REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY

DATE: 09 MAR 2023 DAY Thursday

TABLED BY: Hon. Naomi Waqo, MP (Deputy Majority Whip)

CLERK-AT THE-TABLE: Joyce Lemetelle

REPORT

OF

THE AUDITOR-GENERAL

ON

NUU TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2021

NUU TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2021.

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

Table of Contents

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *institution* was incorporated/ established under the TVET Act No 29 of 2013 *on 2014.The institute is under the Ministry of Education. The government advertised the first 60 Technical and Vocational Colleges in 2014.Nuu Technical and Vocational College was Tender No.MOEST/TVET/16/2014-2015.The BOM of Nuu Secondary School donated 1.03 hectares of land for the construction of the college. The Principal was posted in January 2018, however, the first student joined the college in January 2019.*

(b) Principal Activities

Mandate

Provide Technical, Vocational Education and Entrepreneurship Training geared towards Self-Reliance to meet the Labour Market needs.

Vision Statement

A Centre of Excellence in the provision of innovative Technical, Vocational Education and Training (TVET) programs.

Mission Statement

To provide TVET skills and competencies, nature innovation, research and technology for self-reliance and national development.

Core values

- Professionalism and integrity
- Team work and commitment to duty
- Quality service delivery
- Transparency and Accountability
- Innovativeness and creativity
- Social responsibility

Institute Motto

Fostering Talents and Technical Skills

Objectives

1. To enhance access and equity in Technical Vocational Education and Training (TVET)
2. To promote institutional corporate governance
3. To enhance skills and expertise in Technical Vocational Education and Training (TVET) courses
4. To Create collaborations and linkages with labour markets and partners
5. To promote optimistic attitude towards science, technical and research.

(c) Key Management

(1)The Principal/Accounting Officer
(2)The Deputy Principal
(3)Head of Departments

(4)Accountant

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	**Ms Grace Borah**
2.	Deputy principal	**Mr Daniel Manthi**
3.	Registrar	**Mr Oristar Wambua**
4.	Dean of students	**Mr Purity Kimanthi**
5.	Head of Finance	**Mr Shadrack Maleve**

(Include all positions regarded as top management in your organisation).

(e) Fiduciary Oversight Arrangements

Fiduciary Oversight Arrangements

Finance committee of the BOG

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

Terms of Reference

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:-

a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
b) To receive reports from the Principal and the accounts Officer.
c) To monitor implementation of the strategy for the Institute estate.
d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
f) To determine the fees and charges made for Institute services and facilities.
g) To supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
h) To supervise the arrangements for safeguarding the Institute's assets.
i) To ensure the proper financial evaluation and control of projects.
j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
k) To ensure the appropriate exploitation of the Institute's intellectual property.
l) To make recommendations to Board of Governors on the financing of projects.
m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
n) To supervise the Institute's purchasing procedures and practices.
o) To submit an annual statement on its activities to Board of Governors.

p) To keep under review the activities of the Institute's various department

Academic committee activities

The academic committee of the Board is entrusted with the following roles and functions:

a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
b. To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
d. To approve programmes of study, regulate admission of persons to NUU TVC and determine their continuance or discontinuation in such programmes.
e. To determine the Academic policy of NUU TVC and to advice the Board on the provision of facilities to carry out that policy,
f. To direct and regulate the teaching and instruction within the Institute subject to the powers of the Board.

Management Committee Activities

The main purpose of the Senior Management Team is to:

1) Ensure that NUU TVC's Board of Governors is able to take strategic decisions relating to NUU TVC's activities
2) Provide leadership in communicating NUU TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
3) Be accountable for the development and implementation of NUU TVC's strategic, corporate and business plans in line with the mission and values;
4) Take a strategic overview of performance in all areas of NUU TVC's activities.

Specifically the Senior Management Team:

1) Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic Framework;
2) Agrees NUU TVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of NUU TVC, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
6) Oversees and monitors NUU TVC's joint work with the other stakeholders
7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and/or its relevant Committees.
8) Leads all senior managers in motivating and developing NUU TVC staff to deliver the highest standards of performance and customer service.

Audit Committee

The activities of the Audit Committee include:

a. **Governance initiatives:**
Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.

b. **Risk management:**
Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.

c. **Internal control framework:**
Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

d. **Audit activity:**
Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.

e. **Follow up on management action plans:**
The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

f. **Financial statements and public accountability reporting:**
The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of the Auditor General.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 376-90400
Nuu Technical and Vocational College Building
Off Mwingi-Garisa Highway, two km from Nuu town KENYA

(g) Entity Contacts

Telephone: (254) 758001730/724114703
E-mail: nuutvckitui@gmail.com
Website: www.nuutechnicalandvocationalcollege.go.ke

(h) Entity Bankers

1. Kenya Commercial Bank(KCB)
   Mwingi Branch
   A/C No.1254590196

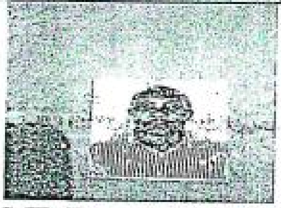
(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE BOARD OF GOVERNORS

No.	Member/ Director	Details
1.	 **MR Evans Owiti** CHAIRMAN BOG Bachelor Degree in Specialization Policy Development and Administration Consultant MBA Arizon University.	Date of birth: 1973 QUALIFICATIONS Bachelor degree in Specialization policy development and administration consultant MBAArizon university BOG Chairman. Independent Member
2.	 Ms Grace Borah Principal/Secretary BOG Bachelor Degree in Education.	Date of birth:1965 QUALIFICATIONS Bachelor degree in education Principal/Secretary BOG
3.	 Mr Gideon Musili Bachelor Degree in Business Management.	Date of birth :1960 QUALIFICATIONS Bachelor degree in business management Independent Member

4.	 Ms Matilda Mulwa Bachelor Degree in Accounting and Marketing	Date of birth :1978 QUALIFICATIONS Bachelor in B com accounting and marketing Chairperson Finance Committee
5.	 Ms Irene Martha Munyoki PHD in Development Studies.	Date of birth:1963 QUALIFICATIONS PHD in development studies. Chairperson Academic Committee.
6.	 Mr John Ndirangu Bachelor Degree in Business Management	Date of birth:1960 QUALIFICATIONS Bachelor degree in business management Independent Member

7.	 Mr Michael Nduli Bachelor Degree in Economics and Law	Date of birth: 1974 QUALIFICATIONS Bachelor degree in BA bulding Bachelor degree in economics,law. Independent Member.

