REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

LOIMA TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2025

LOIMA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2025

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

Table of Contents

1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in
LTVC	Loima Technical and Vocational College

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Loima TVC Information and Management

(a) Background information

Loima Technical and Vocational College (LTVC) was incorporated/ established under the TVET Act, *2013 Section 20(1)* on 26/01/2023 (Registration Number: TVETA/PUBLIC/TVC/0005/2023). The entity is domiciled in Loima sub county, Turkana County in Kenya and has no other branches. The college is under the Ministry of Education.

(a) Principal Activities

The principal activity/mission/ mandate of the Loima TVC are: to provide quality technical, vocational and entrepreneurial skills that promote creativity for global challenges. We intend to be a centre of excellence in the provision of quality and relevant technical training.

Mission Statement: To provide technical and entrepreneurial skills that promotes creativity for global challenges.

Motto: Technology & Innovation

Core objectives are:

- To implement and promote TVET policies and curriculum.
- Transfer technology through appropriate mechanism to trainees.
- Administer internal evaluation of curriculum and supervise exams on behalf of Approved examination bodies.
- Innovate and carry out research.
- Spearhead relevant exposure exchange programmes for both trainees and trainers.
- Adhere and promote current statutory obligations and relationships.
- Participate in approved activities organized by government, NGOs and private Sector.

(b) Key Management

Loima TVC day-to-day management is under the following key organs:

Board of Governors;
Accounting officer/ Principal
Top Management.
Heads of Departments and Sections

(c) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	**Fredrick Wambulwa**
2.	Deputy principal Administration	**Nicholas Cheruiyot**
3	Deputy principal Academics	**Nicholas Cheruiyot**
4	Registrar (s)	**David Kaleng**
5	Dean of students	**Edwin Kipsang**
6	Head of Finance (out sourced)	**Edward Eregae**

Key Loima TVC Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

- *Audit, risk and compliance committee activities*
- *Finance, Infrastructure and Administration committee activities*
- *Education, Training and Research committee activities*

(e) Loima TVC Headquarters

P.O. Box 517-30500,
Lodwar-Lorugum Road,
LODWAR, KENYA

(b) Loima TVC Contacts

Telephone: (254) 716189084/ 714797228
E-mail: loimatvc@gmail.com
Website: info@loimatvc.ac.ke

(c) Loima TVC Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank
Lodwar Branch
P.O Box 73-30500,
Lodwar, Kenya.

(d) Independent Auditors

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

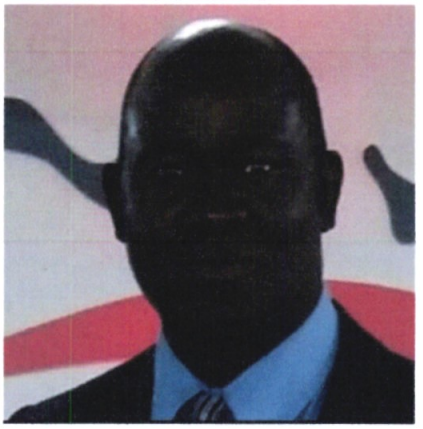
(e) Principal Legal Adviser

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

3.The Board of Governors

	Member/ Director	Details
1	**PROF. MICHAEL LOKURUKA**  **Chairperson: Board of Governors**	**Date of Birth:** 29th September, 1955 **Key qualifications:** **Ph.D.** Food Science, Cornell University, USA, 2003 **Postgraduate Certificate in Food Technology**, Hebrew University, Israel, 1998 **M.Sc. Food Science**, University of Reading, United Kingdom, 1990 **Postgraduate Diploma**, Fishing and Fish Processing Technology, University of Trondheim, Norway, 1981 **B.Sc. Food Science and Technology**, University of Nairobi, Kenya, 1979 **Work experience:** **2024-2027,** Member, Board of Trustees, Management University of Africa (MUA) **2019-current,** Director of Research, Innovation and Extension, Karatina University **2019-current,** Member, Senate and Committee of Deans, Karatina University **2013-2019**, Commissioner, Public Service Commission of Kenya **2012-current,** Member of Staff and Associate Professor of Food Science, Department of Food Science and Nutrition, Karatina University **2009-2012,** Senior Lecturer, Egerton University **2006-2012**, Member of Staff, Department of Dairy and Food Science and Technology, Egerton University **2004-2006,** Hygienist, Zehrs Markets and Food chain, Canada **2003-2004,** Post-Doctoral Research Associate, Cornell University, USA **1997-1999**, Head of Department, Egerton University **1988-1999,** Member of Academic staff, Egerton University **1981-1988,** TFCS Ltd. Various Positions **1979-1981,** Quality Control Manager, CPC (K) Ltd.

2	**ENG. MICHAEL RUGUT**  **County Director TVET**	**Date of Birth:10Th June 1967** **Key qualifications:** **Kenyatta University** - MBA Project management **Polytechnic University of Japan** – Post graduate certificate in Automotive Engineering **Moi University** - B. TEC (Production Technology) **Work experience:** TVET - County Director TVET, Rift Valley TVET – Assistant County Director, Rift Valley KIHBIT Public Works - Senior Lecturer/Mechanical Engineer NYS – Assistant Mechanical Engineer
3	**PROTUS KIPROP**  **Chairperson: Finance, Administration and Infrastructure Committee.**	**Date of Birth:** 25th September 1989 **Key qualifications** **2011-2015 :**Masters in Management, Finance option, Moi University **Work experience:** September 2014- Date: Lecturer University of Eldoret, School of Business and Economics, on part time basis
4	**FATUMA EKAL**  **Chairperson: Education, Training and Research Committee.**	**Date of Birth:**1973 **Key qualification** **2009-2012: Bachelor of Education (Arts) Moi EA)** **Work experience:** 2023 –Date: Principal Lodwar Girls Secondary School. 2012 -2022: Principal Our Lady's Girls Secondary School Kakuma. 2015 – 2018: Director, Ewaso Ngiro Development Authority'

5	**DAVID W. CHELOTI**  **Chairperson: Audit & Risk committee.**	**Date of Birth:** 27th December 1958 **Key qualifications:** 1994-1996– M.A. Development Studies(University of Bremen Germany) 1981-1985—B.COM. Business Administration (University of Nairobi) **Work experience** **2010-2014—Deputy Manager Customer Relations and Marketing in KPLC.** **2006—2010 –Chief Customer Relations and Marketing Officer(KPLC).** **1998-2003 Regional Communication & Marketing manager. North rift and Nairobi areas(KPLC).**
6	**AGIS A. JULIA**  **Member: Finance, Administration and Infrastructure Committee.**	**Date of Birth:** 11Th November 1994 **Key qualifications** **2014-2020:** Bachelors of Science in Civil Engineering Technical University of Mombasa. **Work experience:** **2019-To date:** Turkana County Government Surveyor, Ministry of lands
7	**JOTHAM AMOIT**  **Member: Education, training & Research Committee.**	**Date of Birth:25** August, 1975 **Key qualifications** **2014-2017:** Bachelors of Science Degree Disaster Management and International Diplomacy, of Masinde Muliro University of Science and Technology. **Work experience:** **June 2016:** Intern German Cooperation Organization (GIZ) May –July 2013: Intern National Drought Management Authority(NDMA).

8.	**LENAH K. MUSUNGU**  **Member: Education, training & Research Committee.**	**Date of Birth:** 2nd March 1980 **Key qualifications:** 2016-2018: Diploma in ICT, Kibabii University **Work experience**: 2019-to date: Director - Carlen Computer Centre.
9.	**FREDRICK K. WAMBULWA**  **Principal/ Secretary to the BOD committees**	**Principal/ Secretary to the BoG** **Date of Birth: 8th August, 1969** **Key qualifications:** 2005-2008: MED;Administration and management from Kenyatta University 1996-1997 Post Graduate Diploma in Education.(PGDE). Kenyatta University. 1990-1994: BSc. Wood Science and Technology from Moi University **Work experience**: 2020 - to Date: Principal Loima Technical and Vocational College

Summary of the Board of Governors who served during the year

S/NO	NAME	ROLE	TENURE	DATE APPOINTED	DATE EXPIRY
1.	Prof. Michael Lokuruka	Chairman	3 years	11/03/2022	11/03/2025
2.	Eng. Michael rugut	P.S Representative	N/A	N/A	N/A
3.	Protus Kiprop	Member	3 years	11/03/2022	11/03/2025
4.	Fatuma Ekal	Member	3 years	11/03/2022	11/03/2025
5.	David W. Cheloti	Member	3 years	11/03/2022	11/03/2025
6.	Agis A. Julia	Member	3 years	11/03/2022	11/03/2025
7.	Jonathan Amoit	Member	3 years	11/03/2022	11/03/2025
8.	Lenah K.Musungu	Member	3 years	11/03/2022	11/03/2025
9.	Fredrick K. Wambulwa	Secretary	N/A	N/A	N/A

4. Key Management Team

No.	Member/ Director	Details
1.	**FREDRICK K. WAMBULWA**  **Key qualification** B. SC.(Wood Science and Technology)	**Principal/ Secretary to the BoG**
2.	**NICHOLAS CHERUIYOT**  **Key Qualifications:** • BSc. Electrical and Electronic Engineering	**Deputy Principal.**

3.	**DAVID E. KALENG**  **Key Qualification:** • Diploma in Technical Trainer Education. • BSc. In Computer Science.	**Ag. Registrar.**
4.	**EDWIN K. KIPSANG**  **Key Qualifications:** • Bachelor of Education in Technology Education	**Dean of Students.**
5.	**EDWARD EREGAE** 	**Ag. Finance Officer**

	Key Qualifications: • On-going Bachelors of Commerce, Finance (JKUAT) • Diploma in Bible and Theology at (NHBC) • Certified Public Accountant of Kenya CPA(K).	

5. Chairman's Statement

Loima Technical and Vocational College (LTVC) community, stakeholders and general public expect us as a Board of Governors to provide effective institutional management in order to propel the institution to higher competitive levels in Vocational and Technical training and Research. To this end the Board of Governors is developing a strategic plan to guide its operations. The strategic plan will provide the framework for initiatives to be undertaken to orient Loima TVC to keep a breast with the changing societal needs and technology. This plan will focus on the vision and mission of Loima TVC and outline fundamental areas that are strategic for efficient service delivery and take into cognizance the ministry's position in TVET sub-sector and government of Kenya Vision of Industrialization by the year 2030. The successful implementation of this plan hinges on the belief that key stake holders including GOK, BOG, Parents, Community, Staff and Trainees of Loima TVC will play their respective roles effectively.

As the first Board of Governors for Loima Technical and Vocational College, we were tasked with laying the foundation for the College to be equipped with basic resources so that it could be registered by TVETA, licensing of courses, registration HELB and then carrying out its mandate. The College was opened during Covid-19 pandemic, and therefore the government resources that were meant to equip the College with furniture, computers and training equipment was diverted. Also the College was constructed on a community land; it had no clean water and no power connection.

The BOG has worked so hard to at least equip the college with some basic resources such as water, furniture, and three phase power connection. So far the college has been accredited by TVETA and Registered by KUCCPS and HELB.

