	39	0
Payments received in advance		0
		0
Non-current liabilities		
Non-current employee benefit obligation	39	0
Non-current provisions	40	0
Borrowings	41	0
Service concession liability	42	0
Deferred tax liabilities	49	0
		0
Total liabilities		
Net assets		61,059,677
Reserves		
Accumulated surplus		
Capital Fund		
Total net assets and liabilities		61,059,677

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


Chairman of Council/Board of Governors


Finance Officer
ICPAK No


Principal
NATIONAL POLYTECHNIC
& TEACHER TRAINING COLLEGE
Date: 17/9/21

Date: 17/09/2021

Date: 17/9/2021

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021

1) STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 20xx	xxx	xxx	xxx	xxx	xxx
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/Development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	xxx	(xxx)	-
At June 30, 20xx	xxx	xxx	xxx	xxx	xxx
At July 1, 20xx	xxx	xxx	xxx	xxx	xxx
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/Development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	xxx	(xxx)	-
At June 30, 20xx	xxx	xxx	xxx	xxx	xxx

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
 - The land has not been valued since the school is new and it's planning to do the valuation in the beggning of 2022 since the school has got many challenges of revenue and also the intake is low as compared as expected.
 - The build was also not revalued and the amount that was used to build up was 57,542,785 that is according to the lender document, the school is planning for valuation and board is planning to discuss about rate of depreciation of PPE which will be used consistently.

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021

- *The institution also received textile material and icl computers though the institution does not have the cost of the items but is looking toward on valuation of every item.*
2. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021**

m) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants		3,266,865
Public contributions and donations		0
Rendering of services- Fees from students		400,400
Sale of goods		0
Rental revenue from facilities and equipment		0
Finance income		0
Other income		38000
Total Receipts		3,705,265
Payments		
payment of employees		406,450
Use of goods and services		1,956,842
Other payments		923,086
Grants and subsidies paid		0
Total Payments		3,286,378
Net cash flows from operating activities	43	418,887
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		0
Proceeds from sale of property, plant and equipment		0
Decrease in non-current receivables		168,860
Increase in investments		0
Net cash flows used in investing activities		0
Cash flows from financing activities		
Proceeds from borrowings		0
Repayment of borrowings		0
Increase in deposits		0
Net cash flows used in financing activities		0
Net increase/(decrease) in cash and cash equivalents		0
Cash and cash equivalents at 1 JULY	26	0
Cash and cash equivalents at 30 JUNE	26	250,027

(IPSAS 7 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method (PSASB also recommends the use of direct method of cash flow preparation).

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021

n) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities						
Govt grants	2,000,000	2,000,000	3,266,865	3,266,865	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Fees from students	0	0	717,570	717,570	0	0
Sale of goods	0	0	0	0	0	0
Finance Income	0	0	0	0	0	0
Other Income	0	0	0	0	0	0
Gains on disposal, rental income and agency fees	0	0	0	0	0	0
Total income	2,000,000	2,000,000	3,984,435	3,984,435	0	0
Expenses						
Compensation of employees	360,000	360,000	406,450	406,450	0	0
Use of Goods and services	500,000	500,000	1,961,842	1,961,842	0	0
Finance costs	0	0	0	0	0	0
Rent paid	0	0	0	0	0	0
Remuneration of directors	280,000	280,000	251,041	251,041	-	0
Repair and maintenance	60,000	60,000	837,775	837,775	-	0
Total expenditure	2,000,000	2,000,000	3,457,108	3,457,108	0	0
Surplus for the period	0	0	527,327	527,327	0	0
Budget notes						

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) JPSAS 24.14
The school was not in existence last year since it has started this year February 2021 so there was no budget except the generic budget from the ministry

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o) NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kajiado east tvc is established by and derives its authority and accountability from the ministry of education, state department of technical and vocational training (TVET), Act of 2013. The institution is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to organise, coordinate and monitor both trainers and non-teaching staffs to attain college mandate that is provide technical education and training in order equip trainees with innovative competencies for sustainable livelihood empowerment and transforms society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.**

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

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: 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>(State the impact of the standard to the entity if relevant)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxxx on the FY 2018/2019 budget following the Council/ Board's approval.