III. MANAGEMENT TEAM

No.	Member/ Director	Responsibility
1.	 Ms Grace Borah Principal/ Secretary BOG	Overall in Charge of Institute Affairs
2.	 Mr Daniel Manthi Deputy Principal. Master in Finance and Accounting/ CPA-K	Planning, Administration & Finance

3.	 Mr Shadrack Maleve Finance Officer CPA-K	Financial management of the college

IV. CHAIRMAN'S STATEMENT

Preamble

NUU Technical and Vocational College was established with the aim of providing knowledge and skills the people of the larger Kitui and beyond. The mandate of the Institute is to train, impart skills, knowled and institutionalize effective research and development geared towards production of competent graduat who will contribute to high and sustainable socio-economic development.

Key Activities

During the FY-20/21, the Institute undertook the following activities:

1. Partnership with Nuu Sub-County Hospital, National and International bodies.
2. Undertook regional Athletics Championships

Successes

The Institute has been successful in the following areas:

i. The attained student enrolment of 110
ii. Received two three trainers from the public service board

Challenges

During the FY -20/21 the Institute faced the following challenges:

i. Inadequate water supply
ii. Inadequate physical Infrastructure- lecture rooms, workshops, hostels, and staff houses.
iii. In adequate Land for expansion
iv. In adequate staff , both trainers and support
v. Inadequate furniture
vi. Delayed GOK funding

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 20/21

1. Construct Perimeter fence
2. Purchase furniture for ICT lab
3. Strengthen the Institute financial base through increasing trainee's admissions.

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of the Institute to increase the enrolment as the time goes by.

Signature

....

EVANS OWITI
Board Chairman

V. REPORT OF THE PRINCIPAL

Preamble

NUU Technical and Vocational College was established with the aim of providing knowledge and skills the people of the larger Kitui and beyond. The mandate of the Institute is to train, impart skills, knowled and institutionalize effective research and development geared towards production of competent graduat who will contribute to high and sustainable socio-economic development.

Key Activities

During the FY-20/21, the Institute undertook the following activities:

1. Partnership with County, National and International bodies.
2. Undertook exhibitions in TVET Fair and ball games

Successes.

i. The increase of gross student enrolment to 110 students. .
ii. Planted 500 Seedlings donated by Equity Bank.
iii. Hope to receive six more trainers from the Public Service Board.
iv. Constructed a gate

Challenges

During the FY 20/21 the Institute faced the following challenges:

i. **In adequate water supply**

The Institute is located in a semi-arid area and hence we face major water challenge due to the inadequate and unreliable water supply.

ii. **Infrastructure**

We are facing a major challenge in physical infrastructure due to the growing numbers. There is nee for more classrooms, workshops offices, hostels and staff houses.

iii. **In adequate Land for expansion**

The Institute has limited land for expansion which is only 1.03 hectares.

iv. **In adequate staff**

The institute has in adequate staffs where some departments like business, hair & beauty as well as food & beverage has no single tutor employed by Public Service Commission. The institute usually deploy BOG tutors to train in such departments.

v. **Inadequate furniture.**

Furniture for both staff and students is inadequate due to the growing college population.

vi. **Delayed GOK funding**

The delayed disbursement of development funds by the government led to the delay in implementation of planned projects.

Our trainees come from poor background hence they are not able to meet all financial obligations.

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 20/21

1. Drill a borehole in order to ensure the water supply is adequate and reliable
2. Construct Perimeter fence & gate to address the problem of uncontrolled entry points and boost security.
3. Construct hostels. This will enable the enrolment to increase because we will be able to get NYS students.
4. To equip Electrical ,Building and Plumbing workshops
5. Fence the land. The remaining land that will not be covered by the perimeter wall will be fenced with chain link.
6. Purchase furniture. More chairs, desks and tables for staff and students will be purchased.
7. Strengthen the Institute financial base through increasing income generating activities. We shall seek for collaborations and partnerships with International, National and County governments, Writing proposals for donor funding

Financial Performance of the Institute

In the FY 20/21 the Institute targeted to raise A.I.A (Appropriation in Aid) of Kshs. **3,088,800.** By the end of the FY 20/21 the Institute had collected AIA amounting to Kshs **2,686,630.** This was caused By decreased enrolments.

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of college to increase the enrolment,

Signature.

GRACE BORA Mrs
Principal/ Secretary, BOG

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Nuu Technical and Vocational College has *three* strategic pillars and objectives within its Strategic Plan for the FY 19/20- 23/24. These strategic pillars are as follows:

Pillar 1: Access and equity
Pillar 2: Corporate governance
Pillar 3: Public, Private partnerships

Nuu technical and Vocational College develops its annual work plans based on the above *three* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Institute* achieved its performance targets set for the FY 20/21 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Access and equity.	To promote access and equity with focus to youth, women and PLWDS	• Access to loans, bursaries and sponsorships • Application of modern techniques in teaching	• Increase access to relevant TVET education • Enhance quality of curriculum delivery	• Increased access to TVET programs • Improved training methods
Pillar 2:	Corporate governance	To enhance inclusivity in institutional corporate governance	• Involvement of both BOG and management in key decision making process	• Provide leadership in making key strategic decisions	• Prudent results
Pillar 3:	Public, private partnership	To encourage collaboration and linkages with County Government and stakeholders	• Lobby for bursaries from the county government kit • Create opportunities for provision of products and services mutual to all players.	• Collaborate with County Government in ensuring that youth access TVET. • Partner with industry on areas of research, job absorption and attachments	• Higher access to TVET • Efficient trainers equipped with skills

