REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MSAMBWENI TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2022

MSAMBWENI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

(Leave it Blank)

Table of Contents

I. Key Entity Information and Management

(a) Background information

Msambweni Technical and Vocational College was incorporated/established under the TVET Act on 1981 by the government to provide business and technical skills. The Institute is domiciled in Kenya in Kwale County, Msambweni town. The institute is under the Ministry of Education. The institute implements TVET- curriculum in all its fields as developed and examined by NITA and KNEC. Msambweni TVC is staffed by the Ministry of Education through the State Department of Vocational and Technical Training, Directorate of TVET.

The expansion and reforms witnessed in technical and vocational training has been necessitated by Kenya's objective of industrialization as contained in the Vision 2030 and the MDGs. For these to be realized, it is imperative to develop and effectively utilize the country's human, physical and financial resources. The Kenya Vision 2030 blue print recognizes human resource development as key to rapid development. Highly trained and flexible human resource that has the relevant knowledge and skills requires sustained and continuous Training and training of content developed and implemented in close consultation with industry.

(b) Principal Activities

The principal activity of the Institute is to train and equip trainees with modern technology for global market competition.

Vision Statement:
Technology is the key for innovation.

Mission Statement:
To train and equip trainees with modern technology for global market competition.

Core Values

i. **Uprightness and honesty:-** Msambweni Technical and Vocational College will endeavor to promote uprightness and honesty in all undertakings with stakeholders and other interested parties.

ii. **Transparency and accountability:-** The Msambweni Technical and Vocational College will promote transparency and accountability to its stakeholders through provision of adequate and timely reports and communication to the stakeholders.

Key Entity Information and Management (Continued)

iii. **Integrity:-** Msambweni Technical and Vocational College employees shall conduct themselves in a manner that demonstrates high moral standards. The institute will promote high levels of integrity through implementation of relevant policies and ethical code of conduct

iv. **Respect for change:-** Msambweni Technical and Vocational College will positively implement changes that will promote efficient and effective service delivery to the stakeholders

v. **Prudent environmental management:-** Msambweni Technical and Vocational College shall manage its environment prudently and promote efficient utilization of the environmental resources for both the present and future generation

vi. **Professionalism:-** All the staffs of Msambweni Technical and Vocational College upholding the requirements for professional conduct. The institute is committed to the highest levels of achievement obtainable through competence and pertinent skills.

vii. **Respect for cultural diversity**:- The Msambweni Technical and Vocational College appreciates and respect the diversity of cultural heritage

Strategic Objectives

i. To enhance the college corporate image
ii. To increase financial sustainability
iii. To provide adequate infrastructure for learning
iv. To improve the Human Resource Capacity
v. To fully Integrate ICT in college management
vi. To improve teaching and learning
vii. To develop responsible youth to contribute to national development

The Mandate and Functions of Msambweni Technical and Vocational College

Technical and vocational Training were established by the Government in 1980s to provide technical, vocational and entrepreneurship training (TVET) to young primary and secondary school graduates who could not transit to middle level Institutes and universities. Graduates from these college have been able to provide the much-needed skilled labour that is required to propel the country to industrialization.

Key Entity Information And Management (Continued)

The National Development Agenda identifies TVCs as one of the key drivers in the following areas: -

i. Science Technology and Innovation – the development of the necessary scientific and technological infrastructure, as well as the technical and entrepreneurial skills is as essential prerequisite to the transformation of Kenya into knowledge-based society.
ii. Education and Training – the provision of quality education, training and research for all Kenyans
iii. Human Resource Development - there will be need to create a globally competitive and adoptive human resource base to meet the requirements of *Vision 2030*. This will be mainly achieved through increased training.
iv. ICT – to develop a critical mass of human resource required to support the capacity of the ICT industry
v. Gender and Youth development – integration and harmonization of issues affecting youth as well as promoting gender equity in training.

Mandate

Msambweni Technical and Vocational College derives its mandate from the following legal framework governing TVET and the Ministry:

(i) The Constitution of Kenya
(ii) The Education Act (Cap 211)
(iii) The Higher Education Loans Board Act (Cap 213)
(iv) The Industrial Training Act (Cap 237)
(v) The Kenya National Examinations Council Act (Cap 225)
(vi) The Local Government Act (Cap 265)
(vii) The TVET act
(viii) The PSC act

The above legal instruments have evolved over a period of time. In this regard, the Kenya Government through the Ministry of Higher Education, Science and Technology initiated and developed the National TVET Strategy (2007).

The mandate of Msambweni Technical and Vocational College is:

1. To produce morally upright, relevant, high quality and competitive graduates in the job market
2. To enhance the learning and working environment
3. To optimize utilization of human and physical resources in the institute
4. To increase capacity for training, research and consultancy services in line with changing technologies

Key Entity Information and Management (Continued)

(c) Key Management

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

- Governing board
- Accounting officer/Principal
- Deputy principal
- Registrar
- Dean of students

(d) Fiduciary Management

The key management personnel who held office during the period ended **30th June 2022** and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	**Samson M Onchangwa**
2.	Deputy principal	**Margaret Kigo**
3.	Registrar (s)	**David Muigai**
4.	Dean of students	**Alvanus Aron**
5.	Head of Finance	**Fatuma Bege**
6.	Head of Procurement	**Joseph Orondo**

(e) Fiduciary Oversight Arrangements

- Audit and Risk Management Committee
- Finance and General-Purpose Committee
- Academic Implementation Committee

(f) Entity Headquarters

Msambweni Technical and Vocational College
P.O. Box 11-80404
Msambweni- Kwale
KENYA

Key Entity Information and Management (Continued)

(g) Entity Contacts

Telephone: 0726839407
E-mail: msambwenitti@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Voi Branch
P.O. Box 137-80300
Voi, Kenya.