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

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

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

c) Taxes

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted*

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	0	0
Operational grant	3,266,865	1,246,865
Other grants	0	0
	3,266,865	1,246,865
Conditional grants		
Library grant	0	0
Hostels grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Learning facilities grant	0	0
Other organizational grants	0	0
Total government grants and subsidies	3,266,865	1,246,865

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	20xx-20xx KShs
Xxx Ministry/State Department	0	0	0	0	0
Xxx Ministry	0	0	0	0	0
Total	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021
	KShs
JICA- Research grant	0
World Bank grants	0
In-kind Donations	0
Other grants	0
Total grants from development partners	0

Reconciliations of grants from donors and development partners

Description	2020-2021
	KShs
Balance unspent at beginning of year	0
Current year receipts	0
Conditions met - transferred to revenue	0
Conditions to be met - remain liabilities	0

The only revenue that the institution has is government grants and revenue from rendering services

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021
	KShs
	0
Transfer from County xxx	
Transfer from xxx University	0
Transfer from xxx institute	0
Total Transfers	0

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021
	KShs
Public donations	0
Donations from local leadership	0
Donations from religious institutions	0
Donations from alumni	0
Other donations	0
Total donations and sponsorships	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	2020-2021
	KShs
Tuition fees	203,480
Activity fees	4,200
Industrial attachment fees	0
Examination fees	0
Library fees	0
Facilities and materials	178,720
Registration fees	14,000
Part-time classes	38,000
Total revenue from the rendering of services	438,400

(Provide brief explanation for this revenue)

11. SALE OF GOODS

Description	2020-2021
	KShs
Sale of goods	
Sale of books	0
Sale of publications	0
Sale of farm produce	0
Cafeteria	0
Other(include in line with your organisation)	0
Total revenue from the sale of goods	0

(Provide brief explanation for this revenue)

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021
	KShs
Hire of facilities and equipment	
Contingent rental	0
operating lease revenue	
Total	0

(Provide brief explanation for this revenue)

13. FINANCE INCOME

Description	2020-2021
	KShs
Cash investments and fixed deposits	0
Interest income from Treasury Bills	0
Interest income from Treasury Bonds	0
Interest from outstanding debtors	0
Total finance income	0

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 (Provide brief explanation for this revenue)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER INCOME

Description	2020-2021 KShs
Insurance recoveries	0
Consultancy fees	0
Income from sale of tender	0
Services concession income	0
Reimbursements and refunds	0
Graduation fees	0
Miscellaneous (Specify)	0
Total other income	0

(NB. All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

15. USE OF GOODS AND SERVICES

Description	2020-2021 KShs
Teaching and learning materials	306,112
Industrial attachment costs	
Electricity	211,485
Water	213,286
Activity fee	1200
Professional and Consultancy services	0
Subscriptions	295,500
Advertising	139,487
Examination fees	0
Audit fees	0
Catering, Conferences, and delegations	252,147
Travelling and accommodation	
Fuel and oil	0
Insurance	0
Legal expenses	0
Licenses and permits	0
Postage	0
Printing and stationery	348,519
Hire charges	0
Rent expenses	0
Skills development levies	0
Telephone expenses	0
Internet expenses	0
Bank charges	1272
Covid-19	187,834
Total good and services	1,956,842

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16. EMPLOYEE COSTS

	2020-2021
	KShs
Salaries and wages	406,450
Employee related costs - contributions to pensions and medical aids	0
Travel, motor car, accommodation, subsistence and other allowances	0
Housing benefits and allowances	0
Overtime payments	0
Performance and other bonuses	0
Social contributions	0
Employee costs	406,450

17. REMUNERATION OF DIRECTORS

Description	2020-2021
	KShs
Chairman's Honoraria	0
Directors emoluments	251,041
Other allowances	0
Total director emoluments	251,041

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021
	KShs
Property, plant and equipment	0
Intangible assets	0
Investment property carried at cost	0
Total depreciation and amortization	0

19. REPAIRS AND MAINTENANCE

Description	2020-2021
	KShs
Property	624,148
Investment property – earning rentals	0
Equipment and machinery	0
Vehicles	0
Furniture and fittings	0
Computers and accessories	0
Other	56,897
Total repairs and maintenance	681,045

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2020-2021
	KShs
Actuarial valuations	0
Investment valuations	0
Property valuations	0
Total contracted services	0

