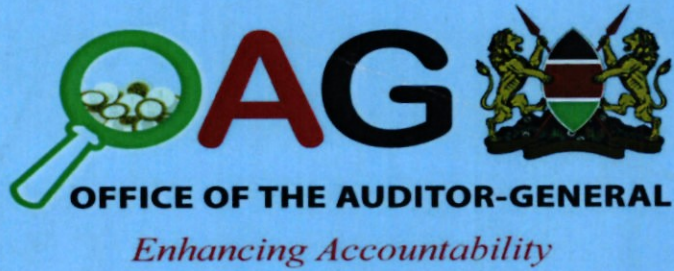


REPUBLIC OF KENYA



REPORT

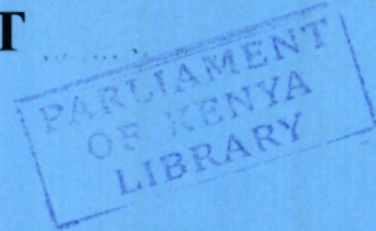
OF

THE AUDITOR-GENERAL

ON

**CHEPSIREI TECHNICAL VOCATIONAL
COLLEGE**

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





CHEPSIREI TECHNICAL & VOCATIONAL COLLEGE

P.O BOX 766 -30100 Eldoret
Tel: 0797 868 600
Email: chepsireitvc@gmail.com
Website: www.chepsireitvc.ac.ke



Skills for Prosperity

CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

OFFICE OF THE AUDITOR-GENERAL
NORTH RIFT REGIONAL OFFICE

25 JUL 2022

RECEIVED

P O Box 2774-30100, ELDORET

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

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1. KEY CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE INFORMATION AND MANAGEMENT

(a) Background Information

Chepsirei Technical and Vocational College was established as a Youth Poly early 1970s. In the year 2015, the institution was revived and proposed to be upgraded to a Technical Training Institution (TTI). The establishment of Chepsirei Technical and Vocational College was presided over by The Principal Secretary, State Department of Vocational and Technical Training in March 2015. The institution was later commissioned on 19 October 2019. The institution was registered by the Technical Vocational Education and Training Authority (TVETA) in July 2020 to operate as Technical and Vocational College in accordance with TVET ACT, No 29 of 2013.

(b) Principal Activities

Vision

To be a global power house in innovations, research, technical and vocational training.

Mission

To impart quality technical, vocational and innovative skills relevant for individual and national development that meets the demands of the global market.

Mandate

- To offer technical training
- To provide and promote lifelong learning

Core Values

The Chepsirei Technical and Vocational College is an integral part of the society and endeavours to exhibit high social and professional standards. Core Values are the fundamental ideals at the heart of the institution and lays the foundation on which it operates. Guided by our vision and mission, we shall uphold the following values at all times:

- Integrity
- Accountability
- Professionalism
- Diversity
- Team work
- Customer focus

The following are the strategic objectives;

1. To offer innovative and relevant academic programmes that meet the dynamic market needs.
2. To provide and maintain adequate infrastructure to support the core functions of the institution.
3. To develop capacity of staff through training to enhance service delivery
4. To create an enabling environment and policy framework that promote research and development.
5. To establish collaboration and linkages with relevant institutions for promotion of quality training.
6. To upgrade facilities so as to correspond to standards of training required and expansion in enrolment.
7. To ensure digitalization of modern Information Communication Technology.

(c) Key Management

The Chepsirei Technical and Vocational College's day-to-day management is under the following key organs:

- Board of council members
- Accounting officer/ Principal
- Management

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Jacob Kotut
2.	Deputy Principal	Richard Kiprob
3.	Head Of Finance	Hillary Salkong
4.	Head Of Procurement	Richard Kwambai
5.	Registrar	Alice Jepchumba
6.	Dean Of Students	DanielSirengo

(e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

Audit committee activities

The duties and responsibilities of the audit committee include;

- Discussing risk management policies and practices
- Monitoring choice of accounting policies and principles
- Overseeing hiring, performance and independence of external auditor
- Overseeing the performance of internal audit function
- Development partner oversight activities
- Other oversight activities

(f) Chepsirei Technical and Vocational College Headquarters

P.O. Box 766-30100
ELDORET, KENYA

(g) Chepsirei Technical and Vocational College Contacts

Telephone: (254) 797868600
E-mail: chepsireitvc@gmail.com
Website: www.chepsireitvc.ac.ke

(h) Chepsirei Technical and Vocational College Bankers

Kenya Commercial Bank
MTRH Branch
P.O Box 560-30100
Eldoret, Kenya

(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

2. THE BOARD OF GOVERNORS

Director's photo-size photo and name and key profession/academic qualification	Description of each Director's Date of birth key qualifications and work experience
 <p>Mr Sam Kalya</p>	<p>Mr Sam Kiprotich Kalya was born in the year 1961.</p> <p>He holds MBA Degree and B. Com Degree from University of Nairobi. He has CPA K. He works as a branch Manager of the former Kenya Reinsurance. He was the county transition coordinator Elgeyo Marekwet County. He is currently a part time Lecture Koitalel Samoei University.</p> <p>He is the Chairperson, Infrastructure, Finance, Human Resource and Technical Training</p>
 <p>Mr. Abraham Barsosio</p>	<p>Abraham Barsosio was born in March 1989. He has a Master's Science degree in Natural Resource Management from Egerton University and a Bachelor's of Science degree in Ecotourism and Hospitality Management from Egerton University. He is currently the County Executive Committee member of Elgeyo Marakwet County in charge of Water, Land, environment and Natural Resources. He is the representative of the governor.</p>
 <p>1. Mr. Jacob Kotut</p>	<p>Mr. Jacob Kotut was born in 21/11/1972, he has a Master's Degree in Public Health(Nutrition), B.Ed. Home science and technology from Moi University, He has served as deputy registrar and head of Hospitality and nutrition in Eldoret National Polytechnic. He was the registrar and Deputy Principal at Koshin TTI.</p> <p>He is the Principal and Secretary to the Board of Governors.</p>
 <p>Dr. KiyengChumo</p>	<p>Mr. Chumo was born in 1972 he has a PhD in Business Economics from Vrije University of Brussels (Belgium). He has also MBA from the university of Nairobi and Bachelor of Science (statistics) and computer from Moi University. He is currently the Project manager Digital Literacy program (DLP) Kenya. He is also ICT planning and development officer, Moi University. He is the Chairman of Risk and Audit Committee</p>

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Annual Report and Financial Statements for The Year Ended 30th June 2020



Mr. Stephen Wafula

Mr Stephen Wafula was born in the year 1977. He holds a MSc degree in Biostatistics and BSc Mathematics (statistics). He is a senior Data Analytic Advisor, Palladium
He is a member of Finance, Infrastructure, Human resource, Education and Technical Training



Dr. Hosea Kiplagat

Dr. Hosea Kiplagat was born 16th January 1978
He has PhD in Educational Technology in university of Eldoret. MPhil. Technology Education and (Technology Education) Both from Moi University. He currently the head of Department, Technology Education
He is a member of Audit and Risk Committee



Ms Rose Janet Ayubi

Rose Janet Ayugi was born in January 1966. She has a master Degree in law and Bachelor's Degree in Law. She is a senior lecturer and Chair of public law department at Moi University. Sheworked as an international consultant in southern Sudan
She is a member of Audit Committee.

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Annual Report and Financial Statements for The Year Ended 30th June 2020



Eng. Janeth Jeruto

Eng Janet Jeruto was born in the year 1978. She holds MBA Degree and BSC(Electrical and Electronic Engineering) from University of Nairobi. She is currently the manager, Subscriber Data Management(SDM), Safaricom Limited. She is a member of Finance, infrastructure, Human Resource, Education and Technical Training.

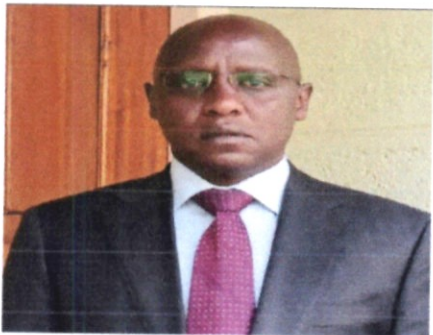





Mr. Gichuru Mutulili

Mr. Gichuru Mutulili was born on 3rd September 1966. He has MBA Degree and B.Ed. He is Currently the TVET County Director Elgeyo Marekwet County, Uasin Gishu and Nandi Counties

**Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020**

3.MANAGEMENT TEAM

Name of the Staff	Responsibility
 <p>Mr. Jacob Kotut</p>	<p>He is the Principal of Chepsirei Technical and Vocational College and the Secretary to the Board of Governors</p>
 <p>Mr. Richard Kiprop</p>	<p>He is the Deputy Principal. He is in charge of Administration and Academic affairs</p>
 <p>Mrs. AliceJepchumba</p>	<p>She is the registrar in charge of student admissions and marketing</p>
 <p>Daniel Sirengo</p>	<p>He is the Dean of students who is in charge of student welfare</p>

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Mr. Salkong Hillary
BCom (Finance) Ongoing
ICPAK

He is the Acting Accountant and the head of Finance he is in charge of financial management, budgeting and control and Financial Reporting



Mr. Richard Kwambai

He is the procurement officer who is in charge of advisory services and matters pertaining procurement

3. CHAIRMAN'S STATEMENT

The institution strategic plan 2021-2026 is written and bears in mind the reforms that the MoE has undertaken resulting in the enactment of various laws and policies. Thus, it has become necessary for Chepsirei Technical and Vocational College to come up with a strategic plan to guide its alignment to these new laws and policies. In addition, the ongoing restructuring in government requires programmes to align with the country's development blueprint and national priorities in Kenya's Vision 2030, the Second Medium Term Plan (MTP II) and the 'Big Four Agenda', which will guide the development agenda of the country in the period 2018-2022.

The institution strategic plan 2021-2026 highlights the following key areas: -

- i. Infrastructure
- ii. Curriculum and student enrolment
- iii. Governance and
- iv. leadership
- v. Information communication Technology
- vi. Financial Capacity
- vii. Human Resource Management

The institution focuses on the current reforms that place special demands on TVET as the leading engine that the economy must essentially rely upon, to produce skilled and adequate middle level professionals needed to attain the Vision 2030. The remaining period of implementation will endeavour to achieve this by networking with funders from various levels of government and Non-Governmental Organizations (NGOs).



Chairman of Board of Governors

Date..... 25.07.2022

4. REPORT OF THE PRINCIPAL

As mentioned by the chairperson of the board of governors the main strategic issues considered at Chepsirei Technical Training and Vocational College were Infrastructure, Curriculum and student enrolment, Governance and leadership, Information Communication Technology, Financial Capacity, Research and Innovation and Human Resource Management.

