

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



THE NATIONAL ASSEMBLY	
P. 2	
DATE: 10 MAY 2022	TUESDAY
TABLED BY: MAJORITY LEADER	
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REPORT

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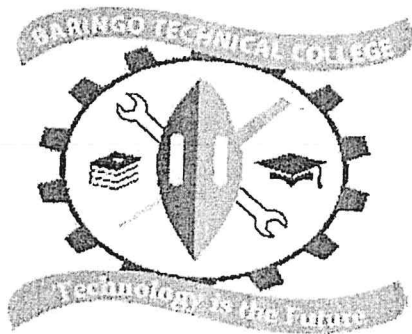
THE AUDITOR-GENERAL

ON

BARINGO TECHNICAL COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2018**





BARINGO TECHNICAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2018**

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

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2018

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Baringo Technical College was established under the Technical, Vocational Education and Training (TVET) Act, 2013. The entity is domiciled in Kenya. The College operates under the Ministry of Education State Department of Technical, Vocational Education and Training (TVET)

(b) Principal Activities

The principle activity of the institution is found in its mission and vision statements as below:

Vision

To be global leader in technological, engineering, innovation, entrepreneurial research and training

Mission

To provide quality human resource through technical vocational education and training for global market

Core Values

Baringo Technical College is an integral part of the society and endeavours to exhibit high social and professional standards. Core values are the fundamental values or ideals at the heart of Baringo technical college that lays the foundation on which the college operates. Core values shape the culture and define the character of Baringo Technical College. The staff will conduct their duties in accordance with teacher's service code of conduct and ethics and endeavour to project a supportive corporate culture among its members.

Guided by our vision and mission we shall uphold the following values at all the times. These core values are:

- Integrity
- Quality
- Accountability
- Professionalism
- Commitment
- Leadership
- Diversity

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2018

(c) Key Management

The Baringo Technical College day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management Team

(d) Fiduciary Management

~~The key management personnel who held office during the financial year ended 30 June 2018 and who had direct fiduciary responsibility were:~~

No.	Designation	Name
1.	Principal	Barnabas Too
2.	Head of Finance	CPA Rebecca Chelanga
3.	Head of Procurement	Robert Chirchir

(e) Fiduciary Oversight Arrangements

The board has the overall mandate of ensuring the sound management of the college

Audit committee activities

The Baringo Technical College audit committee was not established. Its functions were performed by the executive committee of board who reports directly to the full board.

Land Committee

The committee was formed to look into Land issues in consultation with other stakeholders, like chief, member of county assembly, founders of the college and relevant Government officers.

Budget and Appropriations Committee

The budget and appropriation committee was not in place, however, the budgetary process done through heads of departments ensuring that there was full participation.

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
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KEY ENTITY INFORMATION AND MANAGEMENT

- (f) Entity Headquarters**
Baringo Technical College
P.O Box 299-30400
Kabarnet, Kenya
- (g) Entity Contacts**
Telephone: 0702191409
E-mail: baringotechnical@yahoo.com
Website: www.baringotechnical.ac.ke
- (h) Entity Bankers**
Kenya Commercial Bank
Kabarnet branch
P.O BOX 175-30400
Kabarnet
Account Number.1137331836
- (i) Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

BARINGO TECHNICAL COLLEGE
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THE BOARD OF GOVERNORS

NAME OF THE BOARD MEMBER	POST HELD
	The Board members were appointed on 9 December 2016
1. Ezekiel K. Kimosop	Chairman
2. Lucy Chepkwony	Member
3. Ivan Kelunyo	Member
4. Wabwoba Mukhamule Walinywa	Member
5. Mike Chebii	Member
6. Gideon Manyasi	Member
7. Margaret Mwangi	Member
8. Barnabas Too	Principal/Secretary to Board

MANAGEMENT TEAM

AREA OF RESPONSIBILITY	NAME OF THE PRINCIPAL
Principal/Secretary to the Board (May 2017-March 2019)	Barnabas Too
Acting Deputy Principal	Benjamin Kimiti
Registrar	Lucy Boboti
Dean of Students	Rufus Muriuki
Finance Officer	CPA Rebecca Chelanga
Procurement Officer	Robert Chirehir

