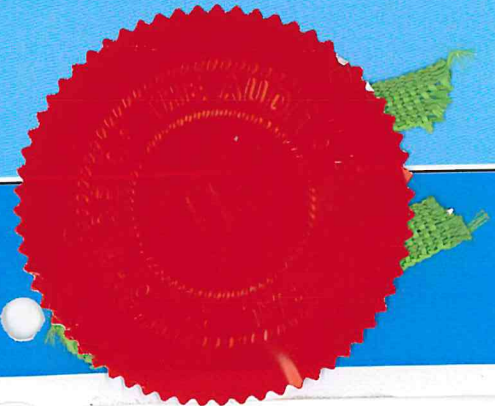




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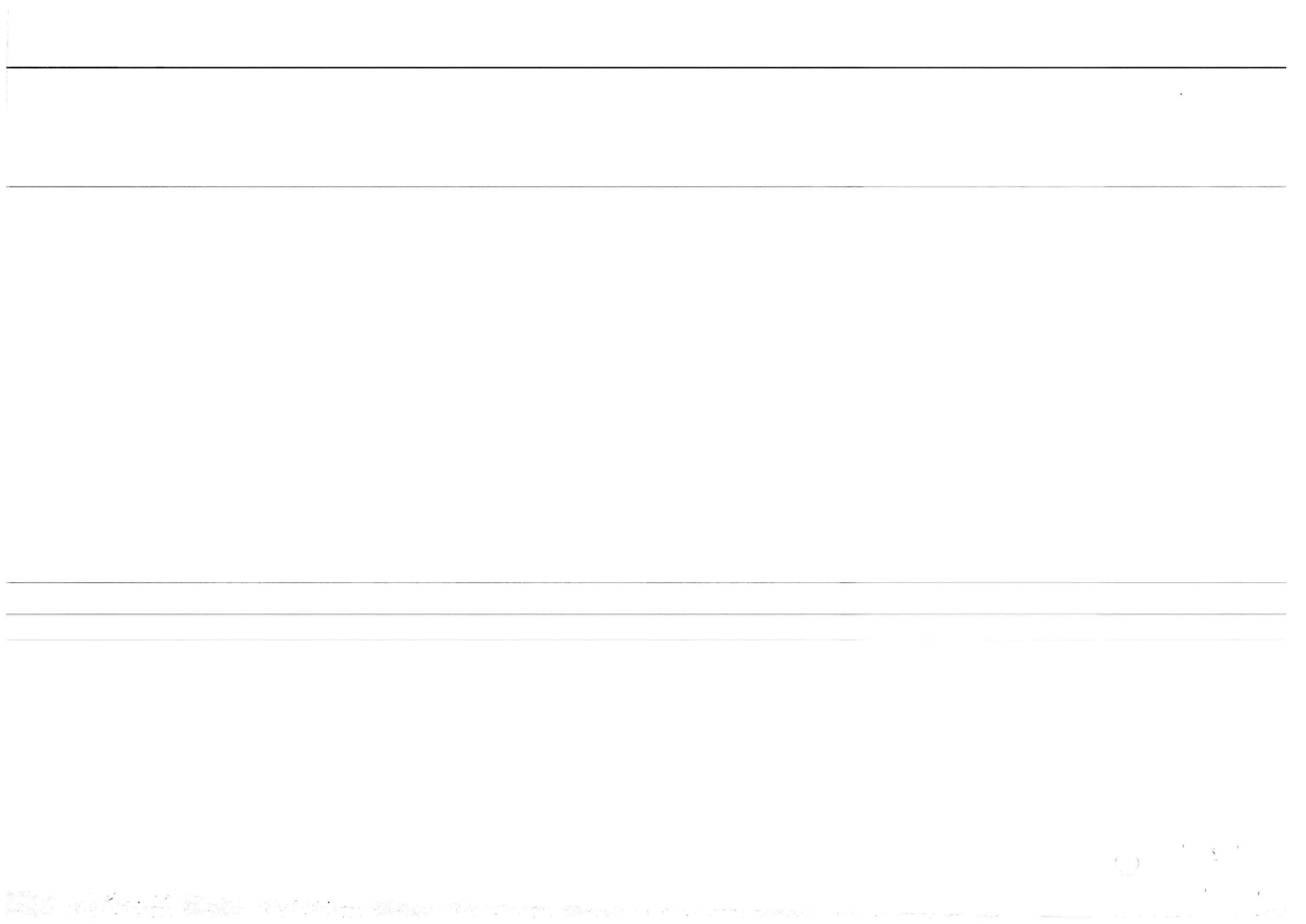


THE AUDITOR-GENERAL

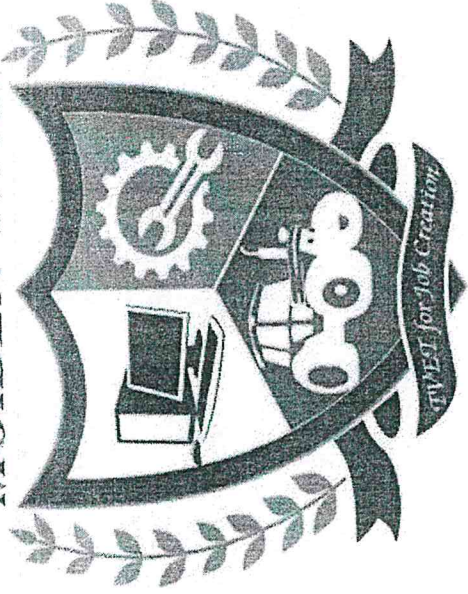
ON

**MOIBEN TECHNICAL AND
VOCATIONAL COLLEGE**

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



MOIBEN T.V.C.



OFFICE OF THE AUDITOR GENERAL
ELDORET HUB

26 MAY 2021

RECEIVED
P.O. Box 2774 - 30100, ELDORET.

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED

30 JUNE 2020

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Moiben Technical and Vocational College was incorporated/ established under the TVET Act on 21st December 2017 under Ministry of Education.

The institution is situated in Moiben Township, Moiben Sub-County of Uasin Gishu. The college is 20 km off Eldoret – Iten road to the north.

Moiben TVC offers 11 courses both in Science Engineering and Technology and Business oriented areas. Courses are placed under Technical and Business training departments.

Admission, Examination, industrial liaison offices have been established to complement training operations in college.

Vision

To be a centre of excellence in the provision of technical and vocational training

Mission

To provide quality Technical Vocational education and Training that meet the dynamic needs of Society and Industry

(b) Principal Activities

- i. To provide Technical and vocational and Education training to citizens of Kenya
- ii. To contribute to industrial and technological development through innovations and technology transfer
- iii. Collaborate with Curriculum developers, industry and other players to provide training in competency based education(CBET)

Results

The results of the college for the year ended June 30 2020 are set out on page 1 to 49 of the annual financial statements.

(c) Key Management

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

- Board Governors
- Accounting officer/ Principal
- Heads of department

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(d) Fiduciary Management.

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

No.	Designation	Name
1.	Principal	Mr. Mark Kitongo
2.	Head of Finance	Mr. Nelson Kemboi
3.	Head of Procurement	Mr. Patrick Toroitich

(e) Fiduciary Oversight Arrangements

The Board of Governors' Sub-committees facilitate decision making to assist the Board in execution of its duties, powers and authority; however delegation of authority to the committees does not in any way take away the prerogative powers of the Main Board in discharging its duties. The Committees have been established with formal written terms of reference to guide their activities. In the Financial Year 2019-2020, the following Board sub-committees were in place:

i. Finance and Human Resource

Ms. Gladys Nyakweba	Chairperson
Ms. Paustine Chemweno	Member
Rev. David Ng'ang'a	Member
Mr. Mark Kitongo	Secretary

ii. Training and infrastructure

Mr. Eliakhim Khaemba	Chairman
Eng. Nancy Tannu	Member
Ms. Esther Mutai	Member
Mr. Mark Kitongo	Secretary

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KEY MOIBEN TECHNICAL AND VOCATIONAL COLLEGE INFORMATION AND
MANAGEMENT (Continued)

(f) Moiben Technical and Vocational College Headquarters

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
P.O. BOX 10715- 30100
ELDORET
KENYA

(g) Moiben Technical and Vocational College Contacts

Telephone: (254) 716 287 367, 254782 110 715
E-mail: moibentvc@gmail.com.