(i) Independent Auditors

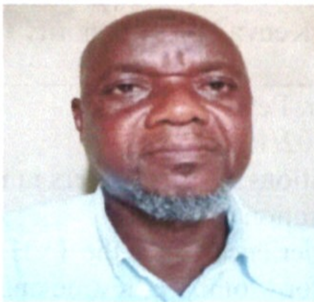
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

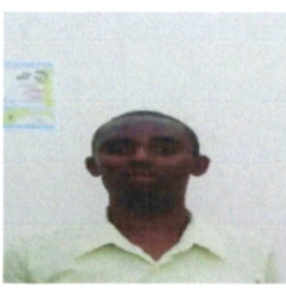
II. The Council/Board of Governors

NO.	BOG	DETAILS
1.	ZAHARANI HASSAN BWENGO 	Name: Eng. Zaharani Hassan Bwengo Chairman of the board Age: 54 Position: Chairman of the Board Qualifications: BSc. Electrical Engineering Work Experience: Principal Terminal Engineer-Kenya Ports Authority
2.	MR.PETER MWANGI 	Name: Mr. Peter Mwangi DOB: 24/02/1966 Qualifications: BED, Masters in Education Administration Work Experience: He is the TVET county Director for Mombasa, Kwale and Taita Taveta. He is the representative of the PS Ministry of Education, State Department Vocational and Technical Training
3.	MR. NYAKITI MARK JAMES 	Name: Mr Nyakiti Mark James Age:32 Position: Member of the Board Bachelor of Science Work Experience: He is a Lecturer (Research &Consultancy) Kenya School of Government
4.	MD.MWANAMKUU HAMISI 	Name: Mwanamkuu Hamisi DOB: 20/05/1988 Position: Member of the Board. Qualifications: degree Work experience: Worked with the Kenya National Commission on Human Rights

5.	MR. GIDEON GUYO KIDEGHO 	Name: Gideon Guyo Kidegho DOB: 09/09/1958 Position: Member of the Board Qualifications: Masters in Electrical engineering Work experience: Design and Installation work for Laboratory-Pan African University Institute of Science and Technology
6.	MR. JUMA KAMWENGA  KAMANZA	Name: Juma Kamwenga Kamanza Position: Member of the Board Qualifications: Masters Work Experience: Lecturer -Technical university of Mombasa
7.	MR. JOSEPH OMWENGA 	Name: Mr Joseph Omwenga Position: Member of the Board Qualifications: MBA-finance option. Work Experience: Accountant -Critical Consultancy Service .
8.	MR.SALIM MWAMAHABA 	Name: Mr. Salim R.Mwamahaba DOB: 24/12/1978 Position: Member of the Board-Governor's Nominee Qualifications: BSc. In Information Technology Work Experience: He is a teacher at Nngori Primary School

9.	MR. RASHID M.SARAI M. SARAI 	Name: Mr. Rashid M. Sarai D.O.B: 1984 Position: Member of the Board Qualifications: Bachelor of Science in I.T Work Experience: working with Bamburi Cement Ltd
10.	MR. SAMSON M. ONCHANGWA 	Name: Mr. Samson M.Onchangwa Position: Principal/Secretary of the Board Qualifications: Masters of commerce. Work Experience: Senior Trainer at Msambweni Tvc

III. Management Team

NO.	MEMBER	DETAILS
1.	MR.SAMSON M.  ONCHANGWA	Name: Mr. Samson M.Onchangwa Position: Principal/Secretary of the Board Qualifications: Masters of commerce. Work Experience: Senior Trainer at Msambweni Tvc
2.	MD. MARGARET KIGO 	Name. Md Margaret kigo Position.Deputy Principal Academics Qualifications : BBM Degree Work Experience. Chief Assistant Trainer
3.	MR.DAVID MUIGAI 	Name:Mr.DavidMu igai Qualification: diploma Work experience:Served as Ag registrar at Msambweni Tvc
4.	MR.ARONI  ALVANUS	Name: Mr. Aroni Alvanus Position: Dean of Students Qualification: Diploma Work experience: Served Ag Dean of Students at Msambweni TVc

5.	MD. FATUMA  O.BEGE	Name: Md Fatuma O. Bege Position: Finance officer Qualification: CPA Part 3, sec 5, Work experience: Currently recruited Accounts Clerk at Msambweni Tvc
6.	MR. JOSEPH  ORONDO	Name: Mr. Joseph Orondo Position: Procurement office Qualification: Diploma in Procurement & Logistics. Work experience: Procurement officer since 2019 at Msambweni Tvc

IV. Chairman's Statement

On behalf of Msambweni technical and Vocational College ,am pleased to present to you Annual Reports and and financial statements for the year ended June 2022.
Msambweni Technical And vocational college continues to deliver on its key mandate of provision of quality education ,training and research.

The Institute projected to focus on increasing students enrollments through marketing,improvement of infrastructure and human resource to support teaching , learning and research.In that spirit the institute is in it's final stages of completing boys and girls hostels which is aimed at increasing enrollment and improvement of infrastructure.

The government of Kenya has largely invested on technical and vocational training as a tool to address the shortage of artisan and technician who can handle areas requiring technological and innovative skills
Through various plans like vision 2030 and TVET act 2013. Government places an important emphasis as a way of creating jobs and acquisition hand on skills. The government has also realized that the big 4 that is manufacture ring, proper and cheap housing, agriculture and food security cannot be realized unless Kenyan government adopt sustainable skills to deal with this menace
. Msambweni TVC is one of the technical colleges in Kenya that is charged with this responsibility of training artisan and technician in mechanical, I.C.T, electrical and business-related courses. On behalf of B.O.M I wish to assure our trainees staff and all partners that BOM will provide leadership and offer necessary advice in ensuring success in all spheres, be it allocation of required resources, in collaboration with principle and the staff in general. Through the read out strategic plan for the five years
I wish to acknowledge with gratitude the Government of Kenya for its goodwill and immense support.The Board of governors shall continue to provide the much needed resources ,advice and foresight to support the Institute as it continues to implement its goals and objectives

……………………………………………
Mr.Zaharani Bwengo
Chairman of the Board of Governance
Date ..1.4./.4./..2023……

V. Report of the Principal

Dear Stakeholders,
Msambweni Technical and Vocational College was incorporated/established under the TVET Act on 1981 by the government to provide business and technical skills. The Institute is domiciled in Kenya in Kwale County, Msambweni town. The institute is under the Ministry of Education. The institute implements TVET- curriculum in all its fields as developed and examined by NITA and KNEC. Msambweni TVC is staffed by the Ministry of Education through the State Department of Vocational and Technical Training, Directorate of TVET.