21. GRANTS AND SUBSIDIES

Description	2020-2021
	KShs
Community development	0
Education initiatives and programs	0
Social development	0
Community trust	0
Sporting bodies	0
Total grants and subsidies	0

22. FINANCE COSTS

Description	2020-2021
	KShs
Borrowings (amortized cost)*	0
Finance leases (amortized cost)	0
Unwinding of discount	0
Interest on Bank overdrafts	0
Interest on loans from commercial banks	0
Total finance costs	0

*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. GAIN ON SALE OF ASSETS

Description	2020-2021
	KShs
Property, plant and equipment	0
Intangible assets	0
Other assets not capitalised	0
Total gain on sale of assets	0

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24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2020-2021 KShs
Investments at fair value	0
Total gain	0

25. IMPAIRMENT LOSS

Description	2020-2021 KShs
Property, plant and equipment	0
Intangible assets	0
Total impairment loss	0

26. CASH AND CASH EQUIVALENTS

Description	2020-2021 KShs
Current account	250027
On - call deposits	0
Fixed deposits account	0
Staff car loan/ mortgage	0
Others(specify)	0
Total cash and cash equivalents	250,027

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Financial institution	Account number	2020-2021 KShs
a) Current account		
Kenya Commercial bank		250027
Equity Bank, etc		0
Sub- total		250027
b) On - call deposits		
Kenya Commercial bank		0
Equity Bank - etc		0
Sub- total		0
c) Fixed deposits account		
Kenya Commercial bank		0
Bank B		0
Sub- total		0
d) Staff car loan/ mortgage		
Kenya Commercial bank		0
Bank B		0
Sub- total		0
e) Others(specify)		
Cash in transit		0
cash in hand		0
Mobile Money account		0
Sub- total		0
Grand total		250,027

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2020-2021 KShs
Current receivables	
Student debtors	168,860
Rent debtors	0
Consultancy debtors	0
Other exchange debtors	0
Less: impairment allowance	0
Total current receivables	168,860

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27(b) Long- term Receivables from Exchange Transactions

Description	2020-2021
	KShs
Non-current receivables	
Refundable deposits	14,000
Advance payments	0
Public organizations	0
Less: impairment allowance	0
Total	14,000
Current portion transferred to current receivables	168,860
Total non-current receivables	0
Total receivables	182,860

27 (c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2020-2021
	KShs
At the beginning of the year	0
Provisions during the year	0
Recovered during the year	0
Write offs during the year	0
At the end of the year	0

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021
	KShs
Current receivables	
Capitation grants*	0
Transfers from other govt. entities	3,266,865
Undisbursed donor funds	0
Other debtors (non-exchange transactions)	0
Less: impairment allowance	0
Total current receivables	3,266,865

**Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.*

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021
	KShs
At the beginning of the year	1,246,865
Additional provisions during the year	2,020,000
Recovered during the year	0
Written off during the year	0
At the end of the year	3,266,865

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29. INVENTORIES

Description	2020-2021
	KShs
Consumable stores	0
Maintenance stores	0
Health unit stores	0
Electrical stores	0
Cleaning materials stores	0
Catering stores	0
Total inventories at the lower of cost and net realizable value	0

30. INVESTMENTS

Description	2020-2021
	KShs
a) Investment in Treasury bills and bonds	
Financial institution	
CBK	0
CBK	0
Sub- total	0
b) Investment with Financial Institutions/ Banks	
Bank x	0
Bank y	0
Sub- total	0
c) Equity investments (specify)	
Equity/ shares in company xxx	0
Sub- total	0
Grand total	0

d) Shareholding in other entities

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

Name of entity where investment is held	No. of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Current year	Prior year
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	0	0	0	0	0

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31. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings Shs	Motor Vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets (Specify) Shs	Plant and equipment Shs	Capital Works in Progress Shs	Total Shs
At July xxx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Additions	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Disposals	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Transfers/adjustments	XXX	(XXX)	XXX	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
At 30 th June xxx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Disposals	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Transfer/adjustments	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
At 30 th June xxx	(XXX)	XXX	XXX	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Depreciation and impairment	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
At July xxx	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Depreciation	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Impairment	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
At 30 June xxx	(XXX)	-	-	-	(XXX)	-	(XXX)	(XXX)
Depreciation	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Disposals	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Impairment	XXX	-	-	-	XXX	-	XXX	XXX
Transfer/adjustment	(XXX)	(XXX)	-	-	(XXX)	-	(XXX)	(XXX)
At 30 th June xxx	XXX	(XXX)	(XXX)	XXX	(XXX)	-	(XXX)	XXX
Net book values	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
At 30 th June xxx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
At 30 th June xxx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
[Include brief description of WIP as a footer]								

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Valuation

Land and buildings were valued by xxx independent valuer on xxx on xxx basis of valuation. These amounts were adopted on xxx.