(h) Moiben Technical and Vocational College Bankers

1. Kenya commercial Bank
Eldoret Main Branch
Account name – Moiben Technical and Vocational College
Account number: 1216740445
2. African Corporation bank
Eldoret Branch – Zul arcade
Account number: 00521500 100 5226

(i) Independent Auditors

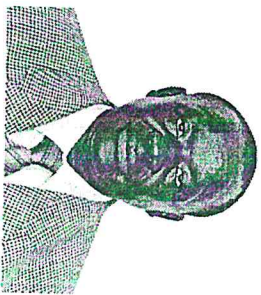
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

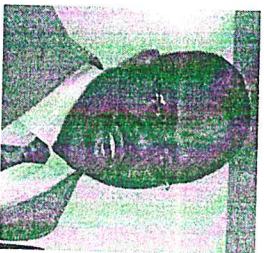
**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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THE BOARD/BOARD OF GOVERNORS



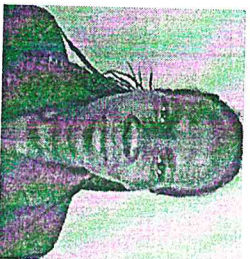
**Eng. Luke Kangogo, MBA DSM –
Chairman**

Luke was Born on 14th September 1956. He is the current Chairman of Board of governors of Moiben technical and Vocational College.
He has a wealth of experience in the aviation industry. He worked with the Kenya Air Force for 12 years, Kenya Airways- 10 years, Kenya Civil Aviation Authority- 7 years and the East African Community- 7 Years.
He is a Licensed Aircraft Maintenance Engineer (LAME),
He is currently a member of Board of Agricultural Finance corporation and Board Member of Eldoret Dairy Farmers Association
He has Masters in Business Administration (MBA) - Aviation option
Luke is decorated with a Presidential award of Distinguished Service Order Medal (DSM)
Member Institute of Directors (Kenya).



Rev. David Ng'ang'a - Member

Rev. Ng'anga was born in 1973.
He is a member of the Finance and HR committee. He is a senior Pastor at AIC fellowship in Eldoret with a wealth of experience in pastoral duties; he has worked with the public in National cohesion peace initiatives in the Rift valley, and has served in the several high schools Boards as Chairman and member. He has a Masters in Counseling Psychology from Moi University and Bachelor of Theology from Kabarak university.



Eng. Nancy Tanui - Member

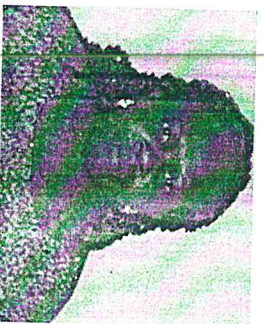
Eng. Tanui was born on 25th February 1982. She is a member of the Infrastructure, Education and Training committee. She has working experience as Consulting Engineer for over 8 years.
She is a member of Engineers Board of Kenya and corporate member of Institute of engineers of Kenya.

She is a graduate with Msc. in Structural Engineering from Moi University

Paustine was born on 12th July 1973. She is a member of the Human Resource and Finance Committee.





She has a wide experience in financial management and education sector.

She currently the Director of JIM JAM Academy. She has a Master's degree in Strategic management from Moi University.




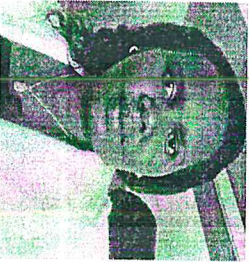
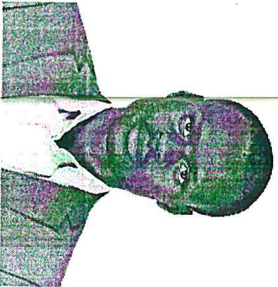
Ms. Paustine Chenweno - Member

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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 <p align="center">Mrs. Esther Mutai Member (representative of County Governor)</p>	<p>She is the representative of the Governor of Uasin Gishu County in the Board. She currently works at the Department of Education Youth affairs and Social Services – Uasin Gishu County She holds a Bachelors’ degree in Education</p>
 <p align="center">Ms. Gladys Nyakweba – (Member) chairperson of Finance and Human Resource sub- committee</p>	<p>Gladys was born on 24th August 1981 She is the Chairperson of the Human Resource and Finance Committee. She was a lecturer at Kisii university for 2yrs up to 2018 She is a graduate of MBA – finance option. She has a Bachelor of business management (accounting option) from Moi University and a holder of CPAK.</p>
 <p align="center">Mr. Eliakim Khaemba – (Member) Chairman Infrastructure Education and training sub – committee</p>	<p>Eliakim was born on 17/12/1981 He is the chairman of the Infrastructure, Training and Education Committee He is a holder of M.Sc. Information systems from Kisii University and a private consultant on ICT solutions.</p>
 <p align="center">Mr. Mark Kitongo Secretary to the Board</p>	<p>Kitongo was born on 1/3/1971 He is the Current Principal of Moiben TVC and Secretary to the Board. He has 26 years’ experience in Technical training (TVET) and has served in various administrative capacities. He is a graduate with Bachelor of Technology – Education from University of Eldoret, has Higher Diploma in Mechanical Engineering, and Diploma in Technical Education. He has attended an induction course in education management at the Kenya Education Staff Institute and Senior management course at School of Government.</p>

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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MANAGEMENT TEAM

S.NO	KEY MANAGERS	KEY PROFESSIONAL/ACADEMIC QUALIFICATION	AREA OF RESPONSIBILITY
1.	 Mr Mark Kitongo	<ul style="list-style-type: none"> - Bed Technology Education, Higher Diploma in Mechanical Engineering, Diploma in Technical Education, - Induction course in education management (Kenya Education Staff Institute) - Senior management course(School of Government) 	<ul style="list-style-type: none"> - Principal/CEO/ Secretary to the Board
2	 Dr. Sheila Kandie	<ul style="list-style-type: none"> - D. Phil – education and administration - Master of education and administration - senior management course (School of Government) 	<ul style="list-style-type: none"> - Deputy principal
3.	 Mr. Nelson Kemboi	<ul style="list-style-type: none"> - Bachelor of Commerce (Accounting Option) - CPA (K) 	<ul style="list-style-type: none"> - Accountant

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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2. CHAIRMAN'S STATEMENT

It is my pleasure to present the Moiben Technical and Vocational College's annual report and financial statement for the year ended 30th June 2020.


During the year under review the College registered significant growth in enrolment of students. The Board employed more staff - both trainers and non- trainers to provide required manpower. The Board committed resources towards the provision of training materials, tools and equipment to ensure quality in training.

Capacity building and training of Board members, Staff and student leaders, were conducted during the period. This will go a long way in transforming the approaches in management of college activities and service delivery by all.

I wish to thank the Government of Kenya for supporting TVET and making it attractive through capitation, HELB facilities and provision of state of art training equipment.

Due to increased enrolment, the capacity of tuition facilities is currently strained. I therefore appeal to the Government to consider providing more finances for expansion of infrastructure to accommodate rising number of students and enhance access to training.

Finally, I thank all stakeholders for their continued support and we endeavour to make even greater strides in the coming years to achieve our vision.



Signature

Date

26th May 2021

ENG. LUKE KANGOGO

CHAIRMAN – BOARD OF GOVERNORS.

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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3. REPORT OF THE PRINCIPAL

I'm pleased to present the 3rd Annual report and financial statements for the year ending 30th June 2020. The college made great strides during the year which saw enrolment rise from 150 students to 204. The college has improved on its service capacity through recruitment of more trainers employed through public service and support staff employed by the Board of Governors.

During the year under review, the college received Ksh. 7,621,190 from the following sources

Students' fees (A in A) ksh 3,061,190 and Ksh. 4,560,000 from GOK capitation grants.

The college received a Donation of ksh 1,999,562 from the Moiben constituency NG-CDF the funds will be used to construct staff house.

During the year in review the management facilitated Students to conduct election of the student's Board. I therefore wish to extend my appreciation to students for exhibiting good behaviour and discipline.

I also appreciate the Board of Governors for providing the strategic leadership as well as staff for their commitment to providing service. In conclusion I wish to thank all stake holders for their support during the period.

Signature  Date 

PRINCIPAL.

MARK KITONGO.



**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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4. REVIEW OF MOIBEN TECHNICAL AND VOCATIONAL COLLEGE PERFORMANCE FOR FY 2019/2020.

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

- Moiben TVC has Six (6) strategic pillars and objectives within its Strategic Plan for the FY 2019/2020 - 2022/2023. These strategic pillars are as follows:

Pillar 1: Education and Training

Pillar 2: Development and maintenance of Infrastructure

Pillar 3: Governance and leadership

Pillar 4: Build Institutional ICT Capacity

Pillar 5: Financial Capacity

Pillar 6: Human resource Management

Moiben TVC develops its annual work plans based on the above Six (6) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2019/2020 period for its Six (6) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1. Education and Training	To provide practical career oriented technical training to our trainees	100% class attendance by both trainers and trainees and maximize the use of training equipment's in college. 120% increase in trainees enrolment	Marking class attendance registers for both trainers and trainees Awarding mark for class attendance Marketing of college programmes	-100% class attendance of trainees and trainers was ensured. -Peer teaching and more class practicals and field trips were implemented. Increase in trainees enrolment due to marketing of college programmes from 150 to 204 students
2. Development and	Development of college site plan Maintenance of	Site plan completed Development of inventory management	Institution site plan development Development of	-Constructions of Automotive spray booth and a gate were completed.

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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	maintain college infrastructures and equipment's	plan Fencing of college compound and gate construction	inventory management plan	-Perimeter fence of the College was done during the year.
	Infrastructure of college and gate construction	Expansion of teaching facilities	Construction of more training facilities	-site plan draft
	Expansion of teaching facilities			
3. Governance and leadership	To provide quality leadership and governance	Revenue growth	Continually review of programmes and services to ensure provision of values and meeting college mandates and set strategic goals	-All Board Resolutions were Implemented on time. - students' council was established during the year.
	Maximize effectiveness of human resource facilities and finance resources	Reputation of college stakeholders satisfaction		
	Establishment of student government and council.			
4. Institutional Capacity	To build ICT capacity in curriculum delivery, service delivery and institutional management.	-Use of ICT in training	Improving and increasing ICT infrastructure for staff and student training.	-Trainers have embraced use of ICT in Curriculum delivery. -Management systems(MIS) was procured and operationalized during the year
	Establishment of MIS system	Adequate computers and workshop		-College website have been developed and it is operational.
	Develop and maintain a fully functional network system and internet facilities	-A functional MIS systems and website		-Fully functional networking and internet.
		-Extend internet to all the departments.		
5. Financial	Sound financial management and	-income generating activities	Reducing fees defaults	annual budgets and procurement plans for the

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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Capacity	Capacities	Realization of budgeted revenues	Cost reduction measures.	year was prepared and approved by Board of Governors..
	Increased GOK funding Diversify source of income	Increased savings Develop proposals	Income generating activities Developing funding proposals to donors.	-College advertised its tenders and pre-qualification of suppliers as per public procurement and Disposal Act 2015. -Diversification of income generating activities
6. Human Resource Management	Development and implementation of human resource policy Support and strengthen staff welfare Ensure employees satisfaction Provide teaching and learning materials for staff.	Staff Welfare Satisfied staff Adequate teaching and learning materials for staff Human resource policy	Generate and support welfare programmes Carry out of competency needs assessments, performance appraisal, training and staff development.	-College Created support staff welfare program for staff. -College conducted competency needs assessments, performance appraisal, training and staff development. - college purchased adequate training materials for trainers

(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and utputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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**5. CORPORATE GOVERNANCE STATEMENT
APPOINTMENT OF BOARD**

The Chairman and Members of the Board were appointed by the Cabinet Secretary of Education on 24th July 2017 for a 3-year term.

INDUCTION AND TRAINING OF THE BOARD

During the year in review, the Board attended a three-day training on leadership and governance conducted by the TVETA from 25th to 28th November 2019.

CORPORATE GOVERNANCE

During the year under review, Members of the Board committed themselves to the service of Moiben Technical and Vocational College and upheld the tenets of good corporate Governance by being transparent, accountable, persons of integrity, socially responsive, promoted excellence and exercised fairness in all dealings.

The Board of Moiben Technical and Vocational College consists of 9 members.

SNO	NAME	TITLE
1.	Eng. Luke Kangogo	Chairman
2.	Rev. David Ng'ang'a	Member
3.	Eng. Nancy Tanui	Member
4.	Ms. Paustine Chemweno	Member
5.	Ms. Esther Mutai	(Representative of County Governor)
6.	Ms. Gladys Nyakweba	Member
7.	Mr. Eliakim Khaemba	Member
8.	Mr. Mark Kitongo	Secretary to the Board
9.	Mr. Gichuru Mutulili	Ex-officio

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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ROLE AND FUNCTIONS OF THE BOARD OF GOVERNORS

During the year in review the Board held a total of 4 meetings. The meetings consisted one scheduled meeting every quarter and two special meetings. Each Board subcommittee held 4 meetings (one each quarter) and attendance was very good in all meetings.

The following are functions of the Board of Governors as stipulated in the TVET Act 2013 Section 29

- a) Overseeing the conduct of education and training in the institution in accordance to the Act and other written laws

- b) Promoting and maintaining standards, quality and relevance in education and training in the institution

- c) Administering and managing the property of the institution

- d) Developing and implementing the institutions' strategic plan

- e) Preparing annual estimates of revenue and expenditure for the institution incurring expenditure on behalf of the institution,

- f) Receiving on behalf of the institution, fees, grants, subscriptions donations, bequests or other monies and make disbursements to the institution or other bodies or persons

- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act.

- h) Mobilizing resources for the institution

- i) Developing and reviewing programmes for training and to make representations thereon to the TVETA Board

- j) Regulating the admission and exclusion of students from the institution, subject to a qualification framework and the provisions of the TVET Act

- k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by TVETA board

- l) Determining terms and conditions of support staff, trainers and instructors and remunerating the staff of the institution in consultation with TVETA

- m) Making regulations governing organization, conduct and discipline of staff and students.

- n) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submitting the same to TVET Board

- o) Providing for welfare of students and staff of the institution

- p) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in institution

- q) Discharging all functions conferred upon it by the Act or any other written Law

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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6. MANAGEMENT DISCUSSION AND ANALYSIS

Financial performance

The college closed the year with a deficit of ksh 3,707,624 compared to previous financial year FY 2018/2019 which college had a surplus of ksh 1,030,813. The deficit is attributed to COVID 19 pandemic which lead to closure of the colleges in the month of March 2020 leading to Low income received during the Fourth quarter FY 2019/2020 from both student fees and Government capitation grants for the quarter. The other challenge is delay or late remittance of student capitation and at times under- funding on capitation. These has impacted negatively on the general operations and has impeded the colleges mandate to meet its obligation.

Compliance with statutory requirements.

The college has complied with all statutory requirements. It has been issued with registration certificate, NSSF membership, and NHIF membership and is tax compliant. During the year under review the college made prompt remittance to all statutory bodies.

Key projects

In the financial year under review, the college had two projects: construction of automotive spray booth which is complete and construction of staff house which is funded by Moiben NG-CDF of ksh 1,999,562 which is in the early stages of construction.

Major risk facing the college.

In the financial year under review the college faced few challenges in service delivery to the students, the MOE capitation are disbursed late these leads to delay by the college to meet its obligations and timely delivery of service. Due to the increasing number of students the college needs tuition facilities have been strained. The government is requested to support the institution to establish new tuition facilities through development grants.

7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile -

The Board of Governors intends to undertake other income generating activities such as farming in order to generate more income and also put in place strategies to minimize the costs of college operations.

2. Environmental performance

During the year under review, the College in collaboration with the office of Kenya forestry organised a successful tree planting activity in celebration of the Africa Public service tree planting day on 24th June 2020. The event was graced by the Principal Secretary of Vocational and Technical Training, Dr Julius Jwan. The aim was to educate the community on importance of environmental conservation.

3. Employee welfare

The institution have set up staff welfare to be able to support staff members and also by monthly payments of staff NHIF deductions to the relevant body. The college also intends to carry out occupational health and safety Audit of college workplace to ensure staff safety in workplace.

4. Market place practices-

The college always meets its financial obligations on time by timely payment of suppliers and honouring contracts, practicing good competitions in terms of marketing of college programmes with its competitors.

5. Community Engagements-

The College in liaison with NTSA offered training of 400 Boda Boda riders from Moiben constituency who eventually were issued with riders' licences by NTSA. The aim was to built capacity of riders to be compliant with the law and therefore maintain their businesses which is a source of livelihood for their families. The training was launched on 11th March 2019 at Moiben Technical and Vocational College.

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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8. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board/Board members submit their reports for the year ended June 30, 2020 which show the state of the college affairs.

Principal activities

The principal activities of the Moiben Technical and Vocational College are:

- i. To provide Technical and vocational and Education training to citizens of Kenya
- ii. To contribute to industrial and technological development through innovations and technology transfer
- iii. Collaborate with Curriculum developers, industry and other players to provide training in competency based education(CBET)
- iv. To foster general welfare of staff and students

BOARD OF GOVERNORS.

Members of the Board who served during the year are shown on page v and vi. During the year 2019/2020 no director retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of the *Moiben technical and vocational college* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Mark Kitongo

BOG Secretary/ Principal

ELDORET

Date: 26/5/2021



**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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9. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the *State Corporations Act*, and section 29 of schedule 2 of the *Technical and Vocational Education and Training Act, 2013* - (entities should quote the applicable legislation under which they are regulated)) require the Board members to prepare financial statements in respect of *Moiben Technical and Vocational College*, which give a true and fair view of the state of affairs of the *Moiben Technical and Vocational College* at the end of the financial year/period and the operating results of the *Moiben Technical and Vocational College* for that year/period. The Board members are also required to ensure that the *Moiben Technical and Vocational College* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Moiben Technical and Vocational College*. The Board members are also responsible for safeguarding the assets of the *Moiben Technical and Vocational College*.

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

The Board members accept responsibility for the *Moiben Technical and Vocational 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 State Corporations Act, and the TVET Act*) – entities should quote applicable legislation as indicated under). The Board members are of the opinion that the *Moiben Technical and Vocational College's* financial statements give a true and fair view of the state of *Moiben Technical and Vocational College's* transactions during the financial year ended June 30, 2020, and of the *Moiben Technical and Vocational College's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Moiben Technical and Vocational College*, which have been relied upon in the preparation of the *Moiben Technical and Vocational College's* financial statements as well as the adequacy of the systems of internal financial control.

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

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

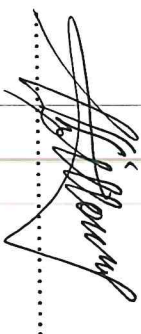
Approval of the financial statements

The Moiben Technical and vocational college financial statements were approved by the Board on
26/5/2021 2020 and signed on its behalf by:


.....

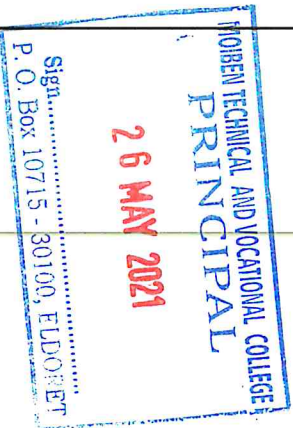
Accounting officer/Principal

Mark Kitongo


.....

Chairperson of the Board/Board

Eng. Luke Kangogo



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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Moiben Technical and Vocational College set out on pages 1 to 46, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of cash flows and statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Moiben Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities balance of Kshs.277,720 as at 30 June, 2020 while cash generated from operating activities in Note 45 to the financial statements reflects a balance of Kshs.2,772,037 resulting in unexplained/unreconciled variance of Kshs.2,494,317.

In the circumstances, the accuracy of cash flows from operating activities balance of Kshs.277,720 and cash generated from operating activities of Kshs.2,772,037 for the year ended 30 June, 2020 could not be confirmed.

2.0 Handing Over of the College

The statement of financial position reflects property, plant and equipment balance of Kshs.53,286,781 as at 30 June 2020 comprising of land, buildings, furniture and fittings, computers, library books, plant and equipment and capital work in progress whose total cost amounts to Kshs.57,572,186 as detailed in Note 33 to the financial statements. As

reported in the previous year, available information indicates that the Ministry of Education, State department of Vocational and Technical Training invited the relevant education departments to be part of handing over of Moiben Technical and Vocational College (MTVC) from the mentoring institution Rift Valley Technical Training Institute (RVTTI). The Management of RVVTI handed over allotment letter, contract documents, EIA certificates, completion certificates, Keys for the facility, TVETA registration certificates and Payment certificates amounting to Kshs.52,755,812 incurred on the construction of Moiben Technical and Vocational College. The Ministry of Education inspection and acceptance committee carried out inspection of furniture and fittings, ICT equipment and automotive equipment. An audit review of the list of fixed assets indicated the condition of the assets. However, there were no costs/values indicated/recorded against those assets identified and the fixed assets received from the Ministry of Education are excluded from the institution's property, plant and equipment.

In addition, the register does not indicate the size of each parcel of land and the terms in which it's held by the institute.

Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs.53,286,781 as at 30 June, 2020 could not be confirmed.

3.0 Valuation of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.53,286,781 as at 30 June, 2020, whose cost figure amounts to Kshs.57,572,186 as disclosed in Note 33 to the financial statements.

As reported in the previous year, available information indicates that the Ministry of Education carried out an inspection of furniture and fittings, ICT equipment and automotive equipment, which were delivered to the institution on 6 June, 2018. However, there were no costs/values indicated/recorded against those assets delivered thus necessitating the need of valuation of fixed assets in accordance with paragraph 49 of IPSAS 17.

Further, the cost of land and buildings are not separated as required by Paragraph 74 of IPSAS 17 which state that land and buildings are separable assets and are accounted for separately, even when they are acquired together. With some exceptions, such as quarries and sites used for landfill, land has an unlimited useful life and therefore is not depreciated. Buildings have a limited useful life and therefore are depreciable assets. An increase in the value of the land on which a building stands does not affect the determination of the depreciable amount of the building. As a result, the cost of land is subjected to depreciation.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.53,286,781 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Moiben Technical and Vocational College in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements

applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.15,195,110 and Kshs.12,353,800 respectively resulting to an under funding of Kshs.2,842,310 or 19% of the budget.

Similarly, the expenditure budget was Kshs.15,195,110 against actual expenditure of Kshs.12,353,800, resulting to an under-expenditure of Kshs.2,841,310 or 19% of the budget.

The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Approval of 2019/2020 Annual Budget

The statement of comparison of budget and actual reflects final expenditure budget of Kshs.15,195,110 to be financed by tuition fee and government grants among others. However, management did not submit the budget to the parent ministry for approval as required by section 13(3) of The Technical and Vocational Education and Training Act, 2013 which states that the annual estimates shall be submitted to the Cabinet Secretary for approval before the commencement of the financial year to which they relate.

Consequently, the Management was in breach of the Law.

2.0 Employee Costs

2.1 Approved Staff Establishment/ Human Resource Plans

The statement of financial performance reflects employee costs amount of Kshs.2,848,141 for the year ended 30 June, 2020. Further, available information indicates

that the institution had a total of forty (40) members of staff. However, there was no evidence provided for audit review to show that the management had prepared the staff establishment approved by the Board. This is contrary to Section B.2(1) of Human Resource Policies and Procedures Manual for the Public Service of May 2016 which states that every Ministry/State Department shall prepare human resource plans to support achievement of goals and objectives in their strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs. Section B.2(2) state that on the basis of these Human Resource plans, Ministries/State Departments shall be required to develop annual recruitment plans which will be forwarded to the Public Service Commission at the beginning of each financial year to enable it plan to fill the vacancies.

Consequently, the Management is in breach of the Law.

2.2 Non-compliance with Law on Ethnic Composition

During the year under review, the college employed eight (8) new staff members out of which seven (7) or 88% of the total number were of the same dominant ethnic community in the county. This is contrary to Section 7(1)(2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

2.3 Registration of Trainers

Available information indicates that during the year ended 30 June, 2020, the College employed eight (8) new staff members who included six (6) teachers. However, there was no evidence provided to show that the trainers were registered by Technical and Vocational Education and Training Board contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013 which state that any person who intends to become a trainer in an institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act.

Consequently, the Management was in breach of the Law.

2.4 Notification of Employment of Staff

During the year ended 30 June, 2020, the College employed six (6) teachers and two (2) non-Technical staff all totaling to eight (8). However, there was no evidence to show that Management submitted to the National Employment Authority notification of employment contrary to Section 31(1) of National Employment Authority Act, 2016 which states that upon successful interview and securing of employment by a person registered under this Act, the successful applicant shall communicate the same to the Authority in the prescribed manner.

Consequently, the Management is in breach of the law.

3.0 Construction of Motor Vehicle Service Bay and Spray Booth

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.53,286,781 as at 30 June, 2020, whose cost figure amounts

to Kshs.57,572,186 as disclosed in Note 33 to the financial statements. This includes work in progress of Kshs.839,754 being payment to a company in respect of construction of motor vehicle service bay and spray booth.

An audit review of the procurement process and contracts for the works revealed that the letter of notification to the winning tenderer for construction was dated 18 July, 2018 and the contract agreement was signed on 26 July, 2018, which was 14 days earlier than the date of the letter of notification of award contrary to Section 135 (3) of Public Procurement and Assets Disposal Act, 2015 which states that the written contract shall be entered into within the period specified in the notification but not before fourteen (14) days have elapsed following the giving of that notification provided that a contract shall be signed within the tender validity period.

In the circumstances the Management was in breach of the Law.

4.0 Non-Establishment of an Internal Audit Function

During the year ended 30 June, 2020, the institution did not have an internal audit function/department contrary to Section 73(1) of the Public Finance Management Act, 2012 which states that every national government entity shall ensure that it complies with this Act and - (a) has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

Consequently, the Management was in breach.

5.0 Failure to Establish an Audit Committee

As previously reported, during the year ended 30 June, 2020, the institution did not have an audit committee in place contrary to section 73 of the Public Finance Management Act, 2012, which states that every national government public entity to establish an audit committee whose composition and functions shall be as prescribed by the regulations.

Consequently, the management was in breach of the law.

6.0 Occupational Safety and Health

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.53,286,781 as at 30 June, 2020, whose cost figure amounts to Kshs.57,572,186 as disclosed in Note 33 which includes building cost figure of Kshs.53,056,247. However, there was no evidence to show that the institution, as an occupier, established a safety and health committee at the workplace and prepared a safety and health audit report contrary to Section 9(1) of the Occupational Safety and Health Act, 2007 which requires every occupier to establish a safety and health committee at the workplace in accordance with regulations prescribed by the Minister and Section 11(1) which states that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out at least once in every period of twelve months by a safety and health advisor.

Consequently, the Management was in breach of the Law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 ICT Policy, Procedures and Controls

An audit review of the institution's information and communication, technology infrastructure revealed that a structured cable network was installed to provide network connectivity to various offices and laboratories within the institution, as well as an internet connection. The institution also maintains a website providing information about the institution, alongside having a provision for an online student portal and e-learning facility. However, the institution does not have ICT department with a substantive head of ICT to oversee the ICT infrastructure. Further, there is no ICT policy in place to govern the ICT infrastructure while the financial data is processed and stored in Microsoft Excel which has no offsite back up.

Consequently, there is a risk of data loss in the event of a disaster or equipment hardware failure contrary to Regulation 110(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer for a national government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

2.0 Segregation of Roles in the Finance Department

As reported in the previous year, an audit review of the finance and accounting department staffing levels during the year ended 30 June, 2020 revealed that the department had one member of staff designated as an Accountant. The Accountant's mandate includes: budgeting, receiving revenue, processing of payments, maintenance of cash books, updating of general and subsidiary ledgers, preparation of monthly reconciliation statements and preparation of annual financial statements among other functions resulting in a lack of segregation of roles contrary to Section 165 of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the national government entity develops - (a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.

In the circumstances, loss of funds or errors in maintenance of financial records is likely to occur due to lack of segregation of duties within the finance department.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

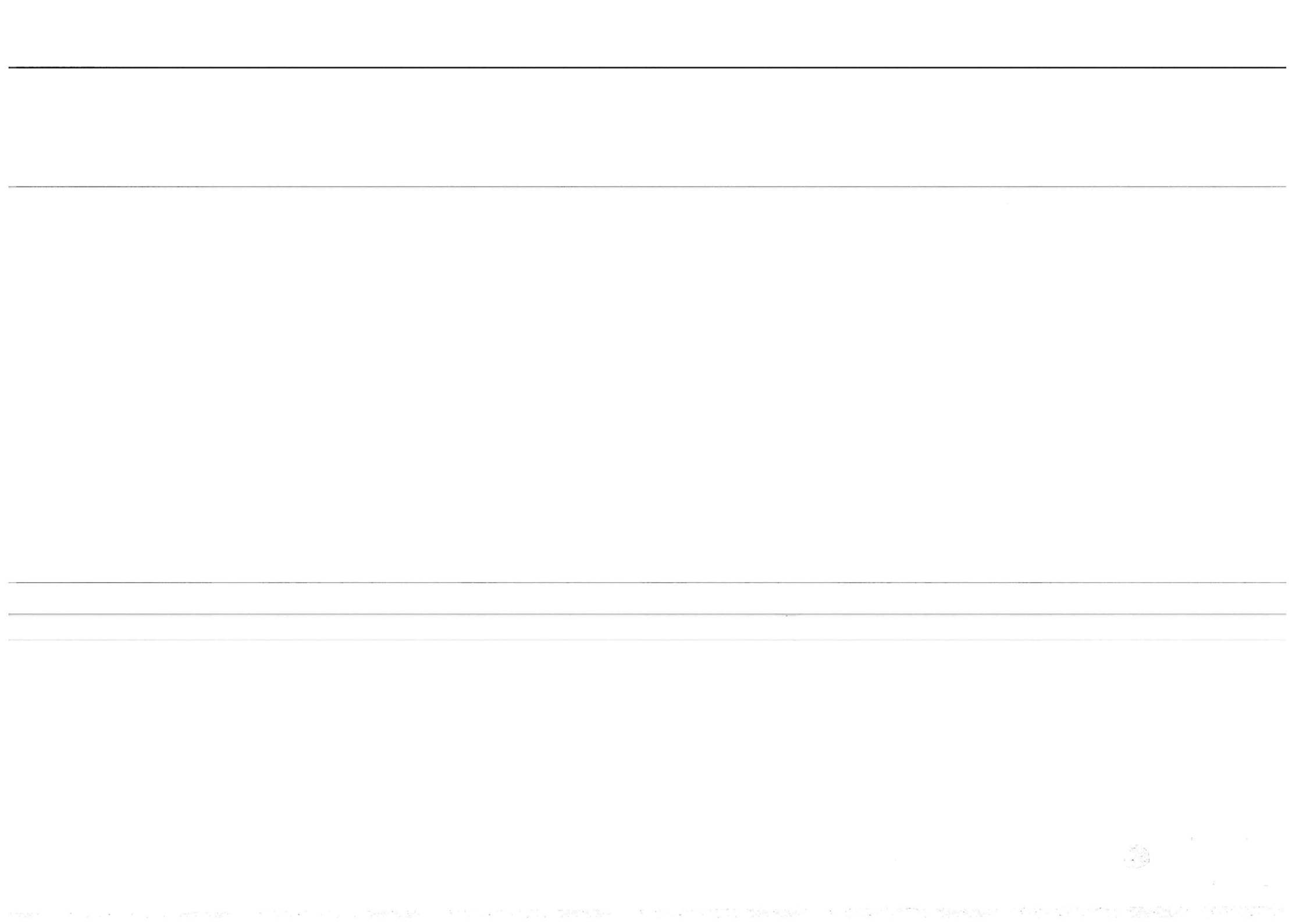
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gatundu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

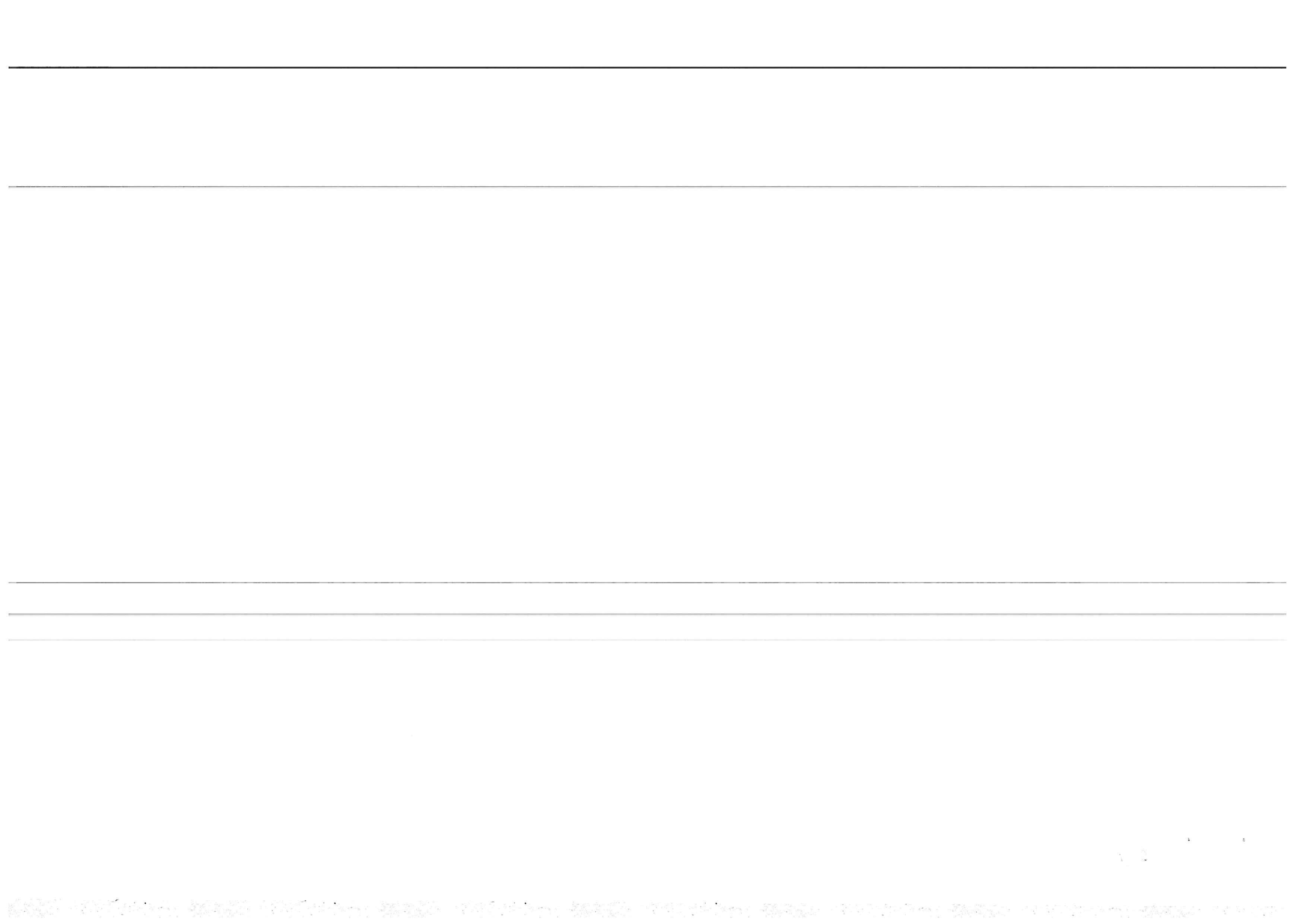


**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020.**

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

	Notes	2019/2020	2018/2019
Revenue from non-exchange transactions			
Transfers from the National Government	6	4,560,000	4,250,000
Grants from donors and development partners	7		
Transfers from other levels of government	8		
Public contributions and donations	9		
Total Revenue from non-exchange transactions		4,560,000	4,250,000
Revenue from exchange transactions			
Rendering of services- Students Fees	10	2,946,190	4,887,870
Sale of goods	11	-	75,000
Rental revenue from facilities and equipment	12		-
Finance income - external investments	13		-
Other income	14	115,000	-
Revenue from exchange transactions		3,061,190	4,962,870
Total revenue		7,621,190	9,212,870
Expenses			
Use of goods and services	15	4,977,709	3,398,111
Employee costs	16	2,848,141	1,497,360
Remuneration of directors	17	1,037,500	1,546,670
Depreciation and amortization expense	18	1,528,400	1,418,760
Repairs and maintenance	19	937,064	321,156
Contracted services	20	-	-
Grants and subsidies	21	-	-
Finance costs	22	-	-
Total expenses		11,328,814	8,182,057
Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
Total other gains/(losses)		-	-
Net Surplus for the year		- 3,707,624	1,030,813
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on pages 19 to 45 form an integral part of the Annual Financial Statements.



MOIBEN TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020.

12. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020.

	Notes	2019/2020 Kshs	2018/2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	26	3,740,478	2,733,048
current portion of long term receivables from exchange transactions	27(a)	2,087,990	1,972,970
Receivables from non-exchange transactions	28		
Inventories	29	-	-
Investments	30	-	-
Total Current Assets		5,828,468	4,706,018
Non-current assets			
Property, plant and equipment investment	33	53,286,781	53,050,575
Intangible assets	34	-	-
Investment property	35	-	-
Long term receivables from exchange transactions	27(b)	-	-
Total Non-current Assets		53,286,781	53,050,575
Total assets		59,115,249	57,756,593
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36(a)	4,740,902	1,647,083
Refundable deposits to students (caution money)	37	145,280	172,380
Finance lease obligation	39	-	-
Current portion of borrowings	43	-	-
Deferred income	40	-	-
Employee benefit obligation	41	-	-
Conditional Funds-Moiben NGCDF	36(b)	1,999,562	-
Total Current Liabilities		6,885,744	1,819,463
Non-current liabilities			
Non-current employee benefit obligation	41	-	-
Non-current provisions	42	-	-
Borrowings	43	-	-
service concession liability	44	-	-
deferred tax liabilities	53	-	-
Total Non-current liabilities		-	-
Total liabilities		6,886,474	1,819,463
Capital and Reserves			
Reserves			
Accumulated surplus	-	3,428,531	279,093
Donated assets - Building		52,755,812	52,755,812
Capital Fund		2,902,225	2,902,225
Total Capital and Reserves		52,229,506	55,937,130
Total Liabilities and Capital & Reserves		59,115,249	57,756,593

The Financial Statements set out on pages 19 to 31 were signed on behalf of the Institute Council/ Board of Governors by:

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

[Signature]
Chairman of Council/Board of Governors
Date: 26/05/21

[Signature]
Finance Officer
ICPAK No KA002A583
Date 26/5/2021

[Signature]
Principal
Date: 26/5/21

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
P. O. Box
26 MAY 2021
Sign.....

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

	Capital/development grants	Donated assets - building	Revenue reserves	Revaluation reserves	Total
Balance b/f as at July 1, 2018	2,902,225	52,755,812	-	751,720	54,906,317
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
surplus for the period	-	-	-	-	-
Capital/Development grants received during the year	-	-	1,030,813	-	1,030,813
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2019	2,902,225	52,755,812	279,093	-	55,937,130
Balance b/f as at July 1, 2019	2,902,225	52,755,812	279,093	-	55,937,130
Revaluation gain	-	-	279,093	-	55,937,130
Fair value adjustment on quoted investments	-	-	-	-	-
surplus for the period	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	3,707,624	- 3,708,355
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2020	2,902,225	52,755,812	- 3,428,531	-	54,229,506

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020.

14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020.		Note	2019/2020	2018/2019
			Kshs	Kshs
Cash flows from operating activities				
Receipts				
Transfers from other Government entities/Govt. grants			4,560,000	4,250,000
Public contributions and donations			-	-
Rending of services- Fees from students			5,616,710	5,289,585
Sale of goods			-	75,000
Rental revenue from facilities and equipment			-	-
Finance income			75,050	-
Other income, rentals and agency fees			-	-
Total Receipts			10,251,760	9,614,585
Payments				
Compensation of employees			2,848,141	1,497,360
Use of goods and services			4,330,414	1,879,233
Remuneration of directors			1,037,500	1,546,670
Repair and maintenance			937,064	321,156
Taxation paid			-	-
Other payments			820,921	2,078,412
Grants and subsidies paid			-	-
Total Payments			9,974,040	7,322,831
Net cash flows from operating activities		45	277,720	2,291,754
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets			-	2,439,420
Proceeds from sale of property, plant and Equipment			1,269,852	-
Decrease in non-current receivables			1,999,562	-
Increase in investments			729,710	2,439,420
Net cash flows used in investing activities			1,007,430	147,666
Cash flows from financing activities				
Proceeds from borrowings			-	-
Repayment of borrowings			-	-
Increase in deposits			-	-
Net cash flows used in financing activities			-	-
Net increase/(decrease) in cash and cash equivalents			1,007,430	147,666
Cash and cash equivalents at 1 July 2019		26	2,733,048	2,880,714
Cash and cash equivalents at 30 June 2020		26	3,740,478	2,733,048
Cash and cash equivalents as per the Balance Sheet			3,740,478	2,733,048

IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method.
 PSASB also recommends the use of direct method of cash flow preparation).

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
Revenue	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Transfers from other Gov't entities Gov't grants	Kshs	Kshs	Kshs	Kshs	Kshs
Government capitation	6,500,000	1,999,562	1,999,562	1,999,562	-
Rendering of services- Fees from students	3,962,500		3,962,500	2,946,190	1,016,310
Other Income				115,000	(115,000)
Finance Income					-
Consultancy Income					-
Cash and Bank B/fwd		2,733,048	2,733,048	2,733,048	-
Total income	10,462,500	4,732,610	15,195,110	12,353,800	2,841,310
Expenses					
Employee costs	1,459,600		1,459,600	2,848,141	(1,388,541)
Use of goods and services	7,758,900		7,758,900	4,977,709	2,781,191
Repairs and maintenance	-		-	937,064	(937,064)
Remuneration of directors	1,244,000		1,244,000	1,037,500	206,500
General expenses	-		-	1,528,400	(1,528,400)
Acquisition of Fixed asset	4,732,610		4,732,610	1,764,606	2,968,004
Total expenditure	10,462,500	4,732,610	15,195,110	13,093,420	2,101,690
Surplus for the period	-	-	-	(739,620)	739,620

**MOIBEN TECHNICAL AND VOCATIONAL COLLEGE
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16. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Moiben TVC is established by and derives its authority and accountability from TVETA Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide Technical and vocational and Education training to citizens of Kenya

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Moiben TVC.
The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSSAS).

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2020</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(State the impact of the standard to the entity if relevant)</i></p>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>

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Standard	Effective date and impact:
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Board or Board on 28TH June 2019. The Moiben Technical and Vocational College's budget is prepared on a cash basis to the actual income and expenditure disclosed in the financial statements. 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.

c) Taxes

Current income tax

The college is exempt from paying taxes as stipulated in the first schedule of income tax CAP 470.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

➤ When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

➤ When receivables and payables are stated with the amount of sales tax included.

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of - 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 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 Moiben Technical and Vocational College recognizes such parts as individual assets with specific useful lives and depreciates them accordingly using the Reducing Balance Depreciation method. The table below shows the depreciation rate:

S.No	Details	Depreciation Rate%
1.	Building	2.5%
2.	Motor vehicle	25%
3.	Furniture and fittings	12.5%
4.	Computer and accessories	33.3%
5.	Reference books	25%
6.	Property plant and equipment's	12.5%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Assumptions:

- a. **40 Acres land:** The College was allocated 40 acres piece of land by the County Government of Uasin Gishu the cost of the land is yet to be determined through valuation.
- b. The college also received the following assets from the ministry of education the costs are yet to be determined through the Valuation of assets. After the valuation exercise the costs of these assets will be incorporated in the financial statements.
 - i. Furniture staff and students furniture
 - ii. Automotive training equipment's
 - iii. **20** Computers and **3** laptops
 - iv. **2** projectors
 - v. **Three** printers.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) **Inventories**

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

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

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

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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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The college regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the 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, 2020.

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 -.

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	2019/2020 Kshs	2018/2019 Kshs
Unconditional grants		
Operational grant	4,560,000	4,250,000
Other grants	-	-
	-	-
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	4,560,000	4,250,000

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 income Kshs	Amount recognised in capital fund, Kshs	Total grant income during the year Kshs	2019/2020 Kshs
- Ministry of Education	4,560,000	-	-	4,560,000	4,560,000
- Ministry	-	-	1,999,562	1,999,562	1,999,562
Total	4,560,000	-	1,999,562	6,559,562	6,559,562

(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. The details of the reconciliation have been included under appendix -)

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019/2020 Kshs	2018/2019 Kshs
JICA - Research grant	-	-
World Bank grants	-	-
Other grants	-	-
Total grants from development partners	-	-

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Reconciliations of grants from donors and development partners

Description	2019-2020 Kshs	2018/2019 Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

(Provide brief explanation for this revenue)

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020 Kshs	2018/2019 Kshs
Transfer from County -	-	-
Transfer from - University	-	-
Transfer from - institute	-	-
Total Transfers	-	-

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020 Kshs	2018/2019 Kshs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
Total donations and sponsorships	-	-

10 RENDERING OF SERVICES

Description	2019-2020 Kshs	2018/2019 Kshs
Tuition	1,154,790	1,946,370
Personal emoluments	723,800	1,221,000
Electricity and water conservancy	329,000	555,000
Local transport and travel	164,500	277,500
Repair and maintenance	98,700	166,500
Contingencies	230,300	388,500
Activity	98,700	166,500
Gratuities	0	0
Student Union	0	0
Medical Fees	32,900	55,500
Admission fees	47,700	0
Industrial attachment	65,800	111,000
Total revenue from the rendering of services	2,946,190	4,887,870

(Provide brief explanation for this revenue)

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11 SALE OF GOODS

Description	2019/2020 Kshs	2018/2019 Kshs
Sale of goods		
Sale of books	-	75,000
Sale of publications	-	-
Sale of farm produce	-	-
Other(include in line with your organisation)		
Total revenue from the sale of goods	-	75,000

(Provide brief explanation for this revenue)

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019/2020 Kshs	2018/2019 Kshs
Straight-lined operating lease receipts	-	-
Contingent rentals	-	-
Total rentals	-	-

(Provide brief explanation for this revenue)

13 FINANCE INCOME

Description	2019/2020 Kshs	2018/2019 Kshs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14 OTHER INCOME

Description	2019/2020 Kshs	2018/2019 Kshs
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Other Income	115,000	-
Total other income	115,000	-

(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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15 USE OF GOODS AND SERVICES

Description	2019-2020 Kshs	2018/2019 Kshs
Purchase of Stationeries	277,390	159,235
Purchase of Cleaning Materials	36,581	82,185
Printing services	147,898	83,888
Advertising and publicity	32,200	391,210
Internet services	573,764	0
Airtime and postages	41,535	17,220
Administration costs	589,940	370,855
Bank charges	5,900	8,788
Purchase of Staff Uniforms	32,200	48,150
Staff training and capacity building	511,100	262,010
Purchase of Training Materials	635,503	516,944
Purchase of Kitchen Equipment's	245,770	0
KATTI TVET fairs expenses	176,083	0
Electricity and water conservancy	197,485	144,658
Local transport and travel	1,076,095	877,070
Sports expenses	346,200	414,100
Insurance	44,865	21,598
Medical expenses	7,200	200
Total good and services	4,977,709	3,398,111

16 EMPLOYEE COSTS

Description	2019-2020 Kshs	2018/2019 Kshs
Salaries and wages	2,614,405	1,385,000
Employee related costs - contributions to pensions and medical aids	233,736	112,360
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Employee costs	2,848,141	1,497,360

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17 REMUNERATION OF DIRECTORS

Description	2019/2020 Kshs	2018/2019 Kshs
Chairman's Honoraria	1,037,500	1,546,670
Directors emoluments	-	-
Other allowances	-	-
Total director emoluments	1,037,500	1,546,670

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019/2020 Kshs	2018/2019 Kshs
Property, plant and equipment	1,528,400	1,418,760
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,528,400	1,418,760

19 REPAIRS AND MAINTENANCE

Description	2019/2020 Kshs	2018/2019 Kshs
Property	937,064	321,156
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Other	-	-
Total repairs and maintenance	937,064	321,156

20 CONTRACTED SERVICES

Description	2019/2020 Kshs	2018/2019 Kshs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	-	-

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21 GRANTS AND SUBSIDIES

Description	2019-2020 Kshs	2018/2019 Kshs
Community development	-	-
Education initiatives and programs	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	-	-

22 FINANCE COST.

Description	2017-2018 Kshs	2016-2017 Kshs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

23 GAIN ON SALE OF ASSETS

Description	2019-2020 Kshs	2018/2019 Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

24 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020 Kshs	2018/2019 Kshs
Investments at fair value	-	-
Total gain	-	-

25 IMPAIRMENT LOSS

Description	2019-2020 Kshs	2018/2019 Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

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26 CASH AND CASH EQUIVALENTS

Description	2019/2020	2018/2019
	KShs	KShs
Current account	3,729,079	2,714,748
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Cash in hand	11,399	18,300
Total cash and cash equivalents	3,740,478	2,733,048

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

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	1216740445	1,729,559	2,714,748
African Banking Corporation Bank	00521500 100 5226	1,999,520	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Cash in transit		-	-
cash in hand		11,399	18,300
M pesa		-	-
Sub- total		-	-
Grand total		3,740,478	2,733,048

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a)

Description	2019-2020 Kshs	2018/2019 Kshs
Current receivables		
Student debtors	2,025,040	1,972,970
Rent debtors		
Consultancy debtors		
Other exchange debtors	62,950	-
Less: impairment allowance		
Total current receivables	2,087,990	1,972,970

27(b)

Description	2019-2020 Kshs	2018/2019 Kshs
Non-current receivables		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	(-)	(-)
Total	-	-
Current portion transferred to current receivables	(-)	(-)
Total non-current receivables	-	-
Total receivables	-	-

28 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020 Kshs	2018/2019 Kshs
Current receivables		
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	(-)	(-)
Total current receivables	-	-

29 INVENTORIES

Description	2019-2020 Kshs	2018/2019 Kshs
Consumable stores	-	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

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30 INVESTMENTS

Description	2019-2020 Kshs	2018/2019 Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in company -	-	-
Sub- total	-	-
Grand total	-	-

d) Shareholding in other entities

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

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

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32 INVESTMENTS

Description	2019-2020 KSHs	2018/2019 KSHs
d) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
e) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
f) Equity investments (specify)		
Equity/ shares in company -	-	-
Sub- total	-	-
Grand total	-	-

d) Shareholding in other entities

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	reference books (Specify)	Plant and equipment	Capital Work in progress	Total
Depreciation rate		0.025	0.25	0.125	0.333	0.25	0.125		
As at 1 July 2019		52,878,922	-	794,540	-	90,845	81,195	1,962,078	55,807,580
Additions		177,325		242,000	148,000	258,127	99,400	839,754	1,764,606
Transfers/adjustments									-
At 30 th June 2020	-	53,056,247	-	1,036,540	148,000	348,972	180,595	2,801,832	57,572,186
Additions									-
Disposals									-
Transfer/adjustments									-
At 30 th June 2020	-	53,056,247	-	1,036,540	148,000	348,972	180,595	2,801,832	57,572,186
Depreciation and impairment									-
At 1 July 2019		2,607,896	-	116,249	-	22,711	10,149	-	2,757,005
Depreciation			-		-				-
Impairment									-
At 30 June 2020	-	2,607,896	-	116,249	-	22,711	10,149	-	2,757,005
Depreciation		1,261,208.78	-	115,036.41	49,284.00	81,565.19	21,305.70		1,528,400
Disposals									-
Impairment									-
Transfer/adjustment									-
At 30 th June 2020	-	3,869,105	-	231,285	49,284	104,276	31,455	-	4,285,405
Net book values As at 30 June 2020		49,187,142	-	805,255	98,716	244,696	149,140	2,801,832	53,286,781
Net book values As At 30 th June 2019		50,271,026	-	678,291	-	68,134	71,046	1,962,078	53,050,575

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020 Kshs	2018/2019 Kshs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions-internal development	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

35 INVESTMENT PROPERTY

Description	2019-2020 Kshs	2018/2019 Kshs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (where investment property is at cost)	(-)	(-)
At end of the year	-	-

36 (a) TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020 Kshs	2018/2019 Kshs
Trade payables	1,466,927	530,788
Fees paid in advance	1,970,470	612,470
Employee advances		
Third-party payments	1,303,505	503,825
Other payables		
Total trade and other payables	4,740,902	1,647,083

36(b)

Description	2019-2020 Kshs	2018/2019 Kshs
Conditional funds-Moiben NGCDF		
Moiben NG-CDF (Staff House)	1,999,562	-
Total trade and other payables	1,999,562	-

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37 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019/2020 Kshs	2018/2019 Kshs
Consumer deposits	-	-
Caution money	145,280	172,380
Other refundable deposits	-	-
Total deposits	145,280	172,380

38 CURRENT PROVISIONS

Description	Leave Provision Kshs	Bonus Provision Kshs	Other Provision Kshs	Total Kshs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
6Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non-current provisions	-	-	-	-
Total provisions	-	-	-	-

39 FINANCE LEASE OBLIGATION

Description	Minimum lease payments Ksh	Future finance charges ksh	Present value of minimum lease payments Kshs	2019-2020 Kshs
Within current year	-	-	-	-
Long term portion of lease payments	-	-	-	-
Total provisions	-	-	-	-

40 DEFERRED INCOME

Description	2019-2020 Kshs	2018/2019 Kshs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

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The deferred income movement is as follows:

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

41 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2019-2020	2018/2019
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

The entity operates a defined benefit scheme for all full-time employees from July 1, 2020. The scheme is based on - percentage of salary of an employee at the time of retirement. During the year, - actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

Description	2019-2020	2018/2019
	Kshs	Kshs
Valuation at the beginning of the year	-	-
Changes in valuation during the year	-	-
Valuation at end of the year	-	-

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 per employee per month.

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42 NON-CURRENT PROVISIONS

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

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

43 BORROWINGS

Description	2019-2020	2018/2019
	Kshs.	Kshs.
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestics borrowings during the year	(-)	(-)
Balance at end of the period	-	-

43 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018/2019
	Kshs.	Kshs.
External Borrowings		
Dollar denominated loan from 'organisation'	-	-
Sterling Pound denominated loan from 'organisation'	-	-
Euro denominated loan from organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

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43 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019/2020 Kshs	2018/2019 Kshs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(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).

44 SERVICE CONCESSION ARRANGEMENTS

Description	2019/2020 Kshs	2018/2019 Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

45 CASH GENERATED FROM OPERATIONS

	2019/2020 Kshs	2018/2019 Kshs
Surplus for the year before tax	-	1,030,813
Adjusted for Non-cash activities		
Depreciation	1,528,400	1,418,760
Adjustment for Working Capital adjustments		
Increase in inventory		
Increase in receivables	- 115,020	- 1,435,120
Increase in payables	5,066,281	1,602,180
Increase in payments received in advance		
Net cash flow from operating activities	2,772,037	2,616,633

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

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46 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 2019				
Receivables from exchange transactions	1,972,970	1,972,970	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	1,972,970	1,972,970	-	-
At 30 June 2020				
Receivables from exchange transactions	2,087,990	2,087,990	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	2,087,990	2,087,990	-	-

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

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46. 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	Between 1-3	Over 3	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	1,819,463	-	-	1,819,463
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	1,819,463	-	-	1,819,463
At 30 June 2020				
Trade payables	6,885,744	-	-	6,885,744
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	6,885,744	-	-	6,885,744

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46. 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 Kshs	Other currencies Kshs	Total Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh		Other currencies		Total	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 June 2020						
Financial assets (investments, cash, debtors)	-		-		-	
Liabilities						
Trade and other payables	-		-		-	
Borrowings						
Net foreign currency asset/(liability)	-		-		-	

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	Kshs	Kshs	Kshs
2019						
Euro	10%		-		-	
USD	10%		-		-	
2020						
Euro	10%		-		-	
USD	10%		-		-	

b) Interest rate risk

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

Management of interest rate risk

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

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46 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.

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:

	2019/2020 Kshs	2018/2019 Kshs
Revaluation reserve	-	-
Retained earnings	(3,428,531)	279,093
Capital reserve	2,902,225	2,902,225
	0	0
Total funds	(526,306)	3,181,318
Total borrowings	-	-
Less: cash and bank balances	(3,740,478)	(2,733,048)
Net debt/(excess cash and cash equivalents)	(3,740,478)	(2,733,048)
Gearing	0%	0%

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47 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 Ministry of Education;
- iii) The county Government of Uasin Gishu
- iv) Moiben NG - CDF
- v) Technical and Vocational Training Authority
- vi) Board of Governors
- vii) Key management

	2019-2020	2018/2019
	KShs	KShs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to -	-	-
Sales of services -	-	-
Total	-	-
b) Grants from the Government		
Grants from National Gov't	4,560,000	4,250,000
Grants from County Government	-	-
Donations in kind- Moiben NG- CDF	1,999,562	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for - employees	-	-
Payments for goods and services for -	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	6,559,562	4,250,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 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)

49 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020 Kshs	2018/2019 Kshs
Court case - against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

50 CAPITAL COMMITMENTS

Capital commitments	2019-2020 Ksh	2018/2019 Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

(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)

51 EVENTS AFTER THE REPORTING PERIOD

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

52 ULTIMATE AND HOLDING ENTITY

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

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Currency

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

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17. APPENDICES

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 to the external auditor's Report	Issue / Observations from Auditor	Management comments	Focal Person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
4.1	Late submission of the financial statements	Commit to henceforth submit the financial statements within the timelines	Accountant Nelson Kemboi	Resolved	
4.2	Compliance with PSAB financial reporting	Correct format adopted in preparation of amended financial statements	Accountant Nelson Kemboi	Resolved	
4.3	Presentations and disclosures	Correction have been made in the amended financial statements	Accountant Nelson Kemboi	Resolved	
4.4	Inaccuracies in the financial statements	The financial statements have been amended to correct the variances	Accountant Nelson Kemboi	Resolved	
4.5	Cash and cash equivalents	The financial statements have been amended to reflect the correct the amounts	Accountant Nelson Kemboi	Resolved	
4.6	Net book value	The financial statements have been amended to reflect the correct value of the assets	Accountant Nelson Kemboi	Resolved	
5.0	Budgetary performance	The management commits to hence forth submit the budget for approval by the ministry.	Accountant Nelson Kemboi	Resolved	
6.1	Approved staff establishment	The management commits to prepare the staff establishment and submit to the board for approval	Principal Mark Kitongo	Intend to Resolve	30 June 2021
6.2	Failure to observe one third rule on recruitment	Commits to submit the staff employed by BOG to NEA.	Principal Mark Kitongo	Intend to Resolve	Continuous
6.3	Notification of employment of staff	Commits to submit the staff list to national employment authority	Principal Mark Kitongo	Intend to Resolve	Quarterly (14days after end of Quarter)

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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)	Timeline (Put a date when you expect the issue to be resolved)
7.1	Fixed asset register	Commits to update the fixed register to include the assets received from the ministry and land	Accountant Nelson Kemboi	Intend to Resolve	30 June 2021
7.2	Valuation of the assets	Commits to do valuation of the assets	Principal Mark Kitongo	Intend to Resolve	30 Sept 2021
7.3	Remittance of statutory deductions	Commits to remit the statutory deduction to relevant bodies.	Accountant Nelson Kemboi	Resolved	
8.0	Internal Audit functions	The internal audit function was established	Principal Mark Kitongo	Resolved	
9.0	Audit and risk committee	The committee was established by the BOG.	Principal Mark Kitongo	Resolved	
10.0	ICT Policy, procedures and controls	Commits to establish the ICT policy and controls	Principal Mark Kitongo	Intend to Resolve	30 Sept 2021
11.0	Segregation of roles in the finance department	Commits to recruit more personnel and establish staff establishment /human resource policy.	Principal Mark Kitongo	Intend to Resolve	30 Sept 2021
12.0	Occupational safety and health	Commits to establish the occupational health and safety committee and conduct safety and health audit.	Principal Mark Kitongo	Intend to Resolve	30 Sept 2021

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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.

Principal
Chairman of the Board

Date.....

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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)
Construction of Automotive spray booth and service bay	1	MOE	1 Year		NO	Yes
Construction of staff house	2	NG-CDF Moiben constituency	4 Months		NO	Yes

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)

S.NO	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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APPENDIX III: INTER-ENTITY TRANSFERS

MOIBEN TECHNICAL AND VOCATIONAL COLLEGE

Break down of Transfers from the State Department of Technical and Vocational Education.

FY 2019/2020				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (K.shs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	1 st July 2019	1,999,562	FY 2019/2020	
	10 th July 2020	2,250,000	FY 2018/2019	
	18 th October 2020	1,530,000	FY 2019/2020	
	7 th May 2020	780,000	FY 2019/2020	
	Total	6,559,562		
b. Development Grants				
	<u>Bank Statement Date</u>	<u>Amount (K.shs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		0.00		
	Total	0.00		

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

Finance Manager
Entity

Sign -----

Head of Accounting Unit
Ministry

Sign-----

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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/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Receivables	Others - must be specific	
Ministry of Education	10 th July 2020	Recurrent	2,250,000	2,250,000	-	-	-	2,250,000
Ministry of Education	18 th October 2020	Recurrent	1,530,000	1,530,000	-	-	-	1,530,000
Ministry of Education	7 th May 2020	Recurrent	780,000	780,000	-	-	-	780,000
Moiben constituency CDF	1 st July 2019	Development	1,999,952	-	1,999,562	-	-	1,999,562
Total			6,559,952	4,560,000	1,999,562	-	-	6,559,562