The expansion and reforms witnessed in technical and vocational training has been necessitated by Kenya's objective of industrialization as contained in the Vision 2030 and the MDGs. For these to be realized, it is imperative to develop and effectively utilize the country's human, physical and financial resources. The Kenya Vision 2030 blue print recognizes human resource development as key to rapid development. Highly trained and flexible human resource that has the relevant knowledge and skills requires sustained and continuous Training and training of content developed and implemented in close consultation with industry.
The five years strategic plan (2021-2025) is a guideline on the way forward of attaining our goal /objective as BOM and administrators of TVET in general. Through various initiative Msambweni TVC will endeavor itself in increasing enrolment increasing courses offered and increasing infrastructure that is hostel, classes, workshop and perimeter wall. As a new technical college just started in September 2019, we are facing several problems. Msambweni TVC shall endeavor its self in providing market driven courses relevant courses through collaboration with TVET. so far Msambweni TVC is registered by TVET and also accredited to Offers KNEC exam in mechanical, electrical, ICT and supply chain management. Msambweni TVC is also registered by NITA to offer welding and fabrication in grade 3 artisan and soon we will be accredited to offer electrical artisan.

Principal Activities
The principal activity of the Institute is to train and equip trainees with modern technology for global market competition.

Entity's compliance with statutory requirements
During the year under review, the Institute complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, Pensions and HELB recovery within the stipulated deadlines. The Institute does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

Major Risks facing the entity
Msambweni Technical and Vocational college continues to face pressure on existing resources due to inadequate Teaching and learning infrastructure especially in engineering courses caused by the increase in student enrollment.The teacher and non-teaching staffs to students remains low, Limited teaching and learning facilities,Insufficient funds to meets all project activities.

Msambweni Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

As the principal I take this opportunity to sincerely thank the Board of Governors,administrative staf, HODs for their efforts and commitment to the attainment of Entity;s goal .

Lastly, I would like to appreciate Government of kenya through The National Treasury and The Ministry of Education for the support accorded to Msambweni Technical and Vocational College looking forward to your continued support.

....

Mr. Samson M. Onchangwa
Principal/Secretary Of the Board
Date. 14/04/2023...

VI. Statement of Performance against Predetermined Objectives

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

Msambweni Technical and Vocational College develops its annual work plans based on the 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Msambweni Technical and Vocational College achieved its performance targets set for the FY 2021/22 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
1.	Human Resource development	To iprove Human Resource Capacity	Number of staff engaged	Additional staff ,Employ more BOG staffs	Additional BOG staff employed
2.	ICT	TO intergrate ICT in institution management	ICT equipments purchased and installed	Purchase additional ICT equipment for the institution	ICT equipment purchased
3.	Education and Training	To improve Trainning and learning	Introduce new learning and training methods.	Builld Capacity in new and and modern methods of teaching	Modern Techniques adopted
4.	Gender and Youth	To develop responsible youth to contribute to national development	No of Drugs and substance Abuse /HIV/AIDs	Provision of information	Peer counselling

VII. Corporate Governance Statement

Msambweni Technical and Vocational College is commited to the values and principles of good corporate governance as an intergral part of corporate culture and guides the manner in which its Governors,management ,staffs and students conduct the business of the organization.As a public sector organization dedicated to providing quality services to its stakeholders,the institution's decision are guided by the core tenets prescribed in the Public Oficers Ethics Act,The leadership and integrity Act

Roles and Functions of the Board

i. Development of the institute
ii. Management of the college finances
iii. Appointment and employment of non- teaching staff.
iv. Discipline of trainers and trainees
v. Policy formulation

The Board size and Composition

Msambweni Technical And Vocational College Board of Governance is made up of 10 members from various fields;

Members

1.Mr. Zaharani Bwengo – Chairperson
2. Mr.Samson Onchangwa- Secretary
3.Mr. Mwangi Peter –Director TVET
4..Mr. Juma Kamanza-Member
5.Mr.Rashid Sarai-Member
6.Mr. Mark Nyakiti-Member
7.Md.Mwanamkuu Hamisi
8.Md.Margaret Kigo
9.Mr.Joseph Omwenga
10.Mr. Gidion Guyo-Member

Regulations Governing Conduct Of Board

- Set up committees to look onto issues like,Finance,Audit,Human Resource and Academics.
- Terms of office is 3years
- Resignation is by writing a notice to appointing authority
- Meet atleast once every four months,which is thrice in a year.
- Committee can meet as much as possible
- Quorum of meetings is two thirds.
- Remuneration is paid in respect of service as determined by the approval of Board members and cabinet secretary.This also depends with institutions financial streghth .

The following are Board Committees:

Name of the committee	Members
Academic Committee	1.Mr.Joseph Omwenga -Chairman 2.Md. Mwanamkuu HAmisi-Member 3.Mr.Rashid Sarai-Member 4.Mr.Peter Mwangi-Director TVETs
Audit Committee	1.Mr.Mark James-Chairman 2.Mr.Gideon Kidegho –Member 3.Mr.Juma Kamwenga-Member 4.Mr. Peter Mwangi- Director TVETs
Financial and Human Resource Committee	1.Md. Mwanamkuu HAmisi-Chair 2.Mr.Joseph Omwenga -Member 3.Mr.Rashid Sarai-Member 4.Mr.Peter Mwangi-Director TVETs

VIII. Management Discussion and Analysis

The entity's operational and financial performance
The Institute continues to deliver on its key mandate of provision of quality education, training, and research.