31 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	57,542,785	0	57,542,785
Plant and machinery	0	0	0
Motor vehicles, including motorcycles	0	0	0
Computers and related equipment	0	0	0
Office equipment, furniture, and fittings	0	0	
Total	57,542,785	0	57,542,785

32. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021 KShs
Cost	
At beginning of the year	xxx
Additions	xxx
At end of the year	xxx
Additions-internal development	xxx
At end of the year	xxx
Amortization and impairment	
At beginning of the year	xxx
Amortization	xxx
At end of the year	xxx
Impairment loss	xxx
At end of the year	xxx
NBV	xxx

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INVESTMENT PROPERTY

Description	2020-2021
	KShs
At beginning of the year	xxx
Additions	xxx
Disposal during the year	(xxx)
Depreciation	(xxx)
Impairment	(xxx)
At end of the year	xxx

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021
	kShs
Trade payables	xxx
Fees paid in advance	xxx
Employee advances	xxx
Third-party payments	xxx
Other payables	xxx
Total trade and other payables	xxx

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021
	KShs
Consumer deposits	xxx
Caution money	xxx
Other refundable deposits	xxx
Total deposits	xxx

36. CURRENT PROVISIONS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. FINANCE LEASE OBLIGATION

Description	2020-2021
	KShs
At the start of the year	xxx
Discount interest on lease liability	xxx
Paid during the year	(xxx)
At end of the year	xxx

Maturity Analysis

Period	Amount
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and onwards	0
Less: Unearned interest	0
	0

Analysed as:

Description	Amount
Current	0
Non- Current	0
Total	0

38. DEFERRED INCOME

Description	2020-2021
	KShs
National government	0
International funders	0
Public contributions and donations	0
Total deferred income	0

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The deferred income movement is as follows:

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

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post- employment medical benefits	Other Provisions	2020- 2021
	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0
Non-current benefit obligation	0	0	0	0
Total employee benefits obligation	0	0	0	0

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	20xx-20xx
	Kshs
Discount rates	X%
Future salary increases	X%
Future pension increases	X%
Mortality (Pre- retirement)	X%
Mortality (Post- retirement)	X%
Withdrawals	xx
Ill health	xx
Retirement	xx years

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2020-2021
	Kshs
The return on defined plan assets	XXX
Actuarial gains/ losses arising from changes in demographic assumptions	XXX
Actuarial gains/ losses arising from changes in financial assumptions	XXX
Actuarial gains and losses arising from experience adjustments	XXX
Others (Specify)	XXX
Adjustments for restrictions on the defined benefit asset	XXX
Remeasurement of the net defined benefit liability (asset)	XXX

b) Amounts recognised in the Statement of Financial Position

Description	20xx-20xx
	Kshs
Present value of defined benefit obligations(a)	XXX
Fair value of plan assets(b)	(XXX)
Funded Status(=a-b)	XXX
Restrictions on asset recognised	XXX
Others	XXX
Net Asset or liability arising from defined benefit obligation	XXX

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

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

(NB: The current portion deducted in this note should tie to line on current portion transferred from non-current provisions under note 34)

41. BORROWINGS

Description	20xx-20xx KShs
Balance at beginning of the year	xxx
External borrowings during the year	xxx
Domestic borrowings during the year	xxx
Repayments of external borrowings during the year	(xxx)
Repayments of domestic borrowings during the year	(xxx)
Balance at end of the year	xxx

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	20xx-20xx KShs
External Borrowings	
Dollar denominated loan from 'xxx organization'	xxx
Sterling Pound denominated loan from 'yyy organization'	xxx
Euro denominated loan from zzz organisation'	xxx
Domestic Borrowings	
Kenya Shilling loan from KCB	xxx
Kenya Shilling loan from Barclays Bank	xxx
Kenya Shilling loan from Consolidated Bank	xxx
Total balance at end of the year	xxx

