

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT** 22 FEB 2023

|                                       |  |
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| THE NATIONAL ASSEMBLY<br>PADOCS I AND |  |
| DAY                                   |  |
| TABLED BY:                            | HON DWEN BAYA, MP<br>DEPUTY LEADER OF MAJORITY |
| CLERK AT TABLE:                       | CHRISTINE NDIRITU                              |

**THE AUDITOR-GENERAL**

**ON**

**OMUGA TECHNICAL AND  
VOCATIONAL COLLEGE**

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





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**OMUGA TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2021**

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

**OMUGA TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

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## **I. KEY COLLEGE INFORMATION AND MANAGEMENT**

### **a) Background Information**

Omuga TVC is a Public TVET College under the Ministry of Education, State Department of Vocational and Technical Training (MOE-SDVTT). The Ministry of Education provides the general policy and strategic direction of the College.

The College is domiciled in Kenya, situated 2.3 KM off Misambi Market, along the Kisumu-Kisii High way within Kabondo Kasipul Constituency, Homa Bay County.

The College currently offers a wide range of courses starting from Artisan, Certificate to Diploma levels spread across the following Seven (7) Academic departments:

- Agricultural & Automotive Engineering;
- Electrical and Electronics Engineering;
- Building and Civil Engineering;
- Food & Beverage/Institutional Management;
- Social Studies;
- ICT and
- Business Studies offering a variety of courses from Artisan, Certificate and Diploma levels.

The College enrolled the first batch of trainees in January 2019 following the completion of its construction in August 2018.

The first Principal was posted to the institution in March 2019 following a handover by the mentoring institution, RIAT. The Principal, Deputy Principal, Registrar, Dean of Students, Bursar and Procurement officer form the top management team of the College charged with the day-to-day running of the College.

The Members of the Board of Governors (B.O.G) for the college were appointed by the Cabinet Secretary, Ministry of Education, in July 2019 and inaugurated on 4<sup>th</sup> October 2019 in accordance to the TVET Act 2013.

### **b) Principal Activities**

The principal mandate of Omuga TVC is to provide Training in Technical, Vocational and Business courses to graduates of secondary and primary schools to enable them acquire relevant technical skills for the job market.

#### **Objectives of Omuga TVC are:**

- To provide quality, dynamic and customer driven technical training that would make the trainees fit for the dynamic demands of the job market.
- To equip trainees with relevant knowledge, skills and attitudes needed to address the societal and development needs.
- To ensure efficiency and optimal utilization of the resources.
- To safeguard integrity, honesty and accountability in all operations.
- To endeavour to continuously improve on services and operations through research and innovation.

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- To ensure compliance with all relevant national and international statutory requirements, standards, codes and regulations.

**Vision**

To be a Regional Centre of Excellence in Agriculture, Technology and Innovation.

**Mission**

To provide quality, dynamic and customer focussed training that is geared to promoting access, sustainability and socio-economic development.

**Core-Values**

- Integrity
- Accountability
- Professionalism
- Teamwork
- Creativity and Innovativeness.
- Inclusivity

**(c) Key Management Structure**

The day-to-day running and Management of the College is under the following key organs:

- Board of Governors (BOG)
- Principal
- Deputy Principal
- Registrar
- Dean of students
- Heads of Departments (Academic & Non-Academic)
- Finance Officer
- Procurement Officer

**(d) Fiduciary Management**

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

| No. | Designation         | Name             |
|-----|---------------------|------------------|
| 1.  | Principal           | John O. Owoko    |
| 2.  | Head of Finance     | Fredrick O. Ouma |
| 3.  | Head of Procurement | Sharon A. Ouma   |

**(e) Fiduciary Oversight Arrangements**

The Board formed and mandated the three Board Committees listed below to oversee the governance and oversight functions of the Board.

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| NAME OF THE COMMITTEE   | MEMBERS  |
|---|--|
| 1. Audit, Governance and Risk Management (AGRM) Committee           | 1. Cynthia A. Ochuodho_ Chairperson<br>2. Internal Auditor_ Secretary<br>3. James Ndun'gu_ Member<br>4. Abednego O. Owiti_ Member  |
| 2. Finance, Infrastructure and Resource Management (FIRM) Committee | 1. George O. Oloo_ Chairperson<br>2. John O. Owoko_ Principal/ Secretary<br>3. Tom O. Olan'go_ CDTVET/ Member<br>4. Cynthia A. Ochuodho_ Member<br>5. Edmond Y.K. Mise_ Member                                   |
| 3. Education, Training, Research And Strategy (ETRS) Committee      | 1. Esther Imbega_ Chairperson<br>2. John O. Owoko_ Principal/ Secretary<br>3. James Ndun'gu_ Member<br>4. Abednego O. Owiti_ Member<br>5. Martin M. Onyuka_ Gov Rep/ Member<br>6. Tom O. Olan'go_ CDTVET/ Member |

**(f) Headquarter**

P.O. Box 267-40223  
**Kadongo, Kenya.**

**(g) College Contacts**

**Website:** [www.omugatvc.ac.ke](http://www.omugatvc.ac.ke)

**Email :** [info@omugatvc.ac.ke](mailto:info@omugatvc.ac.ke) /  
[omugatvc@gmail.com](mailto:omugatvc@gmail.com)

**PHONE:** +254- 745 628 390/ 756595226

**(h) College Bankers**

Kenya Commercial Bank  
 P.O. Box 17- 40100,  
**Kisumu, Kenya.**

**(i) Independent Auditors**

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

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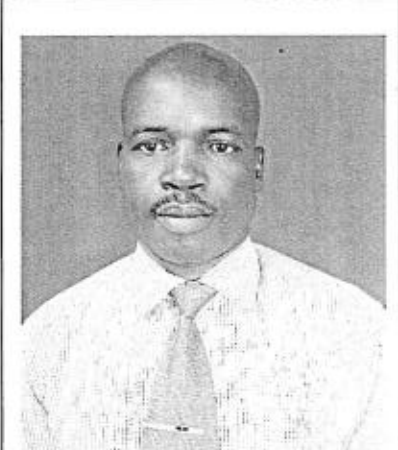
**(j) Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 – 00200  
**Nairobi, Kenya**






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**II. MEMBERS OF THE BOARD OF GOVERNORS**



The details of the Board Members who served during the FY 2019/2020 are as provided below:

| <b>BOG'S PASSPORT-SIZE PHOTO AND NAME.</b>  | <b>DESCRIPTION OF EACH BOG'S DATE OF BIRTH, KEY QUALIFICATIONS AND WORK EXPERIENCE.</b>  |
|---|--|
|  <p data-bbox="172 1003 528 1099">1. Dr. Phares B.O. Ochola<br/><b>Chairman of the Board</b></p>         | <p data-bbox="571 528 831 562"><b>Year of Birth: 1958</b></p> <p data-bbox="571 600 831 633"><b>Key Qualifications:</b><br/>           PhD in Operations Research from Kenyatta University;<br/>           Msc. in Operations Research from Strathelyde University (UK);<br/>           BSc. Applied Maths and Statistics from University of Nairobi;<br/>           Post Graduate Diploma in Education (PGDE) from Kenyatta University</p> <p data-bbox="571 857 815 891"><b>Work Experience:</b><br/>           Currently serving as:</p> <ul style="list-style-type: none"> <li data-bbox="628 931 1066 965">➤ BOG Chairman, Omuga TVC;</li> <li data-bbox="628 969 1422 1037">➤ Project Manager at the Kenya School of Monetary Studies (KSMS);</li> <li data-bbox="628 1041 1310 1075">➤ Senior Lecturer at Technical University of Kenya;</li> </ul> <p data-bbox="571 1079 1417 1144">Previously served as a Lecturer at Kenyatta University for over 15 years.</p> |
|  <p data-bbox="172 1619 528 1715">2. Mr. John O. Owoko<br/><b>Principal/Secretary to the Board</b></p> | <p data-bbox="571 1155 831 1189"><b>Year of Birth: 1976</b></p> <p data-bbox="571 1227 831 1261"><b>Key Qualifications:</b><br/>           M.Sc. in Electronics &amp; Instrumentation (ongoing)- Kenyatta University;<br/>           B.Sc. in Telecommunications- Kenyatta University;<br/>           Post Graduate Diploma in Education (Science Option)- Maseno University;<br/>           Higher Diploma in HRM- KNEC</p> <p data-bbox="571 1525 815 1559"><b>Work Experience:</b><br/>           Currently serving as the Principal, Omuga TVC<br/>           Previously served as:</p> <ul style="list-style-type: none"> <li data-bbox="628 1630 991 1664">➤ Dean of Students, RIAT;</li> <li data-bbox="628 1668 1098 1702">➤ Deputy Dean of Students, RIAT;</li> <li data-bbox="628 1706 890 1740">➤ Lecturer, RIAT;</li> <li data-bbox="628 1744 1241 1778">➤ Teacher, Siaya Township Secondary School</li> </ul>   |



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|  |   |
|--|---|
|  <p>3. George O. Oloo<br/> <b>Chairman-Finance,<br/> Infrastructure, and Risk<br/> Management Committee</b></p> | <p><b>Year of Birth: 1978</b></p> <p><b>Key Qualifications:</b><br/> Master's in Business Administration;<br/> B.Ed Mathematics and Economics<br/> CPA-K;<br/> Post Graduate Diploma in Human Resource Management;</p> <p><b>Work Experience:</b><br/> Currently serving as the Operations Manager for University of Maryland Baltimore, School of Medicine Programs in Kenya<br/> Previously served as:</p> <ul style="list-style-type: none"> <li>➤ The General Manager, Globology Limited-Kisumu;</li> <li>➤ The Head of Finance and Administration at ZOA International-Monrovia, Liberia.</li> </ul>   |
|  <p>4. Esther Imbega<br/> <b>Chairperson- Education,<br/> Training and Research<br/> Committee</b></p>         | <p><b>Year of Birth: 1974</b></p> <p><b>Key Qualifications:</b><br/> Diploma in Technical Education from KTTC;<br/> Diploma in Food Technology from The Kenya Polytechnic.</p> <p><b>Work Experience:</b><br/> Currently serving as:</p> <ul style="list-style-type: none"> <li>➤ Senior Jaggery and Dairy production manager at Homalime Company Limited- where she has served for over 10 years;</li> <li>➤ Member of BOG at SIKRI TTI for the blind and deaf;</li> </ul> <p>Previously served as:</p> <ul style="list-style-type: none"> <li>➤ Lecturer at Moi institute of Technology;</li> <li>➤ Laboratory Technologist at West Kenya Sugar Company;</li> <li>➤ Laboratory Technician at Mumias Sugar Company Limited.</li> </ul> |
|   | <p><b>Year of Birth: 1972</b></p> <p><b>Key Qualifications:</b><br/> Diploma in Electrical engineering (Power) option from Intraglobal Training Institute (Kisumu);<br/> Craft Certificate in Electrical Installation from Kenya Industrial Training Institute (NAKURU);<br/> Process Control and Sugar Technology Course at Tom Mboya Labour College.</p> <p><b>Work Experience:</b><br/> Currently serving as Electrical Foreman at Muhoroni Sugar Company;<br/> Previously served as:</p>  |

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|  |   |
|--|---|
| <p>5. Abednego Owiti<br/><b>Board Member</b></p>   | <ul style="list-style-type: none"> <li>➤ Electrical technician at Muhoroni Sugar Company for 15 years;</li> <li>➤ Electrical technician at Farm Engineering Industries;</li> </ul>  |
|  <p>6. James Ndungu<br/><b>Board Member</b></p>       | <p><b>Year of Birth: 1983</b></p> <p><b>Key Qualifications:</b><br/> MSc. Data Communication from KCA University;<br/> MSc. Information Systems and Management from University of Manchester (ongoing);<br/> BSc. Computer Science from Makerere University;<br/> Certificate in Leadership and Management at University of Washington;<br/> Certificate in Project Management from University of Washington;<br/> Certificate in International Development from Commonwealth Commission</p> <p><b>Work Experience:</b><br/> Currently serving as the ICT Technical Advisor at US-Mission Nairobi.<br/> Previously served as:</p> <ul style="list-style-type: none"> <li>➤ ICT Network and Infrastructure Lead at Kenyatta University Main Campus, Nairobi;</li> <li>➤ Senior Systems Administrator at The Standard Group/KTN, Nairobi;</li> <li>➤ Regional ICT Coordinator at Rockefeller Foundation, African Regional Office, Nairobi;</li> <li>➤ IT Business Analyst at Fintech Kenya Ltd-Nairobi</li> </ul> |
|  <p>7. Cynthia Ochuodho<br/><b>Board Member</b></p> | <p><b>Year of Birth: 1987</b></p> <p><b>Key Qualifications:</b><br/> Bachelor of Law Degree from Moi University;<br/> Post Graduate Diploma in Law from Kenya School of Law</p> <p><b>Work Experience:</b><br/> Currently serving as:</p> <ul style="list-style-type: none"> <li>➤ Legal Officer at SBC Kenya Limited;</li> <li>➤ Advocate of the High Court of Kenya;</li> <li>➤ A Member of the Law Society of Kenya;</li> </ul> <p>Previously served as:</p> <ul style="list-style-type: none"> <li>➤ Assistant Legal Officer at Primarosa Flowers Limited;</li> <li>➤ A Pupil at EKN LLP Advocates;</li> <li>➤ Intern at Otieno, Yogo, Ojuro &amp; Company Advocates;</li> <li>➤ Intern at Muma Nyagaka &amp; Company Advocates in Kisumu.</li> </ul>   |

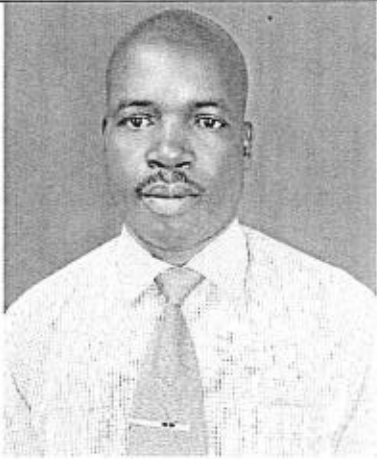

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|   |  |
|---|--|
|  <p><b>8. Edmond Kipchirchir Mise</b><br/> <b>Board Member</b></p>                               | <p><b>Year of Birth:</b> 1978</p> <p><b>Key Qualifications:</b><br/> Master of philosophy degree in Water Resources Engineering from Moi University (Ongoing);<br/> Bachelor of Technology in Civil and Structural Engineering Moi University;</p> <p><b>Work Experience:</b><br/> Currently serving as the project coordinator at AA BAYUSUF &amp; SONS LTD.<br/> Previously worked as:</p> <ul style="list-style-type: none"> <li>➤ Site Agent at AEGIS CONSTRUCTION COMPANY across multiple sites for over seven years;</li> <li>➤ Lecturer at RVIST;</li> <li>➤ Supervisory work in projects undertaken by Mondola Construction Company/ APEC consultants and Mugoya Construction Company/Charchi-Githinji consultants</li> </ul>              |
|  <p><b>9. Mr. Tom Olango</b><br/> <b>Board Member</b><br/> <b>Regional Director of TVET</b></p> | <p><b>Year of Birth:</b> 1970</p> <p><b>Key Qualification:</b><br/> Currently concluding a PhD in Curriculum Studies at Kenyatta University<br/> M.Ed. in Curriculum Studies from Nairobi University;<br/> B.Ed.</p> <p><b>Work Experience:</b><br/> Currently:</p> <ul style="list-style-type: none"> <li>➤ Deputy Director TVET, Serving as the Regional Director of TVET in charge of Kisii, Nyamira, Migori and Homa Bay Counties;</li> <li>➤ Is the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD.</li> </ul> <p>Previously served as:</p> <ul style="list-style-type: none"> <li>➤ Graduate teacher of Mathematics under T.S.C;</li> <li>➤ Education officer in the Ministry of Education.</li> </ul> |



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**III. MANAGEMENT TEAM**



This comprises of the Principal and the Top Management Team charged with the day-to-day running of the college and implementation of key policies passed by the Board.

| <b>PASSPORT-SIZE PHOTO AND NAME</b>   | <b>RESPONSIBILITIES</b>   |
|---|---|
|  <p style="text-align: center;"><b>Mr. John O. Owoko</b><br/><b>Principal</b></p>         | <p>Chief Executive Officer/Accounting officer for the college.<br/>           In charge of the overall management of the college<br/>           Responsible for the preparation of the budget estimates<br/>           Interpreting and implementing policy decisions</p> |
|  <p style="text-align: center;"><b>Mr. Jack O. Ogada</b><br/><b>Deputy Principal</b></p> | <p>The Principal assistant to the Principal in the management of the college<br/>           In charge of coordinating all aspects of trainings.</p>   |

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|   |   |
|---|---|
|  <p>Mr. Victor O. Ochieng<br/><b>Registrar</b></p>         | <p>In charge of marketing of college programs and general students admission;<br/>Management of students' records,<br/>Formulation of education plans;<br/>Maintain academic standards and preparation of timetables.</p> |
|  <p>Mr. Stephen O. Okinyi<br/><b>Dean of Students</b></p> | <p>In charge of management of students' affairs and welfare,<br/>Maintain students' discipline;<br/>Overseeing students' governance, clubs, societies<br/>Sports and recreational activities</p>                          |

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|   |  |
|---|--|
|  <p>Mr. Fredrick O. Otieno<br/><b>Accountant</b></p>       | <p>In charge of preparation of budget estimates, budgetary control and financial reports<br/>Provides financial advice to the management<br/>In charge of non-academic staff</p> |
|  <p>Ms. Sharon A. Ouma<br/><b>Procurement Officer</b></p> | <p>In charge of supplies and procurement management<br/>Manages and advices on procurement issues</p>  |

#### IV. CHAIRMAN'S STATEMENT



It is great pleasure for me to make this statement on behalf of the Board of Governors and the entire Omuga TVC fraternity. The Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2020 has presented us with an opportunity to reflect on our achievements over the past one year and to plan for the future as an institution. This Inaugural Board took over the Governance of the College on 4<sup>th</sup> October 2019 following the appointment of its members by the Cabinet Secretary, MOE in July 2019. Since then, the Board has continued to carry out its oversight role and provision of strategic direction to the College in line with the TVET Act 2013, Mwongozo and other Government guidelines and Policies.

The Board remains focused on its mandate of addressing the Country's TVET agenda of increasing access and equity. As a board, we fully embrace the Government's Vision on TVET as envisioned in the Kenya Vision 2030 and the Big 4 Agenda. To this end, the Board has made the following significant achievements since taking over Governance of the College:

- Increased enrolment from 38 in 2019 to 250 by March 2020;
- Expansion of training programmes from 4 to 7 departments;
- Involvement in the recruitment of PSC/TVET trainers
- Engagement of BOG trainers to supplement and bridge the deficit of PSC trainers;
- Continued improvement of college physical infrastructure;
- Development of the College Strategic Plan (in progress).

In our endeavour to achieve the aforementioned successes, the Board encountered a number of challenges that have considerably deaccelerated our performance. These include:

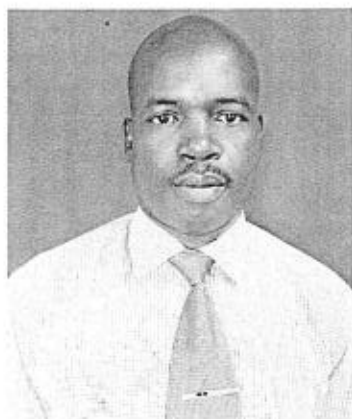
- Lack of funds for implementing key planned activities and projects such as acquisition vital training and leaning equipment and facilities.
- Inadequate staff capacity and capability in key training areas and support services.
- Poor state of road network that has hindered easy access to the College.
- Lack of Accommodation and Catering facilities for students and staff in the college.
- Lack of structures and systems to guide the operations.
- Inadequate training facilities and equipment (Classes, Laboratories, Library, etc)
- Another major challenge facing the college is the land ownership. The land parcels on which the college lies still exist in the names of deceased persons/original donors. This places the Board and Management of the College in tricky situation should the deceased persons' relatives fail to cooperate in the succession process for the land parcels.

Despite all these, the Board is optimistic of ensuring the college grow as envisioned in its vision and mission.

.....  
Dr. Phares B.O. Ochola  
**CHAIRMAN, BOARD OF GOVERNORS**



## **V. REPORT OF THE PRINCIPAL**



The TVET Act, 2013 outlines mandates and functions all TVET colleges in the Kenya. In realization of the TVET Act, Omuga TVC wishes to distinguish itself as a centre of excellence in the provision of quality technical training in the country and beyond. Towards this, the College management wishes to create timely and sustainable interventions that would ensure successful implementation of all the planned activities while ensuring quality in service delivery.

### **Achievements**

Under the able strategic leadership and guidance of the Board, the Management and Staff have accomplished the following:

- Increased enrolment from 38 in 2019 to 250 by March 2020;
- Expansion of training programmes from 4 to 7 departments;
- Successful recruitment of PSC trainers that has seen an increase in number from 1 to 10 between September 2019 and March 2020.
- Acquisition of basic ICT training equipment (computers and accessories), student's chairs etc.
- Construction/expansion of basic physical facilities such as toilets and playing grounds.
- Planting of over 1,000 trees and flowers general beautification of the college.
- Active involvement in sports and co-curricular activities.
- Creation of partnerships and cordial relations with the neighbouring community (such as in the provision of boarding and catering facilities for students, offering subsidized farming activities to the community as means of corporate social responsibility etc).

### **Challenges**

The FY 2019/2020 had a wide range of challenges some of which include:

- Acute financial shortage that resulted in failure to implement most of the planned activities and financial obligations.
- Shortage of Government employed trainers in high demand courses that led to massive engagement of BOG trainers. This in turn led to unsustainably high wage bill.
- Lack of staff capacity and capability in key support positions such as Finance, Procurement, Human Resource and Internal audit, leading to difficulty in the implementation and compliance with most regulatory requirements.
- Lack of essential equipment and facilities such as laptops for administrative staff, internet connectivity, etc.
- Lack of structures and systems to enhance operations.
- Scanty Assets' records and values, particularly those supplied by the Ministry. Undetailed handing over by the mentoring institution occasioned this.
- Lack of Strategic Plan for the college, making it difficult to develop the work plans, draw the budget and procurement plans, and to evaluate the College performance.
- Outbreak of the COVID-19 pandemic that led to abrupt closure of the colleges in March 2020 totally disrupting all the planned college activities.

Despite the challenges, I am sincerely grateful to the Board of Governors for the dedication and guidance provided during the year and to the staff for their teamwork and cooperation that led to the realization of the College's mandate.

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I am equally grateful to the Ministry of Education, State Department of Vocational and Technical Training, HELB and NG-CDF Kabondo Kasipul for offering financial support to the college during the financial year 2020/2021.



.....  
Mr. John O. Owoko  
**PRINCIPAL/SECRETARY, BOARD OF GOVERNORS**

**VI. REVIEW OF OMUGA TVC'S PERFORMANCE FOR FY 2020/2021**

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.

Omuga TVC was in the process of developing the Strategic Plan during the FY 2020/2021 and therefore it was not possible to compare the performance against predetermined objectives during this period.

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**VII. CORPORATE GOVERNANCE STATEMENT**

Omuga TVC Board wishes to conduct its business in accordance to the TVET ACT, 2013, which requires that the Board meet at least once every three months. In line with this requirement, Omuga TVC Board held Three Full BOG meetings that included The Inaugural Board meeting on 4<sup>th</sup> October 2019: General Full BOG meeting on 4<sup>th</sup> February 2020 and one Special Full Board meeting held on 28<sup>th</sup> May 2020 to ratify the recruitment of PSC TVET Trainers.

A summary of the attendance of the Board meetings is as follows:

| S/No | Name                  | No Of Meetings | Actual Meetings Attended | No Of Meetings Missed |
|------|-----------------------|----------------|--------------------------|-----------------------|
| 1    | Dr. Phares B.O Ochola | 3              | 3                        | 0                     |
| 2    | Mr. George O. Oloo    | 3              | 2                        | 1                     |
| 3    | Mrs. Esther Imbega    | 3              | 3                        | 0                     |
| 4    | Ms. Cynthia Ochuodho  | 3              | 2                        | 1                     |
| 5    | Mr. Abednego O. Owiti | 3              | 3                        | 0                     |
| 6    | Mr. James Ndun'gu     | 3              | 3                        | 0                     |
| 7    | Mr. Edmond Y.K. Mise  | 3              | 0                        | 3                     |
| 8    | Mr. Tom O. Olan'go    | 3              | 2                        | 1                     |

Omuga TVC Board had Nine (9) members constituted as follows: Seven (7) members appointed by the Cabinet Secretary; The County director of TVET representing the PS- SDVTT and the Principal as the Board Secretary.

The membership of the Board of Governors comprises:

- (a) A Chairperson;
- (b) A representative of the Principal Secretary in the Ministry of education, State Department of Vocational and Technical Training (MOE-SDVTT)
- (c) A representative of the County Governor of the county within which the institution is located; and
- (d) Six other persons appointed based on their knowledge and experience in—
  - (i) Leadership and management;
  - (ii) Financial management;
  - (iii) Technology;
  - (iv) Industry;
  - (v) Engineering;
  - (vi) Information Communication Technology (ICT).

The appointment of a member to a Board of Governors or to its committees may be revoked and the member may vacate office if the member

- (a) Resigns by giving notice in writing to the Cabinet Secretary; the person shall cease to be a member of the Board from the date specified in the notice.
- (b) Becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors;

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- (c) Is sentenced by a court of law to imprisonment for a term of six months or more;
- (d) Is incapacitated by physical or mental illness;
- (e) Has been absent from three consecutive meetings of the Board of Governors without leave;
- (f) Where the member is a representative, has his appointment revoked by the nominating body;
- or
- (g) Is otherwise unable or unfit to discharge his functions as a member of the Board of Governors on account of any matter in the Act.

The roles of the Board include:

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of the Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with the Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement 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 institutions;
- (i) Developing and reviewing programs for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practicing trades' persons in relevant sectors of industry;
- (m) determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by the Act or any other written law.

If a member of the Board has any Conflict of Interest he/she declares the same in the meeting.

A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. And a member of the Board of Governors who contravenes this commits an offence and is liable to a fine or imprisonment.

Members of a Board of Governors are paid in respect of their services such remuneration or allowances as the Board of Governors, with the approval of the Cabinet Secretary.

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The Board of Governors keeps all proper books and records of accounts of the income, expenditure and assets of the institution and within a period of four months from the end of each financial year, a Board of Governors submit to the Auditor- General or to an auditor appointed, the accounts of the institution together with—

- (a) a statement of the income and expenditure of the institution during that year; and
- (b) a balance sheet of the institution on the last day of that year.

The accounts of the institution are audited and reported upon in accordance with the Public Audit Act, 2003.

The Board of Governors furnishes the Cabinet Secretary with a certified copy of the audited annual statement of accounts and such other information about the revenue, expenditure, assets and liabilities of the institution as he may require.

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**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

The college commenced its operations by admitting students through the mentoring institution, RIAT, during the January- March 2019 term. Due to challenges inherent with new establishments, the enrolment continued dwindling and remained very low, standing at 38 students at the end of the September-November 2019 term. At the beginning of the year 2020, the enrolment started growing rapidly, hitting the 250 mark in March 2020. However, the Covid-19 outbreak in March 2020 led to an abrupt closure of all learning institutions for the rest of the FY 2020/2021 and the entire first half of the FY 2020/2021. The institutions opened in early 2021 but were once again closed due to the second wave of the Covid-19 outbreak. This further affected enrolment and the general performance of the College.

In general, the institution received: **Kshs.5,077,500** Capitation grants against the annual projection of **Kshs.6,000,000**; **Kshs.500,000** Operational grant (during Q1 of the FY 2021/2022) against **KShs.2,000,000** projected for the FY 2020/2021. These, together with variations in other projected sources of income led to the Collection of a total of **Kshs.10,648,330** against the projected income of **Kshs.16,513,000** for the FY 2020/2021.

A summary of the financial performance against the budget projections for the FY 2020/2021 is as given below:

| Year ending 30 <sup>th</sup> June, 2021 | Budget<br>FY2020/2021 | Actual<br>FY2020/2021 | Utilisation<br>FY 2020/2021 |
|---|-----------------------|-----------------------|-----------------------------|
| Receipts                                | 16,513,000            | 10,648,330            | 65%                         |
| Payments                                | 16,513,000            | 10,857,091            | 66%                         |

## **IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Omuga TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver:

### **1. Sustainability strategy and profile**

Omuga TVC's key sustainability strategies include environmental and social responsibility, Human Resource Development, Innovation and Adherence to statutory and regulatory guidelines of the Government of Kenya.

### **2. Environmental performance**

On environment, the college staff have managed to plant over five hundred trees and over one thousand flowers in the college in line with National Environment Management authority requirements. This is also meant to beautify the college as well as to control soil erosion since the college compound is sloppy. Being a centre of excellence in Agriculture and Agricultural Engineering, the college has laid down strategies to ensure that the community around the college also benefit from the agricultural activities and initiatives offered

### **3. Employee welfare**

Omuga TVC plans to develop a recruitment and selection policy that will ensure consistency, transparency, fairness, and merit-based hiring.

The college further hopes to continually develop skills for her employees to improve organization performance. It hopes to conduct Annual Performance Appraisal and Training Needs Assessments to establish how well the employees are performing their duties as well as the employees that need training, salary increment and job promotion.

The college endeavours to strictly adhere to OSHA Act 2007 guidelines to: identify workplace hazards, evaluate health safety conditions, design and conduct health and safety surveys, recommend training for new and existing employees, recommend and track new safety practices and Accident / Incident Investigations.

### **4. Market place practices**

Omuga TVC's fidelity to anti-corruption practices remains steadfast. It's also committed to promoting local content in her procurement processes and ensuring that all pending bills are cleared in the shortest time possible.

### **5. Community Engagements**

The plight of the immediate community remains a daily concern for the college. The College has on several occasions used its tractors to help maintain the surrounding murrum access roads and to offer subsidized transport and ploughing services to the community as a means of Corporate Social Responsibility.



## **6. Education and Training**

Omuga TVC Strives to admit trainees from all the country without discrimination. This aimed at enhancing equity and access to college education and acquisition of skills by students from all walks of life.

## **7. Sports**

Omuga TVC has identified sports as a key marketing and publicity strategy and has therefore put a lot of emphasis in participation in competitive sports within and without the KATTI organized sporting activities as well as friendly matches with neighboring institutions. For instance, the college strongly participated in the KATTI West Kenya Region Athletics held in Gusii Stadium in February this year, with a number of participants getting to the final while a few others qualifying for the Nationals which were later disrupted by COVID-19 pandemic outbreak. These sports have enhanced discipline and cohesiveness amongst the trainees within the college.

## **8. Healthcare**

Omuga TVC is yet to establish an operational clinic for students and staff in the college. There has however been established a Guidance and Counseling Unit help address students and staff counselling needs.

## **9. Labour Relations**

Omuga TVC has adopted the implementation of the Public Service Staff Performance Appraisal (SPAS) as a means of identifying Staff Training Needs as well as a way of recommending for rewards and/or sanctions.

## **10. Water and Sanitation Initiatives**

Omuga TVC still has an inadequate water supply despite having an extensively large roof catchment for rain water harvest. This is due to absence of roof gutters and adequate water storage facilities/tanks. So far, only one, 10,000 litres tank has been installed for collection of water from a small area of the roof. Similarly, the ablution facilities are still inadequate. However, plans are underway to expand ablution facilities and enhance water supply in the college to take care of COVID-19 reopening preparations as well as to enhance hygiene.

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**X. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report and financial statements for the year ended June 30<sup>TH</sup> 2021, which show the state of Omuga TVC affairs.

**Principal activities**

The principal activities of the Board are explained in page iii

**Results**

The results of Omuga TVC for the year ended 30<sup>th</sup> June, 2021 are set out on page 26-30

**BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page 6-10. During the year, Mr Lucas Ocharo, the Regional Director TVET retired and his position taken up by Mr Tom Olan'go with effect from February, 2020.

**Auditors**

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

By Order of the Board

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**XI. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the Board members to prepare financial statements in respect of that institution, which give a true and fair view of the state of affairs of the institution at the end of the financial year/period and the operating results of the institution for that year/period. The Board members are also required to ensure that the institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution. The Board members are also responsible for safeguarding the assets of the institution. The Board members are responsible for the preparation and presentation of the institution's financial statements, which give a true and fair view of the state of affairs of the institution for and as at the end of the financial year (period) ended on June 30<sup>th</sup> 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institution; (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 institution; (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 institution'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 section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The Board members are of the opinion that the institution's financial statements give a true and fair view of the state of institution's transactions during the financial year ended June 30<sup>th</sup>, 2021, and of the institution's financial position as at that date.

The Board members further confirm the completeness of the accounting records maintained for the institution, which have been relied upon in the preparation of the institution'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 College will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

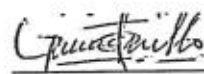
The College's financial statements were approved by the Board on 14/9/2022 and signed on its behalf by:



**Chairperson, BOG**



**Principal**



**Member, BOG**



# REPUBLIC OF KENYA

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NAIROBI

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Omuga Technical and Vocational College set out on pages 1 to 23, which comprise of the statement of financial

position as at 30 June, 2021, 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 the Omuga Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Income from Production Unit**

The statement financial performance reflects other income amount of Kshs.912,468 which as disclosed in Note 8 to the financial statements includes income from production unit of Kshs.376,158. However, no evidence was provided for audit in the form of work tickets, job cards, invoices or receipt books for the jobs done and approved tariffs or rates for the services offered by the tractors.

In the circumstances, the accuracy and completeness of the production unit income of Kshs.376,158 could not be confirmed.

#### **2. Inaccuracies in Employee Costs**

The statement of financial performance reflects employee costs amounting to Kshs.3,021,632 which differs with the corresponding amount of Kshs.2,761,380 recorded in the payroll resulting to an unexplained variance of Kshs.260,252.

In the circumstances, the accuracy and completeness of the employee costs amounting to Kshs.3,021,632 could not be confirmed.

#### **3. Misclassification of Expenditure on Remuneration of the Board**

The statement of financial performance reflects expenditure on use of goods and services totalling Kshs.6,078,509 which as disclosed in Note 9 to the financial statements, includes local travelling and transport amount of Kshs.423,310. However, the expenditure ought to have been accounted for under remuneration of Board of Governors expenditure item.

In the circumstance, the accuracy of the local travelling and transport expenditure of Kshs.423,310 could not be confirmed.

#### **4. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.53,881,977 as disclosed in Note 18 to the financial statements. However, as previously noted, valuation reports in support of the inherited assets balance of Kshs.54,361,536 as at 1 July, 2019 were not provided for audit.

Further, the value of the parcel of land on which the College was built, measuring approximately 3.8 acres could not be ascertained while ownership documents were not provided for audit.

In addition, machinery and equipment of unknown values donated to the College by the Ministry of Education and recorded in the assets register were not included in the property, plant and equipment schedule.

In the circumstances, the accuracy and fair value of the property, plant and equipment balance of Kshs.53,881,977 could not be confirmed.

#### **5. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.958,631 which as disclosed in Note 15 to the financial statements, includes a balance of Kshs.272,250 held in Equity Bank. However, bank reconciliation statements in support of the balance were not provided for audit.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.958,631 could not be confirmed.

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

#### **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 comparison of budget and actual amounts reflects total budgeted receipts of Kshs.16,513,000 and actual receipts on comparable basis of Kshs.11,148,330, resulting to under-collection of Kshs.5,364,670 or 32% of the budget. Similarly, the statement reflects final budgeted expenditure of Kshs.16,513,000 and

actual expenditure on comparable basis of Kshs.10,857,091, resulting to under expenditure of Kshs.5,655,909 or 34% of the budget.

The under-collection and under-expenditure constrained planned activities and may have impacted negatively on the 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. Non-Adherence to the Law on Ethnic Diversity**

Review of records revealed that out of the forty (40) staff members of the College, thirty-five (35) or 88% were from the dominant community, while only 12% were from other ethnic communities. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which require all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff; and not to have more than one third of its staff from the same ethnic community.

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

#### **2. Irregular Payment of Salaries**

The statement of financial performance reflects employee costs of Kshs.3,021,632. However, review of the payroll records revealed that some workers were paid salaries at rates that were lower than the minimum wages recommended in the Kenya Gazette Supplement No. 1 of 2018. The basis and criteria used in the remuneration of the members of staff was not provided for audit.

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

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



## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Risk Management Policy and Framework**

Review of records revealed that the College operated without an approved Risk Management Policy and a framework on strategies and procedures to ensure smooth operations.

The College does not also have in place a Disaster Recovery Plan, a Business Continuity Plan and a Risk Register.

In the circumstances, the effectiveness in management of the Information Communication Technology systems could not be confirmed.

#### **2. Internal Audit and Audit Committee**

Review of the records revealed that there was no Internal Audit Unit to ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

Further, although an Audit Committee had been constituted, it did not meet the thresholds of four sittings within the financial year since only one meeting took place.

In the circumstances, the effectiveness in mitigating against the risks and weaknesses existing in the internal controls could not be confirmed.

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

### **Responsibilities of Management and Board of Governors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal controls as Management determines is necessary to enable

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

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

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

In addition to the responsibility for the preparation and presentation of the College's 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 overall 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 controls in order to give an assurance on the effectiveness

of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 judgment and maintain professional scepticism 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

13 October, 2022

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**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

|  | Notes | 2020-2021         | 2019-2020         |
|--|-------|-------------------|-------------------|
|  |       | Kshs              | Kshs              |
| <b>Revenue from non-exchange transactions</b>            |       |                   |                   |
| Transfers from the National Government –Operation grants | 6     | 8,000,000         | 8,000,000         |
| <b>Total Revenue from non-exchange transactions</b>      |       | <b>8,000,000</b>  | <b>8,000,000</b>  |
| <b>Revenue from exchange transactions</b>                |       |                   |                   |
| Rendering of services- fees from students                | 7     | 5,987,042         | 6,995,120         |
| Other income   | 8     | 912,468           | 599,890           |
| <b>Total revenue from exchange transactions</b>          |       | <b>6,899,510</b>  | <b>7,595,010</b>  |
| <b>Total revenue</b>                                     |       | <b>14,899,510</b> | <b>15,595,010</b> |
| <b>Expenses</b>  |       |                   |                   |
| Use of goods and services                                | 9     | 6,078,509         | 2,224,464         |
| Employee costs   | 10    | 3,021,632         | 1,301,400         |
| Remuneration of Governors                                | 11    | 1,027,300         | 339,000           |
| Depreciation   | 12    | 1,536,124         | 1,556,984         |
| Repairs and maintenance                                  | 13    | 451,570           | 121,375           |
| Contracted services                                      | 14    | 278,080           | 254,320           |
| <b>Total expenses</b>                                    |       | <b>12,393,215</b> | <b>5,797,543</b>  |
| <b>Net Surplus for the year</b>                          |       | <b>2,506,295</b>  | <b>9,797,467</b>  |

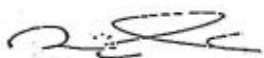
The notes set out on pages 7 to 23 form an integral part of the Annual Financial Statements.

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**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

|  | Notes | 2020/2021         | 2019/2020         |
|--|-------|-------------------|-------------------|
|  |       | Kshs              | Kshs              |
| <b>Assets</b>                              |       |                   |                   |
| <b>Current assets</b>                      |       |                   |                   |
| Cash and cash equivalents                  | 15    | 958,631           | 1,673,651         |
| Receivables from exchange transactions     | 16    | 5,298,820         | 2,822,920         |
| Receivables from non-exchange transactions | 17    | 9,422,500         | 7,000,000         |
| <b>Total current assets</b>                |       | <b>15,679,951</b> | <b>11,496,571</b> |
| <b>Non-current assets</b>                  |       |                   |                   |
| Property, plant and equipment              | 18    | 53,881,977        | 53,936,652        |
| <b>Total non-current assets</b>            |       | <b>53,881,977</b> | <b>53,936,652</b> |
| <b>Total Assets</b>                        |       | <b>69,561,928</b> | <b>65,433,222</b> |
| <b>Liabilities</b>                         |       |                   |                   |
| <b>Current liabilities</b>                 |       |                   |                   |
| Trade payables from exchange transactions  | 19    | 2,342,990         | 720,580           |
| <b>Total liabilities</b>                   |       | <b>2,342,990</b>  | <b>720,580</b>    |
| <b>Net Assets</b>                          |       |                   |                   |
| Capital fund                               |       | 54,915,176        | 54,915,176        |
| Accumulated surplus/deficit                |       | 12,303,762        | 9,797,467         |
| <b>Total net assets</b>                    |       | <b>67,218,938</b> | <b>64,712,642</b> |
| <b>Total net assets and liabilities</b>    |       | <b>69,561,928</b> | <b>65,433,222</b> |

The Financial Statements set out on pages 1 to 23 were signed on behalf of the Institute Board of Governors by:



Chairman, Board of Governors

Date...14/9/2022



Finance Officer  
ICPAK No

Date...14/9/2022



Principal

Date...14/9/2022

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**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021**

|  | Accumulated<br>Surplus (Kshs) | Capital/Develop-<br>ment<br>Grants/Fund<br>(Kshs) | Total (Kshs)      |
|--|-------------------------------|---|-------------------|
| <b>At July 1, 2019</b>   | -                             | -   | -                 |
| Revaluation gain   | -                             | -   | -                 |
| Value of inherited assets  | -                             | 52,721,122  | 52,721,122        |
| Total comprehensive income   | 11,354,451                    |   | 11,354,451        |
| Capital/Development grants received during the year                          | -                             | -   | -                 |
| Adjustment on value of assets  | -                             | 637,069   | 637,069           |
| Transfer of depreciation/amortisation from capital fund to retained earnings | (1,556,984)                   | 1,556,984   | -                 |
| <b>At June 30, 2020</b>  | <b>9,797,467</b>              | <b>54,915,176</b>                                 | <b>64,712,642</b> |
| <b>At July 1, 2020</b>   | <b>9,797,467</b>              | <b>54,915,176</b>                                 | <b>64,712,642</b> |
| Revaluation gain   | -                             | -   | -                 |
| Value of inherited assets  | -                             | -   | -                 |
| Total comprehensive income   | 4,042,419                     | -   | 4,042,419         |
| Capital/Development grants received during the year                          | -                             | -   | -                 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | (1,536,124)                   |   | (1,536,124)       |
| <b>At June 30, 2021</b>  | <b>12,303,762</b>             | <b>54,915,176</b>                                 | <b>67,218,938</b> |

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**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

|   | Note | 2020-2021          | 2019-2020        |
|---|------|--------------------|------------------|
|   |      | Kshs               | Kshs             |
| <b>Cash flows from operating activities</b>                 |      |                    |                  |
| <b>Receipts</b>   |      |                    |                  |
| Transfers from other Government entities/Govt. grants       | 6(a) | 5,577,500          | 1,000,000        |
| Rendering of services- Fees from students                   | 7    | 4,658,362          | 4,172,200        |
| Other income  | 8    | 912,468            | 599,890          |
| Fees paid in advance - trade payables                       |      | 475,190            | 142,120          |
| <b>Total Receipts</b>                                       |      | <b>11,623,520</b>  | <b>5,914,210</b> |
| <b>Payments</b>   |      |                    |                  |
| Use of goods and services                                   | 9    | 6,078,509          | 2,224,464        |
| Employee costs  | 10   | 3,021,632          | 1,301,400        |
| Remuneration of governors                                   | 11   | 1,027,300          | 121,375          |
| Repair and Maintenance                                      | 13   | 451,570            | 339,000          |
| Contracted services   | 14   | 278,080            | 254,320          |
| <b>Total Payments</b>                                       |      | <b>10,857,091</b>  | <b>4,240,559</b> |
| <b>Net Cash flows from operating activities</b>             |      | <b>766,429</b>     | <b>1,673,651</b> |
| <b>Cash flows from Investing activities</b>                 |      |                    |                  |
| Purchase of property, plant and equipment                   | 18   | (1,481,449)        | -                |
| <b>Net cash flows used in investing activities</b>          |      | <b>(1,481,449)</b> | -                |
| <b>Cash flows from financing activities</b>                 |      | -                  | -                |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>(715,020)</b>   | <b>(715,020)</b> |
| Cash and cash equivalents at 1 JULY                         | 15   | 1,673,651          | -                |
| <b>Cash and cash equivalents at 30 JUNE</b>                 | 15   | <b>958,631</b>     | <b>1,673,651</b> |



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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|   | Original budget   | Adjustments | Final budget      | Actual on comparable basis | Performance difference | Utilisation Difference |
|---|-------------------|-------------|-------------------|----------------------------|------------------------|------------------------|
|   | 2020-2021         | 2020-2021   | 2020-2021         | 2020-2021                  | 2020-2021              | 2020-2021              |
|   | Kshs              | Kshs        | Kshs              | Kshs                       | Kshs                   | %                      |
| <b>Revenue</b>                                  |                   |             |                   |                            |                        |                        |
| Transfers from other Govt entities- Govt grants | 8,000,000         | -           | 8,000,000         | 5,577,500                  | 2,422,500              | 30%                    |
| Rendering of services from exchange transaction | 5,013,000         | -           | 5,013,000         | 4,658,362                  | 354,638                | 7%                     |
| Other Income                                    | 3,500,000         | -           | 3,500,000         | 912,468                    | 2,587,532              | 74%                    |
| <b>Total income</b>                             | <b>16,513,000</b> | <b>-</b>    | <b>16,513,000</b> | <b>11,148,330</b>          | <b>5,364,670</b>       | <b>32%</b>             |
| <b>Expenses</b>                                 |                   |             |                   |                            |                        |                        |
| Compensation of employees                       | 3,209,520         | -           | 3,209,520         | 3,021,632                  | 187,888                | 6%                     |
| Use of Goods and services                       | 11,431,240        | -           | 11,431,240        | 6,078,509                  | 5,352,731              | 47%                    |
| R.M.I   | 678,000           | -           | 678,000           | 451,570                    | 226,430                | 33%                    |
| Contracted Services                             | 306,240           | -           | 306,240           | 278,080                    | 28,160                 | 9%                     |
| Remuneration of directors                       | 888,000           | -           | 888,000           | 1,027,300                  | (139,300)              | -16%                   |
| <b>Total expenditure</b>                        | <b>16,513,000</b> | <b>-</b>    | <b>16,513,000</b> | <b>10,857,091</b>          | <b>5,655,909</b>       | <b>34%</b>             |
| <b>Surplus/Deficit for the period</b>           | <b>-</b>          | <b>-</b>    | <b>-</b>          | <b>291,239</b>             | <b>(291,239)</b>       |                        |

**Notes:**

- 1) The variance between the projected revenue and the actual revenue collected majorly resulted from the failure to receive part of capitation grants projected at Kshs.922,500 grant and operation grant of KShs.1,500,000.
- 2) The bulk of the funds were disbursed towards the end of the year. Most of the planned activities for the year remained pending, hence the surplus of income over expenses.
- 3) RIAT directly funded most of the activities of the first quarter of the FY 2020/2021. This resulted into variances in projected and actual expenses in some vote heads such as employee costs, contracted services and Board allowances.
- 4) Reconciliation of total actual reported in this statement and total actual reflected in the statement of financial performance is as follows:

|   | Amount (Kshs)     |
|---|-------------------|
| <b>REVENUE</b>  |                   |
| <b>Total actual revenue as per statement of comparison of budget and actual amounts</b> | <b>11,148,330</b> |
| <i>Add:</i> Receivables from non-exchange transactions for the year                     | 2,422,500         |
| <i>Add:</i> Receivables from exchange transactions for the year                         | 1,328,680         |
| <b>Total actual revenue as per statement of financial performance</b>                   | <b>14,899,510</b> |

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|  | <b>Amount<br/>(Kshs)</b> |
|--|--------------------------|
|  |                          |
| <b>EXPENSES</b>  |                          |
| <b>Total actual expenses as per statement of comparison of budget and actual amounts</b> | <b>10,857,091</b>        |
| <i>Add: Depreciation</i>   | 1,536,124                |
| <b>Total actual expenses as per statement of financial performance</b>                   | <b>12,393,215</b>        |

## **XVIII. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The College is established by and derives its authority and accountability from the Technical and Vocational Education and Training Act, 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is to provide Training in Technical, Vocational and Business courses to graduates of secondary and primary schools to enable them acquire relevant technical skills for the job market.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS).

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

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

| <b>Standard</b>                                   | <b>Impact</b>   |
|---|---|
| <b>IPSAS 40:</b><br>Public Sector<br>Combinations | <b>Applicable: 1<sup>st</sup> January 2019</b><br>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. |

**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><b>IPSAS 41:</b><br/>Financial Instruments</p>                               | <p><b>Applicable: 1<sup>st</sup> January 2022:</b><br/>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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> |
| <p><b>IPSAS 42:</b><br/>Social Benefits</p>                                     | <p><b>Applicable: 1<sup>st</sup> January 2022</b><br/>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>  |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p><b>Applicable: 1st January 2022:</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>  |

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

**iii. Early adoption of standards**

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

**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.

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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.

a) **Revenue recognition (Continued)**

ii) **Revenue from exchange transactions (continued)**

**Rental income**

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

b) **Budget information**

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

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

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

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

**c) Taxes**

*Current income tax*

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (continued)**

*Sales tax/ Value Added Tax*

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

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

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

**d) Investment property**

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

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

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the College 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

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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.

**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.

**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:

**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

#### **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.

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

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

**j) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k) Nature and purpose of reserves

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

#### 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 governors. 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.

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events**

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

## **5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

### **Estimates and assumptions**

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

### **Useful lives and residual values**

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

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

### **Provisions**

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

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

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**6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

| Description                    | 2020/2021        | 2019/2020        |
|--------------------------------|------------------|------------------|
|                                | Kshs             | Kshs             |
| <b>Unconditional grants</b>    |                  |                  |
| Capitation grants              | 6,000,000        | 6,000,000        |
| Operational grant              | 2,000,000        | 2,000,000        |
| <b>Total government grants</b> | <b>8,000,000</b> | <b>8,000,000</b> |

**6(a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES RECEIVED**

| Description                    | 2020/2021        | 2019/2020        |
|--------------------------------|------------------|------------------|
|                                | Kshs             | Kshs             |
| <b>Unconditional grants</b>    |                  |                  |
| Capitation grants              | 5,077,500        | -                |
| Operational grant              | -                | 1,000,000        |
| <b>Total government grants</b> | <b>5,077,500</b> | <b>1,000,000</b> |

**7 RENDERING OF SERVICES – FEES FROM STUDENTS**

| Description   | 2020/2021        | 2019/2020        |
|---|------------------|------------------|
|   | Kshs             | Kshs             |
| Tuition   | 1,730,860        | 562,020          |
| Personal emoluments                                 | 2,047,600        | 1,394,500        |
| Contingencies                                       | 197,320          | 156,700          |
| E.W.C   | 470,400          | 263,900          |
| R.M.I   | 574,730          | 497,460          |
| Administration cost                                 | 2,617,042        | 379,280          |
| L.T.T   | 1,098,780        | 246,500          |
| Development   | 484,500          | 151,440          |
| Activity  | 452,130          | 166,000          |
| Other incomes but generated from capitation         | 62,500           | -                |
| Industrial Attachment                               | -                | 2,520            |
| Student ID  | -                | 198,200          |
| Registration fees                                   | -                | 2,200            |
| examination   | -                | 5,480            |
| boarding  | -                | 21,000           |
| advance   | -                | 125,000          |
| Production unit                                     | -                | -                |
| Capitation  | (5,077,500)      | -                |
| <b>Total revenue received in cash</b>               | <b>4,658,362</b> | <b>4,172,200</b> |
| Fees receivable                                     | 1,328,680        | 2,822,920        |
| <b>Total revenue from the rendering of services</b> | <b>5,987,042</b> | <b>6,995,120</b> |

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**8 OTHER INCOME**

| <b>Description</b>                  | <b>2020/2021</b> | <b>2019/2020</b> |
|-------------------------------------|------------------|------------------|
|                                     | <b>Kshs</b>      | <b>Kshs</b>      |
| Production Unit                     | 376,158          | 248,010          |
| Boarding                            | 82,500           | 21,000           |
| Admission and ID                    | 97,500           | 198,200          |
| Tender Application                  | 13,000           | -                |
| Examination                         | 343,310          | 5,480            |
| registration                        | -                | 2,200            |
| Advance refunded to the institution | -                | 125,000          |
| <b>Total other income</b>           | <b>912,468</b>   | <b>599,890</b>   |

**9 USE OF GOODS AND SERVICES**

| <b>Description</b>              | <b>2020/2021</b> | <b>2019/2020</b> |
|---------------------------------|------------------|------------------|
|                                 | <b>Kshs</b>      | <b>Kshs</b>      |
| Tuition                         | 1,523,308        | 644,809          |
| Contingencies                   | 125,260          | 74,740           |
| E.W.C                           | 375,985          | 101,095          |
| Administration Cost             | 1,557,126        | 388,820          |
| L.T.T                           | 423,310          | 523,000          |
| Production Unit                 | 365,290          | -                |
| Development                     | 542,960          | 142,900          |
| Examination                     | 495,090          | -                |
| Boarding                        | 61,500           | 36,000           |
| Activity                        | 482,720          | 253,100          |
| Registration and ID             | 100,460          | 60,000           |
| Student Union                   | 22,500           | -                |
| Medical                         | 3,000            | -                |
| <b>Total goods and services</b> | <b>6,078,509</b> | <b>2,224,464</b> |

**10 EMPLOYEE COSTS**

|                       | <b>2020/2021</b> | <b>2019/2020</b> |
|-----------------------|------------------|------------------|
|                       | <b>Kshs</b>      | <b>Kshs</b>      |
| Salaries and wages    | 2,661,279        | 1,301,400        |
| NHIF                  | 76,934           | -                |
| NSSF                  | 202,419          | -                |
| Casual wages          | 81,000           | -                |
| <b>Employee costs</b> | <b>3,021,632</b> | <b>1,301,400</b> |



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**11 REMUNERATION OF GOVERNORS**

| Description                        | 2020/2021        | 2019/2020      |
|------------------------------------|------------------|----------------|
|                                    | Kshs             | Kshs           |
| Chairman's honoraria               | 107,000          | 79,000         |
| Governors' emoluments              | 765,300          | 243,000        |
| Other allowances                   | 155,000          | 17,000         |
| <b>Total Governors' emoluments</b> | <b>1,027,300</b> | <b>339,000</b> |

**12 DEPRECIATION AND ARMOTISATION**

| Description                          | 2020/2021        | 2019/2020        |
|--------------------------------------|------------------|------------------|
|                                      | Kshs             | Kshs             |
| Property plant and equipment         | 1,536,124        | 1,556,984        |
| <b>Total repairs and maintenance</b> | <b>1,536,124</b> | <b>1,556,984</b> |

**13 REPAIRS AND MAINTENANCE**

| Description                          | 2020/2021      | 2019/2020      |
|--------------------------------------|----------------|----------------|
|                                      | Kshs           | Kshs           |
| Property                             | 264,070        | 21,375         |
| Vehicles/Tractor                     | 124,210        | 60,000         |
| Other                                | 63,290         | 40,000         |
| <b>Total repairs and maintenance</b> | <b>451,570</b> | <b>121,375</b> |

**14 CONTRACTED SERVICES**

| Description                      | 2020/2021      | 2019/2020      |
|----------------------------------|----------------|----------------|
|                                  | Kshs           | Kshs           |
| Security services                | 278,080        | 254,320        |
| <b>Total contracted services</b> | <b>278,080</b> | <b>254,320</b> |

**15 CASH AND CASH EQUIVALENTS**

| Description                            | 2020/2021      | 2019/2020        |
|--|----------------|------------------|
|  | Kshs           | Kshs             |
| Current accounts                       | 898,631        | 1,602,165        |
| Cash at hand                           | 60,000         | 71,486           |
| <b>Total cash and cash equivalents</b> | <b>958,631</b> | <b>1,673,651</b> |

**15(a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

| Financial institution     | Account number | 2020/2021      | 2019/2020        |
|---------------------------|----------------|----------------|------------------|
|                           |                | Kshs           | Kshs             |
| <b>a) Current account</b> |                |                |                  |
| Kenya Commercial bank     | 1261113721     | 626,381        | 1,602,165        |
| Equity Bank               | 1500280298273  | 272,250        | -                |
| <b>b) Others</b>          |                |                |                  |
| Cash in hand              |                | 60,000         | 71,486           |
| <b>Total</b>              |                | <b>958,631</b> | <b>1,673,651</b> |

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**16 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

| Description                      | 2020/2021        | 2019/2020        |
|----------------------------------|------------------|------------------|
|                                  | Kshs             | Kshs             |
| <b>Current receivables</b>       |                  |                  |
| Student debtors                  | 5,126,820        | 2,822,920        |
| Refundable deposit slips         | -                | -                |
| <b>Un-surrendered imprests</b>   |                  |                  |
| Margaret Mukabane                | 40,000           | -                |
| John Owoko                       | 60,000           | -                |
| Vincent Thurs                    | 36,000           | -                |
| Kelvin Owano                     | 36,000           | -                |
| <b>Total current receivables</b> | <b>5,298,820</b> | <b>2,822,920</b> |

**17 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

| Description                                  | 2020/2021        | 2019/2020        |
|--|------------------|------------------|
|  | Kshs             | Kshs             |
| <b>Current receivables</b>                   |                  |                  |
| Transfers from other govt- Operational grant | 2,500,000        | 1,000,000        |
| Transfers from other govt- Capitation grant  | 6,922,500        | 6,000,000        |
| <b>Total current receivables</b>             | <b>9,422,500</b> | <b>7,000,000</b> |

**18 PROPERTY, PLANT AND EQUIPMENTS**

|                                     | Building          | Furniture and Fittings | Computers      | Other Assets (College Seal) | Total             |
|-------------------------------------|-------------------|------------------------|----------------|-----------------------------|-------------------|
| <b>Rate</b>                         | 2.50%             | 12.50%                 | 33.33%         | 0%                          |                   |
|                                     | Kshs              | Kshs                   | Kshs           | Kshs                        | Kshs              |
| <b>Cost</b>                         |                   |                        |                |                             |                   |
| At 1 July 2019                      | -                 | -                      | -              | -                           | -                 |
| Inherited assets                    | 53,333,635        | 562,602                | 460,000        | 5,299                       | 54,361,536        |
| Additions                           | 800,000           | 280,000                | 52,100         | 0                           | 1,132,100         |
| <b>At 30 June 2020</b>              | <b>54,133,635</b> | <b>842,602</b>         | <b>512,100</b> | <b>5,299</b>                | <b>55,493,636</b> |
| Additions                           |                   | 1,481,449              |                |                             | 1,481,449         |
| <b>At 30<sup>th</sup> June 2021</b> | <b>54,133,635</b> | <b>2,324,051</b>       | <b>512,100</b> | <b>5,299</b>                | <b>56,975,085</b> |
| <b>Depreciation and Impairment</b>  |                   |                        |                |                             |                   |
| At 1 July 2019                      | -                 | -                      | -              | -                           | -                 |
| Depreciation                        | 1,333,341         | 70,325                 | 153,318        | -                           | 1,556,984         |
| <b>At 30 June 2020</b>              | <b>1,333,341</b>  | <b>70,325</b>          | <b>153,318</b> | <b>-</b>                    | <b>1,556,984</b>  |
| Depreciation                        | 1,320,007         | 96,535                 | 119,582        | -                           | 1,536,124         |
| <b>At 30 June 2021</b>              | <b>2,653,348</b>  | <b>166,860</b>         | <b>272,900</b> | <b>-</b>                    | <b>3,093,108</b>  |
| <b>Net Book Value</b>               |                   |                        |                |                             |                   |
| <b>At 30 June 2021</b>              | <b>51,480,287</b> | <b>2,157,191</b>       | <b>239,200</b> | <b>5,299</b>                | <b>53,881,977</b> |
| <b>At 30 June 2020</b>              | <b>52,800,294</b> | <b>772,277</b>         | <b>358,782</b> | <b>5,299</b>                | <b>53,936,652</b> |

Notes:

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- i. The value of the college land could not be ascertained due to the fact that no valuation was carried out as the parcel numbers are still in the names of the original donors.
- ii. The costs of the agricultural Equipment (Tractors, Planters, Harvesters etc) supplied by the Ministry were unavailable since they have not been provided by the ministry. A follow up is being made to ascertain the costs.
- iii. A comprehensive list of all the college assets and their costs is being compiled to enable us have a more comprehensive and accurate costs of all the assets.

**19 PAYABLES FROM EXCHANGE TRANSACTIONS**

| <b>Description</b>                    | <b>2020/2021</b> | <b>2019/2020</b> |
|---------------------------------------|------------------|------------------|
|                                       | <b>Kshs</b>      | <b>Kshs</b>      |
| Fees paid in advance                  | 2,342,990        | 720,580          |
| <b>Total trade and other payables</b> | <b>2,342,990</b> | <b>720,580</b>   |

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**APPENDIX I: INTER-ENTITY TRANSFERS**

|    |   |   |                  |                                     |
|----|---|---|------------------|-------------------------------------|
|    | <b>ENTITY NAME:</b>   | <b>OMUGA TECHNICAL AND VOCATIONAL COLLEGE</b> |                  |                                     |
|    | <b>Break down of Transfers from the Ministry of Education</b> |   |                  |                                     |
|    | <b>FY 2019/2020</b>   |   |                  |                                     |
|    |   |   |                  |                                     |
| a. | Recurrent Grants  |   |                  |                                     |
|    |   | <u>Bank Statement</u>                         | <u>Amount</u>    | <u>Indicate the FY to which the</u> |
|    |   | <u>Date</u>                                   | <u>(Kshs)</u>    | <u>amounts relate</u>               |
|    |   | Jul-20  | 45,000           | 2020/2021                           |
|    |   | Nov-20  | 1,740,000        | 2020/2021                           |
|    |   | Apr-21  | 1,575,000        | 2020/2021                           |
|    |   | Feb-21  | 1,717,500        | 2020/2021                           |
|    |   |   | 500,000          | 2020/2021                           |
|    |   | <b>Total</b>                                  | <b>5,577,500</b> |                                     |

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

Finance Manager  
 Omuga Technical and Vocational College

Head of Accounting Unit  
 Ministry of Education

  
 Sign -----

Sign-----

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**APPENDIX II: 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 Kshs | Where Recorded/recognized          |              |                 |             |                           | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|-------------------|------------------------------------|--------------|-----------------|-------------|---------------------------|---------------------------------|
|  |                                     |                                      |                   | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Others - must be specific |                                 |
| Ministry of Education                        | Jul-20                              | Recurrent                            | 45,000            | 45,000                             | 0            | 0               | 0           | 0                         | 45,000                          |
| Ministry of Education                        | Nov-20                              | Recurrent                            | 1,740,000         | 1,740,000                          | 0            | 0               | 0           | 0                         | 1,740,000                       |
|  | Apr-21                              | Recurrent                            | 1,575,000         | 1,575,000                          | 0            | 0               | 0           | 0                         | 1,575,000                       |
|  | Feb-21                              | Recurrent                            | 1,717,500         | 1,717,500                          | 0            | 0               | 0           | 0                         | 1,717,500                       |
|  |                                     | Recurrent                            | 500,000           | 500,000                            |              |                 |             |                           | 500,000                         |
| <b>Total</b>                                 |                                     |                                      | <b>5,577,500</b>  | <b>5,577,500</b>                   | <b>0</b>     | <b>0</b>        | <b>0</b>    | <b>0</b>                  | <b>5,577,500</b>                |