Entity's compliance with statutory requirements
During the financial year under review, the Institute complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF,within the stipulated deadlines. The Institute does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

Key projects and investment decisions the entity is planning/implementing.
Msambweni TVC soon going to enroll boarding students.we have two hostels –1 for boys and 1 for girls. The hostels were built by Msambweni CDF fund and almost complete.

Major risks facing the entity
Msambweni Technical and Vocational college continues to face pressure on existing resources due to inadequate Teaching and learning infrastructure especially in engineering courses caused by the increase in student enrollment.The teacher and non-teaching staffs to students remains low, Limited teaching and learning facilities,Insufficient funds to meets all project activities.
Poor fee payment .

Material arrears in statutory/financial obligations
The institute does not have any loan default, pending bill, outstanding obligations

The entity's financial probity and serious governance issues
During the year under review the Institute did not have any governance issues.

IX.Environmental And Sustainability Reporting Statement

Msambweni Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

Msambweni Technical and vocational College does not have any Sustainability Strategy and profile

Environmental performance

Msambweni Technical and Vocational College did not engage in any environmental activities and doesnot have environmental policy.
It's in the Process of developing Environmental Policy.

Employee welfare

Msambweni technical and Vocational college has no Employee Welfare

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
d) Product stewardship- outline efforts to safeguard consumer rights and interests.

Corporate Social Responsibility / Community Engagements

Msambweni technical and Vocational college did not engage in any Community Engagements during the year ended June 2022

XI. Statement of Board of Governors/ Council's Responsibilities

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

The board is responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of Msambweni Technical and Vocational College for and as at the end of the financial year ended on June 30, 2022. 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 Msambweni Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board accepts responsibility for Msambweni Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Technical and Vocational Education and Training Act of 2013. The board is of the opinion that Msambweni Technical and Vocational College quarterly financial statements give a true and fair view of the state of the Institute's transactions during the financial ended June 30th, 2022, and of the Institute's financial position as at that date. The board further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the Msambweni Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

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

X. Report of the Council/Board of Governors

The Council/Board members submit their report together with the financial statements for the year ended June 30, 2022, which show the state of the Msambweni Technical and Vocational College affairs.

Principal activities

The principal activities of the Institute is to train and equip trainees with modern technology for global market competition.

Results

The results of the entity for the year ended June 30 are set out on page 20-25

Council/Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the Msambweni Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Msambweni Technical and Vocational College for the year ended June 30, 2022, 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

....

Mr.Samson M.Onchangwa
Secretary of the Board/Council

Date: 14/04/2023

Approval of the financial statements

The Msambweni Technical and Vocational College financial statements were approved by the Board on _________________ 2022 and signed on its behalf by:

Signature............................ Signature............................

Name....Zaharani H. Bwongo.... Name....SAMSON M. ONCHANGWA....

Chairperson of the Board/Council **Accounting Officer/Principal**

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MSAMBWENI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

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 the 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

Qualified Opinion

I have audited the accompanying financial statements of Msambweni Technical and Vocational College set out on pages 1 to 54, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Msambweni Technical and Vocational College as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Unsupported Land and Buildings Balance

The statement of financial position and Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.164,214,211 which includes land and buildings balance of Kshs.67,561,094. However, the value of land had not been determined and the College did not have ownership documents for the land it occupies. Further, the Board minutes of 7 February, 2022 indicated that the land's boundary was unknown to the College Management as it had neither been demarcated nor handed over by Coast Institute of Technology (the mentor institution), contrary to Regulation 74(6)(b) of the Public Finance Management (National Government) Regulations, 2015 that provides that an Accounting Officer of a National Government entity shall ensure that whenever projects are completed, the project assets including buildings, plant, vehicles, furniture, fittings and equipment are properly recorded and handed over to the accounting officer in accordance with the financing agreement.

In the circumstances, the accuracy and completeness of the land and buildings balance of Kshs.67,561,094 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted and actual revenue on a comparable basis of Kshs.7,941,200 and Kshs.5,317,835 respectively, resulting in an under-collection of Kshs.2,623,365 or 33% of the budget. Similarly, the Management incurred expenses totalling to Kshs.3,066,574 against an approved budget of Kshs.7,761,200, resulting to an under-expenditure of Kshs.4,694,626 or 60% of the budget.

The under-collection and under-expenditure affected the planned activities and may have impacted negatively on service delivery.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects a final budget revenue of Kshs.7,941,200 while the final budgeted expenses amounted to Kshs.7,761,200 resulting to a budget surplus of Kshs.180,000 contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2016 which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, at all times during budget formulation and approval budget shall be balanced.

As a result, Management was in breach of the law.

2. Irregular Composition of Board Membership and Meetings

The College's Board of Governors comprised of ten (10) members against the approved maximum number of nine (9) Members, contrary to Section 28(1) of the Technical and Vocational Education and Training Act, 2013 which states that the Board of Governors of a public institution shall consist of not less than seven (7) and not more than nine (9) members appointed by the Cabinet Secretary. In addition, of the ten (10) Board Members, only one (1) was female, contrary to Article 81(b) of the Constitution of Kenya, 2010, that stipulates that not more than two-thirds of the members of elective public bodies shall be of the same gender.