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41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	20xx-20xx
	KShs
Short term borrowings(current portion)	xxx
Long term borrowings	xxx
Total	xxx

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

42. SERVICE CONCESSION ARRANGEMENTS

Description	20xx-20xx
	KShs
Fair value of service concession assets recognized under PPE	xxx
Accumulated depreciation to date	(xxx)
Net carrying amount	xxx
Service concession liability at beginning of the year	xxx
Service concession revenue recognized	(xxx)
Service concession liability at end of the year	xxx

43. CASH GENERATED FROM OPERATIONS

	20xx-20xx
	KShs
Surplus for the year before tax	
Adjusted for:	
Depreciation	xxx
Non-cash grants received	(xxx)
Contributed assets	(xxx)
Impairment	xxx
Gains and losses on disposal of assets	(xxx)
Contribution to provisions	xxx
Contribution to impairment allowance	xxx
Finance income	(xxx)
Finance cost	xxx
Working Capital adjustments	
Increase in inventory	(xxx)
Increase in receivables	(xxx)
Increase in deferred income	xxx
Increase in payables	xxx
Increase in payments received in advance	xxx
Net cash flow from operating activities	xxx

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

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

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 20xx				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

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44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 201xx			
Financial assets (investments, cash, debtors)	xxx	xxx	xxx
Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx
20xx			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx

b) Interest rate risk

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

Management of interest rate risk

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

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

iv) Capital Risk Management

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

	2020-2021
	Kshs
Revaluation reserve	xxx
Retained earnings	xxx
Capital reserve	xxx
Total funds	xxx
Total borrowings	xxx
Less: cash and bank balances	(xxx)
Net debt/(excess cash and cash equivalents)	xxx
Gearing	xx%

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45. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

The transactions and balances with related parties during the year are as

	2020-2021
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to Govt agencies	XXX
Rent Income from govt. agencies	XXX
Water sales to Govt. agencies	XXX
Others (Specify)	XXX
Total	XXX
b) Purchases from related parties	
Purchases of electricity from KPLC	XXX
Purchase of water from govt service providers	XXX
Rent expenses paid to govt agencies	XXX
Training and conference fees paid to govt. agencies	XXX
Others (specify)	XXX
Total	XXX
b) Grants /Transfers from the Government	
Grants from National Govt	XXX
Grants from County Government	XXX
Donations in kind	XXX
Total	XXX
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	XXX
Payments for goods and services for xxx	XXX
Total	XXX
d) Key management compensation	
Directors' emoluments	XXX
Compensation to key management	XXX
Total	XXX

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENT INFORMATION

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2020-2021
	Kshs
Contingent assets	
Insurance reimbursements	xxx
Assets arising from determination of court cases	xxx
Reimbursable indemnities and guarantees	xxx
Others (Specify)	xxx
Total	xxx

Contingent Liabilities

	2020-2021
	Kshs
Contingent liabilities	xxx
Court case xxx against the entity	xxx
Bank guarantees in favour of subsidiary	xxx
Contingent liabilities arising from contracts including PPPs	xxx
Others (Specify)	xxx
Total	xxx

(Give details)

48. CAPITAL COMMITMENTS

Capital commitments	2020-2021
	Kshs
Authorised for	xxx
Authorised and contracted for	xxx
Total	xxx

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021
	Kshs
Accelerated capital allowances	XXX
Unrealised exchange gains/(losses)	XXX
Revaluation surplus	XXX
Tax losses carried forward	(XXX)
Provisions for liabilities and charges	(XXX)
Net deferred tax liability/(asset)	XXX
The movement on the deferred tax account is as follows:	
Balance at beginning of the year	XXX
Credit to revaluation reserve	(XXX)
Under provision in prior year	XXX
Income statement charge/(credit)	XXX
Balance at end of the year	XXX

[In ordinary circumstances, public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12]

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

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

52. CURRENCY

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

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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

Accounting Officer

Name *DUNCAN L. KASEM*

(Enter title of head of entity)

Signature *[Signature]*

Date. *17/9/2021*

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

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

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of XXX				
FY xx/xx				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	XXX	
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	XXX	
c. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	XXX	
d. Donor Receipts				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	XXX	

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

Finance Manager
 XXX entity

Sign -----

Head of Accounting Unit
 xxx Ministry

Sign-----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

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