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

**CORPORATE SOCIAL RESPONSIBILITY
STATEMENT/SUSTAINABILITY REPORTING**

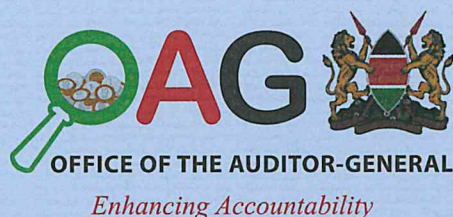
Baringo Technical College was founded for public benefit, to promote technical education and knowledge and provide an institution open for all, irrespective of race, creed or political belief. It is pioneering institution of higher learning in making technical education available to the communities living in Baringo county and Kenya at large.

~~The college's corporate social responsibility is to set out the guiding principles by which the organization is run in order to fulfil its core mandate.~~

During the year under review Baringo Technical College did not engage in any corporate social responsibility.

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON BARINGO TECHNICAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Baringo Technical College set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 Baringo Technical College as at 30 June, 2018, 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 Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1.0 Variances Between Opening Balances and Prior Year Financial Statements

The prior year comparative figures included in these financial statements differed from the last year's audited figures resulting to a variance of Kshs.193,050 as detailed below:

Item	Financial Statements 2017-2018 Kshs.	Financial Statements 2016-2017 Kshs.	Difference Kshs.
Employee Costs	3,925,100	4,219,400	(294,300)
Refundable Deposits-Caution Money	587,475	486,225	101,250
Total	4,512,575	4,705,625	(193,050)

Consequently, the accuracy and completeness of the prior year figures included in these financial statements for the year ended 30 June, 2018 could not be confirmed.

2.0 Unsupported Balances

The financial statements for the year ended 30 June, 2018 contained some figures that differed with those in the supporting schedules provided for audit resulting to unexplained nor reconciled variance of Kshs.1,396,928 as detailed below;

Item	Note	Financial Statements Figure Kshs.	Supporting Schedule Figure Kshs.	Difference Kshs.
Property, Plant and Equipment	27	12,075,330	12,075,308	22
Rental Income	12	0	68,300	(68,300)
Farm Income	12	192,976	0	192,976
Recurrent Grants	10	13,502,710	13,500,000	2,710
Academic Expenses	16	7,930,018	6,660,498	1,269,520
Total		33,701,034	32,304,106	1,396,928

Consequently, the accuracy and completeness of the above balances included in these financial statements for the year ended 30 June, 2018 could not be confirmed.

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

The statement of comparison of budget and actual amount had the following inconsistencies: -

- 3.1 The revenue total income figure of Kshs.63,622,500 differs with the audited figure of Kshs.64,189,500 resulting to unreconciled variance of Kshs.567,000.
- 3.2 The actual on comparable basis total revenue of Kshs.41,031,818 differs with the audited figure of Kshs.30,630,698 resulting to unreconciled variance of Kshs.10,401,120.

Consequently, the accuracy and completeness of the above balances included in the statement of comparison of budget and actual for the year ended 30 June, 2018 as prepared and presented could not be confirmed.

4.0 Property, Plant and Equipment

The statement of financial position as at 30 June, 2018 reflects property, plant and equipment balance of Kshs.12,075,330 (2017 Kshs.6,988,723). As previously reported, the College operates on land acquired in the year 2011 measuring 7.20 hectares which includes buildings and agricultural assets whose value has not been determined to date.

In addition, a motor vehicle registration number KAE 604X Toyota acquired on 4 August, 1995, has not been registered in the name of the College and still bears a private number plate. This is contrary to Section 25 of the Second Schedule of the Technical and Vocational Education and Training Act, 2013 that states that all such immovable property may from time to time become the property of the institution and shall be in the name of the institution. Further, the supporting schedule with clear description of assets for the fixed assets additions of Kshs.6,704,647 was not provided for audit review.

Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs.12,075,330 as at 30 June, 2018 could not be confirmed.

5.0 Grants

5.1 Recurrent Grant

The statement of financial performance for the year ended 30 June, 2018 reflects transfers from the National Government recurrent grants of Kshs.13,502,710 (2017 Kshs.14,483,716). However, records from the Ministry of Education revealed that the College received Kshs.10,000,000 resulting to unexplained nor reconciled variance of Kshs.3,502,710.

Consequently, the accuracy and completeness of the reported transfers from the National Government recurrent grants of Kshs.13,502,710 for the year ended 30 June, 2018 could not be confirmed.

5.2 Development Grant

The statement of changes in net assets for the year ended 30 June, 2018 reported development grants of Kshs.3,295,000 (2017 Kshs.5,164,308). However, records from the Ministry of Education revealed that Kshs.18,307,424 was disbursed during the year under review which included Kshs.12,251,924 for mentor institutions. The resultant difference of negative Kshs.2,760,500 has not been explained nor reconciled as tabulated below;

Item	Records from Baringo Technical College (Kshs.)	Records from Ministry of Education (Kshs.)	Difference (Kshs.)
Development Grant for Mentor Institutions	12,251,924	18,307,424	(6,055,500)
Development Grant for College	3,295,000	0	3,295,000
Total	15,546,924	18,307,424	(2,760,500)

Consequently, the accuracy and completeness of the reported transfers from the National Government development grants of Kshs.3,295,000 for the year ended 30 June, 2018 could not be confirmed.

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

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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budget and Budgetary Control

1.1 Income Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2018 has the following anomaly. The budgeted income items are not aligned to the statement of financial performance making comparison and analysis impossible.

1.2 Expenditure Budget

The expenditure budget was Kshs.18,148,800 against an actual of Kshs.29,758,130 resulting to an over expenditure of Kshs.8,528,265 or 46% as tabulated below:

Item	Budget Expenditure Kshs.	Actual Expenditure Kshs.	Over Expenditure Kshs.	%
Compensation of Employees	2,524,800	4,493,100	(1,968,300)	(77)
Use of Goods and Services	960,000	1,128,989	(168,989)	(18)
General Expenses	6,318,000	12,575,812	(6,257,812)	(99)
Academic Expenses	7,536,000	7,930,018	(394,018)	(5)
Repairs and Maintenance	810,000	549,146	260,854	32
Total Expenditure	18,148,800	26,677,065	(8,528,265)	(46)

The Management needs to ensure that the budget making process is realistic and set achievable targets.

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 on Lawfulness and Effectiveness in Use of Public Resources sections 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, 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 Lack of Credit and Debt Management Policy

The statement of financial performance for the year ended 30 June, 2018 reflects rendering of services fees from students of Kshs.27,335,698 (2017 Kshs.17,956,736). However, there is lack of Credit and Debt Management Policy as students are able to register and sit for exams before they pay their fee in full. Further, not all student may pay for registration, student ID card, caution money and the book levy. Although, Management agrees with the issue raised and states that they are committed to develop and operationalize a credit and debt management policy to address student debtors and other receivables. However, they have not stated their workplan timelines.

2.0 Weak System on Expenditure Recording

During the year under review, it was observed that the College has no accounting manual and the payment vouchers lack vote book certificate. The College has no account codes or chart of accounts to guide it on charging of both income and expenditure items.

The College is therefore susceptible to override of the expected accounting and internal control system.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the International Public Sector Accounting Standards (Accrual

Basis) basis of accounting unless the Management is aware of the intention to terminate the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 as a going concern. 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 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2022

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2018
FINANCIAL STATEMENTS

I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2017-2018 K.shs	2016-2017 K.shs
Revenue from non-exchange transactions			
Transfers from the National Government— Recurrent grants	10	13,502,710	14,483,716
Total Revenue from non-exchange transactions		13,502,710	14,483,716
Revenue from exchange transactions			
Rendering of services- Fees from students	11	27,335,698	17,956,736
Other incomes	12	193,410	170,470
Revenue from exchange transactions		27,529,108	18,127,206
Total revenue		41,031,818	32,610,922
Expenses			
Use of goods and services	13	1,128,989	258,679
Employee costs	14	4,493,100	3,925,100
Repairs and maintenance	15	549,146	13,575,269
Academic expenses	16	7,930,018	6,142,780
General expenses	17	12,575,812	9,477,437
Intangible asset amortization	18	1,463,002	-
Depreciation expenses	27	1,618,063	867,724
Total expenses		29,758,130	34,246,989
Net Surplus (Deficit) for the year		11,273,688	(1,636,067)

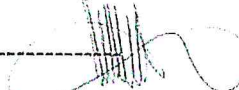
The notes set out on pages 7-27 form an integral part of the Annual Financial Statements.


BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018


II. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2017-2018 Kshs	2016-2017 Kshs
Assets			
Current assets			
Cash and cash equivalents	19	13,114,034	3,608,204
Receivables from exchange transactions		-	
Trade Receivables	20	12,747,579	9,561,986
Non-current assets		25,861,613	13,170,189
Intangible asset-automation	18	2,930,398	-
Property, plant and equipment	27	12,075,330	6,988,723
Total assets		40,867,942	20,158,912
Liabilities			
Current liabilities			
Refundable deposits (Caution money)	21	855,575	587,475
Bursary	22	80,000	80,000
Trade Payables	23	14,522,725	8,650,483
Total liabilities		15,458,300	9,317,958
Net assets			
Capital and Reserves			
Accumulated fund	24	16,439,347	5,165,659
Development fee	25	510,987	510,987
Development grants	26	8,459,308	5,164,308
Retained earnings		-	-
Revaluation reserve		-	-
Total Capital Fund		25,409,642	10,840,954
Total net assets and liabilities		40,867,942	20,158,912

The Financial Statements set out on pages 1-27 were signed on behalf of the College Board of Governors by:


Ezekiel K. Kimosop
Chairman Board of Governor
Date..... 9/8/2018


CPA Rebecca Chelanga
Finance Officer
ICPAK No 20590
Date..... 09/08/2018


Isaac Bwambok
Principal/Secretary to the Board
Date..... 5/10/2018

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

III. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated fund	Fees Development Fund	Capital development grants	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2017	6,801,726	130,750	-	6,932,476
Fees development fund	-	380,237	-	380,237
Fair value adjustment on quoted investments	-	-	-	-
Total comprehensive income	-	-	-	-
Capital/Development grants received during the year	-	-	5,164,308	5,164,308
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
Surplus for the year	(1,636,067)	-	-	(1,636,067)
As at 30 June 2017	5,165,659	510,987	5,164,308	10,840,954
As at 1 July 2017	5,165,659	510,987	5,164,308	10,840,954
Revaluation gain	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-
Total comprehensive income	-	-	-	-
Development grants received during the year	-	-	3,295,000	3,295,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
Surplus for the year	11,273,687	-	-	11,273,687
As at 30 June 2018	16,439,347	510,987	8,459,308	25,409,642

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

IV. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2017-2018	2016- 2017
	Note	Kshs	Kshs
Cash flows from operating activities		-	-
Receipts		-	-
Transfers from Government	10	13,502,710	14,483,716
Rendering of services- Fees from students	11	27,335,698	17,956,736
Other incomes	12	193,410	170,470
Total Receipts		41,031,818	32,610,922
Payments			
Use of goods and services	13	1,128,989	258,679
Compensation of employees	14	4,493,100	3,925,100
Repairs and maintenance	15	549,146	13,575,269
Academic expenses	16	7,930,018	6,142,780
General expenses	17	12,575,812	9,477,437
Total Payments		26,677,065	33,379,265
Net cash flow from operating activities		14,354,753	768,343
Cash flow from investing activities			
Purchase of intangible asset	18	(4,393,400)	-
Purchase of assets	27	(6,704,647)	(5,745,697)
Increase in trade receivables	20	(3,185,593)	(5,264,779)
Net cash flow from investing activities		(14,283,640)	(11,010,476)
Net cash flows used in financing activities			
Increase in caution money	21	268,100	277,500
Increase in trade payables	23	5,872,242	115,635
Development fees	25	-	380,237
Development funds	26	3,295,000	5,164,308
Net cash flows used in financing activities		9,435,342	5,937,680
Net increase/decrease in cash and cash equivalent		9,506,455	(5,841,139)
Cash and cash equivalents at 1 June 2017	19	3,608,203	9,449,342
Cash and cash equivalents at 30 June 2018	19	13,114,034	3,608,203

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V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018.