Further, the Board held only two (2) meetings in the year under review, contrary to Paragraph A(2) of Circular No. OP/CAB.9/1A of 11 March, 2020 which states that for avoidance of doubt, the Board meetings shall be restricted to a minimum of four (4) as provided in the State Corporations Act, 2012 and capped at a maximum of six (6) for each financial year. Review of Board minutes also revealed that the Chairperson of the Board chaired all the three Academic Committee meetings held in the year under review, contrary to the Governance Principle 1.7(2) of the Code of Governance for State

Corporations of January, 2015 which prohibits the Chairman to be a member of any Committee of the Board.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure by the Mentor Institution to Hand Over the College

Review of College records revealed that the State Department of Technical and Vocational Training deployed a Principal Head Teacher to the College on 13 February, 2019 and certificate of registration was issued on 23 January, 2020 while the Board was appointed on 19 July, 2020. However, as at the time of audit in March, 2023, the College's building, land, and financial and accounting records had not been handed over to the Management by the mentor institution, Coast Institute of Technology, contrary to Regulation 9(11) of the Public Finance Management (National Government) Regulations, 2015 that stipulates that the accountability of a public officer vacating an office shall not be completed until the financial and accounting records kept by him or her have been properly handed over in writing to an officer taking over his or her duties and attested by their supervisor. The Board minutes of 07 February, 2022 indicated that the Chairman of the Board was to request the mentor institution to transfer monies belonging to the College to its new bank account but evidence of the request and transfer of the funds was not provided for audit.

In the circumstances, the effectiveness of internal controls and governance of the College was in doubt.

2. Weak Implementation of the Debt Policy Control

The statement of financial position and Note 27 to the financial statements reflects receivables from exchange transactions balance of Kshs.5,656,400. The balance relates to student debtors for outstanding tuition fees. However, review of the students' fees control sheet revealed that out of the expected fees for second year, term one beginning January, 2022 of Kshs.1,533,480, only Kshs.198,600 was collected during the current financial year, contrary to Section F Paragraph 3 of the Msambweni Technical and Vocational College Finance Policy on Debt Policy control which stipulates that a student shall be required to pay 50% of the expected fees he or she is supposed to pay for that term.

In the circumstances, the implementation of the Debt Policy and recoverability of the receivables by the Management was in doubtful.

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

Responsibilities of Management and Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and overall governance.

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

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

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

The Board of Governors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how 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 College's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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

30 May, 2023

XIII. Statement of Financial Performance for the year ended 30 June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6(a)	5,862,940.00	-
Deferred government grant	7	15,545,229.62	-
Total Revenue from non-exchange transactions		**21,408,169.62**	-
Revenue from Exchange transactions			
Rendering of services- fees from students	10	3,466,595.00	
Other income	14	93,865.00	
Revenue from Exchange transactions		**3,560,460.00**	
Total Revenue		**24,968,629.62**	
Expenses			
Use of goods and services	15	2,945,329.00	
Employee costs	16	392,460.00	
Board /Council Expenses	17	334,375.00	
Depreciation	18	15,568,269.62	
Contracted services	20	238,105.00	
Repairs and maintenance	19	100,000.00	
Total Expenses		**19,578,538.62**	
Net surplus for the year		**5,390,091.00**	

The Financial Statements set out from page 1 to 54 were signed by:

....	....	....
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No	
Date 14/4/2023	**Date** 14/04/2023	**Date** 14/04/2022

XIV. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	26(a)	698,746.00	-
Receivables from exchange transactions	27	5,656,400.00	
Total Current Assets		**6,355,146.00**	-
			-
Non-Current Assets			
Property, plant, and equipment	31	164,214,211.37	-
Total Assets		**170,569,357.37**	-
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	34	341,290.00	-
Deffered Income	38	15,545,229.62	
Refundable deposits from customers	35	23,000.00	-
Total Current Liabilities		**15,909,519.62**	-
Non-Current Liabilities			
Deffered Income	38	**148,576,821.75**	
Total Liabilities		**164,486,341.37**	-
Net Assets			-
			-
Accumulated Surplus		5,390,091	-
Capital Fund		692,925.00	-
Total Net Assets and Liabilities		**170,569,357.37**	-

The Financial Statements set out from page 1to 54 were signed by:

…………………………	…………………………	…………………………
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No	
Date 14/4/2023	**Date** 14/04/2023	**Date** 14/04/2023

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Revenue Reserve	Capital/ Development Grants/Fund	Total
At July 1, 2020	-	-	-		-
Surplus	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-		-	-	-
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-	-
At June 30, 2021	-	-	-	**692,925.00**	**692,925.00**
At July 1, 2021	-	-		**692,925.00**	**692,925.00**
Surplus	-	-	5,390,091.00	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-		-		

Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings		-	-	-	-
At June 30, 2022			**5,390,091.00**	**692,925.00**	**6,083,016.00**

XVI. Statement of Cash Flows for the year ended 30 June 2022

Description		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants		2,342,500.00	-
Rendering of services- fees from students		2,975,335.00	-
		23,000.00	
Other income	14	93,865.00	-
Total Receipts		**5,434,700.00**	-
Payments			
Use of goods and services		2,732,199.00	-
employee costs	16	379,500.00	-
Remuneration of Board of Governors	17	334,375.00	
Contracted services	20	238,105.00	
Repair and Maintainance	19	100,000.00	-
Total Payments		**3,784,179.00**	-
Net Cash Flows from operating activities		**1,650,521.00**	-
Working Capital Changes			
Net Cash Flows from working capital changes		-	

Net Increase/(Decrease) in Cash and Cash equivalents		**1,650,521.00**	-
Cash and Cash equivalents at 1 JULY		692,925.00	-
Cash and Cash equivalents at 30 JUNE		**698,746.00**	-

The Financial Statements set out from page 1 to 54 were signed by:

....
Chairman of Council/Board

Date 14/4/2023

....
Finance Officer

ICPAK No

Date 14/04/2023

....
Principal

Date 14/04/2023

XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	% of Utilization
	a	b	c=a+b	d	e=d/c %
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Transfers from other Govt entities Govt grants	3,800,000.00	0	3,800,000.00	2,342,500.00	0.616447368
Rendering of services- Fees from students	4,141,200.00	0	4,141,200.00	2,975,335	0.718471699
Total income	**7,941,200.00**		**7,941,200.00**	**5,317,835.00**	0.669651312
Expenses					
Use of Goods and services	7,061,200.00	0	7,061,200.00	2,732,199.00	0.386931258
Remuneration of directors	700,000.00	0	700,000.00	334,375.00	0.477678571
Total expenditure	**7,761,200.00**		**7,761,200.00**	**3,066,574.00**	0.395115961
Surplus for the period	**180,000.00**		**180,000.00**	**2,251,261.00**	

XVIII. Notes to the Financial Statements

1. General Information

Msambweni Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train and equip trainers with modern technology for global market competition.