The BOG has been placing requests to various corporate for assistance in one way or the other, KSTVET donated a hundred beds and RVTTI donated some basic equipment in Hair dressing and Beauty Therapy, some other requests have also borne fruit while others are still on the way. The college has enrolled trainees in courses which do not require expensive equipment, one example is masonry. The college is planning to introduce RPL programmes in collaboration with nearby national polytechnic

We have plans in place for the college to grow as we source for more resources. We request the Government to increase the allocation of resources to the college so that the college can have the capacity to carry out its full mandate.

Signature.....

Name: Prof. Michael Lokuruka
Chairman Board of Governors

6. Report of the Principal

Loima Technical and vocational college is located in Loima sub County of Turkana County, it is approximately 60 km from Lodwar town towards west. Loima TVC has made great strides in ensuring its advancement as a middle level college. From empty rooms with no furniture, no computers, no pit latrine no electric power connection, no water, no fence and gate, and without land demarcation, the college has managed to construct a four door pit latrine, demarcated and surveyed the land, it is now awaiting the allotment letter. The college also has procured trainees furniture with white boards, it has now piped water from a bore hole 3 km away, three phase electric power connection was completed in November 2024 including metering. The NG-CDF is planning to fence the compound in the next financial year.

The college management has been collaborating with other stakeholders, who have been of great assistance to the college, they include NG-CDF, Practical Action, County Government, Kenya School of TVET, USAID NAWIRI, RVTTI, ILO, just to mention a few among many others.

I would also like to report that Loima TVC received the accreditation of courses certificate from TVETA in November 2024 and immediately applied to KUCCPS for registration by paying ksh.70,000(seventy thousands only). So far the college is now registered by KUCCPS. Registration by HELB has been completed in 2025.

Some of our trainees are both young and adult who are eager to acquire skills and technical knowledge that will enable them to both get employment and some create employment opportunities.

We are laying the foundation of becoming a national polytechnic and possibly a national technical university in the near future.

The unique geographical location of Loima TVC in Northern Kenya region, which has got a high affinity of establishing industries such as in hospitality, agriculture, construction and the energy sector, just to mention a few, will provide job market for our graduates.

The rural set up will provide the private sector with an opportunity of developing private hostels around the College to provide affordable accommodation to our trainees.

The surrounding community has been very supportive to the College by donating land of approximately 70 acres for future expansions.

Our staff is highly disciplined and of good interpersonal relationships with the local community.

The main achievements are initial administrative set up which has been done.

The challenges we are still facing are; insufficient water supply, frequent electrical power blackouts, lack of training equipment and materials, lack of accommodation facilities for trainees, the college is far from the residential areas, means of transportation and office furniture are also lacking. There is high level of poverty trainees cannot afford to pay registration fees and KUCCPS application fee of ksh.1500 (One thousand five hundred only). There is also need for trainers in Community Health and Hair Dressing & Beauty Therapy. The BOG cannot manage to hire due to insufficient funds.

We request the ministry to increase the funding and have some affirmative Action for ASAL regions so that we can address some of the above challenges.

Signature.....
Name: Mr. Fredrick Wambulwa
Principal/Secretary Board of Governors

PRINCIPAL
LOIMA TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 517-30500, LODWAR
Email:loimatvc@...
Date

7. Statement of Performance against Predetermined Objectives

(Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.
Loima Technical and Vocational College has two strategic pillars and six objectives within its Strategic Plan for the FY 2020-2025. These strategic pillars are as follows:

(i) To provide quality and relevant technical and vocational training
(ii) To develop and extend quality and relevant community outreach services and programs

Loima Technical and Vocational College develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Loima Technical and Vocational College achieved its performance targets set for the FY 2023/2024 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar	Pillar	Objective	Key Performance Indicators	Activities	Achievements
To provide quality and relevant technical and vocational training	The Economic Pillar	List of new programmes mounted No of staff trained No of new technologies used No of equipment and facilities acquired Available internal quality assurance system Available partnership contracts. Available training materials	Setting up of an Institution practical workshop	Mounting of new programmes Signing of memorandum of understanding. Procurement of training materials, equipment and facilities Development of internal quality assurance system Development of internal control system	Four additional programmes mounted Blended online / in person learning and training Reports of assessment and evaluation availed
To develop and extend quality and relevant community outreach services and programs	The Social Pillar:	Participate in public forum and exhibition Develop and implement a community outreach policy Create brand identity and public relations	Number of public forums and exhibitions participated Available community outreach policy. Create brand identity and public relations system.	Participate in public forums and exhibitions. Develop community outreach policy. Creation of public relations system	Tree planting activity going green initiative

8. Corporate Governance Statement

The Board will put in place a succession plan for both the Board and Management and review the same regularly.

Existence of the Board Charter

This Board of Governors Charter exists and it defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance. The Charter will help the Board in directing Loima Technical and Vocational College to maximize the long-term value of services provided for all stakeholders.

The Charter has been adopted by the Institute, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations.

The Board of Governors will review this Charter at least annually and, if appropriate, revise this Charter from time to time. This Charter is available to all members of the Board for application and is posted on the Institute's website for the information of stakeholders.

Process of Appointment and removal of Board Members
i. The relevant appointing authority shall select and appoint Board members. Every appointment shall
be by name and by notice in the Kenya Gazette but shall cease if the Board member:

a) Serves the appointing authority with a written notice of resignation; or
b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.
i. Any removal of a Board member under (i) above, shall be through formal revocation.
ii. The record of the appointment letter, gazette notice and written acceptance by the Board member shall kept in the personal file of the Board member.
Evaluations are conducted to review the Board's role, Board processes and committees to support that role and the performance of the Board and each governor. This is undertaken using a variety of techniques including external consultants, and Board discussion. The last full Board performance review, was conducted in February, 2019 vide the retreat whose main agenda was review of the performance for the year 2018.

Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Board and the CEO/Principal of the Institute.

The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Institute's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board will:

a) Determine the Institute's Mission, Vision, Purpose and Core Values;
b) Review, evaluate and approve, on a regular basis, long-term plans for the Institute;
c) Review, evaluate and approve the Institute budget and financial forecasts;
d) Review, evaluate and approve major resource allocations and capital investments;
e) Ensure that the procurement process is cost-effective and delivers value for money;
f) Review and approve the operating and financial results of the Institute;
g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Institute operations and performance;
h) Ensure that effective processes and systems of risk management and internal controls are in place;
i) Review, evaluate and approve the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession;
j) Review, evaluate and approve the remuneration structure of the Institute;
k) Adopt, implement and monitor compliance with the Institute's Code of Conduct and Ethics;
l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
m) Review periodically the Institute's strategic objectives and policies relating to sustainability and social responsibility/investment;
n) Enhance the Institute's organization's public image and ensure engagement with stakeholders through effective communication;
o) Monitor compliance with the Constitution, all applicable laws, regulations and standards;
p) Review, monitor and ensure that the Institute is effectively and consistently delivering on its mandate.

Responsibilities of Individual Board Members
Each Board member shall:

a) Exercise the highest degree of care, skill and diligence in discharging their duties;
b) Act in the best interest of the Institute and not for any other purpose;
c) Act honestly at all times and must not place themselves in a situation where their personal interest's conflict with those of the Institute;
d) Exercise independent judgment;
e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;
f) Promote and protect the image of the Institute;
g) Owe their duty to the Institute and not to the nominating or appointing authority; and
h) Owe the Institute the duty to hold in confidence all information available to them by virtue of their position as a Board member.

Induction and Training

In order to provide directions for the effective governance and oversight of the Institution, the Ministry of Education conducts induction and Training of the new board. The inductions program runs for three days for and covers a variety of areas including; Rationale & Status of On-going Reforms, An Overview of Mwongozo. The Role of Boards & Its Organs, Legal & Institutional framework for governance of TVET Institutions, Obligations, Accountability & Internal Controls in TVETs, Highlight on Key Policy Issues Governing Board Operations, The Role of Board in Organizational Competency Development, Board Dynamics & Evaluation (including Board tools), Statutory & Legal compliance, Risk Management in State Corporations, Institutionalizing Anti-Corruption Mechanism in TVETs, Ethical Leadership on Boards, Public Procurement and Disposal in TVETs.

Board Performance

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.
The Board will also evaluate the performance of the CEO/Principal/Secretary to the Board.

Conflict of Interest

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Institute. However, a Board member who identifies an area of conflict shall be

required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Board Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration
Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

Ethics and Conduct
Code of Ethics for Board Members Goal aims establishing a set of principles and practices of the Loima Technical and Vocational College Board of Governors that will set parameters and provide guidance and direction for board conduct and decision-making.

Members of the Board of Governors of the Loima Technical and Vocational College are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board of Loima Technical and Vocational College. Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

Accountability:
1. Faithfully abide by the Articles of Incorporation, by-laws and policies of Loima Technical and Vocational College
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived for actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and non-profit sector, and where applicable, to government and funding bodies. Professional Excellence.
6. Maintain a professional level of courtesy, respect, and objectivity in all Loima Technical and Vocational College activities.
7. Strive to uphold those practices and assist other Loima Technical and Vocational College members of the board in upholding the highest standards of conduct Personal Gain.
8. Exercise the powers invested for the good of all members of the Institute rather than for his or her personal benefit, or that of the non-profit they represent.

Equal Opportunity:

9. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of geography, political, religious, or socio-economical characteristics of the state or region represented.
10. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of the organization's volunteer or staff make-up in respect to gender, sexual orientation, national origin, race, religion, age, political affiliation or disability, in accordance with all applicable legal and regulatory requirements. Confidential Information.
11. Respect the confidentiality of sensitive information known due to board service.
Collaboration and Cooperation
12. Respect the diversity of opinions as expressed or acted upon by the Loima Technical and Vocational College board, committees and membership, and formally register dissent as appropriate.
13. Promote collaboration, cooperation, and partnership among association members.

Governance Audit

The Board should ensure that a governance audit of the Institute is undertaken on an annual basis. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

c) Leadership and strategic management;
d) Transparency and Disclosure;
e) Compliance with Laws and Regulations;
f) Communication with stakeholders;
g) Board independence and governance;
h) Board systems and procedures; and

Consistent stakeholders' value enhancement

9. Management Discussion and Analysis

The period under consideration is the inauguration phase for both the BoG and the college as a whole. The college assumes naught as the baseline of its operational and financial performance. During this period no key projects or investment decisions were implemented or are on-going apart from policy formulation and academic acceleration. It's during this period that the institution was undergoing the registration process. It is important to note that at this level of establishment, the institution is bedevilled with a myriad of teething problems including but not limited to inadequate infrastructure, lean staff, low enrolment, land encroachment and inadequate finances.

10. Environmental and Sustainability Reporting Statement

Loima TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

The top management aims to make reference to sustainable efforts, broad trends in political and macroeconomic sustainability priorities, international best practices and key achievements and failure.

Environmental performance

Loima TVC is committed to environmental sustainability. To this end LTVC is in the process of developing an environmental policy to guide the college.

Employee welfare

Loima TVC is developing policies guiding the hiring process that will take into account the gender ratio, stakeholder engagements and how often they will be improved. Efforts will be made to improve skills and managing careers, appraisal and reward systems. The college is yet to develop a policy on safety and compliance with Occupational Safety and Health Act of 2007

Market place practices-

The college has endeavoured to ensure Responsible competition practice through the ways it recruits its staff and procurement of goods and services. It has been the practice of the college to advertise through bulletins, social media, website and notice boards all its vacancies and procurement requirements. In all cases, committees and panels have been set up to ensure fairness.

Corporate Social Responsibility / Community Engagements

Corporate social responsibility is an important mandate of the college to the community, having knowledge of how CSR can transform our college. It's unfortunate that our budget cannot support CSR at the moment bearing in mind that funding of TVET colleges is tied on the number of trainees the college has. It's worth noting that our college is still young with

low enrolment of trainees by the virtue of it being located in ASAL area were tapping of trainees is such a herculean task. Consequently, due to low number of trainees, it has resulted to a more constrained budget which has made the college to put CSR on hold.

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the period ended 30th June, 2025 which show the state of Loima Technical and Vocational College affairs.

Principal activities

The principal activities of Loima Technical and Vocational College (LTVC) are as captured previously.

Results

The results of Loima Technical and Vocational College (LTVC) for the year ended June 30th are set out on a page herein.

Auditors

The Auditor General is responsible for the statutory audit of Loima Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and no Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Loima Technical and Vocational College for the period ended June 30th June, 2023 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.

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Secretary of the Board
Nairobi
Date: 03/12/202

PRINCIPAL
TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 517-30500, LOKICHOGGIO
Email: loimatvc@gmail.com

12. Statement of Board of Governors 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* - require the council members to prepare financial statements in respect of its operations, which give a true and fair view of the state of affairs of the College at the end of the financial year/period and the operating results of the College for that year/period. The board members are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The board members are also responsible for safeguarding the assets of the College.

The Board members are responsible for the preparation and presentation of the Loima TVC financial statements, which give a true and fair view of the state of affairs of Loima TVC for and as at the end of the financial period ended 30th June, 2025. 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 Loima Technical and Vocational College (LTVC).
(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)
(iv) safeguarding the assets of Loima TVC.
(v) selecting and applying appropriate accounting policies.
(vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Loima TVC 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*)). The council members are of the opinion that the Loima TVC financial statements give a true and fair view of the state of Loima TVC transactions during the financial period ended 30th June, 2025 and of Loima TVC financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Loima TVC, which have been relied upon in the preparation of Loima TVC financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Loima TVC 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 Loima TVC Financial Statements were approved by the Board on 1st August 2025 and signed on its behalf by:

Name: Prof. Michael Lokuruka — Name: Mr. Fredrick Wambulwa

Signature..... — Signature.....

of the Board — **Accounting Officer (Principle)**

PRINCIPAL
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Chairperson

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REPORT OF THE AUDITOR-GENERAL ON LOIMA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Loima Technical and Vocational College set out on pages 1 to 27, which comprise of the statement of financial position as

at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Loima Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Errors in the Annual Report and Financial Statements

Review of the annual reports and financial statements for the year ended 30 June, 2025 revealed the following errors and omissions;

i. The statement of changes in net assets reflects capital fund opening balance of Kshs.96,315,034 which differs with the previous year's certified financial statements balance of Kshs.97,138,034. This results in an unreconciled variance of Kshs.823,000.

ii. The statement of financial position reflects capital fund opening balance of Kshs.94,773,207, which varies from the certified opening balance of Kshs.97,138,034. This results in an unreconciled variance of Kshs.2,364,827.

iii. The statement of financial position reflects total assets of Kshs.97,631,410. However, re-casting of the balances gives an amount of Kshs.97,697,100, resulting in unexplained variance of Kshs.65,690. Further, the reported total net assets of Kshs.97,451,410 do not reconcile with the capital fund amount of Kshs.97,631,410, resulting to unreconciled variance of Kshs.180,000.

iv. The statement of changes in net assets shows total net assets of Kshs.103,131,928 while the statement of financial position shows total net assets and liabilities of Kshs.97,631,410 resulting to unexplained variance of Kshs.5,500,518.

v. The statement of financial position reflects capital funds of Kshs.97,631,410 which is at variance with the statement of changes in net assets balance of Kshs.100,698,675 resulting to unreconciled variance of Kshs.3,067,265.

vi. The statement of comparison of budget and actual amounts reflects total actual expenditure of Kshs.3,618,490 while the recomputed total actual expenditure is Kshs.2,133,570 resulting to a variance of Kshs.1,484,920. In addition, the statement shows budget surplus of Kshs.3,618,460 while the recomputed

budget surplus is Kshs.1,558,340. Further, the statement shows budget performance difference of actual receipts against budgeted receipts of Kshs.2,185,500 while the recomputed performance difference is Kshs.1,064,470.

vii. The budget reconciliation shows unexplained prior year adjustments – student debtors of Kshs.269,524. However, there are no debtors disclosed in the statement of financial position that will would require any adjustments.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Overstatement of Transfers from Other National Government Entities

The statement of financial performance shows transfer from other National Government Entities of Kshs.5,750,000 as disclosed in Note 5 to the financial statements. This includes recurrent grants of Kshs.2,500,000 and development grants of Kshs.3,250,000. However, the Management erroneously included the development grants of Kshs.3,250,000 in the statement of financial performance instead of disclosing it in the statement of changes in net assets. This led to overstatement of surplus in the statement of financial performance.

In the circumstances, the accuracy of transfers from Other National Government Entities of Kshs.5,750,000 could not be confirmed.

3. Non-disclosure of Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.93,718,116 as detailed in Note 14 to the financial statements. This includes land of Kshs.35,642,954 and buildings of Kshs.58,075,162. However, review of the College structures revealed that the College had furniture and computer whose value has not been disclosed in the financial statements, resulting to understatement of property, plant and equipment.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.93,718,116 could not be confirmed.

4. Lack of Ownership Documents and Valuation of Land

The statement of financial position reflects property, plant and equipment balance of Kshs.93,718,116 as disclosed in Note 14 to the financial statements which includes approximately seventy (70) acres of land donated by the community with a balance of Kshs.35,642,954. However, and as previously reported, minutes of the community meeting, allotment letter and valuation reports to confirm the acreage, ownership and value of the land were not provided for audit.

In the circumstances, the ownership, value and existence of the land balance of Kshs.35,642,954 could not be confirmed.

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

Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

Although the Kenya Universities and Colleges Central Placement Service gave access logins in the financial year 2025-2026 for students to apply, there were no enrollments in the financial 2024-2025. At the time of audit in November 2025, the College's student's enrolment was only eight (8) students. This directly impacts its primary source of revenue and operational purpose. This situation indicates a material uncertainty in going concern of the College that has since not been addressed by Management and disclosed in the financial statement as part of non-financial information.

In addition, the College has eight (8) trainers employed by the government through the public service commission including the principal while none is employed by the Board of Governors. This makes it difficult to effectively attain the College's mandate of quality education.

In the circumstances, the absence of student intake and internal financial capacity raises serious doubts about the institution's ability to continue operating effectively.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts shows budgeted receipts of Kshs.4,687,560 against actual receipts of Kshs.5,752,030 resulting to over-collection of Kshs.1,064,470 or 23% of the budget. Similarly, the actual receipts were Kshs.5,752,030 against the total actual expenditure of Kshs.2,133,570 resulting to under-utilization of Kshs.3,618,460 or 63% of the total receipts.

In the circumstances, the under-utilization of funds affected the planned activities and may have negatively impacted service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the basis for qualified opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Institution in 2024/2025 revealed that the following matters remained unresolved.

No	Year	Unresolved prior year audit matters
1	2023/2024	Lack of Ownership documents and Valuation of Land
2	2023/2024	Inaccurate Net Assets Balance
3.	2023/2024	Inaccurate Net Increase/Decrease in Cash and Cash Equivalents
4.	2023/2024	Budgetary Control Performance
5.	2023/2024	Non-compliance with the Law on Ethnic Composition of Board Members
6.	2023/2024	Failure to Establish Internal Audit Unit
7.	2023/2024	Lack of Risk Management Policy and Disaster recovery Plan

Other Information

The Management is responsible for the Other Information set out on page ii to xxiv which comprise of Key Entity Information and Management, the Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors, Statement of Board of Governors' Responsibilities, and Statement of Performance against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Overstaffing of Trainers

During the year under review, the College had eight (8) trainers including the Principal all employed by the government through the Public Service Commission against eight (8) trainees leading to the ration of 1:1. This makes the College uneconomical to the government.

In the circumstances, the government may not get value for money from the trainers.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Board Tenure and Appointment Gap

Review of governance records and appointment letters for the Board Members for the College revealed that the term of the Board of Governors expired on 17 March, 2025. However, the new Board was appointed on 11 September, 2025, nearly six (6) months later. In addition, during the period between 17 March, 2025 and 30 June, 2025, the College operated without a duly constituted Board of Governors which is contrary to Section 28 (1) of the Technical and Vocational Education and Training (TVET) Act, 2013 which requires every public TVET Institution to have a functional Board of Governors responsible for governance, oversight, and policy direction.

In the circumstances, the effectiveness of the College operations when there were no board members could not be confirmed.

2. Lack of Substantive Appointments in Key Administrative Roles

Review of College operations revealed that key administrative positions including the Accountant, Registrar, and Deputy Principal are held in an acting capacity and in particular the accountant position is outsourced. The continued reliance on officers in acting positions indicates that substantive appointments have not been made. This is contrary to sound human resource management practices and the principles of good governance outlined in the Mwongozo (2015) Code of Governance for Public Institutions.

In the circumstances, prolonged acting appointments may affect institutional stability, accountability, and effective decision-making within the College.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Management and Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 December, 2025

13. Statement of Financial Performance for the Year Ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	5	5,750,000	2,000,000
Revenue from Non-Exchange transactions		**5,750,000**	**2,000,000**
Revenue from Exchange transactions			
Rendering of services- fees from students	6	2,000	500
Miscellaneous income	7	30	2,008
Revenue from Exchange transactions		**2,030**	**2,508**
Total Revenue		**5,752,030**	**2,002,508**
Expenses			
Use of goods and services	8	779,975	894,629
Employee costs	9	1,071,105	991,115
Board Expenses	10	272,690	288,000
Depreciation and amortization expense	11	1,185,207	1,286,002
Repairs, Maintenance & Improvements	12	9,800	42,480
Total Expenses		**3,318,777**	**3,502,226**
Other Gains/(Losses)		**-**	**-**
Net surplus/(deficit) for the year		**2,433,253**	**(1,499,718)**

The Financial Statements set out on pages 1 to 6 were signed by:

.....	.....	.....
Chairman of Council/Board	**Principal**	**Finance Officer**
		ICPAK M/No: 33728
Date	**Date**	**Date**
03/12/2026	03/12/2025	

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14. Statement of Financial Position as at 30th June 2025

Description	Notes	2024 -2025	2023 - 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	3,978,984	337,945
Total Current Assets		**3,978,984**	**337,945**
Non-Current Assets			
Property, plant, and equipment	14	**93,718,116**	94,903,324
Total Non-Current Assets		**93,718,116**	**94,903,323**
Total Assets		**97,631,410**	**95,241,268**
Liabilities			
Current Liabilities			
Trade and other payables	16	180,000	120,000
Total Current Liabilities		**180,000**	**120,000**
Non-Current Liabilities			
Total non- current liabilities			
Total Liabilities		**180,000**	**120,000**
Net Assets		**97,451,410**	**95,121,268**
Capital Fund		97,631,410	94,773,207
Total Net Assets and Liabilities		**97,631,410**	**94,773,207**

The Financial Statements set out on pages 1 to 6 were signed by:

.....	.....	.....
Chairman of Council/Board	**Principal**	**Finance Officer**
		ICPAK M/No:33728
Date 03/12/2025	**Date** 03/12/2025	**Date**

PRINCIPAL
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15. Statement of Changes in Net Asset for the Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	-	(865,109)	96,315,034	**95,495,925**
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(1,499,718)	-	-
Capital grants received during the year	-	-	96,315,034	**96,315,033**
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	-	(2,364,827)	96,315,034	**95,495,925**
At July 1, 2024	-	(2,364,827)	96,315,034	**95,495,925**
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,433,253	-	**2,433,253**
Capital grants received during the year	-	-	3,250,000	**3,250,000**
Prior year adjustments capital funds understated in the previous year	-	-	310,641	**310,641**
At June 30, 2025	-	**2,433,253**	**100,698,675**	**103,131,928**

16. Statement of Cash Flows for the Year Ended 30 June 2025

Description	Note	2024-2025 Kshs	2023-2024 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		5,750,000	2,000,000
Grants from donors and development partners		-	-
Transfers from other levels of government		-	-
Rendering of services- fees from students		24,579	500
Miscellaneous income		30	2,008
Total Receipts		**5,774,609**	**2,002,508**
Payments			
Use of goods and services		779,975	998,115
Employee costs		1,071,105	474,629
Board /Council Expenses		272,690	288,000
Repairs and maintenance		9,800	42,480
Total Payments		**2,133,570**	**1,803,224**
Net Cash Flows from operating activities	47	**3,641,039**	**199,284**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		**3,641,039**	**172,346**
Cash and Cash equivalents at 1 JULY	26	**337,945**	165,599
Cash and Cash equivalents at 30 JUNE	26	**3,978,984**	**337,945**

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30th June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Receipts						
Transfers from other National Government entities	2,000,000	-	2,000,000	5,750,000	(3,750,000)	**187%**
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other levels of government	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- fees from students	2,687,560	-	2,687,560	2,000	2,685,530	-
Sale of goods	-	-	-	-	-	-
Rental revenue from facilities and equipment	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Miscellaneous Income	-	-	-	30	-	-
Total Receipts	**4,687,560**	**-**	**4,687,560**	**5,752,030**	**2,185,500**	**53%**
Payments					-	
Use of goods and services	1,847,860	-	1,847,860	779,975	1,067,885	**42%**
Employee costs	1,048,000	-	1,048,000	1,071,105	- 23,105	**102%**
Board /Council Expenses	541,700	-	541,700	272,690	269,010	**50%**
Repairs and maintenance	100,000	-	100,000	9,800	90,200	**10%**
Contracted services	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Total Expenditure Payments	**4,687,560**	**-**	**4,687,560**	**3,618,490**	**1,303,092**	**72%**
Capital Expenditure Payments	-	-	-	-	-	-
Surplus	-	-	-	**3,618,460**	-	-

Budget notes

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

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	**3,618,460**
	Reason for differences – Prior adjustment Student debtors	369,524
	Closing Cash and Cash Equivalent as per the statement of Cash flows	**3,978,984**

18. Notes to the Financial Statements

8. Notes to the Financial Statements

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 Loima TVC accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Loima TVC. The values are rounded off to the nearest shilling. 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.

Notes to the Financial Statements (Continued)

2. Adoption of New and Revised Standards

i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. ***(State the impact of the standard to the Entity)***
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. ***(State the impact of the standard to the Entity if relevant)***
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	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 guaranteed 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. ***(State the impact of the standard to the Entity if relevant)***
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits. Now* deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. ***State the impact of the standard to the Entity if relevant***

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. ***State the expected impact of the standard to the Entity if relevant***

iii. **Early adoption of standards.**

- Loima TVC did not early-adopt any new or amended standards in year 2023. The impact of these standards is on entity's financial statements.

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

Loima TVC recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/2025 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on pages herein as part of financial statements.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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.

d) Property, plant and equipment

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

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Intangible assets

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

g) Research and development costs

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

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

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

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Notes.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

i) Inventories

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

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

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 Loima TVC.

j) Provisions

Provisions are recognized when Loima TVC 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 Loima TVC 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

Loima TVC 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

Loima TVC 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 Loima TVC 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.

k) Social Benefits

Social benefits are cash transfers provided to

i) specific individuals and / or households that meet the eligibility criteria
ii) mitigate the effects of social risks and
iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

Loima TVC creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

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

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Service concession arrangements

Loima TVC 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, Loima TVC 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, Loima TVC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Loima TVC 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 Loima TVC. 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 Loima TVC.
- 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 Notes.

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.

Notes to the Financial Statements (Continued)

5. Transfers from other National Government entities

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	2,500,000	2,000,000
Development Grants	3,250,000	-
Total unconditional Grants	**5,750,000**	**2,000,000**
Total Government Grants and Subsidies	**5,750,000**	**2,000,000**

(a)Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year 2024 -2025	Total grant income during the year 2023-2024
	Kshs	Kshs	Kshs	Kshs	
State Department of Vocational Education Training	5,750,000	-	-	5,750,000	2,000,000
Total	**5,750,000**	-	-	**5,750,000**	**2,000,000**

6. Rendering services

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Registration fees	2,000	500
Total other income	**2,000**	**500**

7. Miscellaneous Income

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Miscellaneous income	30	2,008
Total other income	**30**	**2,008**

Notes To the Financial Statements (Continued)

8. Use of Goods and Services

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Water	18,000	39,000
Teaching and learning Materials	5,100	-
Electricity	133,569	-
Subscriptions	140,000	45,000
Advertising	48,000	400,000
Catering, conferences, and delegations	38,656	39,500
Travelling and accommodation	-	21,500
Fuel and oil	107,328	14,000
Postages and Stamps	29,000	10,150
Hire Charges	95,000	-
Printing and stationery	63,972	38,000
Telephone expenses	37,250	31,000
Training Expenses	27,800	151,434
Bank charges	5,340	1,545
Kitchen utilities	30,960	43,500
Total good and services	**779,975**	**834,629**

9. Employee Costs

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Salaries and wages	421,230	302,115
Travel, motor car, accommodation, subsistence and other allowances	649,875	689,000
Employee Costs	**1,071,105**	**991,115**

10. Board Expenses

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Chairmans Honoraria	**6,000**	**89,000**
Directors Emoluments	58,800	30.000
Chairmans Honoraria	49,000	-
Other Allowances	164,890	169,000
Total	**272,690**	**288,000**

11. Depreciation and Amortization expense

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Property, plant and equipment	1,185,207	1,286,002
Total depreciation and amortization	**1,185,207**	**1,286,002**

12. Repairs and Maintenance Expense

Description		
	2024 - 2025	2023 - 2024
	Kshs	Kshs
Property	9.800	42,480
Total Repairs and Maintenance	**9.800**	**42,480**

13. Cash and Cash Equivalents

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Current Account	3,978,984	337,945
Total Cash and Cash Equivalents	**3,978,984**	**337,945**

(a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2024 - 2025	2023 - 2024
		Kshs	Kshs
a) **Current Account**			
Kenya Commercial Bank	1302040146	3,978,984	337,945
Sub- Total		3,978,984	337,945
Grand Total		**3,978,984**	**337,945**

14. Property, Plant and Equipment

Cost	Land		Motor vehicles	Furniture and fittings	Computers	Plant and	Capital	Total
		Buildings	0.13	0.125	0.333	Equipment	Work in progress	
		0.02				0.125		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2024	35,642,954	59,260,369	-	-	-	-	-	**94,903,323**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2024 (previous FY)								
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2025	35,642,954	59,260,369	-	-	-	-	-	**94,903,323**
Depreciation And Impairment								
At 1 June 2024								-
Depreciation	-	1,286,002	-	-	-	-	-	**1,286,002**
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2025								
Depreciation	-	1,185,207	-	-	-	-	-	**1,185,207**
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
At 30th June 2025	-	1,185,207	-	-	-	-	-	**1,185,207**
Net Book Values								-
At 30th Jun 2025	**35,642,954**	**58,075,162**	-	-	-	-	-	**93,718,116**

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by the board of directors. These amounts were adopted in the financial statements on 30th June 2025.

13 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	35,642,954	-	35,642,954
Buildings	60,780,080	2,704,919	58,075,162
Total	**96,423,034**	**2,704,918**	**93,718,116**

93,718,116

15. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

16. Trade and other Payables

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
KATTI National Arrears	180,000	120,000
Total Trade and Other Payables	**180,000**	**120,000**

17. Events After the Reporting Period

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

18. Ultimate And Holding Entity

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

19. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.	Lack of ownership documents and valuation of land.	We have initiated the process of land ownership acquisition process.	Not Resolved	30th June 2026
2.	Non-Compliance with the Law on Ethnic Composition	The Management has ensured a balance of Ethnic groups in the College staff.	Resolved	30th June 2025
3.	Failure to establish internal audit unit.	The Management has initiated.	Not Resolved	30th June 2026

Guidance Notes:

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

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

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

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

.....

Name Fredrick Kemboi
Accounting Officer
(Enter title of Head of entity)
Date
03/12/2025

PRINCIPAL

Appendix II: Projects Implemented by Loima 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

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

Appendix III- Inter-Entity Confirmation Letter

Loima Technical and Vocational College
P.o box 517 - 30500

We wish to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June 2025

		Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2025				Amount Received by [Beneficiary Entity] (Kshs) as at 30th June 2025	Differences (Kshs)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)	(E)	(F)=(D-E)
008	15/07/2024	500,000	-	-	500,000	500,000	-
009	02/10/2024	500,000	-	-	500,000	500,000	-
010	21/01/2025	500,000	-	-	500,000	500,000	-
011	15/05/2025	3,250,000	-	-	3,250,000	3,250,000	-
012	04/06/2025	500,000	-	-	500,000	500,000	-
013	17/06/2025	500,000	-	-	500,000	500,000	-
Total		**5,750,000**	**-**	**-**	**5,750,000**	**5,750,000**	**-**

In confirm that the amounts shown above are correct as of the date indicated.
Head of Accountants department of beneficiary Entity:

Name Fredrick Wambulwa **Sign** ..... **Date** 03/12/2025

PRINCIPAL
LOIMA TECHNICAL & VOCATIONAL COLLEGE
P.O. Box 517-30500, LODWAR
Email: loimatvc@gmail.com

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix IV: Reporting of Climate Relevant Expenditures

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments