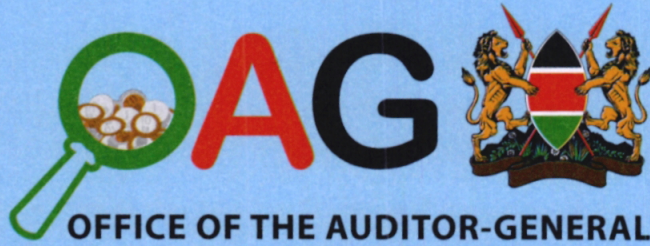


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KALOLENI TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

KILIFI COUNTY



**PARLIAMENT
OF KENYA
LIBRARY**

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CHECKED BY: VIVIAN WAMBUI	



KALOLENI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

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
TTC	Teacher Training College
TTI	Technical Training Institute
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the Institute

2. Key Institute Information and Management

(a) Background information

KALOLENI TVC was incorporated/ established under the TVET Act 2013. The Institute is domiciled in Kenya. The institution is under the ministry of Education TVET. KALOLENI TVC is managed by Board of Governance whose members are appointed by government to represent the community, industrialists and various government departments. The principal serve as the secretary of the board. The institution operates under the education Act, the TVET Act and other relevant laws. It offers curriculum developed by the KICD, CDACC and NITA, it is mandated to offer Artisan, Craft and Diploma levels courses. All courses are incorporated in training and Industrial Attachment is done to prepare the trainees for formal and self-employment. The examination board are KNEC, KASNEB, NITA and CDACC. Kaloleni Tvc is a member of KATTI, ATUPA among others.

Kaloleni TVC has experience a gradual growth in terms of courses offered and students' enrolment from initial population of 27 trainees and 5 teaching staffs in 2019 to the current number 118 trainees and 18 psc teachers and 3 Bog teachers respectively. The current number of non-teaching staffs is 8 members

(b) Principal Activities

The principal activity for **Kaloleni Tvc** is to offer TVET programmes in line with industry or market needs both long term and short term basis.

Vision

- To be a regional leader in technical skills development

Mission

- To produce technically skilled manpower to meet the demands of highly industrializing economy and national development

Core values

Kaloleni TVC is committed to the following values:

- Honesty, integrity and accountability
- Innovativeness, creativity, team work
- Team work, professionalism and flexibility

(c) **Key Management**

Kaloleni TVC daily management is carried out under the following key division:

- Administration
- Finance
- Registrar
- Academic

(d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Priscah Nduku Munyao
2.	Deputy principal	Md fidelis Wanjiku Njuguna
3.	Head of finance	Peter Mtsonga Kashindo
4.	Ag Registrar	Langat kipngeno Shadrack
5.	Ag Dean of students	Nelson Chilumoh Chapa

(e) **Fiduciary Oversight Arrangements**

- The Board of Governors
- Audit and risk committee activities
- Finance and human Resource committee activities
- Academic committee activities

(f) **Institute Headquarters**

P.O. Box 363-80105
Kaloleni, Giriama

(g) **Institute Contacts**

Telephone: (254)703224134
Email: kalolenitvc@gmail.com

Key Institute Information and Management (Continued)

h) Institute Bankers

Kenya commercial Bank
Mariakani Branch
P.O. Box 83534-80113
Mariakani,kenya





i) Independent Auditors





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

j) Principal Legal Adviser




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

3. The Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Philip ziro	Master's in Business Administration -Bachelor in Business Administration -Certified Public Accountant 2016 Part III CPA (K) -Member of the Institute of Certified Public Accountant of Kenya.
2.	 PETER MWANGI	Mr. Peter Mwangi is currently the county director TVET Mombasa County and by the virtues of his office he is a Board member .He is a Holder of Masters in Education with an experience of over 30 years.
3.	 Mrs.Priscah Nduku Munyao	Mrs Priscah Nduku Munyao is a principal of Kaloleni technical and vocational college also is a secretary to the Board of governors. She is a holder of Masters in Business Administration in accounting option, project management ongoing.
4.	 DORRIS KAVUKU	Mrs.Dorris Kavuku is a board member of kaloleni technical and vocational college.She is a of Bachelor of Arts counselling at kenya Methodist University,she is a retired principal of St.Johns secondary school in kaloleni sub-county

5.	 VICTOR KIPLANGAT	Mr. Victor Kiplangat is currently a member of board of governors serving kaloleni TVC second time as a member. He is a holder of Bsc. Mechanical Engineering at Technical University of Mombasa
6.	 JULLY SENTEU	Ms.Jully Seema Senteu is a member of the board of governors kaloleni Technical and vocational college serving kaloleni TVC for the second time. She is holder of masters of science in Limnology and wetland Management-Netherlands, Phd in conservation Ecology ongoing.
7.	 Victor Chogo Nzai	Bachelor of Science Agriculture and Home Economics
8.	 James Matole Tuva	Bachelor of Business Information Technology (JKUAT)
9.	Timothy Murabu	Bachelor in Electrical and Electronics Engineering (TUM)
10.	Peter kazungu	Bachelor of Commerce Finance, Diploma in Business Administration(TUM)

Key Management Team

SN.	Member/ Director	Details
1.	 Mrs. Priscah Nduku Munyao	Mrs. Priscah Munyao is a Senior principal /BoG secretary of kaloleni technical and vocational college.
2.	Md fidelis Wanjiku	Md fidelis wanjiku is the Deputy principal of kaloleni technical and vocational college.
3.	 Mr Langat Shedrack	Mr Langat Shadrack is the Ag registrar of kaloleni technical and vocational college.
4.	 Mr. Nelson Chilumoh	Mr. Nelson Chilumo is Ag. Dean of students of kaloleni technical and vocational college.
5.	Etc.	
6.	(Note: The Principal and the Secretary to the Council/ BoG will feature both under the 'Board' and 'Management').	

Chairman's Statement

It is with great humility that I present the annual Financial Report and Financial Statements for the Financial Year ended 30th June 2023.

This year has been a significant milestone for our college, marked by an impressive increase in enrolment numbers. We welcomed a diverse group of students, reflecting our commitment to inclusivity and excellence in education. This growth not only underscores the community's trust in our institution but also highlights our dedication to providing a high-quality learning environment.

Throughout the financial year, we focused on enhancing our academic programs and support services. These initiatives have been instrumental in maintaining our reputation for academic excellence and student satisfaction in the college.

Despite the challenges posed by external factors, the management has remained focused and cooperative, dedicated in all matters regarding the institution progress.

Our prudent financial management strategies have resulted in a positive move in terms of achievements in a gradually motion depending on the availability of funds, enabling us to make the great achievements. This fiscal discipline is essential as we aim to expand our offerings and further improve the student experience.

As we look ahead, our vision and mission remain clear: to be a regional leader in technical skills development, to produce technically skilled manpower to meet the demands of highly industrializing economy and national development respectively.

We are committed to ensuring that our college continues to be a place where students can thrive academically and socially.

I would like to express my gratitude to our dedicated faculty, staff, and administration for their unwavering commitment to our mission. Their hard work and passion make a profound difference in the lives of our students. Additionally, I extend my thanks to our students and their families for their trust and support.

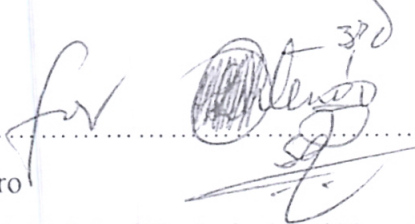
In closing, I invite you to review the accompanying financial statements, which reflect our efforts and achievements over the past year. Together, we will continue to build a bright future for our college and the community we serve.

Thank you.

Signature:

Mr. Philip Ziro

CHAIRMAN- Kaloleni Technical and Vocational College



Date:

29/04/2025

Report of the Senior Principal, Kaloleni TVC

Introduction

Report of the Senior Principal, Kaloleni TVC

Introduction

As the Senior Principal of Kaloleni Technical and Vocational College (TVC), it is my privilege to present this report for the financial year ending 30th June 2023. This year has been marked by significant growth, resilience, and dedication from our entire community. Our college continues to flourish as a leading institution, providing quality education and vocational training that meets the needs of our students and the broader community.

Enrolment Growth

We experienced a remarkable increase in enrolment this year, welcoming over [60] new students. This surge can be attributed to several factors, including our commitment to expanding program offerings, improving facilities, and enhancing our outreach efforts in marketing. The diversity of our student body enriches the learning environment and aligns with our mission to promote inclusivity and equal opportunity in education.

Academic Excellence and Program Development

Our focus on academic excellence remains unwavering. Over the past year, we have introduced new courses in response to industry demands, particularly in areas such as welding and fabrication and mechanical engineering. These programs are designed to equip students with practical skills and knowledge that align with the needs of the job market.

Furthermore, we have implemented several initiatives aimed at enhancing the quality of education:

1. **Faculty Development:** We invested in professional development for our educators to ensure they remain at the forefront of teaching methodologies and industry trends. Workshops, seminars, and collaboration with industry professionals have been pivotal in this endeavor.
2. **Student Support Services:** Recognizing the importance of holistic student development, we expanded our support services, including academic advising, and career counseling vested in the office of career services. These initiatives aim to create a supportive environment where students can thrive.
3. **Infrastructure Improvements:** Upgrading our facilities has been a priority. Recent we have secured our ICT room with grill door and windows as value addition and security of our facilities and common areas have created a more conducive learning environment, fostering collaboration and engagement among students.
4. **Financial Performance**

Due to the economic challenges faced during the year, our financial performance has not been stable. Through careful budgeting and strategic planning, we have really tried to balance the budget to ensure funds for program that flourish the college.

- **Expenditure Management:** We have been diligent in managing our expenditures, ensuring that resources are allocated effectively to areas that will benefit our students most.
- **Sustainability Initiatives:** We have also started implementing sustainability measures, which not only reduce our operational costs but also teach students the importance of environmental stewardship.

Challenges Faced

While we celebrate our achievements, we also acknowledge the challenges we have encountered:

- **Funding Constraints:** Despite the support from the Government of Kenya and various stakeholders, financial constraints remain a significant challenge. We are actively seeking additional funding opportunities to sustain and expand our programs.
- **Technological Adaptation:** The rapid pace of technological advancement necessitates continuous adaptation in our teaching methods and curriculum. We are committed to providing professional development for our staff to ensure they are equipped to meet these challenges.

Community Engagement

Engaging with our local community remains a cornerstone of our mission. We have strengthened partnerships with local businesses and organizations, allowing us to provide students with real-world experiences through internships. These collaborations enhance the practical aspects of our programs and prepare students for successful careers.

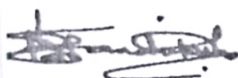
Conclusion

As I reflect on the past year, I am filled with gratitude for the dedication of our faculty, staff, and students. Their collective efforts have created a vibrant and supportive learning community at Kaloleni TVC. Looking forward, we remain committed to our vision and meet the needs of our ever-evolving job market.

I would like to thank the Chairman, our Board of Governors, and all stakeholders for their continued support and guidance. Together, we will strive to further enhance our college's offerings and impact in the coming years.

Thank you.

Signature.....



Date.....

29/04/2025

Mrs Priscah Nduku Munyao

Senior Principal, Kaloleni Technical and Vocational College

Statement of Performance against Predetermined Objectives

Kaloleni Technical and vocational college has Three strategic pillars and objectives within its Strategic Plan for the FY 2022/2023. These strategic pillars are as follows:

- Pillar 1: Mounting of new courses
- Pillar 2: Improve Examination pass rate
- Pillar 3: Industrial Linkages established

Kaloleni Technical and vocational college develop its annual work plans based on the above four (4) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kaloleni Technical and vocational college achieved its performance targets set for the FY 2022/2023 period for its annual strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Mounting of new courses	To introduce new courses	2	Research	0
Pillar 2	Improve Examination pass rate	To achieve the mission of the institution	60	Teaching theories and Practical's	57.33
Pillar 3:	Industrial Linkages established	To create relationship for attaching our trainees	5	Signing of agreements	8

8. Corporate of governance Statement

According to the TVET Act 2013 Technical and vocational colleges are governed by Board of Governors appointed by the cabinet secretary.

The members of the Board of Governance are nominated by a selection panel and submitted to the cabinet Secretary for approval and appointment

The selection panel comprises of the chairperson and three other members as follows;

1. Chairman – County Director TVET
2. Secretary – Principal
3. Deputy county Commissioner
4. Area Member of Parliament

The selection panel nominates at least two people for post except for representative of Principal Secretary and the representative of County Governor.

The Board of Governance nominated by the panel is then forwarded to the cabinet Secretary for approval and appointment.

The tenure for Kaloleni TVC BOG started on 12th May 2020 and it will expire on 12th May 2023

During their tenure the BOG commit themselves to serve Kaloleni Technical and Vocational College and to uphold the tenets of good corporate governance by being innovative, transparent, accountable and responsive as well as fairness in all their dealings.

Management Discussion and Analysis

Introduction

This Management Discussion and Analysis (MD&A) provides an overview of the operational and financial performance of Kaloleni Technical and Vocational College (TVC) for the financial year ending 30th June 2023. This report also highlights key projects and investments, compliance with statutory requirements, major risks, and other pertinent information for stakeholders.

Operational Performance

Kaloleni TVC has experienced significant growth in both student enrolment and program offerings. The following table summarizes the enrolment statistics over the past three years:

Year	Enrolment Numbers	Percentage Increase
2021	62	100%
2022	48	(23%)
2023	153	219%
2024	118	(23%)

Figure 1: Enrolment Growth Over Three Years

The increase in enrolment can be attributed to our expanded course offerings and improved marketing strategies, including outreach programs and partnerships with local schools.

Financial Performance

The financial performance of Kaloleni TVC remains robust, with total revenue increasing by [insert percentage] compared to the previous year. The following table summarizes key financial metrics:

Metric	FY22/23	Percentage Change
Total Revenue	8,590,318	
Total Expenditure	20,178,565	
Net Surplus/deficit	(11,588,247)	

Figure 2: Financial Overview for FY 2022/2023

Revenue Sources

Our revenue is primarily generated from tuition fees funds and government grants.

Figure 3: Revenue Sources Distribution

Key Projects and Investments

During the financial year, Kaloleni TVC undertook several key projects aimed at enhancing educational quality and student experience:

1. **Infrastructure Development:** We completed the renovation of our science labs and introduced modern equipment to facilitate practical learning.
 2. **Digital Learning Initiative:** We invested in digital platforms to enhance online learning capabilities, which proved crucial during unforeseen disruptions.
 3. **Industry Partnerships:** New collaborations with local businesses have created internship opportunities for students, bridging the gap between education and employment.
-

Compliance with Statutory Requirements

Kaloleni TVC remains committed to adhering to all statutory requirements. This includes timely submission of financial statements, compliance with health and safety regulations, and maintenance of accreditation standards. Regular audits are conducted to ensure full compliance.

Material Arrears and Financial Obligations

As of the end of the financial year, Kaloleni TVC has no material arrears in statutory or other financial obligations. We are committed to maintaining transparency and accountability in our financial dealings.

Major Risks

While we are proud of our accomplishments, we recognize several risks that could impact our future performance:

1. **Economic Uncertainty:** Fluctuations in government funding and economic conditions could affect enrolment and revenue.
2. **Competition:** The rise of alternative education providers poses a challenge to traditional vocational institutions.

3. **Technological Changes:** Rapid advancements in technology necessitate continuous investment in training and infrastructure.

Conclusion

In conclusion, Kaloleni TVC has shown commendable operational and financial performance over the past year. Our strategic initiatives, robust revenue growth, and commitment to compliance position us well for future success. We are dedicated to addressing the challenges ahead and continuing our mission to provide quality vocational education.

We invite stakeholders to review the accompanying financial statements for more detailed insights.



Signature.....

Date..... 29/04/2025

Mrs Priscah Nduku Munyao

Senior Principal, Kaloleni Technical and Vocational College

Report of the Board of Governors

The Board of Governors presents its report, for the year ended June 30th, 2024. The institution has not been audited. These statements provide a detailed overview of the Institute's financial standing and operational performance.

Principal Activities

The principal activities of Kaloleni Technical and vocational college during the year is to offer training to the trainees within and from any other region of the country. These activities have continued to align with our strategic objectives, ensuring that we meet our objectives, skill development for a bright future.

Results

Kaloleni TVC results for the year ended June 30th, 2024, are detailed on page, showing a robust performance that reflects our commitment to sustainability and operational excellence.

Council/Board of Governors

The Council remains committed to good governance and continues to steer the Institute towards achieving its long-term strategic goals.

Auditors

In accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, the **Auditor General** is responsible for the statutory audit of the Institute. For the period ending June 30, 2023, XYZ Certified Public Accountants were nominated by the Auditor General to conduct the audit on their behalf.

By Order of the Board

.....
Secretary of the Board/Council
Nairobi
Date:

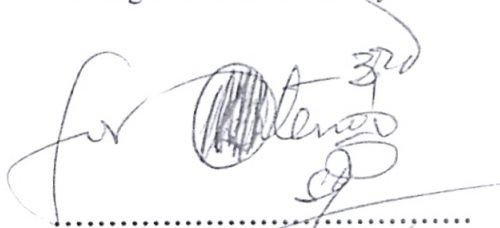
Statement of Board of Governors/ Council's Responsibilities

The board of Governance are responsible for the preparation and presentation of the college's financial statements which gives a true and fair view of the state of affairs of the college for and as at the financial year ended on 30th June 2023. The responsibility includes; ensuring proper keeping of accounting records, installation of proper control of the institution assets, and designing implementing and maintaining internal control relevant to the preparation and presentation of financial statements and ensuring that they are free from material misstatements whether due to error or frauds.

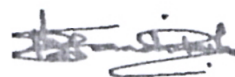
The board accepts responsibility for the college's financial statements, which have been prepared using appropriate accounting policies (accrual basis)

Approval of the financial statements

The institution's financial statements were approved by the Board on 29/04/2025 ~~2023~~ and signed on its behalf by:



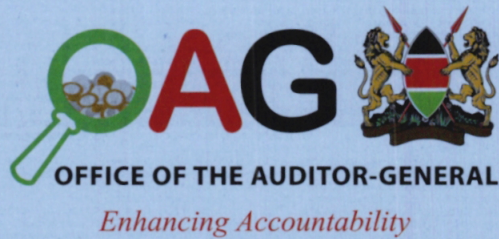
Name. Philip Ziro
Chairperson of the Board/Council



Name Priscah N. Munyao
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KALOLENI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023 - KILIFI COUNTY

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 statement.
- 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.
- 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 Kaloleni Technical and Vocational College – Kilifi County set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2023 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 Kaloleni Technical and Vocational College – Kilifi County as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of financial statements revealed the following:

- (i) The statement of comparison of budget and actuals reflects final budget total income of Kshs.14,750,400 instead of the recomputed income of Kshs.14,570,400 resulting to unreconciled variance of Kshs.180,000.
- (ii) The statement of financial performance reflects expenditure on use of goods and services totalling to Kshs.1,828,955 which include expenditure on staff capacity building of Kshs.20,800 that was not supported by a ledger.
- (iii) The statement of financial position reflects net assets balance of Kshs.162,531,214 while the recomputed balance is Kshs.159,531,214 resulting in unreconciled variance of Kshs.3,000,000.

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

2. Unsupported Expenditure on Employee Costs

The statement of financial performance reflects expenditure on employee costs totalling to Kshs.1,031,750 as disclosed in Note 10 to the financial statements. However, the amount was not supported with a payroll.

In the circumstances, the accuracy and completeness of expenditure on employee costs totalling to Kshs.1,031,750 could not be confirmed.

3. Unsupported Expenditure on Repair and Maintenance

The statement of financial Performance reflects expenditure on repair and maintenance totalling to Kshs.40,950 as disclosed in Note 13 to the financial statements. However, the expenditure was not supported with requisition, pre- and post-repair inspection reports of works or services procured and approved job cards.

In the circumstances, the accuracy and completeness of expenditure on repair and maintenance totalling to Kshs.40,950 could not be confirmed.

4. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.47,703 as disclosed in Note 14 to the financial statements. Included in this balance is bank balance of Kshs.918 and cash balance of Kshs.46,785. However, the balance was not supported with cash book and board of survey report. In addition, the cash book was overdrawn by Kshs.1,148 resulting to unexplained variance of Kshs.2,066.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.47,703 could not be confirmed

5. Unsupported Accounts Receivables Balance

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.5,610,960. However, the supporting schedule and the ageing analysis was not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs.5,610,960 could not be confirmed.

6. Unsupported Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of Kshs.5,000,000 as disclosed in Note17 to the financial statement. However, the detailed ageing analysis has not been provided for audit review.

In the circumstances, the accuracy and completeness of account payables balance of Kshs.5,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kaloleni Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Controls and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.14,750,400 and Kshs.2,978,616 respectively resulting to budget underfunding of Kshs.11,771,784 or 80% of the budget. Similarly, the College spent an amount of Kshs.2,931,655 against actual receipts of Kshs.2,978,616 resulting to an under- utilization of Kshs.46,961 or 1.6%.

The under-funding of the budget affected the planned activities and have impacted negatively on 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 Information

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

In connection with my audit on the Technical and Vocational 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. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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 conclusion 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 effect of the matters 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

1. Non-Compliance with Public Sector Accounting Standards Board Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:

- i. The table of contents page numbers are not aligned to financial statements pagination.
- ii. The report of the Board of Governors on page xviii was not signed by the board secretary.
- iii. Financial reports such as Key Management Team, Chairman's statement, Report of the Senior Principal, Statement of Performance against Predetermined Objectives, Management discussion and analysis, Report of the Board of Governors, Statement of Board of Governors/ Council's responsibilities, Statement of financial performance, Statement of financial position, Statement of Changes in net assets, Statement of cashflows, Statement of comparison of budget and actual amounts and Notes to the financial statements were not numbered.
- iv. Environmental and sustainability reporting statement was not included the financial statement.
- v. The financial statements contain guidance notes such as 20xx, xxx and entity which had not been edited to reflect the correct financial year and the name of the entity.
- vi. The financial statements were not signed by the chairman of the board.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

2. Late Submission of the Financial Statements

Management submitted the financial statements to the Auditor-General on 30 April, 2025, twenty-two (22) months after the end of the financial year. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Functional Internal Audit and Audit Committee

The College was operating without an internal audit unit and also the board had not established an audit committee contrary to Section 73(5) Public Finance Management Act, 2012 which states that every National Government public entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the College did not benefit from the oversight role and advice from the Audit Committee and Internal Audit function.

2. Lack of Updated Fixed Asset Register and Ownership Documents

The statement of financial position reflects a balance of Kshs.161,872,551 in respect of property, plant and equipment. However, Management did not maintain an updated fixed asset register and ownership documents for land valued at Kshs.5,000,000 were not provided for audit review.

In the circumstances, the ownership and safety of the College assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Those Charged with Governance

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

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

Those charged with governance are 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

04 June, 2025

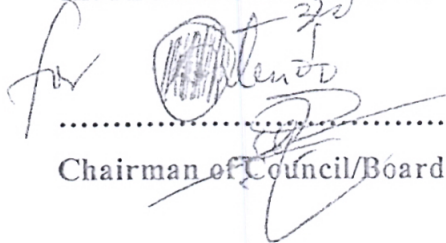
KALOLENI TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

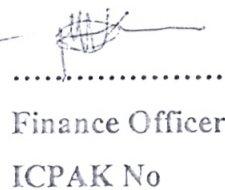
Statement of Financial Performance For The Year Ended 30 June 2023

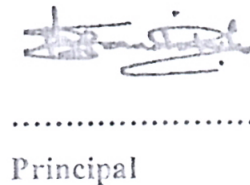
	Notes	Insert Current FY22/23 Kshs
Revenue from Non-Exchange transactions		
Transfers from other National Government entities	6	2,000,000.00
Total revenue from Non-exchange transaction		2,000,000.00
Revenue from Exchange transactions		
Rendering of services- fees from students	7	5,792,166.00
Miscellaneous income	8	798,152.00
Revenue from Exchange transactions		6,590,318.00
Total Revenue		8,590,318.00
Expenses		
Use of goods and services	9	1,828,955.00
Employee costs	10	1,031,750.00
Board /Council Expenses	11	30,000.00
Depreciation and amortization expense	12	17,246,910.00
Repairs and maintenance	13	40,950.00
Total Expenses		20,178,565.00
Net deficit for the year		(11,588,247.00)

(The notes set out on pages 7 to 26 form an integral part of the Annual Financial Statements).

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


.....
Chairman of Council/Board


.....
Finance Officer
ICPAK No


.....
Principal

Date 29/04/2025

Date 29/04/2025

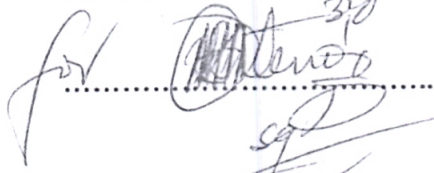
Date 29/04/2025

Kaloleni Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Statement of Financial Position As At 30th June 2023

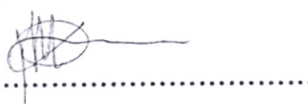
Description	Notes	Current FY22/23
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	14	47,703
Current portion of receivables from exchange transactions	15(a)	5,610,960
Inventories	16	-
Total Current Assets		5,658,663
Non-Current Assets		
Property, plant, and equipment	18	161,872,551
Total Non-Current Assets		161,872,551
Total Assets (A)		167,531,214
Liabilities		
Current Liabilities		
Trade and other payables from exchange transactions	20	5,000,000
Total Current Liabilities		5,000,000
Total Liabilities (B)		5,000,000
Net Assets A-B		162,531,214
Accumulated surplus		(11,588,247)
Capital Fund		174,119,461
Total Net Assets and Liabilities		
Net Asset		162,531,214

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



Chairman of Council/Board

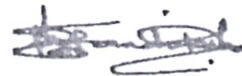
Date 29/04/2025



Finance Officer

ICPAK No

Date 29/04/2025



Principal

Date 29/04/2025

Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	-	-	-	-
deficit for the year	-	(11,588,247)		(11,588,247)
Capital grants received during the year	-	-	174,119,461.00	174,119,461.00
At June 30, 2023		-11,588,247.00	174,119,461.00	162,531,214.00

KALOLENI TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

Statement of Cash Flows for the Year Ended 30 June 2023

Description	FY2022/2023	
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other National Government entities		2,000,000.00
Rendering of services- fees from students		181,206.00
Miscellaneous income		798,152.00
Total Receipts		2,979,358.00
Payments		
Use of goods and services		1,828,955.00
Employee costs		1,031,750.00
Board /Council Expenses		30,000.00
Repairs and maintenance		40,950.00
Total Payments		2,931,655.00
Net Cash Flows from operating activities	46	47,703.00
Cash flows from investing activities		
Purchase of property, plant, equipment		
Net cash flows used in investing activities		0
Cash flows from financing activities		
Net cash flows used in financing activities		47,703.00
Net Increase/(Decrease) in Cash and Cash equivalents		47,703.00
Cash and Cash equivalents at 1 JULY	26	-
Cash and Cash equivalents at 30 JUNE	26	47703.00

State of Comparison of Budget Actual amounts For Year Ended 30 June 2023

Description	Original budget	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	%
Revenue					
Government grants	2,000,000	2,000,000	2,000,000	-	100%
Rendering of services- fees from students	3,970,400	3,970,400	181,206	3,789,194	95%
Government capitation	3,600,000	3,600,000	-	3,600,000	100%
Donations/grant from development partner	5,000,000	5,000,000	-	5000,000	100%
Misc. Income	-	-	797,410	797,410.00	100%
Total Income	14,750,400	14,750,400	2,978,616.00	13,186,604.00	89.4%
Recurrent Expenditure					
Use of goods and services	5,626,000	5,626,000	1,828,955	3,797,045	67.49%
Employee costs	1,035,000	1,035,000	1,031,750	3,250	0.31%
Board /Council Expenses	1,500,000	1,500,000	30,000	1,470,000	98%
Repairs and maintenance	569,400	569,400	40,950	528,450	92%
Total Recurrent Expenditure	8,730,400	8,730,400	2,931,655	5,798,745	66.4%
Development Expenditure					
Capital expenditure	6,020,000	6,020,000	-	6,020,000	100%
Total Development Expenditure	6,020,000	6,020,000	-	6,020,000	100%
Grand Total Recurrent & Development Expenditure	14,750,400	14,750,400	-	11,818,745	80.1%
Surplus For the Period	-	-	46,961		

(Budget notes)

1. The percentage difference in utilisation amounts is due to the institution's financial constraints.
2. Poor flow of funds from government agencies, i.e. capitation not received.

Notes to the Financial Statements

1. General Information

Kaloleni Tvc is established by and derives its authority and accountability from Technical and Vocational Education Act, No. 29 of 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to offer vocational education and training programs aligned with industry and market needs.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Institute's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 6. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Institute*. 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, (*include any other applicable legislation*), 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)

3. 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	Financial	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Institute's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Institute)</i></p>
IPSAS 42: Benefits	Social	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Institute. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the Institute if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Other	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> <p><i>(State the impact of the standard to the Institute if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> 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. <p><i>State the impact of the standard to the Institute if relevant</i></p>

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	<p>Applicable 1st January 2025</p> <p>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 Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Institute if relevant</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p> <p><i>State the expected impact of the standard to the Institute if relevant</i></p>

iii. Early adoption of standards

Kaloleni TVC did not early-adopt any new or amended standards in year 2023./the Institute adopted standard xx and xx. The impact of these standards on Institute's financial statements is xx.(amend appropriately)

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute 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

The Institute 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 Institute.

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.

b) Budget information

The original budget for FY2022/2023 was approved by the Council or Board on xxx. There were no additional appropriations made to the budget following the Council/ Board's approval. The Institute'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 page 1

c) Taxes

Current income tax

The Institute is exempt from paying taxes as per schedule *Income tax* of the *Finance Act* Cap 470.

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 Institute 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.

➤ Building	2.5%
➤ Equipment & Furniture	12.5%
➤ Fixture & Fitting	12.5%

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) 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 Institute 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 Institute and a financial liability or equity instrument of another Institute. At initial recognition, the Institute 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.

Financial assets

Classification

The Institute 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 Institute'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 cash flows 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 Institute 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 Institute 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.

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 Institute 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 Institute 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 Institute 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 *Note xx*.

Financial liabilities

Classification

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

f) 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)

g) Provisions

Provisions are recognized when the *Institute* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Institute* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The *Institute* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Institute* 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.

h) 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 Institute 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 Institute will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

i) Nature and purpose of reserves

The *Institute* creates and maintains reserves in terms of specific requirements. (*Institute to state the reserves maintained and appropriate policies adopted*).

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The *Institute* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Institute pays fixed contributions into a separate Institute (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

l) Related parties

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

m) Service concession arrangements

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

Summary of Significant Accounting Policies (Continued)

n) 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.

o) Comparative figures

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

p) 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 30th, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the *Institute*.
- 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

6. Transfers from other National Government entities

Description	FY 2022/2023
	Kshs
Unconditional Grants	
Operational Grant	2,000,000.00
Total unconditional Grants	2,000,000.00
Total Government Grants and Subsidies	2,000,000.00

(a) Transfers from other Government entities (Categorized)

Name of the Institute 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
	Kshs	Kshs	Kshs	Kshs
State Department of Technical Training	2,000,000	-	-	2,000,000
	-	-		-
Total	2,000,000	-	-	2,000,000.

7. Rendering of Services

Description	FY 22/23
	Kshs
Tuition Fees	5,792,166
Total Revenue from The Rendering of Services	5,792,166

8. Miscellaneous Income

Description	FY 2022/2023
	Kshs
Income other than fees	795,410
Total other income	795,410

9. Use of Goods and Services

Description	FY 2022/2023
	Kshs
Local Travel and Transport	315,250
Staffs Capacity building	20,800
Teaching and learning materials	44,000
Activity cost	852,300
Electricity and water	2,600
Administrative expenses	429,205
Subscriptions	120,000
Examination Cost	44,800
Total good and services	1,828,955

10. Employee Costs

Description	FY2022/2023
	Kshs
Salaries and wages	1,031,750
Employee Costs	1,031,750

11. Board of Governors Expenses

Description	FY 2022/2023
	Kshs
BOG members allowances	30,000
Total	30,000

12. Depreciation and Amortization expense

Description	FY 2022/2023
	Kshs
Depreciation for the building	1,129,506.00
Depreciation for plant and Equipment	16,097,692.00
Depreciation for Furniture and fitting	19,712.00
Total depreciation and amortization	17,246,910.00

13. Repairs and Maintenance

Description	FY 2022/2023
	Kshs
Repair and maintenance cost	40,950.00
Total Repairs and Maintenance	40,950.00

14. Cash and Cash Equivalents

Description	FY 2022/2023
	Kshs
Current Account	918
Cash in hand	46,785
Total Cash and Cash Equivalents	47,703

26 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	FY 2022/2023
		Kshs
a) Current Account		
Kenya Commercial Bank	1284416860	918
Cash In Hand		46,785
Grand Total		47,703

15. Receivables from Exchange transactions

27 (a) Current Receivables from Exchange transactions

Description	FY 2022/2023
	Kshs
Current Receivables	
Student Debtors	5,610,960.00
Total Current Receivables	5,610,960.00

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16. Property, Plant and Equipment

Cost	Land Kshs	Building Kshs	Fixtures and fittings		Plant and Equipment Kshs	Total Kshs
			Kshs	%		
Depreciation Per Annum		2.50%	12.50%		12.50%	
At 30 th June 2022						
Additions	5,000,000.00	45,180,230.00	157,695.00		128,781,536.00	179,119,461
Disposals						
At 30 th June 2023	5,000,000.00	45,180,230.00	157,695.00		128,781,536.00	179,119,461
Depreciation						
At 30 Jun 2022						
Depreciation		1,129,506.00	19,712.00		16,097,692.00	17,246,910
At 30 th Jun 2023		1,129,506.00	19,712.00		16,097,692.00	17,246,910
Net Book Values						
At 30 th Jun 2023	5,000,000.00	44,050,724.00	137,983.00		112,683,844.00	161,872,551.00

Notes to the Financial Statements (Continued)

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	5000,000.00	-	5000,000.00
Buildings	45,180,230.00	1,129,506.00	44,050,724.00
Plant And Machinery	128,781,536.00	16,097,692.00	112,683,844.00
Office Equipment, Furniture, And Fittings	157,695.00	19,712.00	137,983.00
Total	179,119,461.00	17246910	161,872,551.00

17. Trade and Other Payables

Description	FY22/23
	Kshs
Trade payables	5,000,000
Total Trade and Other Payables	5,000,000

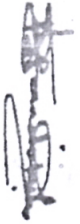
Appendix 1: Implementation Status of Auditor-General Recommendations

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)

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 Institute responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Name Priscah N. Munyao
 Accounting Officer
 (Enter title of Head of Institute)

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 Annual Report and Financial Statements for the year ended 30th June 2023

Appendix II: No Projects Implemented by the Institute

Projects

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

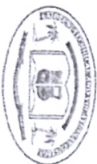
Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Kaloleni Technical and Vocational College.
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Appendix III- Inter-Institute Confirmation Letter



**KALOLENI TECHNICAL
AND VOCATIONAL COLLEGE**



P.O BOX 363-80105 KALOLENI-GIRIAMA
Tel: 0703 224134, Email: kalolenitvc@gmail.com

The institution wishes to confirm the amounts disbursed to you as at 30th June 2023 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 Kaloleni Technical and Vocational college as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023			Total (D)=(A+B+C)	Amount Received by kaloleni Tvc (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter- Ministerial (C)			
MIN/ED/TVET	06/07/2022	500,000.00	-	-	500,000.00	500,000.00	-
MIN/ED/TVET	06/07/2022	500,000.00	-	-	500,000.00	500,000.00	-
MIN/ED/TVET	24/10/2022	500,000.00	-	-	500,000.00	500,000.00	-
MIN/ED/TVET	16/01/2023	500,000.00	-	-	500,000.00	500,000.00	-
Total		2,000,000.00	-	-	2,000,000.00	2,000,000.00	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Institute:

Name *PETER KASHIHO* Sign *[Signature]* Date *25/10/2025*