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 Msambweni TVC accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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

.

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

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 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**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: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42:	**Applicable: 1st January 2023**

Standard	Effective date and impact:
Social Benefits	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: (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.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

Standard	Effective date and impact:
	• **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

Msambweni Technical and Vocational College did not early-adopt any new or amended standards in year 2022.

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.

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 2021/2022 was approved by the Council or Board .Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The 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.

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 .

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.

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 an 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:

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

j) 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)

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.

k) 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)

l) Nature and purpose of reserves

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

m) 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.

n) 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.

o) 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.

p) 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)

q) 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 Principal and senior managers.

r) 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.

s) 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.

t) Comparative figures

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

u) 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, 2022.

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.

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		-
Capitation Grants	3,862,940.00	-
Operational Grant	2,000,000.00	
Total Government Grants and Subsidies	**5,862,940.00**	

(a)Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	-	-	-	5,862,940.00	-
Total	-	-	-	5,862,940.00	-

These amounts include capitation and grants receivable during the year under review

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	0	0
World Bank Grants	0	0
In-Kind Donations	0	0
Other Grants(Deffered Grants)	15,545,229.62	0
Total Grants from Development Partners	15,545,229.62	**0**

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance unspent at beginning of year	**0**	**0**
Current year receipts	0	0
Conditions Met - Transferred to Revenue	0	0
Conditions Yet To Be Met - Remain Liabilities	**0**	**0**

(Provide brief explanation for this revenue)

8. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
	0	0
Transfer from County XX	0	0
Transfer from XX University	0	0
Transfer from XX Institute	0	0
Total Transfers	**0**	**0**

9. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	0	0
Donations from Local Leadership	0	0
Donations from Religious Institutions	0	0
Donations from Alumni	0	0
Other Donations	0	0
Total Donations and Contributions	**0**	**0**

(Provide brief explanation for this revenue)

10. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	1,438,300.00	-
Activity Fees	414,8300.00	-
Industrial Attachment Fees	69,085.00	-
Examination Fees	358,710.00	-
L.T& T	288,380.00	-
Admission	47,400.00	-
Development	315,765.00	
P.E	315,650.00	
1.D	13,270.00	
R.M.I	73,315.00	
Student Council	20,340.00	
E.W.C	111,550.00	-
Total Revenue from The Rendering Of Services	**3,466,595.00**	-

The amount relates fees from rendering of service

11. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books	0	0
Sale of Publications	0	0
Sale of Farm Produce	0	0
Cafeteria sales	0	0
Other	0	0
Total Revenue from Sale of Goods	**0**	**0**

12. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment		
Contingent Rental	0	0
Operating Lease Revenue		
Total	**0**	**0**

13. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from treasury bills	0	0
Interest income from treasury bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	**0**	**0**

14. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Income from sale of tender	4,000.00	-
Graduation fees	7,625.00	-
Practical fee	42,240.00	-
Imprest Recovery	40,000.00	
Total other income	**93,865.00**	-

Notes To The Financial Statements (Continued)

15. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Examination	585,395.00	-
Activity	665,725.00	-
L.T&T	867,400.00	-
Administration	140,901.00	-
Subsistence	149,100.00	-
Internet	40,198.00	-
E.W&C	31,375.00	-
Teaching Materials	465,235.00	-
Total good and services	**2,945,329.00**	-

Amount relates to use of goods and services

Notes to the Financial Statements (Continued)

16. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	333,060.00	-
Employee related costs - contributions to pensions and medical aids-NSSF,NHIF and PAYE	59,400.00	-
Employee Costs	**392,460.00**	-

17. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
BOG Allowances	334,375.00	-
Total	334,375.00	-

Amount relates to Board allowances and meals

18. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	15,568,269.62	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	15,568,269.62	-

Total amount of depreciation and amortization

19. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	100,000.00	-
Total Repairs and Maintenance	100,000.00	-

Notes to the Financial Statements (Continued)

20. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Security guards	238,105.00	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	238,105.00	-

21. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Community Trust	-	-
Sporting Bodies	-	-
Total Grants and Subsidies	-	-

22. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings (Amortized Cost)*	-	-
Finance Leases (Amortized Cost)	-	-
Unwinding of Discount	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
Total Finance Costs	-	-

23. Gain On Sale of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not capitalised	-	-
Total Gain On Sale of Assets	-	-

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	-	-
Total Gain	-	-

25. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Impairment Loss	-	-

26. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	xxx	xxx
On - Call Deposits	xxx	xxx
Fixed Deposits Account	xxx	xxx
Staff Car Loan/ Mortgage	xxx	xxx
Others (Specify)	xxx	xxx
Total Cash and Cash Equivalents	**xxx**	**xxx**

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

26 (a). Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
Financial Institution	**Account number**	**Kshs**	**Kshs**
a) **Current Account**			
Kenya Commercial Bank	1276994850	694,746.00	-
Sub- Total		**694,746.00**	-
e) **Others**			-
Cash in Hand		4000	-
Sub- Total		**4000**	-
Grand Total		**698,746.00**	-

27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	1,334,880.00	-
Total Current Receivables	1,334,880.00	-

The amounts relates to student debtors

27(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits	-	
Advance Payments	-	
Public Organizations	-	
Less: Impairment Allowance	-	
Total	-	
Student debtors	**4,321,520.00**	
Total Non-Current Receivables		
Total Receivables	**4,321,520.00**	

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	4,321,520.00	-
Provisions during the year	1,334,880.00	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	**5,656,400.00**	-

Notes to the Financial Statements (Continued)

28. Receivables from Non-Exchange transactions

Description	2021-2022 Kshs	2020-2021 Kshs
Current Receivables		
Capitation Grants*	xxx	xxx
Transfers from Other Govt. entities	xxx	xxx
Undisbursed Donor Funds	xxx	xxx
Other Debtors (Non-Exchange Transactions)	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
Total Current Receivables	**xxx**	**xxx**

*(*Receivables on capitation grants are 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	2021-2022 Kshs	2020-2021 Kshs
At the beginning of the year	xxx	xxx
Additional provisions during the year	xxx	xxx
Recovered during the year	(xxx)	(xxx)
Written off during the year	(xxx)	(xxx)
At the end of the year	**xxx**	**xxx**

29. Inventories

Description	2021-2022 Kshs	2020-2021 Kshs
Consumable stores	xxx	xxx
Maintenance stores	xxx	xxx
Health Unit stores	xxx	xxx
Electrical stores	xxx	xxx
Cleaning Materials stores	xxx	xxx
Catering stores	xxx	xxx
Total Inventories at lower of Cost and Net Realizable Value	**xxx**	**xxx**

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	xxx	xxx
CBK	xxx	xxx
Sub- Total	**xxx**	**xxx**
b) Investment with Financial Institutions/ Banks		
Bank X	xxx	xxx
Bank Y	xxx	xxx
Sub- Total	**xxx**	**xxx**
c) Equity Investments (*Specify*)		
Equity/ Shares in Company Xxx	xxx	xxx
Sub- Total	**xxx**	**xxx**
Grand Total	**xxx**	**xxx**

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		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	xxx	xxx	xxx	xxx	xxx	xxx
Entity B	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	**xxx**	**xxx**	**xxx**	**xxx**	**xxx**

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
As at 1st July 2021	**69,293,430.00**	-	**50,000.00**	**215,500.00**	**110,108,350.99**		**179,667,280.99**
Additions during the period	-	-	-	**115,200.00**		-	**115,200.00**
Disposals during the period				-			-
Transfers/adjustments during the period				-			-
As at 31st March 2022	**69,293,430.00**		**50,000.00**	**330,700.00**	**110,108,350.99**		**179,782,480.99**
Depreciation							-
Depreciation for the period	1,732,335.75		6,250.00	66,140.00	13,763,543.87		**15,568,269.62**
Net book values							-
As at June 2022	**67,561,094.25**		**43,750.00**	**264,560.00**	**96,344,807.12**		**164,214,211.37**

The Value of Equipment was in USD

1USD=Ksh 109.67

USD1003977

Therefore,Plant 1003977*109.67=KSh 110,108,350.99

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements 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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	xxx	xxx	xxx
Buildings	xxx	xxx	xxx
Plant And Machinery	xxx	xxx	xxx
Motor Vehicles including Motorcycles	xxx	xxx	xxx
Computers and Related Equipment	xxx	xxx	xxx
Office Equipment, Furniture, And Fittings	xxx	xxx	xxx
Total	**xxx**	**xxx**	**xxx**

32. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
At end of the year	xxx	xxx
Additions–internal development	xxx	xxx
At end of the year	xxx	xxx
Amortization and impairment		
At beginning of the year	xxx	xxx
Amortization	xxx	xxx
At end of the year	xxx	xxx
Impairment loss	xxx	xxx
At end of the year	xxx	xxx
NBV	xxx	xxx

Notes to the Financial Statements (Continued)

33. Investment Property

Description	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposal during the year	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
At end of the year	xxx	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	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	341,290.00	-
Total trade and other Payables	**341,290.00**	-

35. Refundable Deposits from Customers/Students

Description	2021-2022
Caution money	23,000.00
Total deposits	23,000.00

Notes to the Financial Statements (Continued)

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**	**xx**	**xxx**
Additional Provisions	xxx	xxx	xxx	xx	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	xx	xxx
Total Provisions	**xxx**	**xxx**	**xxx**	**xx**	**xxx**

37. Finance Lease Obligation

Description	2021-2022	2020-2021
	Kshs	Kshs
At the start of the year	**xxx**	**xxx**
Discount interest on Lease Liability	xxx	xxx
Paid during the year	(xxx)	(xxx)
At end of the year	**xxx**	**xxx**

Maturity Analysis

Period	Amount
	Kshs
Year 1	xxx
Year 2	xxx
Year 3	xxx
Year 4	xxx
Year 5 and Onwards	xxx
Less: Unearned Interest	(xxx)
	xxx

Notes to the Financial Statements (Continued)

Analysed as:

Description	Amount
	Kshs
Current	xxx
Non- Current	xxx
Total	**xxx**

38. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	164,112,050.38	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	164,112,050.38	-

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	179,667,280	-	-	179,667,280
Additions during the year		-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	(15,545,229.62)	-	-	(15,545,229.62)
Other transfers	-	-	-	-
Balance carried forward	164,112,050.38	-	-	164,112,050.38

Analysed as:

Description	Amount
	Kshs
Current	15,545,229.62

Non- Current	148,576,821.75
Total	**164,122,051.37**

Notes to the Financial Statements (Continued)

39. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
Non-Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
Total Employee Benefits Obligation	xxx	xxx	xxx	xxx	xxx

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:

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	x%	x%
Future Salary Increases	x%	x%
Future Pension Increases	x%	x%
Mortality (Pre- Retirement)	x%	x%
Mortality (Post- Retirement)	x%	x%
Withdrawals	xx	xx
Ill Health	xx	xx
Retirement	xx years	xx years

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	2021-2022 Kshs	2020-2021 Kshs
The return on defined plan assets	xxx	xxx
Actuarial gains/ losses arising from changes in demographic assumptions	xxx	xxx
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	xxx	xxx
Actuarial gains and losses arising from experience adjustments	xxx	xxx
Others (*specify*)	xxx	xxx
Adjustments for restrictions on the defined benefit asset	xxx	xxx
Remeasurement of the net defined benefit liability (asset)	xxx	xxx

b) **Amounts recognised in the Statement of Financial Position**

Description	2021-2022 Kshs	2020-2021 Kshs
Present value of defined benefit obligations(a)	xxx	xxx
Fair value of plan assets(b)	(xxx)	(xxx)
Funded status(=a-b)	**xxx**	**xxx**
Restrictions on asset recognised	xxx	xxx
Others	xxx	xxx
Net asset or liability arising from defined benefit obligation	**xxx**	**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.

Notes To The Financial Statements (Continued)

40. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	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
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	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the year	**xxx**	**xxx**

41 a) Analysis of External and Domestic Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'	xxx	xxx
Sterling pound denominated loan from 'yyy organization'	xxx	xxx
Euro denominated loan from zzz organization'	xxx	xxx
Domestic borrowings		
Kenya shilling loan	xxx	xxx
Total balance at end of the year	**xxx**	**xxx**

Notes to the Financial Statements (Continued)

41 b) Breakdown of Long and Short-Term Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	xxx	xxx
Long Term Borrowings	xxx	xxx
Total	**xxx**	**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	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	xxx	xxx
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	xxx	xxx

Notes to the Financial Statements (Continued)

43. Cash generated from operations

	2021-2022	2020-2021
Surplus for the year before tax	**Kshs**	**Kshs**
Adjusted for:		
Depreciation	xxx	xxx
Non-Cash grants received	(xxx)	(xxx)
Contributed assets	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and Losses on Disposal of Assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Finance Income	(xxx)	(xxx)
Finance Cost	xxx	xxx
Working Capital Adjustments		
Increase in Inventory	(xxx)	(xxx)
Increase in Receivables	(xxx)	(xxx)
Increase in Deferred Income	xxx	xxx
Increase in Payables	xxx	xxx
Increase in Payments received in advance	xxx	xxx
Net Cash Flow from Operating Activities	**xxx**	**xxx**

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

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

Notes to the Financial Statements (Continued)

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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
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 2022				
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)

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 xxxx

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.

Notes to the Financial Statements (Continued)

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.

Description	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2021				
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 2022				
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**

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.

Notes to the Financial Statements (Continued)

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:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
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 form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

44. Financial Risk Management (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2022			
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**

a) 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.

Notes to the Financial Statements (Continued)

	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.

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 (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

Notes To The Financial Statements (Continued)

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:

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	xxx	xxx
Retained Earnings	xxx	xxx
Capital Reserve	xxx	xxx
Total Funds	**xxx**	**xxx**
Total Borrowings	xxx	xxx
Less: Cash and Bank Balances	(xxx)	(xxx)
Net Debt/(Excess Cash and Cash Equivalents)	xxx	xxx
Gearing	xx%	xx%

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;

Notes to the Financial Statements (Continued)

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	xxx	xxx
Rent income from govt. agencies	xxx	xxx
Water sales to govt. agencies	xxx	xxx
Others *(specify)*	xxx	xxx
Total	**xxx**	**xxx**
B) Purchases from related parties		
Purchases of electricity from kplc	xxx	xxx
Purchase of water from govt service providers	xxx	xxx
Rent expenses paid to govt agencies	xxx	xxx
Training and conference fees paid to govt. agencies	xxx	xxx
Others (*specify*)	xxx	xxx
Total	**xxx**	**xxx**
b) Grants /Transfers from the Government		
Grants from National Govt	xxx	xxx
Grants from County Government	xxx	xxx
Donations in Kind	xxx	xxx
Total	**xxx**	**xxx**
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	xxx	xxx
Payments for Goods and Services for XX	xxx	xxx
Total		
d) Key Management Compensation		
Directors' emoluments	xxx	xxx
Compensation to Key Management	xxx	xxx
Total	**xxx**	**xxx**

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)

Notes to the Financial Statements (Continued)

47. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	xxx	xxx
Assets arising from determination of Court Cases	xxx	xxx
Reimbursable Indemnities and Guarantees	xxx	xxx
Others (*Specify*)	xxx	xxx
Total	**xxx**	**xxx**

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Liabilities	xxx	xxx
Court Case Xxx against (*The Entity*)	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Contingent liabilities arising from Contracts including PPPs	xxx	xxx
Others (*Specify*)	xxx	xxx
Total	**xxx**	**xxx**

(Give details)

48. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	xxx	xxx
Authorised and Contracted for	xxx	xxx
Total	**xxx**	**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)

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:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	xxx	xxx
Unrealised Exchange Gains/(Losses)	xxx	xxx
Revaluation Surplus	xxx	xxx
Tax Losses carried forward	(xxx)	(xxx)
Provisions for Liabilities and Charges	(xxx)	(xxx)
Net Deferred Tax Liability/(Asset)	xxx	xxx
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	xxx	xxx
Credit to revaluation reserve	(xxx)	(xxx)
Under provision in prior year	xxx	xxx
Income statement charge/(credit)	xxx	xxx
Balance at end of the year	xxx	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).

XIX. Appendices

Appendix 1: Implementation Status of Auditor-General 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.

....

Name SAMSON M. ONCHANGWA

Accounting Officer

(Enter title of Head of entity)

Date 14/04/2023

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, i.e. 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							

Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Entity]
[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June 2022

		Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by [beneficiary Entity] (KShs) as at 30th June 2021 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name .... Sign ....Date ....

Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) ....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

Appendix V: Disaster Expenditure Reporting Template

Date: Entity						
Period to which this report refers (FY)	**Year**			**Quarter**		
Name of Reporting Officer						
Contact details of the reporting officer:	**Email**			**Telephone**		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments