

THE NATIONAL ASSEMBLY PAPERS LAID		REPORT
DATE: 02 FEB 2022		Wscf
TABLED BY:	The Majority Whip Hon. Emmanuel Wangwe	
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THE AUDITOR-GENERAL

ON

**NAIVASHA TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE 18 MONTHS'
PERIOD ENDED 30 JUNE, 2019**





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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR 18 MONTHS
ENDED 30 JUNE 2019

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

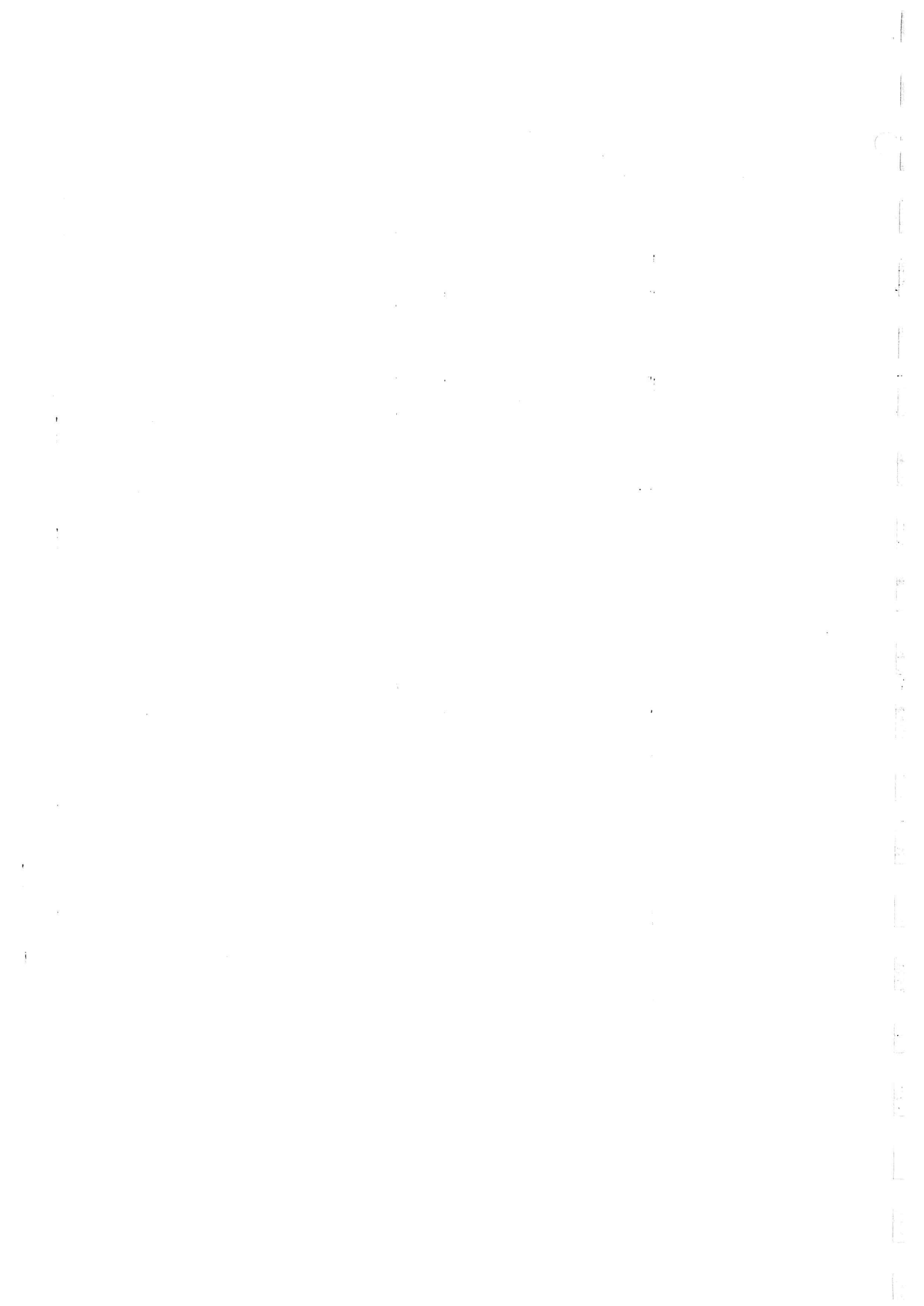


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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Naivasha Technical And Vocational College was incorporated/ established under the TVET Act. The entity is domiciled in Kenya under the Ministry of Education State Department of Technical and Vocational Training .

(b) Principal Activities

The principal activity of Naivasha Technical And Vocational College is to train trainees inline with the college's vision, mission and core values which are:-

Vision-To be a leading regional Competence Based Educational and Training(CBET)provider in TVET.

Mission-To transform the lives of youth through provision of relevant skills for self reliance and national development.

Core values-Excellence, Access, Creativity and Collaboration.

(c) Key Management

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

- Board of council members/ Council/ Management etc;
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Samuel Mugo Wambugu
2.	Deputy Principal	Dorcas Njeri Macharia
3	Registrar	Erick.K.Chebii
4..	Head of Finance	Herman Ndugi Munyare

(e) Fiduciary Oversight Arrangements

The BOG plays the role of oversight in all the college financials.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 574-20117
NAIVASHA, KENYA

(g) Entity Contacts

Telephone: (254) 740429247
E-mail: principalnaivashatechnical@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
P.O Box 484400-00100
Nairobi.

(i) Independent Auditors

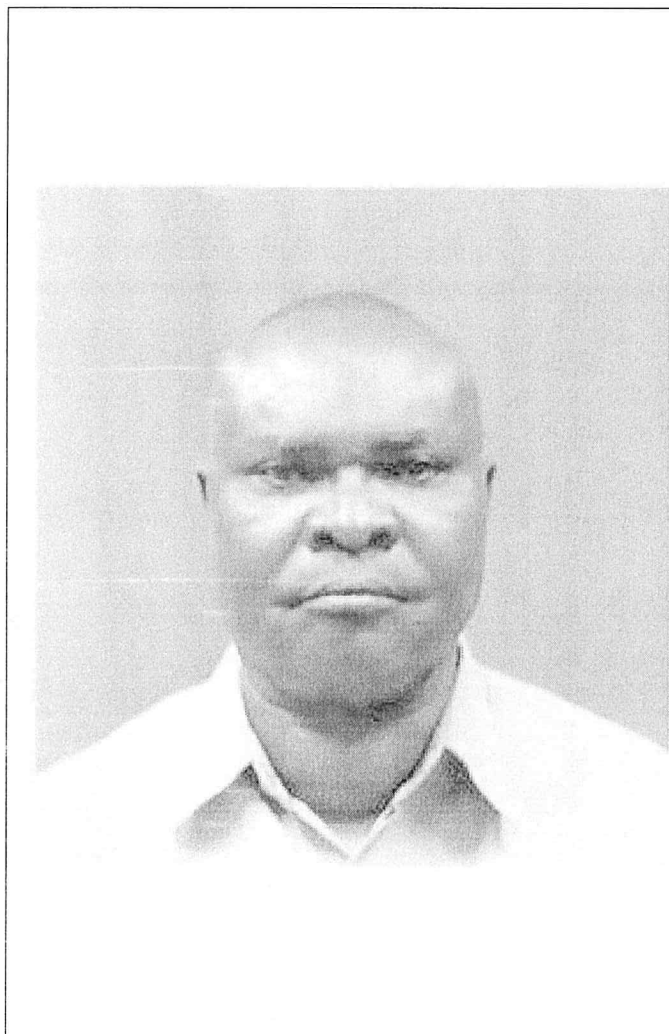
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

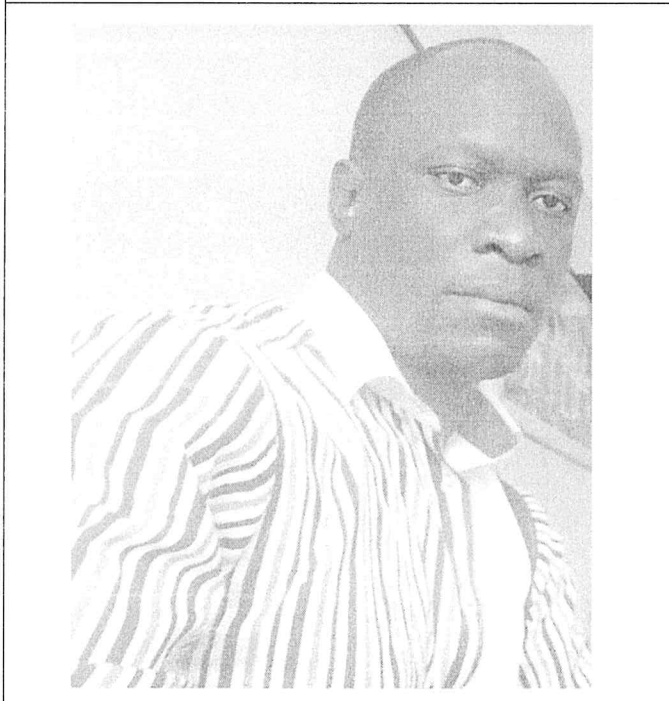
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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THE COUNCIL/BOARD OF GOVERNORS



Mr. David.T.Sasala was born on 28th September 1955. In the year 1963 he joined Tande Primary School for his primary education and sat his CPE in the year 1969. Having successfully sat his CPE examination he proceeded to Kivaywa High School for his O level and later to Kakamega High School for his A level. Having passed his K.C.S.E he joined Nairobi University to pursue a bachelor's degree in commerce (B-COM) accounting option and later joined Kenyatta University for a post graduate diploma in Education. Professionally Mr. Sasala has pursued CPA upto to part two. Mr. Sasala brings on board many years of experience having begun his career at Friends College Kaimosi as an accounting/auditing teacher in the year 1979. In the year 1986 he joined the Rift Valley Institute of Science and Technology (RVIST) where he became a HOD Commerce Department and grew through the ranks upto the post of Dean of Students. In the year 2005 through a TSC appointment Mr. Sasala went back to Friends College Kaimosi where he served for one year as the Deputy Principal after which he was promoted to the post of Principal which he held until the year 2015 when he retired on age grounds. Mr Sasala serves as the BOG chairman and was appointed on 07TH November 2017 for a period of three year



Mr. Geoffrey Ochieng was born on 27TH September 1977. In the year 1984 he joined Mulaha Primary School and sat his KCPE in the year 1991. He joined Ukwala Secondary School for his secondary Education and after excelling in KSCCE examination he joined Egerton University to pursue a bachelors degree in Agriculture Education and extension with a bias to teaching biology and agriculture. Mr. Ochieng is currently pursuing a masters degree in Public Health (MPH) specialising in epidemiology and population health. Mr. Ochieng brings on board a wide range of experience having begun his career at Impact project in Naivasha as a project coordinator he later spearheaded various projects as the project manager, the projects include APHIA II, LINKAGES project. Mr. Ochieng is currently working with the Kenya National Outreach, Counselling and Training (K-NOTE) as

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	<p>aproject manager in the APHIAplus project funded by USAID through FHI360. Mr Ochieng serves the board as a member of the BOG and was appointed on 07TH November 2017 for a period of three year</p>
	<p>Mr. Sammy Marathi Weru was born in the year 1965. He is a leading wildlife and natural resources management expert with 29 years postgraduate technical and practical experience in this field. He holds a BSc in Wildlife Management, Master of Science degree in Biology of Conservation and is about to finalize PhD studies in environmental policy at the Centre for Advanced Studies in Environmental Law and Policy, University of Nairobi, expecting to graduate in June 2019. He is engaged in consultancy services, specializing in Environmental Policy development; especially conservation incentives like Payment for Ecosystem Services (PES), Natural Resource Management and Programming, Climate Change, Environmental Assessment, Disaster Risk Reduction, and, Civil Society Capacity Development. He is particularly interested in three key development challenges of Africa – climate change adaptation, biodiversity conservation, and, sustainable access to water. He has 29 years' of experience which includes working for the Government of Kenya at the Kenya Wildlife Service (14yrs), an international NGO known as WWF (10yrs), the US Government at USAID (1yr) and 4.5 years as a private consultant. Mr Weru serves the board as a member of the BOG and was appointed on 07TH November 2017 for a period of three year</p>

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Mr. Samuel Mugo Wambugu was born in the year 1970 in Murang'a County. He joined Kiru Primary School for his primary education and after excelling in his studies he joined Nairobi school for his Secondary education. He later joined Moi university to pursue a bachelor's degree in B.Ed, Technology and later futhered his studies by pursuing a masters degree in Business Administration (Strategic Management)) at the Jomo Kenyatta University of Agriculture and Technology (JKUAT). Mr. Mugo brings on board many years of experience in Technical Instituion Management having begun his career at Kabete National Polytechnic as the Head of Department Mechanical Engineering Department and grew through the ranks from Registrar to the post of Deputy Principal Adminstration which he served until his appoint as the Principal Naivasha Technical and Vocational College. Mr. Samuel Mugo serves the board as the secretary.



Ms. Jane Wangui Macharia begun her schooling at Kiriko Primary School for her Primary Education and later Kiriani Girls Secondary School for secondary education and after excelling in her examinations she joined Kenya Polytechnic to pursue a diploma in Cartography and futhered it with a Diploma in Geoinformatics. She joined Kenya Methodist University (KEMU) to pursue a bachelors degree in Computer Information Systems and later pursued a master degree in Geographic Information System from the university of Nairobi. Ms. Jane begun her career as a cartographer in various survey projects such as Tourist Maps, Nairobi. Currently Madam Jane is a Geospatial Analyst at ICRAF. She serves the Naivasha Technical and Vocational College board as a board member and was appointed on 07TH November 2017 for a period of three year



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Ms. Lydia Muthoni began her schooling at Heni Primary School for her Primary Education and later Gatugi Girls High School for secondary education and after excelling in her examinations she joined Jomo Kenyatta University of Agriculture and Technology (JKUAT) to pursue a degree in medical laboratory sciences and later Kenya Methodist University (KEMU) to pursue a masters degree in Business Administration she later furthered her studies by studying an advanced diploma in technical education. Ms. Lydia began her career as a course coordinator and later a lecturer at Kenya Medical Training College. Currently Madam Lydia is the principal Outspan Medical College. She serves the Naivasha Technical and Vocational College board as a board member. She was appointed on 07TH November 2017 for a period of three year



Mr. Martin Mwaura Kinga was born in the year 1977. After excelling in his examinations he joined Egerton University to pursue a bachelors degree in Agribusiness Management. Mr. Ochieng began his career as a human resource officer and later a program coordinator at projects like Youth Prevention Kenya, OVC/HCBC etc. Currently Mr Mwaura is an associate program manager at the Kenya National Outreach, Counselling and Training Program (K-Note). He serves the Naivasha Technical and Vocational College board as a board member. He was appointed on 07TH November 2017 for a period of three year

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MANAGEMENT TEAM



Mr. Samuel Mugo Wambugu
PRINCIPAL

ACADEMIC QUALIFICATION

Bachelor of Education in technical education(Moi University)
 Master’s in Business Administration Strategic Management option (Jomo Kenyatta University of Agriculture and Technology)

EXPERIENCE -

Head of Mechanical Engineering Department - Kabete National Polytechnic)and Registrar -Kabete National Polytechnic
 Deputy Principal Administration- Kabete National Polytechnic



Mrs. Dorcas Njeri Macharia
DEPUTY PRINCIPAL

ACADEMIC QUALIFICATION

Master’s in Education (Economics of Education)- university of Nairobi

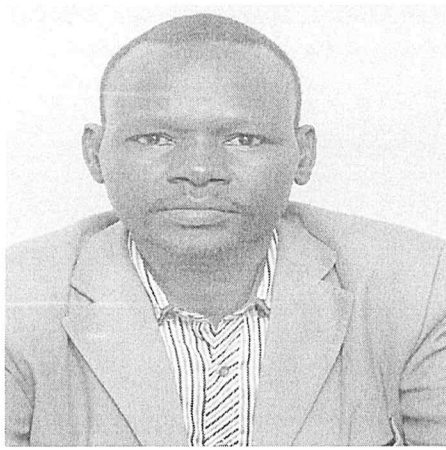

Bachelor of Education (Arts) -Kenyatta university

EXPERIENCE -

- **June 2019 - to date** Deputy Principal Naivasha Technical and Vocational College
- **March 2018 - June 2019** Acting Deputy Principal Naivasha Technical and Vocational College
- **Feb 2018 - June 2019** Naivasha Technical and Vocational College as a lecturer
- **2013 to Feb 2018** Emining Technical Training Institute as the Head of Department in Business Studies and Lecturer

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 <p>Mr. Erick.K.Chebii Ag.REGISTRA.</p>	<p>ACADEMIC QUALIFICATION</p> <ul style="list-style-type: none"> • Master’s in business administration finance option-Egerton University • Bachelor of Education (Mathematics and Business Studies)-Kenyatta University <p>EXPERIENCE –</p> <ul style="list-style-type: none"> • Jan 2019 to date Acting Registrar and Lecturer at Naivasha Technical and Vocational College • May 2018 – Jan 2019 Naivasha Technical and Vocational College as a lecturer • 2014 - May 2018 Mathematics and Business Studies Teacher
 <p>Mr.Herman Ndugi Munyare FINANCE OFFICER</p>	<p>ACADEMIC QUALIFICATION</p> <ul style="list-style-type: none"> • Master’s in business administration finance option- Jomo Kenyatta University of Agriculture and Technology) • Certified public accountant of Kenya- KASNEB • Bachelor of arts in education(economics)- Moi university <p>EXPERIENCE -</p> <ul style="list-style-type: none"> • Feb 2021 to date Financial Officer at Naivasha Technical and Vocational College. • 2017 ONSERIO And company CPAK as audit assistant • 2013-2021 kabete national polytechnic as a lecturer • 2013-2016 kife school of business as a parttime lecturer and accountant



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CHAIRMAN'S STATEMENT

The Naivasha Technical And Vocational College Board of Governors was appointed on 07TH November 2017 for a period of three year. The Board was inaugurated on 20th January 2018. During this tenure, systems, workplans, and programmes have been put in place to enable the college implement its mandate.

During this period the Board constituted management committees. The Board Committees included: - the Finance and Administration Committee which deals with finance and administration issues, the Audit Committee which deals with Audit matters of the Institute and the Academic/Human Resource Committee mandated to deal with all academics and staff related issues. All these committees and the Full Board provide timely advisory and policy guidance to the management.

The current board is the first Board of Governors of the institution and hence over the short period of time has been able to create a good foundation for the college to operate. The following are some of the activities undertaken by the board:-

1. Opening of Bank Accounts Signatories

- The board unanimously agreed to open bank accounts with Kenya Commercial Bank Account.

2. Coming up with the Fee Structure

After thorough discussion the board was able to come up with fee charges that are affordable to the locals and all Kenyans in general. This process was guided by the government directive on capitation for students. Where the total fees charged per year should not exceed Kshs.56,420 and students placed by the kuccps would benefit from government capitation of Kshs.30,000.

3. Recruitment of Staff.

The board has professionally undertaken the process of hiring of staff guided by the set guidelines in the laws of the land. Through the Public Service Commission the board was able to shortlist and interview 38. Successful applicants for the posts of technical trainers and the recommended applicants forwarded to the PSC for hiring.

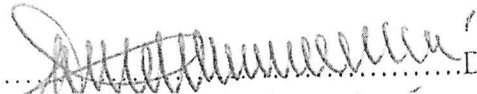
4. Performance Contracting.

The board of governors drafted a performance contract for the year 2019/2020 which will has been vetted by the Performance Contracting Board

Despite all the success we have had as a board there has been challenges with the main challenge being limited resources for the college. Being a new, young college resources have been very little.

Another challenge has been the impassible access road to the college .However as a board we know that the task bestowed upon us is enormous and challenging but we are up to the task to discharge our duties as required by law and would dedicate our time and energy to ensure the college produces competent and skilled manpower for the country.

Signature:



Chairman, Naivasha Technical and Vocational College.

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REPORT OF THE PRINCIPAL

Naivasha Technical and Vocational College is a newly established institution under the Ministry of Education, State Department of Technical and Vocational College. The college is currently on its second year since it opened its doors for students admission. The institute is situated near Longonot town off the Maai-Mahiu- Naivasha Road.

The College is guided by its vision which is to be a leading regional Competence Based Education and Training (CBET) provider in TVET, its mission which is to transform the lives of the youth through provision of relevant skills for self-reliance and national development and finally its core values which are Excellence, Access, Creativity and Collaboration.

During the year under review, Naivasha Technical And Vocational College has made immense strides towards realization of its mandates bearing in mind that the college is still in its formative years.

In the year under review, the college received operation grants from the Ministry of Education which boosted the college's financial status. Upon government directive that the total fees charged per year in TVET institutions should not surpass Kshs.56, 420 the college undertook various measures to implement this directive:-

- a. Reviewed the fee structure-The fee structure was reviewed to make sure that the fee charged does not exceed Kshs.56, 420 annually.
- b. The college started admitting students via the Kenya University and Colleges Central Placement Service (KUCCPS) this was undertaken to ensure that the students benefitted from government capitation of Kshs.30,000 which was a portion of the Kshs.56,420.
- c. The college also got into an MOU with the Higher Education Loans Board (HELB) this paved way for HELB TVET Loans application by the students.

The year under review also brought some changes in personnel where all the technical trainers transitioned from the Teachers Service Commission to the Public Service Commission, being a new college the college had only few teachers employed by the Public Service Commission and was entirely dependent on part-time lecturers but following an advert by the Public Service Commission in which the college had been allocated 7 trainers over 300 applications were made in various disciplines i.e Mechanical Engineering, Electrical Engineering and ICT and upon successful shortlisting and interview seven (7) candidates were recommended for employment. The seven (7) will play a vital role in the college achieving its mandates by most importantly reducing the college wage bill which was too high as the college was entirely dependent on part-time lecturers.

Academically the college was able to have its first group of students sit for KNEC examination and the results were very good as most students were able to pass their exams and upon rigorous marketing the need for artisan courses arose and the college management took the feedback positively and begun the process of registering the college with NITA which visited the college and the following courses were approved:-

- a. Arc Welding
- b. General Fitting
- c. Electrical Wireman
- d. Lathe Operator

The approved courses once operational would go in hand to increase the college's resources as it meant the college would increase its source of income in terms fees collection and also by sale of the products produced during training.

During the year under review the college was also visited by several groups and people they include:-



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- a. Principal Secretary State Department of Vocational and Technical Training-The principal secretary visited the college.
- b. Director TVET-The Director of Technical Education visited the college to monitor KNEC examinations.
- c. Presidential Delivery Unit-The Presidential Delivery Unit visited the college twice accompanied by senior government officials. They were in a mission to evaluate G.O.K projects.
- d. Ewaso Nyiro Development Authority –The Managing Director from the authority visited the college to find out how to solve water problems.

Challenges

In the year under review, the college was faced with the following challenges:-

- a. Budget cuts and delays in disbursement of funds.
- b. Water problems-The college borehole broke down leaving the college with an acute water shortage.
- c. Poor state of the road leading to the college. The college is located 2.5KM off the Naivasha Maai-Mahiu road with road connecting it to the highway being in a very bad state.
- d. Lack of boarding facility for students. There is a need of the college to have hostels for students who come from far. We have had cases where students have failed to report citing lack of hostels.
- e. Lack of transportation. The college lacks a college van for official operations.

Signature:



Samuel Mugo
Principal/BOG Secretary.

Principal
NAIVASHA TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 574 - 20117
NAIVASHA

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CORPORATE GOVERNANCE STATEMENT

The Board of Governors consists of nine (9) Board members. The members are of sound and varied intellectual capacity, skills and competencies which is quite essential for efficient and effective decision making.

To undertake its duties the Board has three (3) committees in place namely: -

1. Academic and Human resource committee Committee which mainly deals with Academic issues and human resources issues i.e hiring and firing of BOM staff, remuneration schemes of BOM staff and appraisal of staff. The committee is constituted of five (5) members.
2. Finance Committee which deals with budgeting and financial planning, reporting & monitoring of internal controls and accountability policies. The committee is constituted of five (5) members.
3. Audit Committee which deals with risk management, internal controls and governance. Then there is the Full Board to which all these Board Committees report their deliberations and recommendations for collective approval and resolution. The committee is constituted of three (3) members.

The Board operates on a government Financial Year. The Board Committees and the Full Board meet at least four (4) times a year. For unexpected issues a Special Board Meeting is called by the Principal in consultation with the Board Chairperson.

At the Management level the college has a number of committees to assist in decision making,

A budget is essential to undertake the college operations and activities. The budgetary process is annual, regular, consultative and participatory. The budget is implemented after presentation to the Board's Finance and Administration Committee for deliberation and approval by the Full Board.



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MANAGEMENT DISCUSSION AND ANALYSIS

During the of the financial 2018/2019 Naivasha Technical and Vocational College was able to undertake various activities leading to variance in the income and expenditure of the college as shown in the graph and pie chart(in the next page).

On Income during the financial year was able to increase and this was due to receipt of government capitation and grants.The income was also boosted by fee payment by the students through bursaries and HELB disbursements to students.

On expenditure during the the FY2018/2019 much was used on Personal Emoluments as the college was still dependent on partime lecturers.The expenditure on the rest of the vote heads was relatively low. .It was also during the financial yearr that the college undertook various activities:-

- PSC shortlisting and Interviews of trainers
- Knec Examination(July sitting)
- Enrollment of new students(September Intake)

However our challenge remains delay of funds from the Government Capitation initiative which has made us move at a slow pace in drafting and initiating projects within the college. Despite the financial constrains the college was able to operate debt free.

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REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Council/Board members submit their report together with the un-audited financial statements for the year ended June 30, 2019 which show the state of the college's affairs.

Principal activities

The principal activity of Naivasha Technical And Vocational College is to train trainees inline with the college's vision,mission and corevalues which are:-

Vison-To be a leading regional Competence Based Educational and Training(CBET)provider in TVET.

Mission-To transform the lives of youth through provision of relevant skills for self reliance and national development.

Corevalues-Excellence,Access,Creativity and Collaboration.

Results

The results of the entity for the 18months ended 30 June 2019 are set out on page 1-63

COUNCIL/BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board


Samuel Mugo W
Board Secretary.

Principal
NAIVASHA TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 574 - 20117
NAIVASHA



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STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

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

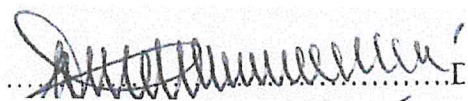
The council members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining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

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

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

Approval of the financial statements

The college's financial statements were approved by the Board on 12th July 2019 and signed on its behalf by:



Council Member



Council Member



Council Member



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE FOR THE 18 MONTHS' PERIOD ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Naivasha Technical and Vocational College set out on pages 1 to 46, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of cashflows and summary statement of comparison of budget and actual amounts for the period 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 not obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Errors in the Annual Reports and Financial Statements

The financial statements for the period ended 30 June, 2019 submitted for audit review had the following presentation anomalies:

- 1.1. The pages i to iii do not have title headers.
- 1.2. At page vii, a member of the Board of Governors (BOG) is described in two different names as Mr. Martin Mwaura Kinga and Mr. Ochieng.
- 1.3. Page xv reflects wrongly that results for the entity end on page 63 instead of page 46 while information for members of the BOG is shown as ending on page vi instead of vii.
- 1.4. Page 3 is blank.

Consequently, the financial statements for the period ended 30 June, 2019 do not conform to the presentation format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management

Act, 2012 which states that PSASB shall prescribe the formats for financial statements and reporting by all state organs and public entities.

2.0 Unsupported Revenue from Non-Exchange Transactions

As disclosed in Note 6 to the financial statements, the statement of financial performance for the period ended 30 June, 2019 reflects transfers from the national government of Kshs.3,660,000. The amount includes a total of Kshs.2,060,961 that was disbursed to the College by the Ministry of Education in two instalments on 28 March, 2018 and 10 March, 2018. However, bank statements and cashbooks were not provided for audit.

Consequently, the accuracy and completeness of the transfers from the national government of Kshs.3,660,000 for the period ended 30 June, 2019 could not be confirmed.

3.0 Unsupported Fees from Students

As disclosed in Note 10 to the financial statements, the statement of financial performance for the period ended 30 June, 2019 reflects fees from students of Kshs.2,079,130. The amount is in respect of revenue raised from tuition fees, library fees, facilities and materials and registration fees. However, the supporting schedule reflects Kshs.2,076,930, resulting in an unexplained variance of Kshs.2,200. Further, the schedules provided did not indicate the receipt numbers for the respective revenue.

Consequently, the accuracy and validity of the fees from students of Kshs.2,079,130 for the period ended 30 June, 2019 could not be confirmed.

4.0 Unsupported Employee Costs

As disclosed in Note 16 to the financial statements, the statement of financial performance for the period ended 30 June, 2019 reflects employee costs of Kshs.1,561,648. The amount was spent on payment of salaries of part time lecturers, travel and accommodation allowances and social contributions. However, the supporting schedule reflects Kshs.1,737,949, resulting in an unexplained variance of Kshs.176,301. Further, the employee costs include wages of part-time lecturers of Kshs.543,400. However, the schedule did not disclose the identification numbers of the lecturers, the dates when respective lessons were conducted, and the payment made per lesson.

Consequently, the accuracy and validity of the employee costs of Kshs.1,561,648 for the period ended 30 June, 2019 could not be confirmed.

5.0 Unsupported General Expenses

The statement of financial performance for the period ended 30 June, 2019 reflects general expenses of Kshs.1,601,282 as disclosed under Note 22 to the financial statements. However, the supporting schedule reflects Kshs.1,055,160, resulting in an unexplained variance of Kshs.546,122. Further, the schedule does not reflect the reference numbers of the payment vouchers.

Consequently, the accuracy and occurrence of the general expenses of Kshs.1,601,282 for the period ended 30 June, 2019 could not be confirmed.

6.0 Failure to Disclosure Property, Plant and Equipment

The statement of financial position as at 30 June, 2019 reflects property, plant and equipment of Kshs.39,750. However, it was noted that the College owns properties which include parcels of land, an office block and classes, multiple high value engineering plant and machinery, and computers which have not been valued and disclosed in the financial statements.

Consequently, the accuracy and completeness of the property, plant and equipment of Kshs.39,750 as at 30 June, 2019 could not be confirmed.

7.0 Unsupported Cash and Cash Equivalentents

The statement of financial position as at 30 June, 2019 reflects cash and cash equivalentents balance of Kshs.1,119,346 and as disclosed under Note 27 to the financial statements. The amount is held in three bank accounts, namely; Main, Development and Fund accounts. However, the balances of the three accounts were not supported by signed bank reconciliation statements. Further, the cashbooks of the Main and Development accounts did not reflect the respective balances as at 30 June, 2019.

Consequently, the accuracy and validity of the cash and cash equivalentents balance of Kshs.1,119,346 as at 30 June, 2019 could not be confirmed.

8.0 Unsupported Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2019 reflects receivables from exchange transactions of Kshs.536,360 which is in respect of student debtors. However, the schedules provided to support the balance did not show student admission number, course module, the fees invoiced, the amount paid and balance outstanding at the end of the financial period.

Consequently, the accuracy and completeness of the receivables from exchange transactions of Kshs.536,360, as at 30 June, 2019 could not be confirmed.

9.0 Budgetary Control and Performance

The summary statement of comparison of budget and actual amounts for the period ended 30 June, 2019 shows that the College had a total income budget of Kshs.74,621,268 against actual income of Kshs.6,836,451 or 9% of the expected amount. Similarly, the statement reflects a total expenditure budget of Kshs.74,620,998 against actual expenditure of Kshs.6,370,390 or 9% of the expected expenditure. The performance difference of approximately 91% is due to failure to obtain in full, the budgeted funding in government grants and public donations.

Consequently, the College was not able to implement its development projects, leading to impairment of service delivery.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1. Fixed Assets Register

The statement of financial position as at 30 June, 2019 reflects property, plant and equipment of Kshs.39,750. However, examination of the fixed assets register provided for audit lacked crucial information including serial numbers of items, dates of acquisition, cost of acquisition (value) of the asset, additions made during the financial period under review, depreciated values and net book values.

Consequently, the register may not be a reliable document for effective control of assets and preparation of financial statements.

2. Lack of Risk Management Policy

Documents provided for audit revealed that the College does not have a risk management policy that guides on assessment and evaluation of risk and to develop the strategies to mitigate them. This is contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015, which require the Accounting Officer to ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

Consequently, the College's risk mitigation strategies for the year under review could not be ascertained. In addition, the Management breached the law.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the entity 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

My responsibility is to conduct an audit of the College's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 December, 2021

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL PERFORMANCE FOR 18 MONTHS ENDED 30 JUNE 2019

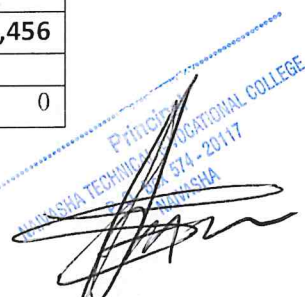
	Notes	2018-2019
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	6	3,660,000
Grants from donors and development partners	7	-
Transfers from other levels of government	8	-
Public contributions and donations	9	-
Receivables From non-exchange Exchange Transactions	29	560,961
Revenue from non-exchange transactions		4,220,961
Rendering of services- Fees from students	10	2,079,130
Sale of goods	11	-
Rental revenue from facilities and equipment	12	-
Finance income - external investments	13	-
Consultancy fees	14	-
Receivables From Exchange Transactions	28	536,360
Revenue from exchange transactions		
Total revenue		6,836,451
Expenses		
Use of goods and services	15	961,055
Employee costs	16	1,561,648
Remuneration of BOG	17	198,000
Depreciation and amortization expense	18	13,250
Repairs and maintenance	19	245,760
Contracted services	20	0
Grants and subsidies	21	0
General expenses	22	1,601,282
Finance costs	23	0
Total expenses		4,580,995
Other gains/(losses)		
Gain on sale of assets	25	0
Gain on foreign exchange transactions	26	0
Unrealized gain on fair value of investments		0
Total other gains/(losses)		0
Net SURPLUS for the year		2,255,456
Attributable to:		
Surplus/(deficit) attributable to minority interest		0



BOG chairperson



Finance officer (cpak n°26989)



Principal/BOG Secretary


NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

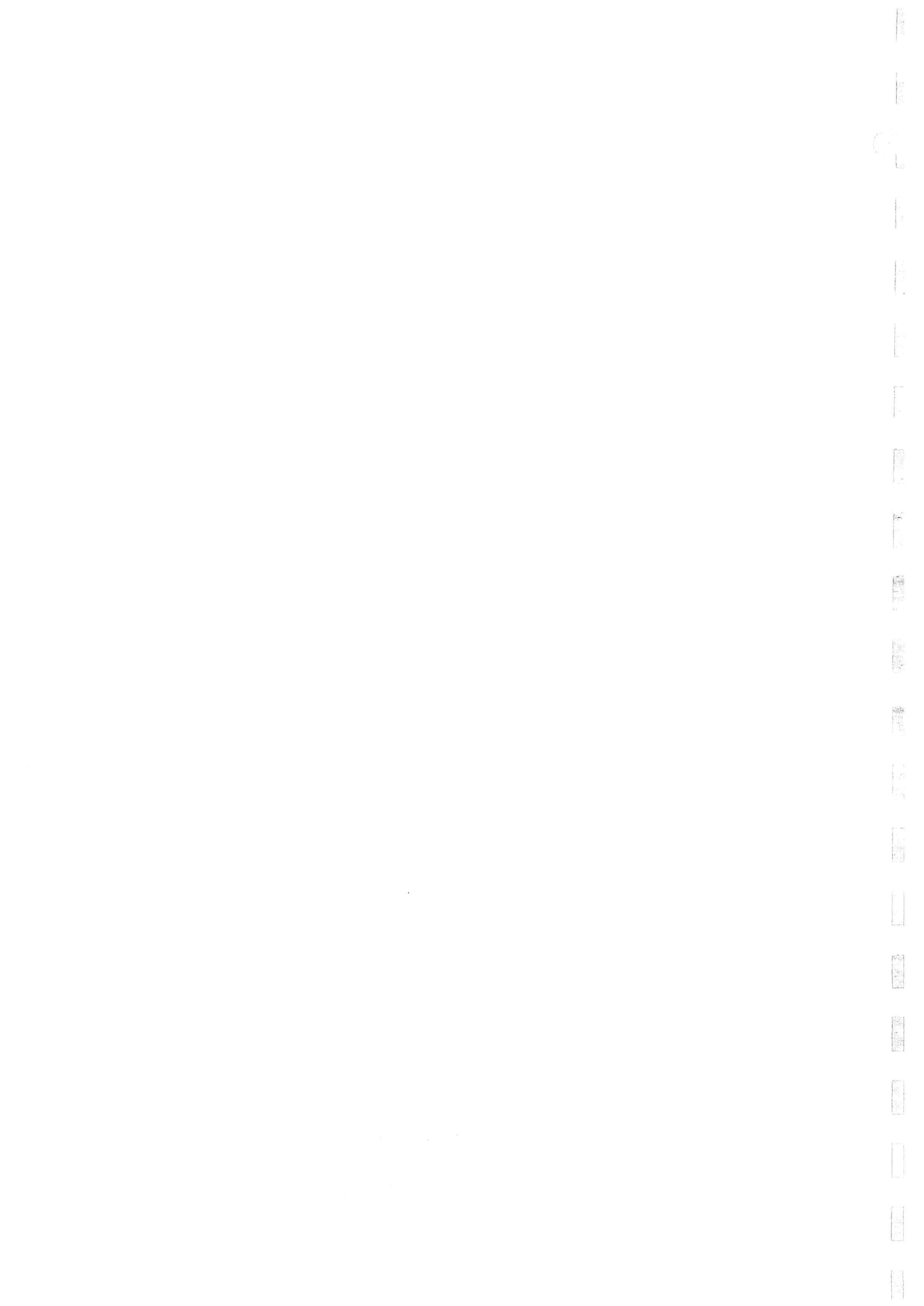
STATEMENT OF FINANCIAL POSITION FOR 18 MONTHS AS AT 30 JUNE 2019

	Notes	2018-2019 Kshs
Assets		
Current assets		
Cash and cash equivalents	27	1,119,346
Receivables from exchange transactions	28	536,360
Receivables from non-exchange transactions	29	560,000
Current portion of long-term receivables from exchange transactions	30	0
Inventories	31	0
Investments	32	0
Non-current assets		
Property, plant and equipment	32	39,750
Investments	33	0
Intangible assets	34	0
Investment property	35	0
Long term receivables from exchange transactions	30	0
Total assets		2,255,456
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	36	0
Refundable deposits from customers	37	0
Provisions	38	0
Finance lease obligation	39	0
Current portion of borrowings	43	0
Deferred income	40	0
Employee benefit obligation	41	0
Payments received in advance		0
Non-current liabilities		
Non-current employee benefit obligation	41	0
Non-current provisions	42	0
Borrowings	43	0
Service concession liability	44	0
Deferred tax liabilities	53	0
Total liabilities		0
Net assets		
Reserves		0
Accumulated surplus		2,255,456
Capital Fund		0
Total net assets and liabilities		


BOG chairperson


Finance officer (P.O. Box 571 (epa) N.H. 26989)


Principal/BOG Secretary



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

STATEMENT OF CHANGES IN NET ASSET FOR 18 MONTHS ENDED 30 JUNE 2019

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital Fund	Total
At July 1, 2018					
Revaluation gain	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	-	-	0
Capital/Development grants received during the year	-	-	-	-	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	0
At June 30, 2018					
At July 1, 2019					
Revaluation gain	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income-Surplus	-	-	2,255,456	-	2,255,456
Capital received during the year	-	-	-	-	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	
At June 30, 2019					
	-	-	2,255,456	-	2,255,456

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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BOG chairperson



[Handwritten signature]
Principal/BOG Secretary

STATEMENT OF CASH FLOWS FOR 18 MONTHS ENDED 30 JUNE 2019

	Note	2018-2019 Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants	6	3,660,000
Receivables From non-exchange Transactions	29	560,961
Rendering of services- Fees from students	10	2,079,130
Receivables From Exchange Transactions	28	536,360
Total Receipts		6,836,451
Payments		
Use of goods and services	15	961,055
Employee costs	16	1,561,648
Remuneration of BOG	17	198,000
General expenses	22	1,601,282
Repairs and maintenance	19	245,760
Total Payments		-4,567,745
Net cash flows from operating activities		2,268,706
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(53,000)
Proceeds from sale of property, plant and Equipment		
Increase in receivables		1,096,360.
Net cash flows used in investing activities		1,119,346
Cash flows from financing activities		
Net cash flows used in financing activities		0
Net increase/(decrease) in cash and cash equivalents		1,119,346
Cash and cash equivalents at 1 JULY		0
Cash and cash equivalents at 30 June	27	1,119,346

[Signature]



BOG chairperson

(epak n°26989)

[Signature]
MAIKASHA TECHNICAL & VOCATIONAL COLLEGE
NAIROBI
2017

Principal/BOG Secretary

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR 18 MONTHS ENDED 30 JUNE 2019

	Original budget 2018-2019 Kshs	Adjustments 2018-2019 Kshs	Final budget 2018-2019 Kshs	Actual on comparable basis 2018-2019 Kshs	Performance difference 2018-2019 Kshs
Revenue					
Transfers from other Govt entities Govt grants	33,287,268	0	33,287,268	4,220,961	29,066,667
Public contributions and donations	30,000,000	0	30,000,000	0	30,000,000
Rendering of services- Fees from students	11,284,000	0	11,284,000	2,615,490	8,668,510
Sale of goods	50,000	0	50,000	0	50,000
Finance Income	0	0	0	0	0
Consultancy Income	0	0	0	0	0
Gains on disposal, rental income and agency fees	0	0	0	0	0
Total income	74,621,268	0	74,621,268	6,836,451	67,785,177
Expenses					
Use of goods and services	1,300,000	0	1,300,000	961,055	338,945
Employee cost	6,401,248	0	6,401,248	1,560,687	4,840,561
Repair Maintenance&Innovation	59,002,500	0	59,002,500	245,760	58,756,740
General Expenses	3,173,000	0	3,173,000	1,601,282	1,571,718
Remuneration of BOG	4,744,250	0	4,744,250	198,000	4,546,250
Total expenditure	74,621,268	0	74,620,998	6,370,390	70,054,214
Surplus for the period					

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

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BOG chairperson



Principal/BOG Secretary



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Naivasha technical and vocational college entity is established by and derives its authority and accountability from Technical and Vocational Education and Training Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(State the impact of the standard to the entity if relevant)</i>



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

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NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

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

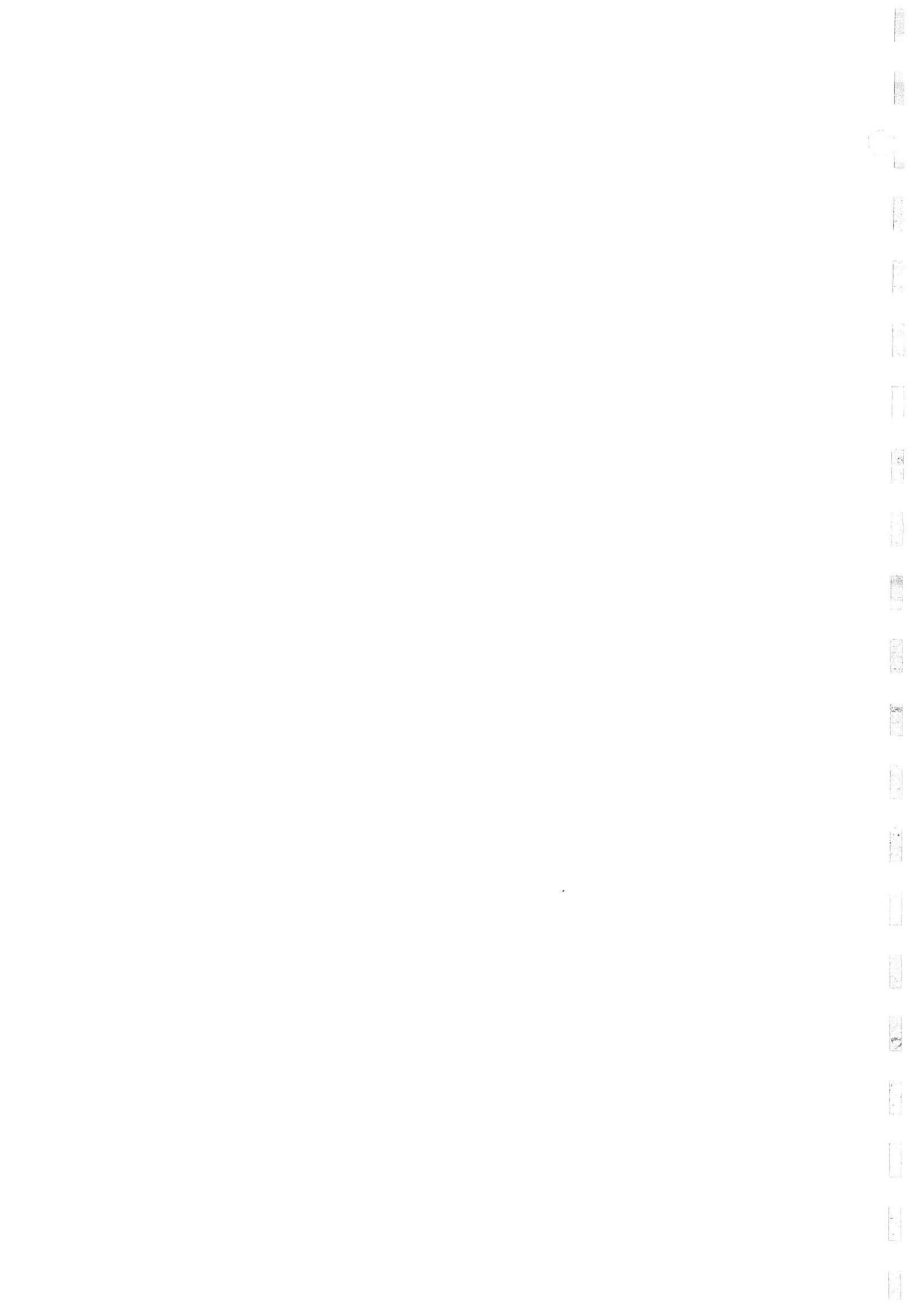
Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR 18 MONTHS ENDED 30 JUNE 2019

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on *0x*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2018/2019 budget following the Council/Board's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *0* of these financial statements.

c) Taxes

Current income tax

- The entity is exempt from paying taxes as per The Education Act, Chapter 211 of the Laws of Kenya [1980]



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 5 years.

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

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

e) Property, plant and equipment

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



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Depreciation policy of the entity

The entity depreciates its assets full year depreciation in the year of purchase and no depreciation on year of disposal.

Property plant and equipment	Depreciation rate
Educational buildings including student hostels	10% per year on reducing balance
Motor vehicle and heavy earth moving equipment	25% per year on reducing balance
Computer and peripheral computer hardware and software, calculators, copiers and duplicating machines	25% per year on reducing balance
Furniture and fittings	10% per year on reducing balance
Telecommunications equipment	10% per year on reducing balance

2

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

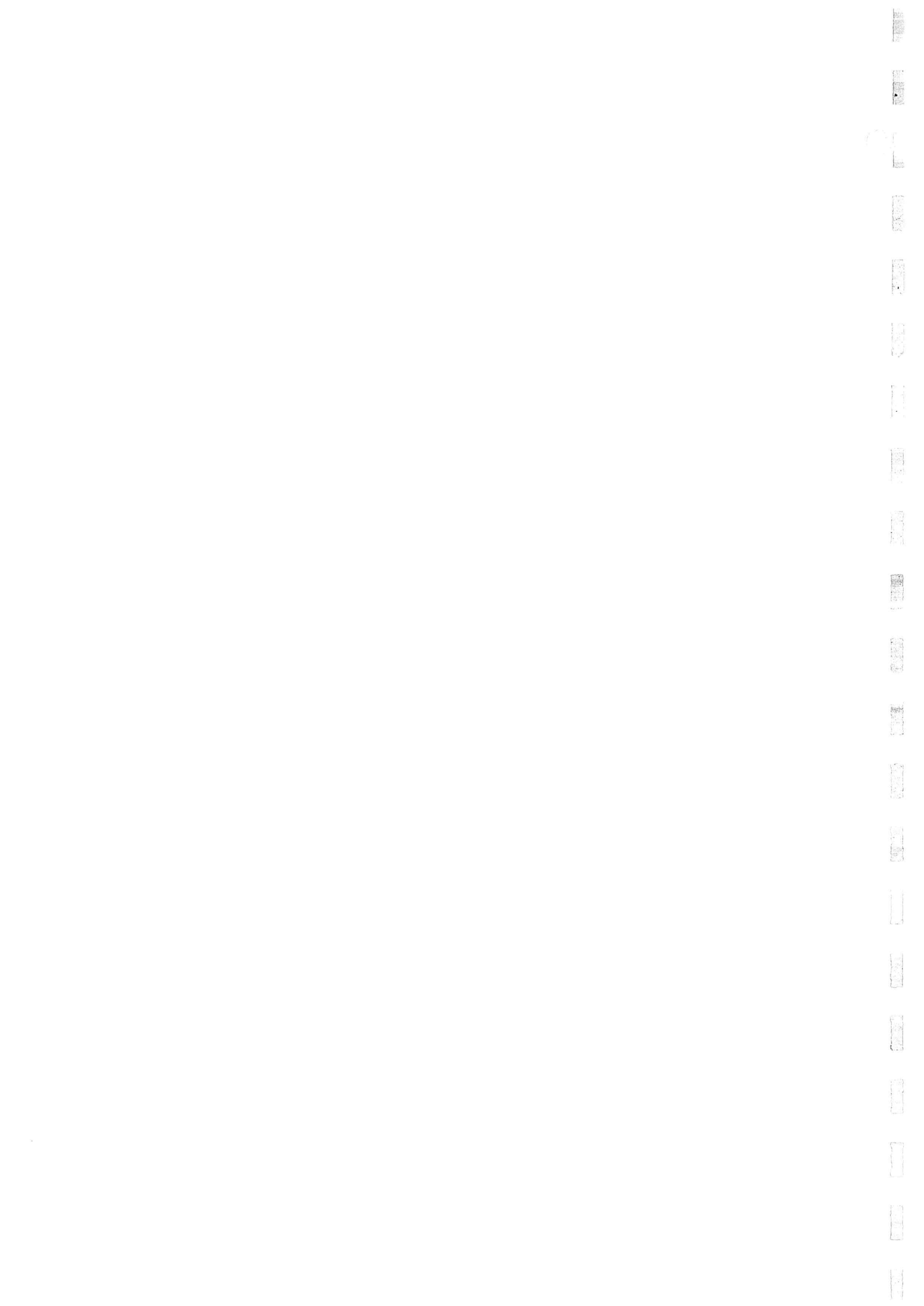
Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated 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 a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

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:

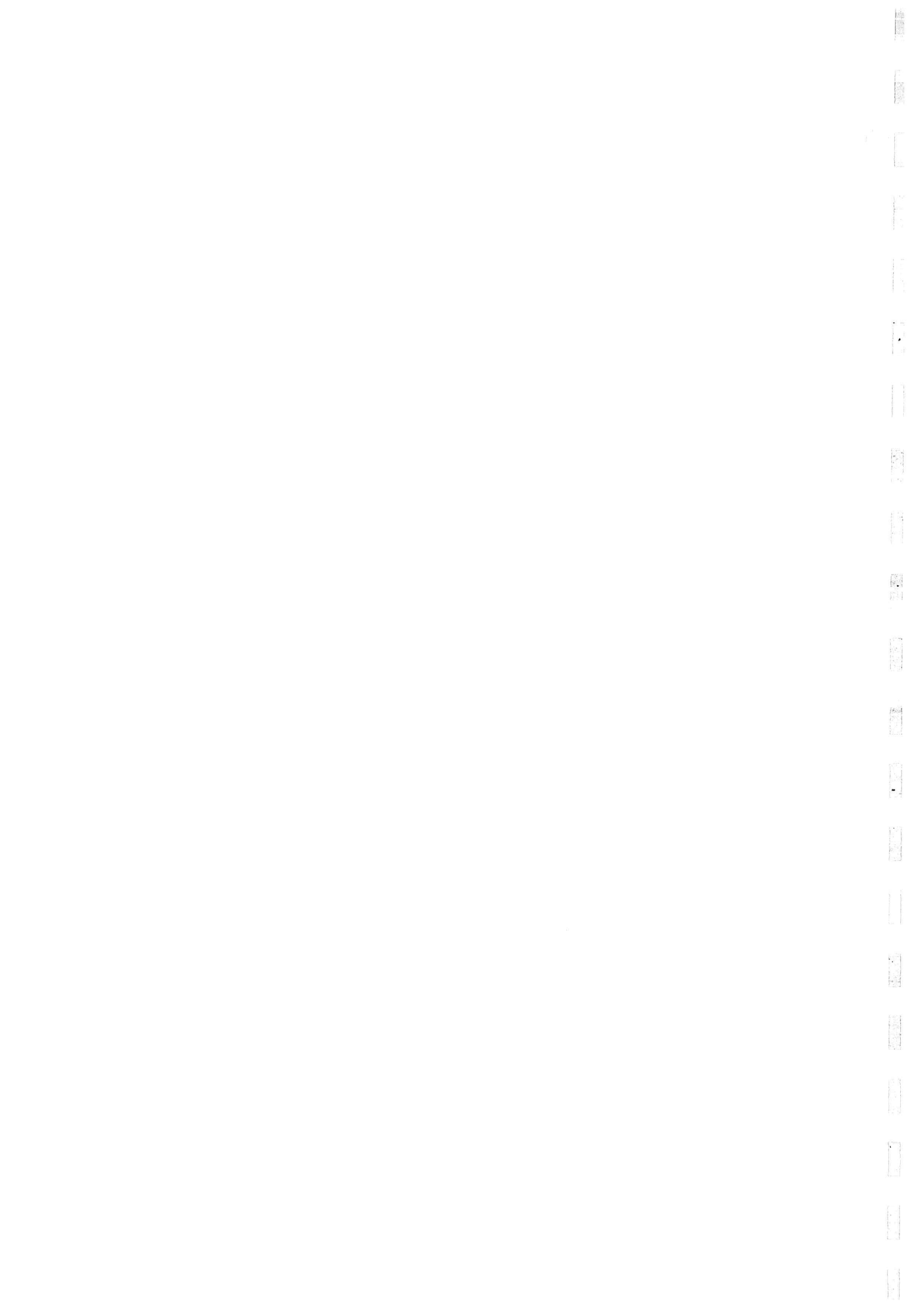
- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes 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 0.

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

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



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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019
	KShs
Unconditional grants	
Operational grant	3,660,000
Other grants	0
	0
Conditional grants	
Library grant	0
Hostels grant	0
Administration block grant	0
Laboratory grant	0
Learning facilities grant	0
Other organizational grants	0
Total government grants and subsidies	3,660,000

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year
			KShs	KShs
0 Ministry/State Department	0	0	0	3,660,000
Ministry	0	0	0	0
Total	0	0	0	3,660,000

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS

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

(Provide brief explanation for this revenue)

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

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

(Provide brief explanation for this revenue)

13 FINANCE INCOME

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

(Provide brief explanation for this revenue)

14 OTHER INCOME

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 USE OF GOODS AND SERVICES

Description	2018-2019 KShs
Electricity	676,328
Water	0
Security	0
Tuition Equipment and Stores	265,687
Activity	19,040
Total good and services	961,055

16 EMPLOYEE COSTS

	2018-2019 KShs
Salaries and wages	1,378,195
Employee related costs - contributions to pensions and medical aids	0
Travel, motor car, accommodation, subsistence and other allowances	183,453
Housing benefits and allowances	0
Overtime payments	0
Performance and other bonuses	0
Social contributions	0
Employee costs	1,561,648

17 REMUNERATION OF BOARD OF GOVERNORS

Description	2018-2019 KShs
Chairman's Honoraria	0
Directors emoluments	0
Other allowances-sitting allowance	198,000
Total director emoluments	198,000

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019 KShs
Property, plant and equipment	13,250
Intangible assets	0
Investment property carried at cost	0
Total depreciation and amortization	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 REPAIRS AND MAINTENANCE

Description	2018-2019
	KShs
Property	0
Investment property – earning rentals	0
Equipment and machinery	0
Vehicles	0
Furniture and fittings	0
Computers and accessories	0
Other	245,760
Total repairs and maintenance	245,760

20 CONTRACTED SERVICES

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

21 GRANTS AND SUBSIDIES

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 GENERAL EXPENSES

Description	2018-2019 KShs
Advertising	175,000
Admin fees	413,197
Audit fees	0
Conferences and delegations	0
Consulting fees	0
Consumables	0
Electricity	0
Fuel and oil	0
Insurance	28,555
Legal expenses	0
Licenses and permits	0
Postage	7,830
Printing and stationery	45,298
Hire charges	0
Sundry expenses/petty cashbook	439,802
Security costs	0
Sewage treatment costs	0
Skills development levies	0
Inventory scrapping	0
Telecommunication	13,000
Internet	26,800
Examination payments	451,800
Total general expenses	1,601,282

23 FINANCE COSTS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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24 GAIN ON SALE OF ASSETS

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

25 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

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

26 IMPAIRMENT LOSS

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

27 CASH AND CASH EQUIVALENTS

Description	2018-2019
	KShs
Current account	
Main account - 1223309193	107,246
Development account-1223309746	1,002,000
Fund account -1223309444	10,100
On - call deposits	0
Fixed deposits account	0
Staff car loan/ mortgage	0
Others(specify)	0
Total cash and cash equivalents	1,119,346

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

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

		2018-2019
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank-Main A/C	1223309193	107,246
Development A/C	1223309746	1,002,000
Fund A/C	1223309444	10,100
Sub- total		1,119,346
b) On - call deposits		
Kenya Commercial bank		0
Equity Bank - etc		0
Sub- total		0
c) Fixed deposits account		
Kenya Commercial bank		0
Bank B		0
Sub- total		0
d) Staff car loan/ mortgage		
Kenya Commercial bank		0
Bank B		0
Sub- total		0
e) Others(specify)		
Cash in transit		0
cash in hand		0
M pesa		0
Sub- total		0
Grand total		0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019
	KShs
Current receivables	
Student debtors	536,360
Rent debtors	0
Consultancy debtors	0
Other exchange debtors	0
Less: impairment allowance	0
Total current receivables	536,360
Non-current receivables	
Refundable deposits	0



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Advance payments	0
Public organizations	0
Less: impairment allowance	0
Total	0
Current portion transferred to current receivables	0
Total non-current receivables	0
Total receivables	536,360

29 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019
	KShs
Current receivables	
Transfers from other govt. entities	0
Undisbursed donor funds	0
Other debtors (non-exchange transactions)-kabete national polytechnic	560,000
Less: impairment allowance	0
Total current receivables	560,961

30 INVENTORIES

Description	2018-2019
	KShs
Consumable stores	0
Maintenance stores	0
Health Unit stores	0
Electrical stores	0
Cleaning materials stores	0
Catering stores	0
Total inventories at the lower of cost and net realizable value	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 INVESTMENTS

Description	2018-2019
	KShs
a) Investment in Treasury bills and bonds	
Financial institution	
CBK	0
CBK	0
Sub- total	0
b) Investment with Financial Institutions/ Banks	
Bank x	0
Bank y	0
Sub- total	0
c) Equity investments (specify)	
Equity/ shares in company 0	0
Sub- total	0
Grand total	0

d) Shareholding in other entities

For investments in equity share listed under note 31 (c) above, list down the equity investments under the following categories:

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



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Printer)		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 Jan 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	-	-	53,000	-	-	-	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	-	-	-	-	(0)	-	-	-	(0)	(0)	(0)	(0)
Transfers/adjustments	0	0	(0)	(0)	0	0	(0)	(0)	(0)	-	-	-	0	0	0	(0)
At 30 th June	0	0	0	0	0	0	0	0	53,000	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	-	-	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	-	-	-	-	-	-	(0)	-	-	-	(0)	(0)	(0)	(0)
Transfer/adjustments	(0)	(0)	0	0	0	0	(0)	(0)	(0)	-	-	-	0	0	0	(0)
At 30 th June 2019	0	0	0	0	0	0	0	0	53,000	0	0	0	0	0	0	0
Depreciation and impairment																
At 1 Jan 2019	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(13,250)	-	-	-	(0)	(0)	(0)	(0)
Impairment	(0)	(0)	-	-	-	-	-	-	(0)	-	-	-	-	-	-	(0)
At 30 th June 2019	0	0	0	0	0	0	0	0	13,250	0	0	0	0	0	0	0
Depreciation	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Disposals	0	0	-	-	-	-	-	-	0	-	-	-	0	0	0	0
Impairment	(0)	(0)	(0)	(0)	-	-	-	-	(0)	-	-	-	-	-	-	(0)
Transfer/adjustment	0	0	(0)	(0)	(0)	(0)	0	0	(0)	-	-	-	(0)	(0)	0	0
At 30 th June 0	0	0	0	0	0	0	0	0	13,250	0	0	0	0	0	0	0
Net book values																
At 30 th June 2019	0	0	0	0	0	0	0	0	39,750	0	0	0	0	0	0	0
At 30 th June 2019	0	0	0	0	0	0	0	0	39,750	0	0	0	0	0	0	0
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NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 INTANGIBLE ASSETS-SOFTWARE

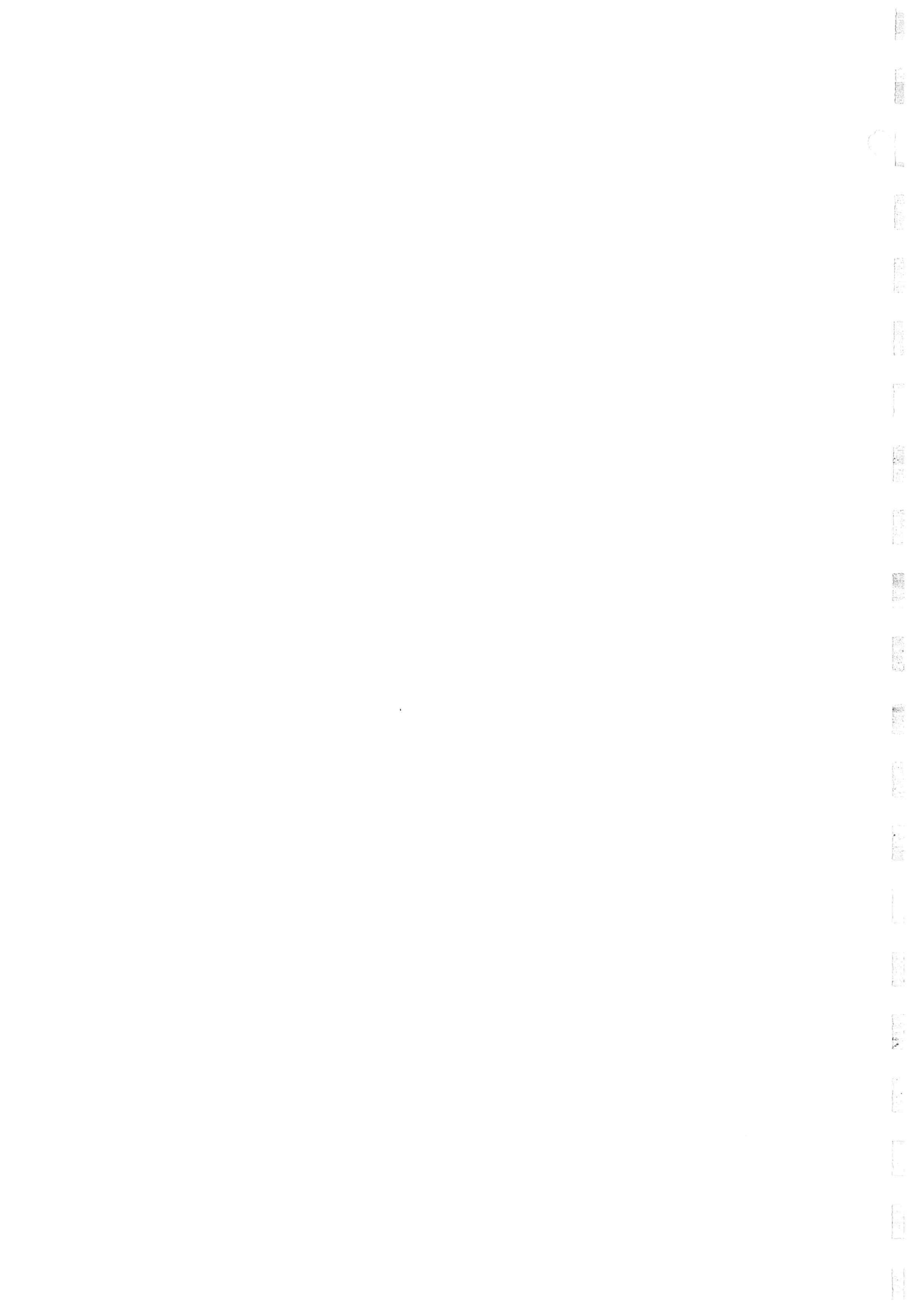
Description	2018-2019
	KShs
Cost	
At beginning of the year	0
Additions	0
At end of the year	0
Additions—internal development	0
At end of the year	0
Amortization and impairment	
At beginning of the year	0
Amortization	0
At end of the year	0
Impairment loss	0
At end of the year	0
NBV	0

34 INVESTMENT PROPERTY

Description	2018-2019
	KShs
At beginning of the year	0
Additions	0
Fair value gain	0
Depreciation (where investment property is at cost)	0
At end of the year	0

35 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019
	KShs
Trade payables	0
Fees paid in advance	0
Employee advances	0
Third-party payments	0
Other payables	0
Total trade and other payables	0



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018-2019
	KShs
Consumer deposits	0
Caution money	0
Other refundable deposits	0
Total deposits	0

37 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Transfers from non -current provisions	0	0	0	0
Total provisions	0	0	0	0

38 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2018-2019
	KShs	KShs	KShs	KShs
Within current year	0	0	0	0
Long term portion of lease payments	0	0	0	0
Total provisions	0	0	0	0

39 DEFERRED INCOME

Description	2018-2019
	KShs
National government	0
International funders	0
Public contributions and donations	0
Total deferred income	0

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NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/donors	Public contributions and donations	Total
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to income statement	(0)	(0)	(0)	(0)
Other transfers	(0)	(0)	(0)	(0)
Balance carried forward	0	0	0	0

40 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	20xx-20xx	20xx-20xx
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is based on 0 percentage of salary of an employee at the time of retirement. During the year, 0 actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	20xx-20xx	20xx-20xx
	KShs	KShs
Valuation at the beginning of the year	0	0
Changes in valuation during the year	0	0
Valuation at end of the year	0	0

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.720 per employee per month.

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NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 NON-CURRENT PROVISIONS

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Less: Current portion	0	0	0	0
Total deferred income	0	0	0	0

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 37)

42 BORROWINGS

Description	2018-2019
	KShs
Balance at beginning of the period	0
External borrowings during the year	0
Domestic borrowings during the year	0
Repayments of external borrowings during the year	0
Repayments of domestic borrowings during the year	0
Balance at end of the period	0

42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2018-2019
	KShs
External Borrowings	
Dollar denominated loan from 'organisation'	0
Sterling Pound denominated loan from organisation'	0
Euro denominated loan from organisation'	0
Domestic Borrowings	0
Kenya Shilling loan from KCB	0
Kenya Shilling loan from Barclays Bank	0
Kenya Shilling loan from Consolidated Bank	0
Total balance at end of the year	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2018-2019
	KShs
Short term borrowings(current portion)	0
Long term borrowings	0
Total	0

(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).

43 SERVICE CONCESSION ARRANGEMENTS

Description	2018-2019
	KShs
Fair value of service concession assets recognized under PPE	0
Accumulated depreciation to date	0
Net carrying amount	<u>0</u>
Service concession liability at beginning of the year	0
Service concession revenue recognized	0
Service concession liability at end of the year	<u>0</u>

44 CASH GENERATED FROM OPERATIONS

	2017-2018
	KShs
Surplus for the year before tax	
Adjusted for:	
Depreciation	0
Non-cash grants received	(0)
Contributed assets	(0)
Impairment	0
Gains and losses on disposal of assets	(0)
Contribution to provisions	0
Contribution to impairment allowance	0
Finance income	(0)
Finance cost	0
Working Capital adjustments	
Increase in inventory	(0)
Increase in receivables	(0)
Increase in deferred income	0
Increase in payables	0
Increase in payments received in advance	0
Net cash flow from operating activities	0

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

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NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20xx				
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 20xx				
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. 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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 20xx				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 201xx			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0	0
USD	10%	0	0
20xx			
Euro	10%	0	0
USD	10%	0	0

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.



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 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 0 (2016: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2012 – KShs 0)

iv) Capital Risk Management

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

	20xx-20xx	20xx-20xx
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	xx%	xx%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 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) 0;
- iv) 0;
- v) 0;
- vi) Key management;
- vii) Board of directors;

	20xx-20xx	20xx-20xx
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to 0	0	0
Sales of services 0	0	0
Total	0	0
b) Grants from the Government		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 0 employees	0	0
Payments for goods and services for 0	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the CEO	0	0
Compensation to key management	0	0
Total	0	0

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 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)

48 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	20xx-20xx	20xx-20xx
	Kshs	Kshs
Court case 0 against the company	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

49 CAPITAL COMMITMENTS

Capital commitments	20xx-20xx	20xx-20xx
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

(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 board but at the end of the year had not been contracted or those already contracted for and ongoing)

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 education . Its ultimate parent is the Government of Kenya.

52 Currency

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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

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

Date.....



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

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



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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of technical education			
	FY xx/xx			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	0	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	0	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	0	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	0	

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

Finance Manager
0 entity

Sign -----

Head of Accounting Unit
0 Ministry

Sign-----

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	0	Recurrent	3,660,000	0	0	0	0	0	3,660,000
Ministry of Education	0	Development	0	0	0	0	0	0	0
USAID	0	Donor Fund	0	0	0	0	0	0	0
Ministry of Education	0	Direct Payment	0	0	0	0	0	0	0
			0	0	0	0	0	0	0
Total			3,660,000	0	0	0	0	0	3,660,000