During the year under consideration the following activities are to be undertaken:

1. Physical Infrastructure- Construction of the new workshops to accommodate additional equipment and training.
2. Curriculum implementation – Marketing of the institution courses for increased enrolment.
3. Governance and leadership – Workshop Training for Board of Governors conducted to enhance the management skills of the members of the board
4. ICT infrastructure- To build ICT capacity in curriculum development, service delivery and institutional management and to purchase more modernized computers and accessories.
5. Financial Capacity – Mobilisation of resources and policy implementation.
6. Research and Innovation – Encourage culture of creativity and innovation to both trainers and trainees and to participate in TVET fairs with the country and outside the country.
7. Human Resource Management – Recruitment of qualified and competent trainers and non-trainers.



Principal/BOG Secretary



Date..... 25-07-2022

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

5. STATEMENT OF PERFORMANCE AGAINST PREDETERMINE OBJECTIVES

Chepsirei Technical and Vocational College has 7 strategic pillars and objectives within its Strategic Plan for 2021-2026. These strategic pillars are as follows:

Pillar 1: Physical Infrastructure

Pillar 2: Curriculum implementation

Pillar 3: Governance and leadership

Pillar 4: ICT infrastructure

Pillar 5: Financial Capacity

Pillar 6: Research and Innovation

Pillar 7: Human Resource Management

Chepsirei Technical and Vocational College develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institution set to achieve its performance targets set for the FY 2019/2020 period for its 7 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Infrastructure	To upgrade facilities so as to correspond to standards of training required and expansion in enrolment	Availability of workshops	Increase student enrolment	We built six temporary class room
Pillar 2: Curriculum and student enrolment	-To provide quality and relevant technical training -To raise and maintain academic standard standards in all courses	- To increase enrolment	- Enhance marketing - Introduce more courses	We have received students from county government
Pillar 3: Governance and leadership	-To develop a management structure that serves the institution -To establish culture of good governance in management and administration of the institution over the plan period	-Policies implemented -Programmes implemented and reforms implemented -A well working student organization -Monitoring and evaluation mechanism	-Policies and regulation implemented -Programmes implemented and relevant service reforms implemented -Implementation of the institutional policy framework	We have instituted good governance

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

Information communication Technology	<p>-To build ICT capacity in curriculum delivery, service delivery and institutional management.</p> <p>-To acquire, install, commission-n and maintain machines and equipment</p> <p>-To build ICT capacity in curriculum delivery.</p>	<p>-Use of ICT in instruction</p> <p>-Interconnectivity of departments through viable means of communication</p>	<p>-Develop an ICT framework</p> <p>-Interaction of ICT in teaching and learning</p> <p>-Develop and maintain fully functional networked and wireless internet facilities</p>	We have integrated ICT platform
Pillar5: Financial Capacity	<p>-Improve financial sustainability through effective and efficient financial and procurement systems</p>	<p>-Implemented financial policies in daily operations</p> <p>-Developed proposals</p>	<p>-Reduce fees defaults</p> <p>-Cost reductions and savings</p> <p>-Develop funding to the GOK</p> <p>-Develop funding to donors and income generating activities.</p>	We have put in place financial polices and procedures
Pillar6: Research and Innovation	<p>-To enhance research and development in the institution</p>	<p>-Research and development infrastructure</p>	<p>-Research and development infrastructure</p>	We have implemented in our strategic plant
Pillar 7: Human Resource Management	<p>-To formulate policies and practices that --- Promotes effective and efficient performance</p>	<ul style="list-style-type: none"> - High morale and productivity of staff - Enhanced HR management - Smooth organization management - Proper staff placement and training needs identification - Identification of staff job related needs. - To ensure continuous smooth flow of work. 	<ul style="list-style-type: none"> - High morale and productivity of staff - Enhanced HR management - Smooth organization management 	We have enhanced in HR management policies

6. CORPORATE GOVERNANCE STATEMENT

Chepsirei Technical and Vocational College is a Technical and Vocational College which is mandated to offer programs up to Diploma level (Artisan, Certificate and Diploma) in accordance with the TVETA Act of 2013. The institution is governed by the Board of governors which comprises of the chairperson representative of the principal secretary, state department of vocational and technical training, the principal and other appointed members.

Functions of the board of governors include:

- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institute
- Making regulations governing the institute, conduct and discipline of staff and students
- Overseeing the conduct of education and Training in the institute
- Promoting and maintaining quality standards and relevance in education and Training
- Administering and managing the institutes property
- Preparing annual estimates of revenue and expenditure as well as incurring expenditure
- Regulating admissions subject to the Act
- Approving collaborations or associations with other institutions and industries
- Recruiting trainers from among qualified professionals
- Determine suitable terms and conditions of service for support staff and trainers and remunerating them in consultation with the Authority.
- Providing for the welfare on staff and students.

7. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Chepsirei Technical and Vocational College operational and financial performance.

The institution received Capitation grants of Kshs 8, 670, 000, and rendering of services (A.I.A) of Kshs 11,044,400 and incurred an expenditure of Kshs 3,673,475.

SECTION B

Chepsirei Technical and Vocational College compliance with statutory requirements.

Chepsirei Technical and Vocational College has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE, HELB and withholding Taxes.

SECTION C

Key projects Chepsirei Training Institute is implementing

Chepsirei Technical and Vocational College does not have any project that is on-going.

SECTION D

Major risks facing Chepsirei Technical and Vocational College

Chepsirei Technical and Vocational College desires to enhance good and competitiveness in the global market. However, to succeed in competitive world the Institution requires a lot of support from the Government and other stakeholders in terms of funding and other development projects because the institution has inadequate; classrooms, student hostels, equipped library, computers, insufficient funds and means of transport-utility vehicles.