	Original budget	Final budget	Actual on comparable basis	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018
	Kshs	Kshs	Kshs	Kshs
Revenue				
Tuition	3,240,000	3,240,000	3,247,805	(7,805)
Repairs and Maintenance	810,000	810,000	579,140	230,860
Electricity and Water	648,000	648,000	480,450	167,550
Local Travelling	1,296,000	1,296,000	1,956,590	(660,590)
Activity	810,000	810,000	1,512,464	(702,464)
Personal Emoluments	2,025,000	2,025,000	3,239,740	(1,214,740)
Book Levy	162,000	162,000	95,810	66,190
Student Council	162,000	162,000	116,900	45,100
Medical	243,000	243,000	141,640	101,360
Contingencies	567,000	567,000	343,270	223,730
Boarding	4,050,000	4,050,000	8,185,985	(4,135,985)
Development	405,000	405,000	5,414,370	(5,009,370)
Student Id	27,000	27,000	36,000	(9,000)
Computer fee	810,000	810,000	412,400	397,600
Caution money	300,000	300,000	-	300,000
Attachment Fee	634,500	634,500	358,299	276,201
MOE Grants	14,000,000	14,000,000	13,502,710	497,290
Exam Fee	-	-	1,214,835	(1,214,835)
Sub-total	-	-	27,335,698	27,335,698
Development grant	34,000,000	34,000,000	3,295,000	(30,705,000)
Total income	63,622,500	63,622,500	41,031,818	17,385,630
Expenses				
Compensation of employees	2,524,800	2,524,800	4,493,100	(1,968,300)(a)
General expenses	6,318,000	6,318,000	12,575,812	
Repair and Maintenance	810,000	810,000	549,146	260,854
Electricity and Water	960,000	960,000	1,128,989	(168,989) (b)
Academic expenses	7,536,000	7,536,000	7,930,018	(394,018) (c)
Depreciation expense	-	-	1,618,063	(1,618,063)
Intangible asset amortization	-	-	1,463,002	(1,463,002)
Total expenditure	18,148,800	18,148,800	29,758,130	27,908,649

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Budget notes

- (a) Variance in this vote head resulted from increase in number of administrative staff due to increase in operations
 - (b) The negative variance in this vote was due to increased expenditure on electricity and water bills
 - (c) Variance in this vote head was as a result of increase in travelling expenses on official duties by staff
 - (d) Negative variance in this vote was due to participation in various regional and national sporting activities
 - (e) ~~The variance in boarding vote head was due to increased catering and accommodation expenses of students~~
-

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018

VI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Baringo Technical College is established by and derives its authority and accountability from Technical Vocational, Education and Training (TVET) Act, 2013. Baringo Technical College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's Principal activity is training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the Public finance management Act, 2012, the State Corporations Act 2004, the Technical Vocational, Education and Training (TVET) Act, 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

i. Early adoption of standards

Baringo Technical College did not early – adopt any new or amended standards in year 2018.

3. 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

i) Revenue from exchange transactions

Rendering of services

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

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.

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- 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.

- a) Budget information

The original budget for the Financial Year 2017-2018 was approved by the Board on 9 June 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

- b) Taxes

Current income tax

Baringo Technical College is exempt from paying taxes as per income tax cap. 470

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JUNE 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii) **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.

c) **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.

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d) Property, plant and equipment

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

The annual depreciation applied on straight-line basis is:

Motor vehicle25%
Furniture and fittings 12.5%
Computers30%
Library books25%
Plant & Equipment12.5%
Intangible assets33.3%

In addition, the financial year ended 30 June 2018, the college had the following assets which had not been valued

- a) Land 7.2 hectares
- b) Buildings
 - i) Hostels
 - ii) Staff quarters
 - iii) Kitchen and dining hall
 - iv) Workshop block

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 College 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.

f) 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.

g) Research and development costs

The college expenses research costs as incurred. Development costs on an individual project is 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.

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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.

h) Financial instruments

Financial assets

Initial recognition and measurement

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)
Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments

- ~~➤ The probability that debtors will enter bankruptcy or other financial reorganization~~
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of International public sector standard 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The College 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 considering 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 College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent liabilities

Baringo Technical College 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

Baringo Technical College 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**

Baringo Technical college creates and maintains reserves in terms of specific requirements.

l) ~~Changes in accounting policies and estimates~~

Baringo Technical College 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

Baringo Technical College 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

Baringo Technical 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 Principal and Senior managers.

q) Service concession arrangements

Baringo Technical College analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the College recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the College 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 imp rests 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 30 June 2018

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
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**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the financial statements in conformity with International public sector accounting standard 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. International public sector accounting standard 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

Baringo Technical College 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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The 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:

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 college has significant concentration of credit risk on amounts due from students. 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 Governors, 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.

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 on-going 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 college'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 College's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

Interest rate risk

Interest rate risk is the risk that the College'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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6. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

7. EVENTS AFTER THE REPORTING PERIOD

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

8. ULTIMATE AND HOLDING ENTITY

Baringo Technical College is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education Its ultimate parent is the Government of Kenya.

9. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs)

10. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2017-2018	2016-2017
	KShs	KShs
Unconditional grants		
Operational grant	13,502,710	14,483,716
Total government grants and subsidies	13,502,710	14,483,716

BARINGO TECHNICAL COLLEGE
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11. RENDERING OF SERVICES

Description	2017-2018 KShs	2016-2017 KShs
Tuition fees	3,247,805	3,876,044
Activity fees	1,512,464	654,497
Boarding fees	8,185,985	4,287,261
Personal emoluments	3,239,740	1,929,823
Repairs, Maintenance and Improvements	579,140	678,023
Local transport and travelling	1,956,590	1,184,757
Electricity and water	480,450	528,542
Contingencies	343,270	534,254
Medical	141,640	203,165
Book levy	95,810	139,094
Student Council	116,900	132,023
Student ID	36,000	37,100
Computer Fee	412,400	739,964
Attachment Fee	358,299	323,185
Development fee	5,414,370	-
Exam fee	1,214,835	2,676,506
Practical fee	-	-
Registration fee	-	32,500
TOTAL	27,335,698	17,956,736

12. OTHER INCOME

Description	2017-2018 KShs	2016-2017 KShs
Income from farm	192,976	32,470
Income from sale of tender	-	-
Interest income	434	-
Rent of property	-	138,000
Income from disposal of assets	-	-
Total other income	193,410	170,470

13. USE OF GOODS AND SERVICES

Description	2017-2018 KShs	2016-2017 KShs
Electricity and water	1,128,989	258,679
Water	-	-
Security	-	-
Professional services	-	-
Subscriptions	-	-
Total good and services	1,128,989	258,679

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14. EMPLOYEE COSTS

	2017-2018	2016-2017
	KShs	KShs
Salaries and wages	4,493,100	3,925,100
Employee costs	4,493,100	3,925,100

15. REPAIRS AND MAINTENANCE

Description	2017-2018	2016-2017
	KShs	KShs
General repairs	549,146	539,900
Renovation of hostels	-	312,548
Fencing	-	28,939
Automation	-	130,600
Workshop materials	-	4,578,463
Repairs of hostels	-	348,900
Painting administration Block	-	2,055,519
Clerk of works	-	15,000
Repairs of offices	-	134,000
Renovation of workshop	-	950,110
Workshop (electric works)	-	1,607,337
Temporary classrooms	-	2,723,953
Environmental impact assessment	-	150,000
Total repairs and maintenance	549,146	13,575,269

16. ACADEMIC EXPENSES

Description	2017-2018	2016-2017
	KShs	KShs
Tuition	4,232,792	2,628,828
Activity	1,096,995	286,000
Medical	137,410	50,860
Book levy	10,665	24,570
Student ID	-	52,050
Industrial Attachment	333,578	-
Student council	27,600	48,030
Reference material	-	600,138
TVET fairs	1,015,764	741,720
Capacity building	142,060	734,950
Marketing of courses	704,154	440,734
CAPA trips	124,000	-
Computer	105,000	534,900
Total Academic expenses	7,930,018	6,142,780

BARINGO TECHNICAL COLLEGE
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17. GENERAL EXPENSES

Description	2017-2018	2016-2017
	KShs	KShs
Boarding	9,469,591	4,369,445
Local transport and travelling	1,826,020	2,887,436
Contingencies	408,690	657,718
Katti/MOE workshops	170,400	
Land compensation	-	916,000
ISO Certification		60,000
Performance contracting	571,200	169,000
Capacity Building workshops	113,000	
Tender advertisement	-	145,575
Bank charges	16,911	27,788
Administrative costs	-	244,475
Total general expenses	12,575,812	9,477,437

Description	2017-2018	2016-2017
	KShs	KShs
Cost	4,393,400	-
Amortization @33.3%	(1,463,002)	-
Balance	2,930,398	-

18. INTANGIBLE ASSET

19. (a) CASH AND CASH EQUIVALENTS

Description	2017-2018	2016-2017
	KShs	KShs
Current account	13,114,034	3,608,204
Total cash and cash equivalents	13,114,034	3,608,204

19. (b) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2017-2018	2016-2017
		KShs	KShs
a) Current account			
Kenya Commercial bank	1137331836	6,246,449	1,828,764
Kenya Commercial bank	1175704199	6,325,442	1,555,479
Kenya Commercial bank	1167847253	391,132	214,451
Sub- total		12,963,024	3,598,694
b) Others(specify)			
cash in hand	1137331836	2,463	6,458
cash in hand	1175704199	148,289	2,168
cash in hand	1167847253	259	883
Sub- total		151,010	9,509

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
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Grand total		13,114,034	3,608,204
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20. TRADE RECEIVABLES

Description	2017-2018	2016-2017
	Kshs	Kshs
Total	12,747,579	9,561,986

21. CAUTION MONEY

Description	2017-2018	2016-2017
	KShs	KShs
Opening balance	587,475	309,975
Receipts during the year	271,100	277,500
Refunds during the year	-	-
Total	855,575	587,475

22. BURSARY

Description	2017-2018	2016-2017
	Kshs	Kshs
Total	80,000	80,000

23. TRADE PAYABLES

Description	2017-2018	2016-2017
	Kshs	Kshs
Sundry creditors	14,522,725	8,650,484
Total	14,522,725	8,650,483

24. ACCUMULATED FUND

Description	2017-2018	2016-2017
	Kshs	Kshs
Total	16,439,347	5,165,659

25. DEVELOPMENT FUND INTERNAL

Description	2017-2018	2016-2017
	Kshs	Kshs
Total	510,987	510,987

26. DEVELOPMENT GRANTS

Description	2017-2018	2016-2017
	Kshs	Kshs
Total	8,459,308	5,164,308

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27. PROPERTY, PLANT AND EQUIPMENT 2017-2018

Asset	Motor Vehicles	Building/ W.I. P	Furniture and Fittings	Computers	Books	Plant and Equipment's	Totals
PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR 2016-2017							
COST		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2016	2,350,000	-	154,000	305,000	-		2,809,000
Additions		4,495,806	1,167,991	60,000	21,900		5,745,697
As at 30 June 2017	2,350,000	4,495,806	1,321,991	365,000	21,900	-	8,554,697
As at 1 July 2017	2,350,000	4,495,806	1,321,991	365,000	21,900	-	8,554,697
Accumulated depreciation	587,500	-	19,250	91,500	-	-	698,250
Depreciation for the year	587,500	-	165,248	109,500	5,475	-	867,723
Accumulated depreciation	1,175,000	-	184,498	201,000	5,475	-	1,565,973
NBV 30 June 2017	1,175,000	4,495,806	1,137,492	164,000	16,425	-	6,988,723
NBV 30 June 2016	1,175,000	-	134,750	213,500	-	-	2,110,750

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PROPERTY, PLANT AND EQUIPMENT FINANCIAL YEAR 2017-2018							
COST							
At 1 JULY 2017	2,350,000	4,495,806	1,321,991	365,000	21,900	-	8,554,697
Additions	-	3,616,757	115,009	1,177,345	1,266,536	529,000	6,704,647
AT 30 JUNE 2018	2,350,000	8,112,563	1,437,000	1,542,345	1,288,436	529,000	15,259,344
Acc. Depreciation	1,175,000	-	184,498	201,000	5,475	-	1,565,973
Depreciation as at 1 July 2018	587,500	-	179,625	462,703	322,109	66,125	1,618,062
Acc.depr.30 June 18	1,762,500	-	364,123	663,703	327,584	66,125	3,184,036
NBV							
Net Book Value 30 June 2018	587,500	8,112,563	1,072,876	878,642	960,852	462,875	12,075,308
Net Book Value	1,175,000	4,495,806	1,137,492	164,000	16,425		6,988,723

Notes:

- Depreciation is on straight line method
- Land and Buildings not included as they have not been valued yet.

BARINGO TECHNICAL COLLEGE
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APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:		BARINGO TECHNICAL COLLEGE		
Break down of Transfers from the State Department of Technical Vocational Education and Training (TVET)				
FY 2017-2018				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The Financial Year to which the amounts relate</u>
		13.10.2017	3,500,000	2017-2018
		12.4.2017	3,500,000	2017-2018
		27.4.2018	3,500,000	2017-2018
		25.4.2018	3,000,000	2017-2018
		Total	13,500,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The Financial Year to which the amounts relate</u>
		22.02.2018	3,295,000	2017-2018
		Total	3,295,000	

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

CPA Rebecca Chelanga
 Finance Officer

Sign



Isaac Bwambok
 Principal/Secretary to the Board

Sign



BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
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APPENDIX II (a): INTER-ENTITY TRANSFERS
(DISCLOSURE OF MENTOR INSTITUTIONS)

6. ANALYSIS OF CASH AND CASH EQUIVALENTS

In the financial year under review, the college was involved in mentoring Kapchepkor Technical College and Mochongoi Technical College. This was meant for construction of the Technical Colleges in Baringo North and South respectively.

Financial institution	Account number	2017-2018	2016-2017
		KShs.	KShs.
a) Current account			
Transnational bank-Mochongoi	142549002	6,266	15,586,824
Transnational bank-Kapchepkor	142550002	2,889,537	14,231,454
Grand total		2,895,803	29,818,278

BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
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APPENDIX II (b): INTER-ENTITY TRANSFERS
(DISCLOSURE OF MENTOR INSTITUTIONS)

ENTITY NAME:		BARINGO TECHNICAL COLLEGE		
Break down of Transfers from the State Department of Technical Vocational Education and Training (TVET)				
FY 2017-2018				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The Financial Year to which the amounts relate</u>
	Mochongoi Technical College	07.04.2017	800,000	2017-2018
	Kapchepkor Technical College	07.04.2017	600,000	2017-2018
	Total		1,400,000	
b.	Development grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>The Financial Year to which the amounts relate</u>
	Mochongoi Technical College	12.08.2017	6,125,962	2017-2018
	Kapchepkor Technical College	12.08.2017	6,125,962	2017-2018
	Total		12,251,924	

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

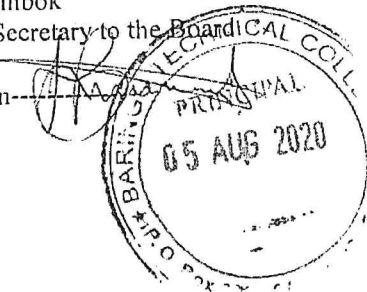
CPA Rebecca Chelanga
 Finance Officer

Sign



Isaac Bwambok
 Principal/Secretary to the Board

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BARINGO TECHNICAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
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32. APPENDIX III: PROGRESS ON FOLLOW UP OF AUDITOR
RECOMMENDATIONS

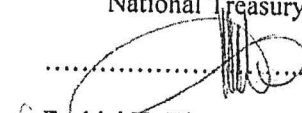
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

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

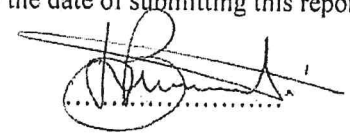
National Treasury



 Ezekiel K. Kimosop

Chairman Board of Governors

Date..... *9/8/20*



Isaac Bwambok

Principal/Secretary to the board

Date.....



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