VII. CORPORATE GOVERNANCE STATEMENT

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the institute. The board consists of nine members. The Boards of Governors for NUU TECHNICAL VOCATIONAL COLLEGE serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

ii. Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

(a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;

(b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;

(c) Administering and managing the property of the institution;

(d) Developing and implementing the institutions' strategic plan;

(e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;

(1) 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 TVET Act; 855 2013 Technical and Vocational Education and Training No. 29

(h) Mobilizing resources for the institutions;

(i) Developing and reviewing programmes 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

(1) Recruiting and appointing trainers from among qualified professionals and practising trade's 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 TVET 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 ministry

(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 this Act or any other written law.

iii. Board of Governors Allowances

The institute gives sitting allowances to board members to cater for their transport.

iv. Meetings

a. Full board meetings - are held once every term and
b. board committee meetings- once every term

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

i. Operational Performance;

Management has worked hard to make living of the trainees in the college. The focus is to continue working so hard to see if they can get a hostel and also borehole for adequate supply of water.

ii. Financial Performance

The entity is fairly stable financially .It operates on fees received from trainees, G.O.K capitation, H.E.L.B Funds.

Table of comparison in financial performance between FY 2020/2021 and 019/2020

Items	2020/2021	2019/2020	Difference	Percentage change
Revenue				
Recurrent grants	5,975,000	3,780,000	2,195,000	58.07
Fees	2,686,630	2,189,042	497,588	22.73
Total	**8,661,630**	**5,969,042**	**2,692,588**	**45.11**
Expenditures				
Use of goods and services	4,229,220	3,165,704	1,063,516	33.60
Employees cost	1,282,583	3,165,486	(1,882,903)	59.48
Remuneration to directors	320,670	190,670	130,000	68.18
Repair maintenance and improvement	166,630	72,100	94,530	131.11%
Total	**5,999,103**	**6,593,960**	**(594,857)**	**9.02%**

iii. Institute's compliance with statutory requirements

The institute complies with making statutory payments before the relevant deadlines .the institute worker's *pay* P.A.Y.E Tax as generated on the I-tax portal.

iv. Major risks facing the entity

Financial litigation – due to limited finances, the institute has not been able to start any projects.
Poor enrolment –due to acute water shortage in the area and lack of Hostels.

v. Material arrears in statutory /financial obligations

At end of the financial year no single project for the institution had been constructed.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Nuu Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

Economic sustainability embraces general aspects of an organisation that have to be respected. The use of such generic aspects seems meaningful, as good results in these aspects are likely to lead to good financial and sustainability results of the institute. The management of the college has developed the following sustainability strategies:

- *Innovation and Technology*

- *Collaboration-good cooperation and collaboration with other institutions, county government and other stakeholders.*
- *Sustainability reporting.-the institute reports sustainability issues within the institute's report separately or incorporated in the integrated institutes report*

Environmental performance

The environmental impact of an organization is an important factor in evaluation of a given corporate's level of social responsibility. Deficiency in public awareness of the importance of the environment is the main causes of the low social responsibility among the institution.
The environmental performance of food firm exerts influence on the corporate social responsibility.

Employee welfare

Nuu Technical and vocational College Seeks to improve the welfare of its employees through:

- *Increased organisational citizenship behaviours and improved employee relationships*
- *Enhanced employee identification with the organization*
- *Improved retention and organizational commitment*
- *More attractive institution culture to prospective employees*
- *Better employee engagement and performance*
- *Increased creativity*

  Nuu Technical and Vocational College is an equal employer were all the applicants have equal chances of been employed irrespective of their gender, tribe or religion. The institutes ensures gender ratio any time recruitment is taking place. There is a standardised appraisal and rewarding system which applies to all employees within the institute. Nuu Technical and Vocational discloses its safety policy and compliance with occupational safety and health Acts of 2007, (OSHA)

Market place practices-

Nuu technical and Vocational College maintains corporate social responsibility in the market place practices through:-
The institute and the suppliers take responsibility to do no harm to the environment, to reduce waste and pollution as well as complying with the government regulations. In order to stay away in the competition, the institute determines its strategies and plan their relevant activities

Corporate Social Responsibility / Community Engagements

Nuu technical and Vocational College seeks and maintain important links with the community. The institute combine with the public, business and civil constituencies who engage in voluntary, mutual beneficial, innovative relationships to address common societal aims through combining their resources and competencies.
Nuu Technical and Vocational College engage in community developments as follows;

- *Training of community professionals in computer support and maintenance*
- *Students performs voluntary projects during vacations to the community where they share experiences, knowledge and sustainable practices within the community.*
- *Students support vulnerable communities in the development and improvement of their housing spaces*
- *Giving out hay to the community.*

X. REPORT OF THE BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *entity's* affairs.

Principal activities

The core mandate of the Institute is providing knowledge and skills to the people of the larger KITUI County and beyond.
The Mandate of NUU TECHNICAL VOCATIONAL COLLEGE is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

Results

The results of the entity for the year ended June 30, 2021 are set out on page 1.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page viii to ix. During the year that ended 30 June 2021, none of members retired/ resigned.

Auditors

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

By Order of the Board

Grace Borah
PRINCIPAL/BOG SECRETARY
Mwingi
Date: 6/06/2022

XI. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

The BOG members are responsible for the preparation and presentation of NUU TVC financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year (period) ended on June 30, 2021. The BOG 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 institute;
(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) Safe guarding the assets of the *Institute*;
(v) Selecting and applying appropriate accounting policies; and
(vi) Making accounting estimates that are reasonable in the circumstances.

The BOG members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the TVET Act 2013)*. The BOG members are of the opinion that the *institute's* financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2021, and of the *institute's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *institute* which have been relied upon in the preparation of the *institute'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 *institute* 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 *entity's* financial statements were approved by the Board on 29th August 2021 and signed on its behalf by:

Name: Mr Evans Owiti	Name: Grace Borah
Signature:	Signature:
Chairperson of the Board/Council	Accounting Officer/Principal

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

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

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines, and manuals and whether public resources are applied in a prudent, efficient, economic, transparent, and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management, and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nuu Technical and Vocational College set out on pages 1 to 47, which comprise 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 Nuu 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. Presentation and Accuracy of the Financial Statements

Review of the financial statements for the year ended 30 June, 2021 presented for audit revealed errors in presentation and misstatements as follows:

i. The statement of financial position and statement of changes in net assets reflects nil balance in respect of capital fund as indicated in both the financial statements. However, capital funding was contributed in the establishment of the College by way of acquiring land on which it is built as well as buildings and other assets. The assets have not been valued and the respective value reflected as a corresponding capital fund in the two statements.

ii. The statement of financial position reflects nil balance in respect of property, plant and equipment as disclosed in Note 31 to the financial statements. However, the College is constructed on a piece of land, where it has buildings and other non-current assets whose values have not been included in the financial statements.

iii. The statement of financial position reflects a figure of Kshs.825,745 as current provisions as disclosed in Note 36 to the financial statements whose details have not been disclosed.

iv. The statement of financial performance reflects total receipts of Kshs.8,598,800 while the statement of comparison of budget and actual amounts reflects actual receipts of Kshs.7,529,130 resulting in an unexplained and unreconciled variance of Kshs.1,069,670.

v. The statement of financial performance reflects Kshs.5,510,000 in respect to transfers from National Government Ministries which was at variance with the amount of Kshs.5,975,000 disclosed in Note 6(b) to the financial statements. The amount has not been reconciled or explained.

vi. The statement of financial performance reflects comparative balances of Kshs.3,165,704 and Kshs.3,165,486 in respect to use of goods and services and employees costs respectively which differs from amounts of Kshs.2,514,694 and Kshs.3,816,496 shown in the audited financial statements for 2019/2020.

vii. The statement of financial position reflects a comparative balance of Kshs.2,090,678 in respect to cash and cash equivalents whereas the related disclosure in Note 26 has Kshs.1,894,493.

viii. The statement of financial position reflects a comparative balance of Kshs.449,936 in respect to trade and other payables whereas the audited financial statements has a figure of Kshs.646,121 on the same account.

ix. The pages for statements of cashflows and statement of comparison budget and actual amounts are not numbered.

x. The statement of comparison budget and actual amounts has no explanations on utilization difference above or under 10% on the statement of comparison of budget and actual amounts for the year as required by the International Public Sector Accounting Standards (IPSAS).

In the circumstances, the presentation, accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

2. Unsupported Remuneration of Directors

The Statement of financial performance and as disclosed in Note 17 to the financial statements reflects the remuneration of Directors of Kshs.320,670. However, the Board attendance registers with details of meetings held and members in attendance were not provided for audit review. Further, the minutes of the Board and payment schedules were not signed.

In the circumstances, accuracy, completeness and regularity of the payments of Kshs.320,670 for the year ended 30 June, 2021 could not be ascertained.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nuu Technical and Vocational College Management in accordance with ISSAI 130 on the 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.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year reflects final receipts budget and actual on comparable basis of Kshs.14,064,000 and Kshs.7,529,130 respectively resulting to underfunding of Kshs.6,534,870 or 46% of the budget. Similarly, the college expended Kshs.5,999,103 against an approved budget of Kshs.7,529,130 resulting to an under-expenditure of Kshs.1,530,027 or 20% of the budget. The College also exceeded the budget for repairs and maintenance by Kshs.16,630 without approval.

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

In the circumstances, the underfunding and under expenditure led to non-implementation of some of the activities and programmes during the year which impacted negatively on effective and efficient service delivery to the students.

2. Unresolved Prior Year Matters

In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board templates.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Goods and Services

The statement of financial performance and Note 15 to the financial statements reflects the expenditure of Kshs.4,229,220 in respect of use of goods and services out of which Kshs.2,637,590 was cash purchases. However, it was noted that the expenditure was incurred through use of direct cash purchases and imprests. This was contrary to Sections 91 - 98 of the Public Procurement and Assets Disposal Act, 2015 which define the procurement methods to be followed by every Institution funded by the Exchequer to promote competition among suppliers.

In the circumstances, the regularity and value for money realized from the expenditure of Kshs.2,637,590 could not be confirmed and the Management was in breach of law.

2. Irregular Procurement of Repairs and Maintenance Services

The Statement of financial performance and as disclosed in Note 19 to the financial statements reflects expenditure of Kshs.166,630 on repairs and maintenance. Scrutiny of the supporting documents presented for audit revealed that the expenditure comprised of cash purchases which were only supported with delivery notes and manual receipts. However, the Management failed to comply with the set thresholds for low value procurement as stipulated in Section 109 of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the regularity and value for money realized from the expenditure of Kshs.166,630 could not be confirmed and the Management was in the breach of law.

3. Irregular Payment of Advertising Expenditure

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects the expenditure of Kshs.4,229,220 to use of goods and services which includes an amount of Kshs.158,700 relating to advertisements. However, review of supporting documents revealed the following irregularities:

i. Lunch and transport allowances were paid to trainers during a marketing drive at Mwingi town on 14 October, 2020 at rates between Kshs.2,000 and Kshs.2,500. However, meal allowances should be paid at a rate of 20% of the daily subsistence rate applicable as per the Human Resource Manual section C17(2).

ii. The advertisement drive was not supported with an itinerary indicating the areas to be covered and a program of activities showing the issues that were to be discussed.

iii. Airtime allowance was paid to staff at various rates totalling to Kshs.9,500 which was not supported by the regulations.

In the circumstances, the regularity of the expenditure of Kshs.158,700 incurred on advertisements could not be confirmed and the Management was in breach of law.

4. Irregular Recruitment Process for Trainers

Review of human resource documents revealed that during the year, five (5) employees were recruited in the positions of Finance Officer and four (4) Trainers. However, the recruitment process for the four (4) Trainers could not be confirmed and verified since the Management did not provide adequate relevant documents such as requests from the departments, advertisement for the positions, application letters received, shortlisting records, register of applicants who attended the interview, score sheets and the minutes for the interview panel.

In the circumstances, it was not possible to confirm the regularity and value for money realized from the recruitment of the four trainers and the management was in breach of regulations.

5. Non-Compliance with Law on Ethnic Composition

Review of the staff composition documents and payroll provided for audit revealed that, the College had fourteen (14) employees out of which nine (9) were from the local dominant community representing 64% of the employees at the Institution. This is a contravention of the provisions of Section 7(1) and (2) of the National Cohesion and

Integration Act, 2008 which provides that no Public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

The College has not established an internal audit function and an Audit Committee. This is contrary to Section 73 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Institution. As such the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, Management has not complied with the law and the College has no mechanisms in place for oversight over Management activities.

2. Lack of Approved Human Resource Policy Documents

Review of personnel documents revealed that the College had a total of fourteen (14) members of staff in its employment. However, the College does not have in place an approved Staff Establishment to guide in staff matters such as recruitment, remuneration, discipline and progression. This is a contravention of Part II - Section B2 (1 and 2) of Human Resource Policies and Procedures Manual for Public Service of 2016.

In the circumstances, the College was in contravention of the human resource policies and procedures and lacks basis for recruitment, remuneration and management of staff which could affect their performance.

3. Poorly Completed Procurement Plan

Review of the approved procurement plan of the College revealed that, the columns for items description, unit and quantity were omitted. As a result, the College resulted to procuring one by one items such as hand gloves, hacksaws, overall, helmets, grinder machine and masking tapes. The annual procurement plan should have consolidated these items into specific categories and appropriate procurement method used. In addition, the procurement methods indicated in the annual procurement plan were not the ones applied during the year.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Fund'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 the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement 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 control.

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern or 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 Fund 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 Fund to express an opinion on the financial statements.

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

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 September, 2022

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

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	5,510,000	3,780,000
Grants from donors and development partners	7	0	0
Transfers from other levels of government	8	0	0
Public contributions and donations	9	0	0
		5,510,000	**3,780,000**
Revenue from exchange transactions			
Rendering of services- Fees from students	10	3,088,800	2,189,042
Sale of goods	11	0	0
Rental revenue from facilities and equipment	12	0	0
Finance income - external investments	13	0	0
Other income	14	0	
Revenue from exchange transactions		**3,088,800**	**2,189,042**
Total revenue		**8,598,800**	**5,969,042**
Expenses			
Use of goods and services	15	4,229,220	3,165.704
Employee costs	16	1,282,583	3,165.486
Remuneration of directors	17	320,670	190,670
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	166,630	72,100
Contracted services	20	0	0
Grants and subsidies	21	0	0
Finance costs	22	0	0
Total expenses		**5,999,103**	**6,593,960**
Other gains/(losses)			
Gain on sale of assets	23	0	0
Unrealized gain on fair value of investments	24	0	0
Impairment loss	25	0	0
Total other gains/(losses)		**0**	**0**
Net Surplus for the year		**2,599,697**	**(624,918)**
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	0
Surplus attributable to owners of the controlling entity		0	0
		0	**0**

The notes set out on pages 19 to 26 form an integral part of the Annual Financial Statements.

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

	Notes	2020-2021 Kshs	2019-2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	26	4,557,020	2,090,678
Current portion of receivables from exchange transactions	27(a)	434,210	0
Receivables from non-exchange transactions	28	667,500	0
Inventories	29	0	0
Investments	30	0	0
		5,658,730	**2,090,678**
Non-current assets			
Property, plant and equipment	31	0	0
Investments	30	0	0
Intangible assets	32	0	0
Investment property	33	0	0
Long term receivables from exchange transactions	27(b)	0	0
		0	0
Total assets		**5,658,730**	**2,090,678**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	742,331	449,936
Refundable deposits from customers	35	46,900	500
Current Provisions	36	825,745	0
Finance lease obligation	37	0	0
Current portion of borrowings	41	0	0
Deferred income	38	0	0
Employee benefit obligation	39	0	0
Payments received in advance		0	0
		1,614,976	**450,436**
Non-current liabilities			
Non-current employee benefit obligation	39	0	0
Non-current provisions	40	0	0
Borrowings	41	0	0
Service concession liability	42	0	0
Deferred tax liabilities	49	0	0
Prior year adjustments		**0**	**196,185**
Total liabilities		**1,614,976**	**646,621**
Net assets		**4,043,754**	**1,444,057**
Reserves		2,599,697	(624,918)
Accumulated surplus		1,444,057	2,068,975
Capital Fund		0	0
Total net assets and liabilities		**4,043,754**	**1,444,057**

The Financial Statements set out on pages 26 to 45 were signed on behalf of the Institute Council/ Board of Governors by:

Mr Evans Owiti	Mr Shadrack Maleve	Michael Maina
Chairman of Council/Board of Governors	**Finance Officer** ICPAK No: ASSOC/3528	**Principal**
Date: 22/06/2022	Date: 29/06/2022	Date: 21/06/2022

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2019	0	0	2,068,975	0	2,068,975
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments	-	0	-	-	0
Total comprehensive income	-		(624,918)	-	(624,918)
Capital/Development grants received during the year	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	0	0	-
At June 30, 20	0	0	1,444,057	0	1,444,057
At July 1, 2020		0	1,444,057	0	1,444,057
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments		0	-	-	0
Total comprehensive income		-	2,599,697	-	2,599,,697
Capital/Development grants received during the year	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings		-	0	0	-
At June 30, 2021	0	0	4,043,754	0	4,043,754

Note:

1. *For items that are not common in the financial statements, the entity should include a note on what they relate to either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*

2. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021 Kshs	2019-2020 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	5,975,000	3,780,000
Public contributions and donations	9	0	0
Rendering of services- Fees from students	10	2,686,630	2,189,042
Sale of goods	11	0	0
Rental revenue from facilities and equipment	12	0	0
Finance income	13	0	0
Other income	14	0	0
Total Receipts		**8,661,630**	**5,969,042**
Payments			
Employees cost	16	1,282,583	3,816,496
Use of goods and services	15	4,229,220	2,514,694
Remuneration to directors	17	320,670	190,670
Repairs and maintenance	19	166,630	72,100
Taxation paid		0	
Other payments		0	
Grants and subsidies paid	21	0	
Total Payments		**5,999,103**	**6,593,960**
Net cash flows from operating activities		**2,662,527**	**(624,918)**
Cash flows from investing activities		0	0
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds from sale of property, plant and equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		0	0
Net cash flows used in investing activities		**0**	**0**
Cash flows from financing activities			

Increase in Trade Payables		0	402,621
Decrease in Receivables		0	477,376
Increase in deposits		0	0
Net cash flows used in financing activities		0	**879,997**
Net increase/(decrease) in cash and cash equivalents		**2,662,527**	**255,079**
Prior year adjustment	53	0	(196,185)
Cash and cash equivalents at 1 JULY	26	1,894,493	1,835,599
Cash and cash equivalents at 30 JUNE	26	4,557,020	1,894,493

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
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	6,400,000	-	6,400,000	4,842,500	1,557,500	24.3%
Public contributions and donations	0	-	0	0	0	0%
Rendering of services- Fees from students	7,664,000	-	7,664,000	2,686,630	4,977,370	64.9%
Sale of goods	0	-	0	0	0	0%
Finance Income	0	-	0	0	0	0%
Other Income	0	-	0	0	0	0%
Gains on disposal, rental income and agency fees	0	-	0	0	0	0%
Total income	**14,064,000**	-	**14,064,000**	**7,529,130**	**6,534,870**	46.5%
Expenses						
Employees cost	4,347,000	-	4,347,000	1,282,583	3,064,417	70.49%
Use of Goods and services	10,044,045		10,044,045	4,229,220	5,814,825	57.89%
Repairs and Maintenance	150,000	-	150,000	166,630	(16,630)	11.09%
Rent paid	0	-	0	0	0	0%
Remuneration of directors	370,000	-	370,000	320,670	49,330	13.33%
Grants and subsidies paid	0	-	0	0	0	0%
Total expenditure	**14,911,045**	-	**14,911,045**	**5,999,103**	**8,911,942**	59.8%
Surplus for the period	(847,045)	-	(847,045)	**1,530,027**	**2,377,072**	(14.3)%

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nuu Technical and Vocational College is established by and derives its authority and accountability from TVET Act No.29 of 2013.Nuu Technical and Vocational College is under the Ministry of Education, State department of Technical and Vocational Training. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to train competent Human Resource for social economic development at TVET level.

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 *institute's* accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act No.18 of 24th July 2012, the State Corporations Act, the TVET Act 2013 and International Public Sector Accounting Standards (IPSAS).The Institution adopted IPSAS in the year 2019 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	**Applicable: 1st January 2021:** 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. 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. 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. 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. ***Nuu Technical and Vocational College did not apply this standard in the preparation of the accounts under review.***

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. ***Nuu Technical and Vocational College did not apply this standard in the preparation of the accounts under review.***
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. ***Nuu Technical and Vocational College did not apply this standard in the preparation of the accounts under review.***
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Council or Board on ***29/06/2020.*** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per First schedule ***Section 10 subsection (a) and (b)*** of the 2010 ***income tax*** Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ***50*** years.

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. NUU TVC does not maintain any reserves during the year under review.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a)TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	3,510,000	3,780,000
Operational grant	2,000,000	0
Other grants	0	0
	5,510,000	**3,780,000**
Conditional grants		
Library grant	0	0
Hostels grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Learning facilities grant	0	0
Other organizational grants	0	0
Total government grants and subsidies	**5,510,000**	**3,780,000**

(b)TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	2020-20x KShs
State Department of Technical and vocational education	5,975,000	0	0	0	5,975,000
Total	**5,975,000**	**0**	**0**	**0**	**5,975,000**

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix iv)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021	2019-2020
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
In-kind Donations	0	0
Other grants	0	0
Total grants from development partners	**0**	**0**

Reconciliations of grants from donors and development partners

Description	2020-2021	2019-2020
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	**0**	**0**

(Provide brief explanation for this revenue)

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021	2019-2020
	KShs	KShs
	0	0
Transfer from County xxx	0	0
Transfer from xxx University	0	0
Transfer from xxx institute	0	0
Total Transfers	**0**	**0**

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021	2019-2020
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	**0**	**0**

(Provide brief explanation for this revenue)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	971,100	600,860
Activity fees	175,500	35,578.4
Industrial attachment fees	0	0
Examination fees	0	0
Insurance	81,900	0
Caution	0	15,017.6
Local Travel and Transport	280,800	74,896
Registration fees	0	0
Repairs	351,000	95,596
Personal Emolument	702,000	140,296
Electricity, Water, Conservancy and Internet	526,500	43,798
Helb	-	1,183,000
Total revenue from the rendering of services	**3,088,800**	**2,189,042**

This money includes fees collected from students and Helb.

11. SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Cafeteria	0	0
Other(include in line with your organisation)	0	0
Total revenue from the sale of goods	**0**	**0**

(Provide brief explanation for this revenue)

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Hire of facilities and equipment		
Contingent rental	0	0
operating lease revenue	0	0
Total	**0**	**0**

(Provide brief explanation for this revenue)

13. FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	0	0

Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	**0**	**0**

(Provide brief explanation for this revenue)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER INCOME

Description	2020-2021 KShs	2019-2020 KShs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Reimbursements and refunds	0	0
Graduation fees	0	0
Miscellaneous (*Specify*)	0	0
Total other income	**0**	**0**

15. USE OF GOODS AND SERVICES

Description	2020-2021 KShs	2019-2020 KShs
Teaching and learning materials	1,430,522	1,306,533
Industrial attachment costs	65,400	0
Electricity	0	0
Water	0	288,290
Security	0	0
Professional and Consultancy services	0	0
Activity	327,225	12,100
Advertising	158,700	200,300
Examination fees	467,120	371,220
Audit fees	0	0
KATTI	147,000	176,600
Travelling and accommodation	812,110	651,010
Performance contract	271,010	0
Insurance	7,800	0
Administration cost	515,155	143,000
Bank charges	6,178	5,381
Contingencies	0	11,270
Printing and stationery	0	0
Rent expenses	0	0
Telephone expenses	0	0
Internet expenses	21,000	0
Training expenses	0	0
Other (*Specify*)	0	0
Total good and services	**4,229,220**	**3,165,704**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EMPLOYEE COSTS

	2020-2021 KShs	2019-2021 KShs
Salaries and wages	1,200,307	3,029,812
Employee related costs - contributions to pensions and medical aids	69,250	73,100
Travel, motor car, accommodation, subsistence and other allowances	0	0
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
P.A.Y.E	13,026	62,574
Employee costs	**1,282,583**	**3,165,486**

17. REMUNERATION OF DIRECTORS

Description	2020-2021 KShs	2019-2020 KShs
Chairman's Honoraria	0	0
Directors emoluments	0	0
Other allowances	320,670	190,670
Total director emoluments	**320,670**	**190,670**

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021 KShs	2019-2020 KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	**0**	**0**

19. REPAIRS AND MAINTENANCE

Description	2020-2021 KShs	2019-2020 KShs
Property	166,630	0
Investment property – earning rentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	0	72,100
Total repairs and maintenance	**166,630**	**72,100**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
Total contracted services	**0**	**0**

21. GRANTS AND SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Community development	0	0
Education initiatives and programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
Total grants and subsidies	**0**	**0**

22. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Total finance costs	**0**	**0**

23. GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value	0	0
Total gain	**0**	**0**

25. IMPAIRMENT LOSS

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total impairment loss	**0**	**0**

26. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	4,557,020	1,894,493
On - call deposits	0	0
Fixed deposits account	0	0
Staff car loan/ mortgage	0	0
Others(specify)	0	0
Total cash and cash equivalents	**4,557,020**	**1,894,493**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Financial institution	Account number	2020-2021 KShs	2019-2020 KShs
a) Current account			
Kenya Commercial bank		4,557,020	1,894,493
Equity Bank, etc		0	0
Sub- total		**4,557,020**	**1,894,493**
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		**0**	**0**
c) Fixed deposits account			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		**0**	**0**
d) Staff car loan/ mortgage			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		**0**	**0**
e) Others(specify)			
Cash in transit		0	0
cash in hand		0	0
Mobile Money account		0	0
Sub- total		**0**	**0**
Grand total		**4,557,020**	**1,894,493**

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2020-2021 KShs	2019-2020 KShs
Current receivables		
Student debtors	434,210	0
Rent debtors	0	0
Consultancy debtors	0	0
Other exchange debtors	0	
Less: impairment allowance	(0)	(0)
Total current receivables	**434,210**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27(b) Long- term Receivables from Exchange Transactions

Description	2020-2021 KShs	2019-2020 KShs
Non-current receivables		
Refundable deposits	0	0
Advance payments	0	0
Public organizations	0	0
Less: impairment allowance	0	0
Total	**0**	**0**
Current portion transferred to current receivables	0	0
Total non-current receivables	**0**	**0**
Total receivables	**0**	**0**

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

Description	2020-2021 KShs	2019-2020 KShs
At the beginning of the year	0	0
Provisions during the year	0	0
Recovered during the year	(0)	(0)
Write offs during the year	(0)	(0)
At the end of the year	0	0

28. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Description	2020-2021 KShs	2019-2020 KShs
Current receivables		
Capitation grants*	667,500	0
Transfers from other govt. entities	0	0
Undisbursed donor funds	0	0
Other debtors (non-exchange transactions)	0	0
Less: impairment allowance	0	0
Total current receivables	**667,500**	**0**

**Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.*

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021 KShs	2019-2020 KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2020-2021 KShs	2019-2020 KShs
Consumable stores	0	0
Maintenance stores	0	0
Health unit stores	0	0
Electrical stores	0	0
Cleaning materials stores	0	0
Catering stores	0	0
Total inventories at the lower of cost and net realizable value	**0**	**0**

30. INVESTMENTS

Description	2020-2021 KShs	2019-2020 KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	**0**	**0**
b) Investment with Financial Institutions/ Banks		
Bank x	0	
Bank y	0	0
Sub- total	**0**	**0**
c) Equity investments (specify)		
Equity/ shares in company xxx	0	0
Sub- total	**0**	**0**
Grand total	**0**	**0**

d) Shareholding in other entities

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets (Specify) Shs	Plant and Equipment Shs	Capital Work in progress Shs	Total Shs
At 1July xxx	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June xxx	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th June xxx	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1July xxx	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At30 June xxx	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June xxx	-	-	-	-	-	-	-	-
Net book values								
At 30th June xxx	-	-	-	-	-	-	-	-
At 30th June xxx	-	-	-	-	-	-	-	-
[Include brief description of WIP as a footer]								

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings are awaiting valuation.

31 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	0	0	0
Plant and machinery	0	0	0
Motor vehicles, including motorcycles	0	0	0
Computers and related equipment	0	0	0
Office equipment, furniture, and fittings	0	0	0
Total	0	0	0

32. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021 KShs	2019-2020 KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions–internal development	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
At end of the year	**0**	**0**

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	0	0
Fees paid in advance	197,801	165,761
Employee advances	0	0
KNEC	544,530	282,675
Other Payables	0	1,500
Total trade and other payables	742,331	449,936

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits	0	0
Caution money	46,900	500
Other refundable deposits	0	0
Total deposits	**46,900**	**500**

36. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year	**0**	**0**	**0**	**0**	**0**
Additional Provisions	0	0	0	825,745	825,745
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Transfers from non -current provisions	0	0	0	0	0
Total provisions	**0**	**0**	**0**	**825,745**	**825,745**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. FINANCE LEASE OBLIGATION

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year	0	0
Discount interest on lease liability	0	0
Paid during the year	0	0
At end of the year	0	0

Maturity Analysis

Period	Amount
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and onwards	0
Less: Unearned interest	0
	0

Analysed as:

Description	Amount
Current	0
Non- Current	0
Total	0

38. DEFERRED INCOME

Description	2020-2021	2019-2020
	KShs	KShs
National government	0	0
International funders	0	0
Public contributions and donations	0	0
Total deferred income	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

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

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2020-2021 Kshs	2019-2020 Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2020-2021 Kshs	2019-2020 Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from0020changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

Description	2020-2021 Kshs	2019-2020 Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 400 per employee per month. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

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

Not Applicable in our Institution

41. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the year	**0**	**0**

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021	2019-2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from zzz organisation'	0	0
Domestic Borrowings	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Total balance at end of the year	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2020-2021 KShs	2019-2020 KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	**0**	**0**

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

42. SERVICE CONCESSION ARRANGEMENTS

Description	2020-2021 KShs	2019-2020 KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

43. CASH GENERATED FROM OPERATIONS

	2020-2021 KSH	2019-2020 KSH
Surplus for the year before tax	2,599,697	(1,504,915)
Adjusted for:		
Depreciation	0	0
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	825,745	0
Contribution to impairment allowance	0	0
Finance income	0	0
Finance cost	0	0
Working Capital adjustments		
Increase in inventory	0	-
Increase/decrease in receivables	(1,101,710)	477,376
Increase in deferred income	-	-
Increase in payables	292,395	402,621
Increase in payments received in advance	46,400	-
Net cash flow from operating activities	**2,662,527**	**(624,918)**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	1,894,493	1,894,493	0	0
Total	**1,894,493**	**1,894,493**	**0**	**0**
At 30 June 2021				
Receivables from exchange transactions	434,210	434,210	0	0
Receivables from non exchange transactions	667,500	667,500	0	0
Bank balances	4,557,020	4,557,020	0	0
Total	**5,658,730**	**5,658,730**	**0**	**0**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from students

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2020				
Trade payables	449,936	0	-	449,936
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	**449,936**	**-**	**-**	**449,936**
At 30 June 2021				
Trade payables	742,331	-	-	742,331
Current portion of borrowings	0	0	0	0
Provisions	0	825,745	0	825,745
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	**742,331**	**825,745**	**0**	**1,568,076**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets (investments, cash, debtors)	5,658,730	-	5,658,730
Liabilities			
Trade and other payables	742,331	-	742,331
Borrowings	-	-	-
Net foreign currency asset/(liability)	**4,916,399**	-	**4,916,399**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)	5,658,730	0	5,658,730
Liabilities			
Trade and other payables	742,331	0	742,331
Borrowings	0	0	0
Net foreign currency asset/(liability)	**4,916,399**	**0**	**4,916,399**

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
2020			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

The sensitivity analysis does not apply to the entity.

iv) Capital Risk Management

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

	2020-2021 Kshs	2019-2020 Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	2,599,697	(624,918)
Total funds	**2,599,697**	**(624,918)**
Total borrowings	-	-
Less: cash and bank balances	(4,557,020)	(1,894,493)
Net debt/(excess cash and cash equivalents)	(1,957,323)	(2,519,411)
Gearing	1.89%	3.35%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

i) The National Government;
ii) The Parent Ministry;
iii) County Government
iv) Key management;
v) Board of directors;

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

	2020-2021 Kshs	2019-2020 Kshs
Transactions with related parties		
a) Sales to related parties		
Sale of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	5,510,000	3,780,000
Grants from County Government	-	-
Donations in kind	-	-
Total	**5,510,000**	**3,780,000**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages BOG employees	320,670	190,670
Payments for goods and services for xxx	-	-
Total	**320,670**	190,670
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

46. SEGMENT INFORMATION

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2020-2021 Kshs	2019-2020 Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

	2020-2021 Kshs	2019-2020 Kshs
Contingent liabilities		
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

48. CAPITAL COMMITMENTS

Capital commitments	2020-2021 Kshs	2019-2020 Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021 Kshs	2019-2020 Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:		
Balance at beginning of the year		-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

52. CURRENCY

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

53. PRIOR YEAR ADJUSTMENTS

Adjustment of the opening balance for FY 2019/2020. The balance reflected in the financial statement was the bank statement balance and had been reconciled.

		Ksh
Balance as per bank statement		2,090,678
Less: Unpresent cheques		
Kcb bank CHQ NO.077-salaries	55,450	
Joel Kyatha-CHQ NO.0778-imprest	140,735	196,185
Balance as per cash book		1,894,493

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

We are still awaiting for the Final Audit Report.

Accounting Officer

Name: Grace Borah Mrs

Principal

Signature

Date. 29/08/2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

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

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of Technical and Vocational Education and Training.			
	FY 2020/2021			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		01/07/2020	1,132,500	2019/2020
		09/11/2020	705,000	2020/2021
		09/11/2020	500,000	2020/2021
		25/02/2021	500,000	2020/2021
		09/03/2021	705,000	2020/2021
		30/03/2021	1,190,000	2020/2021
		25/06/2021	500,000	2020/2021
		30/06/2021	742,500	2020/2021
		Total	**5,975,000**	
b	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
			Xx	
		Total	**XXX**	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			Xx	
			Xx	
		Total	**XXX**	

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

Finance Manager
Nuu Technical and Vocational College

Sign:

Head of Accounting Unit
Ministry of Education

Sign--------------

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount KES	Where Recorded/recognized					
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	-	Recurrent	5,510,000	5,510,000	-	-	667,500	-	4,842,500
Ministry of Education	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Education	-	Direct Payment	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Total			5,510,000	5,510,000	-	-	667,500	-	4,842,500