The other challenges the institution is facing include untimely disbursement of student Capitation.

SECTION E

Material arrears in statutory/financial obligations

Chepsirei Technical and Vocational College is a law-abiding Institution and is committed to its core mandate hence it has no Statutory or tax default to date

SECTION F

The entity's financial probity and serious governance issues

The Institute has no governance issues among the Board of Governors members or the top management in so far as conflict of interest is concerned.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Chepsirei 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 7 pillars:

1. Physical Infrastructure
2. Curriculum implementation
3. Governance and leadership
4. ICT infrastructure
5. Financial Capacity
6. Research and Innovation
7. Human Resource Management

9. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their financial statements and reports for the year ended June 30th, 2020 which show the state of Chepsirei Technical and Vocational College affairs.

Principal activities

The principal activities of the entity are:

- To offer technical training
- To provide and promote life-long learning

BOARD OF GOVERNORS

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

Auditors

The Auditor General is responsible for the statutory audit of the Chepsirei Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. In accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Mr. Patrick Tororei
Principal/BoG Secretary



10. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of the Chepsirei Technical and Vocational College's financial statements, which give a true and fair view of the state of affairs of the Chepsirei Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes:


- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Chepsirei Technical and Vocational College
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- (iv) safeguarding the assets of the Chepsirei Technical and Vocational College
- (v) selecting and applying appropriate accounting policies
- (vi) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Chepsirei Technical and Vocational College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the Chepsirei Technical and Vocational College's financial statements give a true and fair view of the state of Chepsirei Technical and Vocational College's transactions during the financial year ended June 30, 2020 and of the Chepsirei Technical and Vocational College's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Chepsirei Technical and Vocational College, which have been relied upon in the preparation of the Chepsirei Technical and Vocational College's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Chepsirei Technical and Vocational College's financial statements were approved by the Board on _____ and signed on its behalf by:

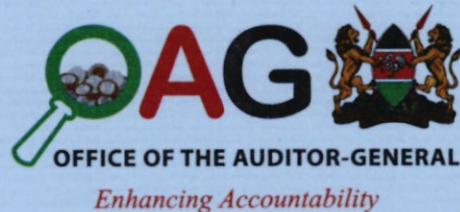

Chairperson of the Board


Accounting Officer/Principal

PRINCIPAL
CHEPSIREI TECHNICAL
VOCATIONAL COLLEGE
P.O. Box 766-30100, ELDORET
Email: chepsireitvc@gmail.com

REPUBLIC OF KENYA

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



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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Chepsirei Technical and Vocational College set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2020, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Chepsirei Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and Technical and the Vocational Education and Training Act, 2013.

Basis for Adverse opinion

1. Presentation, Accuracy and Disclosure of the Financial Statements

Review of the annual reports and financial statements revealed that the statement of financial performance reflects Nil expenditure on rental expenses while the statement of comparison of budget and actual amounts reflects an expenditure of Kshs.500,000. The statement of financial position reflects a Nil balance on capital fund while the statement of changes in net assets reflects Kshs.2,600,000. Further, the statement of financial position reflects net assets balance of Kshs.7,518,898 while the total net asset and liabilities is Kshs.7,610,481 resulting to an unexplained variance of Kshs.91,583.

In addition, the statement of cashflows reflects depreciation and amortization expenses of Kshs.49,110 which is a non-cash item and net cashflows from operating activities of Kshs.1,764,959 while the statement of financial performance reflects Kshs.7,610,481 resulting to an unexplained variance of Kshs.5,845,522. The statement also reflects a Nil

balance on cashflows from investing activities while the College purchased property, plant and equipment totalling to Kshs.213,500.

In the circumstances, the financial statements are not fairly presented in accordance with the International Public Sector Accounting Standards (Accrual Basis).

2. Inaccuracies in Revenue from Exchange Transactions

The statement of financial performance reflects transfers from National Government amount of Kshs.45,000 as disclosed in Note 1 to the financial statements. However, review of records provided for audit revealed that the College received Kshs.3,600,000 resulting to an unexplained variance of Kshs.3,555,000.

In the circumstances, the accuracy and completeness of the transfers from National Government amount of Kshs.45,000 could not be confirmed.

3. Lack of Ownership Documents and Valuation of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.164,590 as disclosed in Note 25 to the financial statements. However, the College received donations of land, buildings and equipment from the defunct Chepserei Polytechnic, Community and the Ministry of Education which were not included as property, plant and equipment of the College in the year under review.

In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant and equipment balance of Kshs.164,590 could be confirmed.

4. Lack of a Fixed Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.164,590. However, the College did not prepare and maintain a fixed asset register for the assets which were donated and acquired. This was contrary to Section 29(1) Second Schedule of the Technical and Vocational Education and Training Act, 2013 which provides that a Board of Governors of a public institution shall cause to be kept all proper books and records of accounts of the income, expenditure and assets of the institution.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.164,590 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,654,579 as disclosed in Note 21 to the financial statements. However, the College did not prepare and maintain cash books for the development and the CDF bank accounts. This was contrary to Regulation 100 of the Public Finance Management (National Government) Regulations, 2015 which requires that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as

may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible. Further no bank reconciliation statements for the bank accounts were provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.5,654,579 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totalling to Kshs.20,426,000 and Kshs.10,980,380 respectively, resulting to an under-funding amounting to Kshs.9,445,620 or 46% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.20,426,000 and Kshs.4,163,520 respectively, resulting to an under expenditure amounting to Kshs.16,262,480 or 80% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery of the College.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Deduction and Non-Remittance of Statutory Deductions

The statement of financial performance reflects employee costs amount of Kshs.1,608,500. However, review of personnel and payment records revealed that no staff had been deducted the statutory deductions and remittances done to the respective authorities. This was contrary to Section 37(1) of the Income Tax Act, 1973 (Revised 2012) which states that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed; Section 15(1)(c) of the National Hospital Insurance Fund Act, 2012 which states that subject to this Act, any person whose total income, whether derived from salaried or self-employment, in the immediately preceding month, was not less than such amount as the Board, in consultation with the Minister, may prescribe, shall be liable as a contributor to the Fund and Section 19(1) of the National Social Security Fund Act, 2013 which states that every employer who, under a contract of service, employs one employee or more shall register with the Fund as a contributing employer and shall, register his employee or employees, as members of the Fund.

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

2. Lack of an Approved Staff Establishment, Terms and Conditions of Service

The statement of financial performance reflects employee costs amount of Kshs.1,608,500. However, review of the human resource function of the College revealed that there was no approved salary structure, staff establishment, terms and conditions of service.

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

3. Non-Compliance with Law on Ethnic Composition

The College recruited eighteen (18) staff out of whom seventeen (17) or 94% were from the dominant ethnic community. This is contrary to Section 7(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, 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, because of the significance of the matter discussed in the Basis for Adverse Opinion, Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Audit, Risk and Governance Committee

Review of human resource records revealed that Management of the College had not established an internal audit department to carry out internal audit functions contrary to Section 73(1)(a) of the Public Finance Management Act, 2012. Further, the audit, risk and governance committee of the Board was not established contrary to Section 6(1) of the Second Schedule of Technical and Vocational Education and Training Act, 2013.

In the circumstances, Management did not benefit from the assurance and advisory services from the Audit and Risk Committee.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the College's policies and procedures may deteriorate.

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

12 September, 2022

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

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

	Notes	2019/2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government—grants/ gifts in kind	1	45,000	0
Grants from donors and development partners	2	0	0
Transfers from other levels of government	3	0	0
Public contributions and donations	4	0	0
		45,000	0
Revenue from exchange transactions			
Rendering of services- Fees from students	5	7,635,380	
Sale of goods	6	0	0
Rental revenue from facilities and Hostels	7	3,300,000	0
Finance income-external investments	8	0	0
Other income-Registration	9	346,800	0
Revenue from exchange transactions		10,935,380	0
Total revenue		11,327,180	0
Expenses			
Use of goods and services	10	1,599,480	0
Employee costs	11	1,608,500	0
Remuneration of directors	12	67,000	0
Depreciation and amortization expense	13	49,110	0
Repairs and maintenance	14	388,540	0
Contracted services	15	0	0
Grants and subsidies	16	0	0
Finance costs	17	4,069	0
Total expenses		3,716,699	0
Other gains/(losses)			0
Gain on sale of assets	18	0	0
Unrealized gain on fair value of investments	19	0	0
Impairment loss	20	0	0
Total other gains/(losses)		0	0
Net Surplus for the year		7,610,481	0
Attributable to:			
Surplus attributable to minority interest		0	0
Surplus attributable to owners of the controlling Chepsirei Technical and Vocational College		0	0
		7,610,481	0

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

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

13. STATEMENT OF FINANCIAL POSITION AS AT 30th June 2020

	Notes	2019/2020 Kshs	2018-2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	21	5,654,579	0
Current portion of receivables from exchange transactions	22(a)	1,903,780	0
Receivables from non-exchange transactions	22(c)	0	0
Inventories	23	0	0
Investments	24	0	0
		7,558,359	0
Non-current assets			
Property, plant and equipment	25	164,590	0
Investments	24	0	0
Intangible assets	26	0	0
Investment property	27	0	0
Long term receivables from exchange transactions		0	0
Total assets		7,722,949	0
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	28	52,000	0
Refundable deposits from customers	29	140,000	0
Provisions	30	0	0
Finance lease obligation	31	0	0
Current portion of borrowings	35	0	0
Deferred income	32	0	0
Employee benefit obligation	33	0	0
		192,000	0
Non-current liabilities			
Non-current employee benefit obligation	41	0	0
Non-current provisions	34	0	0
Borrowings	35	0	0
Service concession liability	37	0	0
		0	0
Total liabilities		192,000	0
Net assets		7,518,898	0
Reserves		0	0
Accumulated surplus		7,610,481	0
Capital Fund		0	0
Total net assets and liabilities		7,610,481	0

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:


Chairman of Board of Governors

27436
Finance Officer
ICPAK No

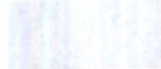

Principal



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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019	0	0	0	0	0
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	7,610,481	-	7,610,481
Capital/Development grants received during the year	-	-	-	2,600,000	2,600,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2020	-	-	7,610,481	2,600,000	10,210,481

15. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019-2020 KShs	2018-2019 KShs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	1	45,000	0
Public contributions and donations	4	0	0
Rendering of services- Fees from students	5	7,635,380	0
Sale of goods	6	0	0
Rental revenue from facilities and equipment	7	3,300,000	0
Finance income	8	0	0
Other income	9	346,800	0
Total Receipts		11,327,180	0
Payments			0
Use of goods and services	10	1,599,480	0
Employees cost	11	1,608,500	0
Remuneration of directors	12	67,000	0
Finance cost	17	4,069	0
Depreciation and amortization expenses	13	49,110	0
Repairs maintenance and improvement	14	388,540	0
Total Payments		3,716,699	0
Net cash flows from operating activities	38	1,764,959	0
Cash flows from investing activities			0
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds, from sale of property, and 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			0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Increase in deposits		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		5,654,579	0
Cash and cash equivalents at 1 JULY 2019	26	0	0
Cash and cash equivalents at 30 JUNE 2020	26	5,654,579	0

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage Deviation (%)
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
Transfers from other Govt grants	9,000,000	0	9,000,000	45,000	8,955,000	-0.5
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Fees from students	7,926,000	0	7,926,000	7,635,380	290,620	-96
Sale of goods	0	0	0	0	0	0
Finance Income	0	0	0	0	0	0
Other Income-Development	3,000,000	0	3,000,000	0	3,000,000	-0
Gains on disposal, rental income and agency fees	500,000	0	500,000	3,300,000	-2,800,000	660
Total income	20,426,000	0	20,426,000	10,980,380	9,445,620	563.5
Expenses						
Compensation of employees	5,100,000	0	5,100,000	1,608,500	3,494,500	-32
Use of Goods and services	10,399,200	0	10,399,200	1,599,480	8,799,720	-15
Finance costs	0	0	0	0	0	0
Rent paid	0	0	0	0	0	0
Remuneration of directors	226,800	0	226,800	67,000	293,800	-30
Repairs Maintenance and Improvement	1,200,000	0	1,200,000	388,540	811,460	-28
Rental Expenses	500,000	0	500,000	500,000	0	0
Other expenses/development	3,000,000	0	3,000,000	0	0	0
Total expenditure	20,426,000	0	20,426,000	4,163,520	13,399,480	-20
Surplus for the period	0	0	0	6,816,860	-3,953,860	0

Budget notes

1. Low student enrolment
2. Less disbursement of Government grants and Capitation during the year.
3. The effect of Covid19 affected the planned activities of the year.

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Chepsirei Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013 and PFM Act 2015. The Chepsirei Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya.

1. 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 Chepsirei Technical and Vocational College accounting policies.

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

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

2. ADOPTION OF NEW AND REVISED STANDARDS

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

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

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

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

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

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

Standard	Effective date and impact:
Financial Instruments	<ul style="list-style-type: none"> 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.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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.

iii. Early adoption of standards

The Chepsirei Technical and Vocational College did not early – adopt any new or amended standards in year 2020

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

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

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

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Chepsirei Technical and Vocational College's right to receive payments is established.

ii) Revenue from exchange transactions.

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.

Chepsirei Technical and Vocational College
Annual Report and Financial Statements for The Year Ended 30th June 2020

4 Budget information

The original budget for FY 2019/2020 was approved by the Board on 13th August 2020. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

5 Taxes

Current income tax

The Chepsirei Technical and Vocational College is a tax compliant institution.

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.

6 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.

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

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

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7 Property, plant and equipment

Chepsirei TVC applied IPSAS 33 on disclosure of its assets. 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 Chepsirei Technical and Vocational College recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair 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.

During the year under review, Chepsirei TVC did not acquire any asset, however, it has the following assets which their value are yet to be disclosed;

1. Land
2. Buildings
3. Refrigeration equipment
4. Computers and printers
5. Furniture and fittings

8 Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Chepsirei Technical and Vocational College. 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 Chepsirei Technical and Vocational College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Chepsirei Technical and Vocational College 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 Chepsirei Technical and Vocational College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

9 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

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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

10 Research and development costs

The Chepsirei Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Chepsirei Technical and Vocational College 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.

11 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 Chepsirei Technical and Vocational College 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 Chepsirei Technical and Vocational College 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 Chepsirei Technical and Vocational College assesses at each reporting date whether there is objective evidence that a financial asset or Chepsirei Technical and Vocational College financial assets is impaired. A financial asset or a Chepsirei Technical and Vocational College 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 Chepsirei Technical and Vocational College of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Impairment of financial assets

- The debtors 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 Chepsirei Technical and Vocational College determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

12 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

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- 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

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 Chepsirei Technical and Vocational College.

13 PROVISIONS

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

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

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

Contingent liabilities

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

Contingent assets

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

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14 NATURE AND PURPOSE OF RESERVES

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

15 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The Chepsirei Technical and Vocational College recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

16 EMPLOYEE BENEFITS

Retirement benefit plans

The Chepsirei Technical and Vocational College does not provide retirement benefits for its employees and directors.

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.

17 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.

18 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.

19 RELATED PARTIES

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

20. SERVICE CONCESSION ARRANGEMENTS

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

21 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

22 COMPARATIVE FIGURES

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

23 SUBSEQUENT EVENTS

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

24 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Chepsirei Technical and Vocational College 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

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below. The Chepsirei Technical and Vocational College 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 Chepsirei Technical and Vocational College. 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 Chepsirei Technical and Vocational College
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-219
	KShs	KShs
Unconditional grants		
Operational grant	45,000	0
Other grants	0	0
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	45,000	0

a) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Chepsirei Technical and Vocational College sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
State Department of Technical and vocational	45,000		0		45,000
Total	45,000		0		45,000

b) GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2018-2019
	KShs	KShs
JICA- Research grant		
World Bank grants		
Other grants		
Total grants from development partners	0	0

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2 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions to be met - remain liabilities	0	0

3 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County		
Transfer from University		
Transfer from institute		
Total Transfers	0	0

4 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from alumni		
Other donations		
Total donations and sponsorships	0	0

5 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	7,635,380	0
Activity fees		
Examination fees		
Library fees		
Facilities and materials		
Registration fees		
Total revenue from the rendering of services	7,635,380	0

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6 SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
Sale of goods		
Sale of books		
Sale of publications		
Sale of farm produce		
Other(include in line with your organisation)		
Total revenue from the sale of goods	0	0

Chepsirei Technical and Training College did not sale any goods during the financial year

7 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT/HOSTELS

Description	2019-2020	2018-2019
	KShs	KShs
Straight-linedoperatinglease receipts	0	0
Contingent rentals/Hostels	3,300,000	0
Total rentals	3,300,000	0

Rental revenue was from the student accommodation.

8 FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cashinvestmentsandfixeddeposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Totalfinance income	0	0

Chepsirei Technical and Training did not finance income

9 OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Insurance recoveries		
Registration-	346,800	0
Income from sale of tender	0	0
Servicesconcessionincome	0	0
Skillsdevelopmentlevy	0	0
Income from disposal of assets	0	0
Totalotherincome	0	0

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10 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity	3,000	0
Water	0	0
Security	0	0
Professional services	0	0
Subscriptions	0	0
Advertising/Activity	0	0
Admin costs	19,000	0
Audit fees	1,074,045	0
Conferences and delegations	0	0
Consulting fees	0	0
Consumables	0	0
Fuel and oil/Local Transport	0	0
Insurance	47,280	0
Legal expenses	0	0
Licenses and permits	0	0
Postage	0	0
Printing and stationery	0	0
Hire charges	0	0
Rent expenses	0	0
Security costs	0	0
Sewage treatment costs	0	0
Skills development levies	0	0
Inventory scrapping	0	0
Telecommunication	0	0
Training expenses/Tuition	0	0
General expenses/Local travel	456,155	0
	0	0
Total good and services	1,599,480	0

11 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	1,608,500	0
Employer related costs- contribution to pensions and medical aids	0	0
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
Social contributions	0	0
Employee costs	1,608,500	0

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12 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	0	0
Directors' emoluments	0	0
Other allowances	67,000	0
Total director emoluments	67,000	0

13 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property plant and equipment	49,110	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	49,110	0

14 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	0	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	0
Total repairs and maintenance	388,540	0

15 CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
Total contracted services	0	0

16 GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	KShs	KShs
Community development		
Education initiatives and programs		
Social development		
Community trust		
Sporting bodies		
Total grants and subsidies	0	0

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17 FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings (amortized cost)	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Bank charges	4,069	0
Interest on loans from commercial banks	0	0
Total finance costs	4,069	0

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

18 GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	0	0

19 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

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

20 IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Total impairment loss	0	0

21 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	5,654,579	0
On - call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Others (specify)		
Total cash and cash equivalents	5,654,579	0

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(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020 KShs	2018-2019 KShs
a) Current account			
Kenya Commercial bank	1265240752	2,483,231	0
	1265240787	110,481	0
	1265240825	2,644,451	0
Sub- total		5,238,163	0
b) On - call deposits			
Kenya Commercial bank	0	0	0
Equity Bank – etc.			
Sub- total	0	0	0
c) Fixed deposits account			
Kenya Commercial bank	0		
Bank B			
Sub- total	0	0	0
d) Staff car loan/ mortgage			
Kenya Commercial bank	0		
Bank B			
Sub- total	0	0	0
e) Others(specify)			
Cash in transit	0	0	0
cash in hand	0	416,416	0
M –pesa	0	0	0
Sub- total		416,416	0
Grand total		5,654,579	0

22(a) RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020 KShs	2018-2019 KShs
Current receivables		
Student debtors	1,903,780	0
Rent debtors	0	0
Consultancy debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
	1,903,780	0

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(b) NON –CURRENT RECEIVABLES

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Refundable deposits		
Advance payments		
Public organizations		
Less: impairment allowance		
Total		
Current portion transferred to current receivables	0	0
Total non-current receivables	0	0
Total receivables	0	0

c) RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
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	0	0

23 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores		
Maintenance stores		
Health Unit stores		
Electrical stores		
Cleaning materials stores		
Catering stores		
Total inventories at the lower of cost and net realizable value	0	0

24 INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution	0	0
CBK	0	0
CBK	0	0
Sub- total	0	0
	0	0
b) Investment with Financial Institutions/		

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Banks		
Bank		
Bank		
Sub- total	0	0
c) Equity investments (specify)		
Equity/ shares in company		
Sub- total		
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 Chepsirei Technical and Vocational College where investment is held	No of shares			Nominal value of shares	Fair value of shares Current year	Fair value of shares Prior year
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%			
				Shs	Shs	Shs
Chepsirei Technical and Vocational College A						
Chepsirei Technical and Vocational College B						
Chepsirei Technical and Vocational College C						
Chepsirei Technical and Vocational College D						

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25 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019	0	0	0	0	0	0	0	0
Additions	0	0	75,000	138,500	0	0	0	213,500
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
At 30th June 2020								
Depreciation and impairment								
At 30 th June 2020								
Depreciation	0	0	7,500	41,610	0	0	0	49,110
Impairment	0	0	0	0	0	0	0	0
At 30th June 2020								
Net book values	0	0	67,500	97,090	0	0	0	164,590

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26 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year		
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		
At beginning of the year		
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

27 INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year		
Additions		
Fair value gain		
Depreciation (where investment property is at cost)		
At end of the year	0	0

28 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	0	0
Fees paid in advance	0	0
Employee advances	52,000	0
Third-party payments	0	0
Other payables	0	0
Total trade and other payables	52,000	0

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29 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits		
Caution money	140,000	0
Other refundable deposits	0	0
Total deposits	140,000	0

30 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	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				
Transfers from non-current provisions				
Total provisions				0

31 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2020-2021
	KShs	KShs	KShs	KShs
Within current year				
Long term portion of lease payments				
Total provisions				0

32 DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National government		
International funders		
Public contributions and donations		
Total deferred income	0	0

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The deferred income movement is as follows:

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

33 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions		
				2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation					
Non-current benefit obligation					
Total employee benefits obligation				0	0

The Chepsirei Technical and Vocational College operates a defined benefit scheme for all full-time employees from July 1, 2020. The liability at the end of the year is as follows:

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year		
Changes in valuation during the year		
Valuation at end of the year	0	0

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 360 per employee per month.

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34 NON-CURRENT PROVISIONS

Description	Long service leave	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	0	0	0	0

35 BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period	0	0

36a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
External Borrowings		
Dollar denominated loan		
Sterling Pound denominated loan		
Euro denominated loan		
Domestic Borrowings		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Total balance at end of the year	0	0

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b) BREAKDOWN OF LONG TERM AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings (current portion)		
Long term borrowings		
Total	0	0

37 SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Serviceconcessionliabilityat beginning of the year		
Serviceconcessionrevenuerecognized		
Serviceconcessionliabilityat end of the year	<u>0</u>	<u>0</u>

38 CASH GENERATED FROM OPERATIONS

Surplus for the year before tax	2019-2020	2018-2019
	KShs	KShs
Adjusted for:		
Depreciation	49,110	0
Non-cashgrantsreceived	0	0
Contributedassets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	0	0
Financecost	0	0
	4,069	0
Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	0	0
Increase in deferred income	1,903,780	0
Increase in payables	0	0
Increase in payments received in advance	-192,000	0
	0	0
Net cash flow from operating activities	1,764,959	0

Chepsirei Technical and Vocational College
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39 FINANCIAL RISK MANAGEMENT

The Chepsirei Technical and Vocational College's activities does not 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 Chepsirei Technical and Vocational College's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, 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 Chepsirei Technical and Vocational College'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
Receivables from non-exchange transactions				0
Bank balances				0
Total				0
At 30 June 2020				
Receivables from exchange transactions				0
Receivables from non-exchange transactions				0
Bank balances				0
Total				0

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(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 Chepsirei Technical and Vocational College has no concentration of credit risk.

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 Chepsirei Technical and Vocational College's directors, who have built an appropriate liquidity risk management framework for the management of the Chepsirei Technical and Vocational College's short, medium and long-term funding and liquidity management requirements. The Chepsirei Technical and Vocational College manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2020				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

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NOTES TO THE FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Chepsirei Technical and Vocational College 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 Chepsirei Technical and Vocational College's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign currency risk

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

The carrying amount of the Chepsirei Technical and Vocational College'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 2020			0
Financial assets (investments, cash, debtors)			0
Liabilities			0
Trade and other payables			0
Borrowings			0
Net foreign currency asset/(liability)			0

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

Chepsirei Technical and Vocational College
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a) Foreign currency risk

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			0
Financial assets(investments, cash ,debtors)			0
Liabilities			0
Trade and other payables			0
Borrowings			0
Net foreign currency asset/(liability)			0

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%		
USD	10%		
2020			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

b) Interest rate risk

Sensitivity analysis

The Chepsirei Technical and Vocational College analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate

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Risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

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

Description	2019-2020	2018-2019
	KShs	KShs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

40 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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Description	2019-2020	2018-2019
	KShs	KShs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to ChepsireiTVC	0	0
Sales of services Chepsirei TVC	0	0
Total		
b) Grants from the Government		
Grants from National Govt	2,600,000	2,600,000
Grants from County Government	0	0
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 2 employees	0	0
Payments for goods and services for employees	0	0
Total		
d) Key management compensation		
Directors' emoluments	239,000	0
Compensation to the CEO		
Compensation to key management		
Total		

41 SEGMENT INFORMATION

Chepsirei Technical and Vocational does not have a branch.

42 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Description	2019-2020	2018-2019
	KShs	KShs
Court case against the Institution		
Bank guarantees in favour of subsidiary		
Total	0	0

43 CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for		
Authorised and contracted for		
Total	0	0

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44 EVENTS AFTER THE REPORTING PERIOD

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

45 ULTIMATE AND HOLDING CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE

The Chepsirei Technical and Vocational College is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

46 Currency

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

17. APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Principal /BoG Secretary 

Date..... 25-07-2022



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APPENDIX II: PROJECTS IMPLEMENTED BY THE CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE

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, i.e. total costs incurred, stagewhich the project isetc.)

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

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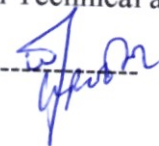
APPENDIX III: INTER-CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE TRANSFERS

COLLEGE NAME:		CHEPSIREI TECHNICAL AND VOCATIONAL COLLEGE		
Breakdown of Transfers from the State Department of Technical and Vocational				
FY 2019/2020				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			2,600,000	2019/2020
		Total	2,600,000	
c. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	0	
			0	
			0	
d. Donor Receipts				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	0	

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

Accounting Officer/Principal
 Chepsirei Technical and Vocational College

Head of Accounting Unit
 State Department of Technical Education

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U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	14/12/2020	Recurrent							
Ministry of Education		Development	2,600,000	0	2,600,000	0	0	0	2,600,000
Ministry of Education		Donor Fund							
Ministry of Education		Direct Payment							
Total			2,600,000	0	2,600,000	0	0	0	2,600,000

