

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

OF

**THE AUDITOR-GENERAL**

ON

**GATUNDU SOUTH TECHNICAL AND  
VOCATIONAL COLLEGE**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE:	17 JUN 2025
	DAY: TUESDAY
TABLED BY:	THE LEADER OF THE MAJORITY PARTY
CLERK-AT THE-TABLE:	WILLIS OBIERO



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**GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

**Gatundu South Technical & Vocational College**  
**Annual Report and Financial Statements**  
**For the year ended 30th June 2023**

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**1. Acronyms & Glossary of Terms**

BOG	Board of Governors
The College	Refers to Gatundu South Technical and Vocational College
GSTVC	Gatundu South Technical and Vocational College
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 College
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the college
TVET	Technical and Vocational Education and Training

**2. Key College Information and Management**

**(a) Background information**

Gatundu South Technical and Vocational College is a government institution under the Ministry of Education offering quality Technical and Vocational Education and Training (TVET).

The College is publicly registered under the Ministry of Education, State Department of Vocational and Technical Training and strategically located in a serene learning environment accessible at all times from all directions. It is located at Kiambu County, Gatundu South Sub-County, Githaruru Estate, Githunguchu Sub-Location, Gatundu Town about 1km from Gatundu Sub-County Hospital and the Gatundu Law Courts.

The College has focused its attention in the development of ultra-modern infrastructure and relevant training facilities in the college and the management is also planning to continuously supplement government support through equipping workshops and laboratories.

The College currently has over 400 trainees enrolled in various programmes such as Diplomas, Artisan, Craft and other flexible blended courses.

The future expectations of the Community and other strategic stakeholders of Technical and Vocational Education and Training (TVET) are to see the College become a fully pledged Technical Training College and a National polytechnic.

**(b) Principal Activities**

The principal activity/mission of Gatundu South TVC is to provide Technical and Vocational Education and Training.

**i. Vision**

To be a premier Technical and Vocational Training College that sustainably empowers and transforms society

**ii. Mission**

To provide quality Technical and Vocational training to empower graduates for individual development and global competitiveness

**iii. Strategic Objectives**

- To produce competent and competitive workforce
- To provide adequate infrastructure for quality service delivery
- To develop innovative products that will meet the needs of the community.
- To enhance trainee welfare
- To improve organizational performance

**iv. Core Values**

- Integrity
- Professionalism
- Creativity and Innovation
- Teamwork
- Customer Focus
- Competence based

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**(c) Key Management**

The college's day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management teams

**(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:

No.	Designation	Name
1.	Principal	<b>Muturi P, Ndiba</b>
2.	D/ Principal	Patrick N. Kiratu
3.	Finance Officer	Paul Ngotho
4.	Ag. Registrar	Fanice Chemunyan
5.	Ag. Dean of Students	Anthony Mwangi
6.	Procurement Officer	Emily Musyimi
7.	Quality Assurance & Standards Officer	Julius Mukoya
8.	Performance Contracting Coordinator	Samuel Mararo

**Key College Information and Management (Continued)**

**(e) Fiduciary Oversight Arrangements**

**Academic & Research Board Committee:**

The Committee monitor the curriculum implementation and academic performance of the College and the infrastructural needs of the college.

**Finance & Operations Board Committee:**

The Committee is appointed by the Board to oversee the formulation and implementation of the budget, strategic plan and the human resource management matters including recruitment and discipline of staff.

**Audit Risk and Compliance Board Committee:**

The committee monitors the integrity of the financial statements of the College, reviews the College's internal financial control systems, and oversees the internal audit function.

**Senior Management:**

Senior management comprises of Principal, Deputy Principal, Registrar and Dean of Students, and the finance officer. The senior management is appointed by the Principal in consultation with the Board and is responsible in the overall running of the College.

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**Middle Level Management:**

The management report direct to the senior management. The management comprise of Head of Departments and Head of Sections and their deputies. The management is responsible in day to day running of their departments and sections.

**(f) College Headquarters**

P.O. Box 102 – 01030  
Gatundu, KENYA

**(g) College Contacts**

Telephone: (+254)797255245  
E-mail: [gatundusouthtvc@gmail.com](mailto:gatundusouthtvc@gmail.com)  
Website: [www.gatundusouthtvc.ac.ke](http://www.gatundusouthtvc.ac.ke)

**(h) College Bankers**

Kenya Commercial Bank Limited  
Gatundu Branch  
P.O. Box 81 – 00900  
Gatundu

**(i) Independent Auditors**

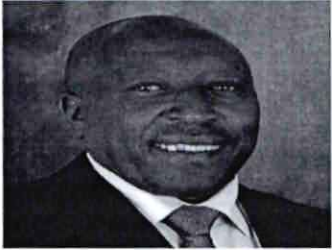



Auditor-General  
Office of Auditor General  
Anniversary Towers, College Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya






**(j) Principal Legal Adviser**

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






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**3.The Board of Governors**

No.	Member	Details
1.	 Planner Timothy T Ndorongo Chairman, Board of Governors	Date of Birth : 12-12-1958  Qualifications and Experience:  Mr. Planner TG Ndorongo is a holder of Masters of Art (Planning). Registered and Practicing physical planner; A member of Kenya Institute of Planners and Architectural Association of Kenya and Director of Miwani Construction Company Limited and Director Geospatial System Ltd..
2.	 Khalid A Issa Member of the Board	. Date of Birth: 31-08-1991 Qualifications & Experience: Khalid holds LLB undergraduate degree from Jomo Kenyatta University of Agriculture and Technology, LLM in Intellectual Property and ICT Mount Kenya University, Advocate of the High Court of Kenya,(KSL DPL), Level 2 Investment Advisor Certificate from Chartered Institute of Securities and Investments. He has a vast experience in legal matters of compliance and regulatory Action.
3.	 Purity Kathambi Member of the Board	Date of Birth: 19-10- 1989 Qualifications and Experience:  Purity is a Holder of LLB from University of Nairobi and postgraduate Diploma in Law (KSL), an advocate of the High Court of Kenya and an Associate at the law firm of S.G Mbaabu and Company Advocates. She has previously worked at Bahati Mwamunye & Co. advocates.
4.	 Joyce Mugure Member of the Board	Date of Birth: 1973. Qualifications and Experience: Ms. Joyce Mwenja holds a Master of Science in Data Communication, a Bachelor of Information Technology from KCA University. Joyce has also contributed majorly in ERP systems implementation in several higher learning institutions.

5.	 <p><b>CPA Moses Kuria</b> Member of the Board</p>	<p>Date of Birth: 1990. Qualifications and Experience: CPA Moses Muhia Kuria holds a Masters of Tax and customs from Moi University (Kenya school of Revenue Administration) B. Com. (Accounting) from KCA University, CPA-K and is member of ICPAK in good standing. He has a vast experience in implementation of Internal control systems, Accounting and Tax. He is the director of Dorcash Consultants Ltd</p>
6.	 <p><b>Davis Kibet</b> Member of the Board</p>	<p>. Date of Birth: 13-04- 1991 Qualifications and Experience: Mr. Kibet holds a MSc. Project management from JKUAT and a Bachelor of Quantity Surveying from Nairobi University. Currently pursuing a PhD in project management at JKUAT. Mr. Kibet is a director at Primephase Consultants Ltd, a Quantity Surveying and Project Management firm</p>
7.	 <p><b>EM Martin</b> Member of the Board</p>	<p>Date of Birth: 24-9- 1984 Qualifications and Experience: EM Martin holds a Master's of Science in Finance and Investment, BA (Economics and Mathematics), both from Nairobi University, CPA (K) and CPS (K). She has a wealth of experience in Audit and Financial Management.</p>
8.	 <p><b>Mr. Charles Nyota</b> Member of the Board</p>	<p>County Director, TVET Date of Birth: 10<sup>th</sup> October, 1970 Masters in Computer Science 24 Years' Experience in TVET Technical Management</p>
9.	 <p><b>Muturi P. Ndiba</b> Secretary to the Board</p>	<p>Date of Birth: 28-06-1977 Qualifications &amp; Experience: Muturi P. Ndiba holds a B.Ed. (Science) degree from Kenyatta University. Currently MSc. (Analytical Chemistry) at Kenyatta University. He also holds a certificate in senior management course from Kenya School of Government. And has a vast experience in TVET matters as a trainer and administrator.</p>

#### 4. Key Management Team

No.	Member	Details
1.	 <p>Muturi P. Ndiba</p>	<p>Principal- Accounting Officer</p> <p>B.Ed. (Science) degree from Kenyatta University. Currently MSc. (Analytical Chemistry) at Kenyatta University.</p>
2.	 <p>Patrick N. Kiratu</p>	<p>Deputy Principal- Principal assistant to the principal An ICT and Computer studies trainer. MSc Computer Studies B.Ed. Technology</p>
3.	 <p>Fanice Chemunyan</p>	<p>Ag. Registrar – In charge of Admissions, Records and Marketing Higher Diploma Civil Engineering</p>
4.	 <p>Anthony Mwangi</p>	<p>Ag. Dean – In charge of trainees welfare, HelB Applications and trainees' Leadership BSc. IT</p>
5.	 <p>Paul Ngotho</p>	<p>Finance Officer– In charge of finance department. B Com ( Finance) CPA (K)</p>

6.	 <p>Emily Musyimi</p>	<p>Procurement Officer- In charge of the procurement function and stores. Diploma in Purchasing and Supplies Management</p>
7.	 <p>Julius Mukoya</p>	<p>Quality assurance and standardization officer BSC Manufacturing Engineering.</p>
8.	 <p>Samuel Mararo</p>	<p>Performance Contracting Coordinator. BSC Computer Technology.</p>

## 5. Chairman's Statement

I take this opportunity to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023 for this great College.

During the financial year ending June, 2023, the College remained focused on its mission to provide Technical and Vocational Education and Training and Research that promotes creativity, innovation and incubation to meet local, regional and global dynamic socio-economic and environmental challenges.

I wish to state that during the financial year, the College maintained prudent financial management strategies and controls to avoid wastage of resources

The Board is committed to the highest level of probity in the conduct of its business and continues to offer leadership and guidance to the management in order to achieve the College's strategic objectives as set out in the Strategic Plan. During the financial year, the Management has ensured compliance to the various regulatory bodies including Kenya Revenue Authority, National Social Security Fund and National Hospital Insurance Fund by paying all the requisite taxes and remittances as permitted by the legislation.

The Board thanks all the stakeholders including the trainers, administrative staff, suppliers, trainees, the community surrounding the College and most sincerely the Government of Kenya who contributed in one way or another to make the year successful specifically for funding the College through the capitation funds God bless us all.



.....  
**Planner Timothy G Ndorongo**

**Chairman Board of Governors**

## 6. Report of the Principal

Gatundu South Technical & Vocational College is well placed to provide adequate and relevant training to its graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate, therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance through introduction of CBET courses and Dual Training Courses.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction by reviewing the strategic plan 2021/22 to 2025/26.

In The Financial Year 2022/2023, the college received a total capitation of Kshs. 4,659,000 and an Operational grant of Kshs. 1,500,000. I take this opportunity to thank the Government through the Ministry of Education for the support, both financial and policy directions. I wish to note that the funds, together with fees collected from trainees, were prudently utilized as evidenced in the financial statement in this report. However, we did not receive capitation for Quarter 4. For Quarters 3 & 2, we received a capitation less by Kshs. 3,500 per trainee from the expected Kshs. 7,500 and Kshs 2,500 less for quarter 1. This non-remittance and reduction in capitation constrained the operations and negatively affected the budget performance.

Previously, to boost trainee enrolment, the Government introduced Capitation to the tune of Ksh. 30,000/= per trainee per annum to all joining and current trainees in all Technical and Vocational Training Institutions. The total students' fees are capped at Ksh.56,420/= per annum. The balance of Kshs. 26,420/= is paid by the parents, guardians, and sponsors. The needy trainee may apply for a HELB loan to pay the balance and pocket money. Starting September 2023, in a way to continue increasing accessibility to technical education and training the Government has introduced a new funding model depending on the unit cost of each course. The total fees payable per year in the new model are Kshs. 67,189

The college presented 109 candidates for the November 2022 KNEC examinations and registered a 79% pass. The college also registered 94 candidates for the July 2022 KNEC Exam Series and registered a pass mark of 67%. For the first time, the college presented 11 candidates for the December 2022 Nita Exam with a pass rate of 64 % and 26 candidates for the April 2023 Nita exam. I express my heartfelt gratitude to the training and administrative staff for their selfless effort in ensuring that the training and the overall curriculum implementation were successful. During the year under review, the college had 19 PSC trainers, 23 BOG staff. On this note, I sincerely thank the Government through the Ministry of Education for their relentless efforts in ensuring that the college is staffed, while at the same time requesting more staff to reduce the wage bill that is becoming unsustainable.

On behalf of the College Board, staff, and trainees, I take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material, and moral support of our collaborators, partners, and friends during the year.

It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the entire staff and our trainees, that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.

**PRINCIPAL**  
**GATUNDU SOUTH TECHNICAL**  
**& VOCATIONAL COLLEGE**

Mutitu P. Ndiba (MRS)  
PRINCIPAL/SECRETARY BOG

Date: 09/05/2023

## 7. Statement of Performance against Predetermined Objectives

Gatundu South TVC has five strategic pillars and objectives within its strategic plan and the performance during the year under review is as summarized in the table below:

**Strategic Pillar 1:** Competent and competitive workforce

**Strategic Pillar 2:** Infrastructural Development

**Strategic Pillar 3:** Innovation and community service

**Strategic Pillar 4:** Trainees Welfare

**Strategic Pillar 5:** Organizational Capacity

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b><u>Pillar 1</u> Competent and Competitive workforce</b>	To produce competent and competitive workforce	4 courses added: -1 diploma -2 artisan -1 craft certificate -all the added courses attracted trainees - assorted resource materials -additional training tools and equipment	-Introduction of additional courses -Marketing of courses - Acquisition of text books -acquire training tools and equipment	Diploma Electrical Engineering, certificate social work, Gr Test Plumbing,
<b><u>Pillar 2</u> Infrastructural Development</b>	To provide adequate infrastructure for quality service delivery	-Temporary shed constructed -50 additional lecture chairs and 10 tables acquired -water tower constructed and 2 tanks installed -Temporary room fabricated/partitioned -Equipment and tools in plumbing, hair dressing, masonry, carpentry, welding, electrical and building were procured as per requisitions from departments	-Create space for practice -Enhance water supply and storage -Avail training equipment, tools and materials	-water tower in place with 2 tanks @5000l -Hall partitioned into 3 rooms -Shed behind main building Inventory updated
<b><u>Pillar 3</u> Innovation and</b>	To develop innovative products that will meet the	-Appointment letters -Exhibit in Electrical and Hair dressing	-Appoint a Research and Linkages coordinator & committee	-committee in place -appointment letters

<b>community service</b>	needs of the community		-Develop innovative products	
<b>Pillar 4 Trainees Welfare</b>	To enhance trainee welfare	-VCT and wellness services provided to trainees and trainers -2sessions organized -Hand washing points, sanitizers procured	-Appoint and train guidance and counselling coordinator -Organize guidance and counselling forums and VCT services -Establish Covid 19 preventive measures	-Training done-certificate available, -VCT and wellness service provided, invitation, lists and programmes available
<b>Pillar 5 Organizational Capacity</b>	To improve organizational performance	-Installation of MIS - Organizational structure in place -Staff establishment in place -ICT policy -Risk Policy -Annual financial report submitted on time - Remittance of statutory dues	-Establish organizational structure - Enhance efficiency -Determine staff establishment -Develop institutional policies -Engage competent trainers -Compliance with statutes	-MIS Installed with finance, admissions, examination, procurement and HR modules -ICT, Risk and HR policies in place -Trainers competitively recruited

## **8. Corporate Governance Statement**

The statement outlines the key aspects of the College's corporate governance framework. Corporate governance is the process by which the College is directed, controlled and held to account. It provides the structure through which the strategic objectives of the College are set, and the means of attaining of them as well as monitoring performance. Corporate Governance dictates the engagement between the College Board of Governors, Management, Regulators and all Stakeholders.

The College in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission and core values for sustainability of the College.

### **(i) The Board charter.**

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The charter was enacted by the board on 16 December 2022 and it clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

### **(ii) Board Appointment and Composition.**

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term.

The membership of the Board of Governors comprises of;

- (a) The Chairperson;
- (b) The principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education Science and Technology, State Department of TVET
- (d) Representative of the Governor of County Government of Kiambu
- (e) Five other members appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology

### **Some of the roles of the board of governors include:**

- (a) Approve the policies of the College
- (b) Employ staff
- (c) Approve the Annual Budget
- (d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

**(iii) Board Diversity**

The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the College's mandate. The College endeavors to and remains compliant with the one third (1/3) gender balance.

**(iv) Separation of Powers**

The Chairman of the Board's responsibilities include the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. The College Principal's roles and responsibilities include the day-to-day management of the College's business and overseeing the implementation of strategies, policies approved by the Board.

**(v) Board's Effectiveness**

In order to ensure that the Board members are effective in their contribution to the management of the College, the members undergo regular training to enable them to fulfill their responsibilities. The Board members undergo a comprehensive induction and capacity building program upon their inauguration.

**(vi) Board Evaluation**

The Board has put in place evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2023/2024.

**(vii) Sitting Allowances of the Board**

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairman and members. In addition, sitting allowances may be payable when on official duty in and outside the country.

**(viii) Conflict of Interest**

The College conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. 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. A register of interests is maintained and declarations of any conflicts of interests are made at the start of each committee and board meetings.

**(ix) Committees of the Board:**

The College has a total of three committees which are;

- (i) The Audit, Risk and Compliance Committee
- (ii) Finance and Operations Committee
- (iii) Academic and Research Committee.

## 9. Management Discussion and Analysis

### SECTION A

#### (a) The Institute's Performance

##### Revenue

The Institute's sources of funds during the year under review includes;

- (i) Government Grants – Capitation and Operation Grants
- (ii) Internally generated funds – Tuition and other related charges

During the year, revenue of Kshs.6,159,000 was received from the national government as capitation and operational grants of which operational grant of Kshs 500,000 was received after the end of the financial year. 12,469,702 from Tuition and other fees for rendering of services The Institute's total revenue decreased by 7%. This variance was occasioned by reduced government capitation.

### FY2022-2023 REVENUE ANALYSIS

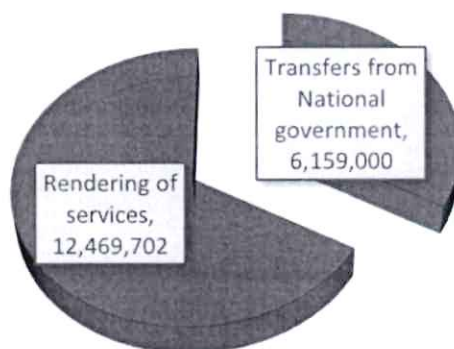


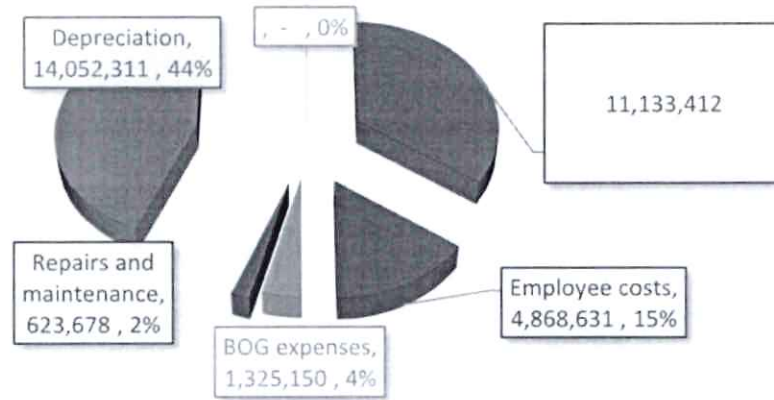
Fig. 1. The Institute's Comparative Revenue Analysis for the period ending 30<sup>th</sup> June 2023.

##### Expenditure

The institute's expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governor's costs, and depreciation and amortization.

The overall expenditure for the period increased by 6%, which is Kshs. 1,828,952 up from Kshs. 30, 099,230 in the last financial year.

## FY2022-2023 EXPENDITURE ANALYSIS



**Fig. 2. The Institute's Comparative Expenditure Analysis for the periods ending 30<sup>th</sup> June 2023.**

**(b) The Institute's Compliance with Statutory Requirements**

The Institute complies with statutory requirements and has remitted payroll statutory deductions over the years.

**(c) Material Arrears in Statutory/Financial Obligations.**

The Institute does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit.

**(d) Key Projects and Investment Decisions the Institute is Planning/Implementing.**

During the year under review the Institute undertook the following projects some of which are works in progress

No.	ONGOING PROJECTS	SOURCE OF FUNDS
1	Construction of additional lecture rooms	Internal generated funds
2	Installation of CCTV Camera	Internal generated funds
3	Installation of ERP system:	Internal generated funds

**(e) The proposed projects are provided in the table below:**

No.	PROPOSED PROJECTS	SOURCE OF FUNDS
1	Equipping Library	Internal generated
2	Digital Computer Lab	Internal generated
3	Income Generating Activity	Internal generated

#### (f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
2	Infrastructure limitation due increased trainee population.	Constructed temporary lecture halls, writing and submitting proposals to the Ministry of Education for Development Grants and encouraging the locals to construct accommodation facilities for the trainees.
3	Lack of land documentation	Making formal follow-ups including, writing letters and visiting the Kiambu County lands office. Organizing consultative meetings with various stakeholders
4	Huge Student debtors	Writing demand letters for trainees to acknowledge their debt and committing to a payment plan
5	Lack of Internal Audit functions	The college does request from the mentoring institution the services of internal auditor

#### (g) The Entity's Financial Probity and serious Governance Issues

There were no financial probity and serious governance issues during the year under review.

### 10. Environmental And Sustainability Reporting Statement

#### Sustainability strategy and profile

Gatundu South Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, 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 triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

**Profit:** The college has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like manufacturing of cabros

**Social:** the college has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

**Environment:** The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

**Environmental performance**

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk board thereby reducing dust and related effects.

**Employee welfare**

The College values her employees and the many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our College through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	<ul style="list-style-type: none"> <li>Optimizing training operations to meet ongoing social and sustainability objectives.</li> <li>Providing opportunities for growth at the College by becoming involved in our local community.</li> </ul>
Enhanced community	<ul style="list-style-type: none"> <li>Focusing on good urban design and empowered members for healthy, happy and resilient community.</li> </ul>
Supported Staff	<ul style="list-style-type: none"> <li>Promoting initiatives that support staff and their families, beyond the provision of employment.</li> <li>Promoting initiatives that recognize the contribution of the students to the community.</li> </ul>

**Policies Guiding the College’s Hiring Process**

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. Financial resources are considered before effecting the strategy
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination

5	Gender Mainstreaming	Regularly	The College observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The college offers equal employment opportunities to officers living with disability. The college also offers rights and privileges as provided in the PWDs Act and Board employment policies

## Market place practices

### Responsible Supply Chain and Supplier relations

The college has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

Gatundu South Technical and Vocational College has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the college has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

### Corporate Social Responsibility / Community Engagements

During the year under review, the college carried out various CSR activities to impact the society such as tree planting, road safety awareness and helping the less fortunate in our community.

## 11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2023, which show the state of the Institute's affairs.

### Principal activities

The principal activities of the institute are to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges.

### Results

The results of the Institute for the year ended June 30<sup>th</sup>, 2023 are set out on page 1 to 5.

### Board of Governors

The members of the Board who served during the year are shown on page ix.

### Auditors

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

By Order of the Board  
**PRINCIPAL**  
GATUNDU SOUTH TECHNICAL  
& VOCATIONAL COLLEGE  
Principal/BOG Secretary

Date: 09/05/2023

## 12. Statement of Board of Governors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that year. The Board members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Board members are also responsible for safeguarding the assets of the Institute.

The Board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on 30<sup>th</sup> June, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Institute, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013. The Board members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended 30<sup>th</sup> June, 2023, and of the Institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

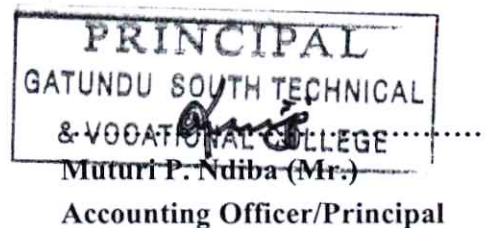
Nothing has come to the attention of the Board members to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Institute's financial statements were approved by the Board on **21st September 2023** and signed on its behalf by:



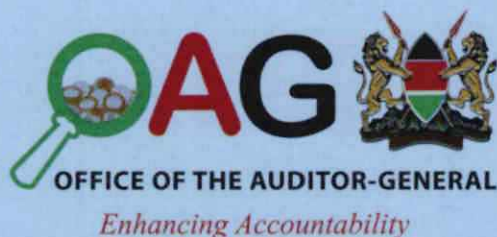
**Plan Timothy T Ndorongo**  
Chairperson of the Board



**PRINCIPAL**  
GATUNDU SOUTH TECHNICAL  
& VOCATIONAL COLLEGE  
Muturi P. Ndiba (Mr.)  
Accounting Officer/Principal

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON GATUNDU SOUTH TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023**

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### **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**

The accompanying financial statements of Gatundu South Technical and Vocational College set out on pages 1 to 29, which comprise of the statement of financial position as

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*Report of the Auditor-General on Gatundu South Technical and Vocational College for the year ended 30 June, 2023*

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, have been audited on my behalf by Gemal and Company, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Gatundu South Technical and Vocational College 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**

#### **1.1 Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects use of goods and services actual amount of Kshs.11,058,412 while the statement of financial performance reflects an amount of Kshs.11,133,412 resulting to an unexplained variance of Kshs.75,000. Further, inconsistencies were noted in the numbering of Notes to the financial statements and Page 3 and page 21 were blank.

#### **1.2 Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 13 to the financial statements reflects cash and cash equivalents balance of Kshs.1,048,405. However, the cashbook reflected a balance of Kshs.1,042,705 resulting to an unexplained and unreconciled variance of Kshs.5,700. In addition, the receipts posted in the cashbook in the month of June omitted capitation amount of Kshs.1,532,000 and a direct bank deposit of Kshs.95,000.

#### **1.3 Inventories**

The statement of financial position and as disclosed in Note 16 to the financial statements reflects inventory balance of Kshs.817,574. However, the supporting inventory list reflects a total amount of Kshs.1,191,743 resulting to an unexplained and unreconciled variance of Kshs.374,169.

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

## **2. Property, Plant and Equipment**

### **2.1 Inaccuracy in Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.154,452,089. However, the assets register contained only the cost values while the depreciation charge for the year, accumulated depreciation, the net book values, location and officers responsible were not indicated. In addition, during physical verification of assets, it was noted that a laptop was missing and as at the time of the audit, there was no documentation or report provided on the missing laptop.

### **2.2 Lack of Ownership Documents**

Review of records provided revealed that the title of the land where the College is located is not in the name of the College but in the name of the County Government of Kiambu, formerly Thika Municipal.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.154,452,089 could not be confirmed.

## **3. Unsupported Trade and Other Payables**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.4,915,992 which includes advance fees of Kshs.1,122,942. However, journal entries supporting an amount of Kshs.91,156 and adjustments in the payment listing of Kshs.124,970 were not provided for audit.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.4,915,992 could not be confirmed.

## **4. Unsupported Adjustments in Salaries and Wages**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee costs amount of Kshs.4,777,923 which further includes salaries and wages amounts of Kshs.2,641,616 and Kshs.1,603,265 respectively. However, adjustments of Kshs.598,385 and Kshs.507,677 in respect to salaries and wages were not explained or supported.

In the circumstances, the accuracy and completeness of employee costs of Kshs.4,777,923 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIS). I am independent of the Gatundu South Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with the 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 Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.30,271,544 and Kshs.18,628,702 respectively resulting to an under funding of Kshs.11,642,842 or 38% of the budget. Similarly, the statement reflects final expenditure of Kshs.17,785,163 against actual receipts of Kshs.18,628,702 resulting to an under-expenditure of Kshs.843,539 or 5% of the receipts. The under-funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the College.

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 were no other key audit matters to communicate in my report.

### **Other matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

### **Other Information**

The Management is responsible for the other information set out on page iii to xxiii which comprise of Key College Information and Management, the Board of Governors, Key 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 Statement, 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 Gatundu South Technical and Vocational College 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 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. Failure to Deduct PAYE**

During the period under review, out of the ten employees contracted by the Board, only salary for one (1) staff member was filed in the PAYE returns. The College is therefore exposed to non-compliance with Section 96 of the Tax Procedures Act.

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

#### **2. Lack of Employees' Signed Code of Conduct**

Review of the employees' records revealed that employees did not sign the Code of Conduct upon appointment. There was therefore no commitment by employees to the Code as required by Section 34(1) of the Legal Notice 54 of 2016 on PSC Code of Conduct.

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

#### **3. Untaxed Governance Expenses**

During the year under review, the College did not have a Risk Management framework in existence. Further, it was established that the Board of Governors allowances amounting to Kshs.1,325,150 was not taxed and therefore exposing the College to non-compliance with Section 3(2) of the Income Tax Act of approximately Kshs.397,545 and possible interest of 5% of Kshs.19,877.

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

#### **4. Unbalanced Budget**

Review of the statement of comparison of budget and actual amounts reflects that the College final receipts budget amounted to Kshs.30,271,544 against final budget expenditure of Kshs.25,480,594 resulting to budget imbalance of Kshs.4,790,950. This was contrary to Section 33(c) of Public Finance Management (National Government) Regulations which states that budget shall be balanced.

In the circumstances, Management was 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

##### **Basis for Conclusion**

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 for 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

23 May, 2025

Gatundu South Technical & Vocational College  
Annual Report and Financial Statements  
For the year ended 30th June 2023

14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	Period ended 30 June 2023	Period ended 30 June 2022
		KSHS	
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government	6	6,159,000	6,157,500
		-	
<b>Total Revenue from non-exchange transactions</b>		6,159,000	6,157,500
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	12,469,702	13,480,292
<b>Revenue from exchange transactions</b>		12,469,702	13,480,292
<b>Total revenue</b>		18,628,702	19,637,792
<b>Expenses</b>			
Use of goods and services	8	11,133,412	9,196,067
Employee costs	9	4,777,923	3,604,860
BOG expenses	10	1,325,150	655,000
Repairs and maintenance	11	623,678	175,009
Depreciation	12	14,052,311	16,468,294
<b>Total expenses</b>		31,912,474	30,099,230
<b>Surplus for the year</b>		(13,283,772)	(10,461,438)

(The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Council/Board

Date 05/07/2023



Finance Officer

ICPAK No 16471

Date 05/07/2023



Principal

Date 07/07/2023

15. Statement of Financial Position as At 30th June 2023

	Notes	30-Jun-23	30-Jun-22
		KSHS	KSHS
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	1,048,405	1,337,274
Receivables from exchange transactions	14	7,162,505	6,355,315
Receivables from Non-Exchange transactions		500,000	-
Inventories	16	817,574	353,469
<b>Total Current Assets</b>		<b>9,528,484</b>	<b>8,046,058</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	154,452,089	166,365,345
Intangible Assets	17	850,000	250,000
<b>Total Non-current Assets</b>		<b>155,302,089</b>	<b>166,615,345</b>
<b>Total assets</b>		<b>164,830,573</b>	<b>174,661,403</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	4,915,992	1,583,550
Refundable deposits from customers	19	280,870	160,370
<b>Total Current Liabilities</b>		<b>5,196,862</b>	<b>1,743,920</b>
<b>Total liabilities</b>		<b>5,196,862</b>	<b>1,743,920</b>
<b>Capital and Reserves</b>			
Accumulated surplus		(26,057,948)	(26,826,488)
Capital fund		185,691,659.00	199,743,970
<b>Total Reserves</b>		<b>159,633,711</b>	<b>172,917,483</b>
<b>Total Liabilities and Reserves</b>		<b>164,830,573</b>	<b>174,661,403</b>

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Council/Board

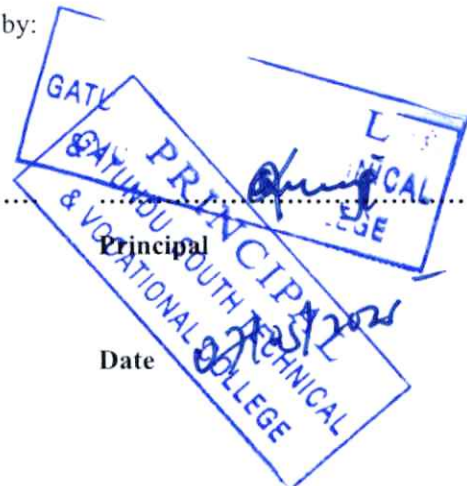
Date 7/5/2023



Finance Officer

ICPAK No 16471

Date 7/5/2023



Gatundu South Technical & Vocational College  
 Annual Report and Financial Statements  
 For the year ended 30th June 2023

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

	Retained earnings	Capital fund	Total
<b>At July 1, 2021</b>	(16,365,049)	199,743,970	183,378,921
Total comprehensive income	(10,461,438)	-	(10,461,438)
<b>Balance c/d as at June 30, 2022</b>	(26,826,487)	199,743,970	172,917,483
<b>At July 1, 2022</b>	(26,826,487)	199,743,970	172,917,483
Surplus/(deficit) for the year	(13,283,772)	-	(13,283,772)
Transfer of depreciation/amortization from capital fund to accumulated surplus	14,052,311	(14,052,311)	-
<b>At June 30, 2023</b>	(26,057,948)	185,691,659	159,633,711

Gatundu South Technical & Vocational College  
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For the year ended 30th June 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

Cash flows from operating activities	Notes	30-Jun-23	30-Jun-22
<b>Receipts</b>			
Transfers from National Government	6	6,159,000	6,157,499
Rendering of services- Fees from students	7	12,469,702	13,480,292
<b>Total Receipts</b>		<b>18,628,702</b>	<b>19,637,791</b>
<b>Payments</b>			
Use of goods and services	8	11,133,412	9,196,067
Compensation of employees	9	4,777,923	3,604,860
BOG remuneration	10	1,325,150	655,000
Repairs and maintenance	11	623,678	175,009
<b>Total Payments</b>		<b>17,860,163</b>	<b>13,630,936</b>
<b>Net cash flows from operating activities before working capital changes</b>		<b>768,539</b>	<b>6,006,855</b>
Decrease in receivables	14	(1,307,190)	(2,464,425)
Increase in payables	18 & 19	3,452,942	(1,010,034)
Decrease in inventories	16	(464,105)	(353,469)
<b>Net cash flows from operating after working capital changes</b>		<b>2,450,186</b>	<b>2,178,927</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	16	(2,739,056)	(1,025,587)
<b>Net cash flows used in investing activities</b>		<b>(2,739,056)</b>	<b>(1,025,588)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(288,870)</b>	<b>1,153,339</b>
Cash and cash equivalents at 1 July	14	1,337,274	183,933
<b>Cash and cash equivalents at 30 June</b>	<b>14</b>	<b>1,048,405</b>	<b>1,337,274</b>

Gatundu South Technical & Vocational College  
Annual Report and Financial Statements  
For the year ended 30th June 2023

18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance	% of Utilization	Explanation notes
<b>Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from National Government-capitation	12,000,000	-	12,000,000	6,159,000	5,841,000	49%	(a)
Rendering of services- Fees from students	18,271,544	-	18,271,544	12,469,702	5,801,842	32%	(b)
<b>Total Receipts</b>	30,271,544	-	<b>30,271,544</b>	18,628,702			
<b>Payments</b>	-						
Compensation of employees	5,698,949	-	5,698,949	4,777,923	921,026	15%	(c)
Use of goods and services	17,250,629	-	17,250,629	11,058,412	6,192,217	36%	(d)
BOG remuneration	1,926,000		1,926,000	1,325,150	600,850	31%	(e)
Repairs and maintenance	605,016	-	605,016	623,678	(18,662)	-3%	
<b>Total expenditure</b>	25,480,594	-	<b>25,480,594</b>	17,785,163			
				843,539			
<b>Surplus for the period</b>	4,790,950			(2,739,055)	<b>2,739,055</b>	<b>55%</b>	

*Explanations of variations above 10%*

- (a) The variation was due to reduced capitation from Kshs 7,500 per trainee per quarter to Kshs. 5,000,4,000,4,000 for quarters 1,2, and 3 respectively and non-remittance of quarter four capitation from the government.
- (b) The variation was due to a 20% underperformance in debt collections from receivables against what was projected, and error in budgeting where a bank balance of Kshs. 1,703,544 was included as part of expected receipts.
- (c) The under expenditure was due to underperformance in revenue collection from trainees and receipts from the National Government
- (d) The board held virtual meetings to cope with revenue underperformance while the scheduled retreat was deferred to the next budgeting cycle

**19. Notes to the Financial Statements**

**1. General Information**

Gatundu South Technical and Vocational College is established by and derives its authority and accountability from TVETA Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's institute's principal activity is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges.

**2. Statement of Compliance and Basis of Preparation**

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

**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:
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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 College's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens</li> </ul>

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Standard	Effective date and impact:
	the hedging arrangements in scope of the guidance. The model develops a strong link between an College's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<b>IPSAS 42: Social Benefits</b>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the College.            (b) The key features of the operation of those social benefit schemes; and            (c) The impact of such social benefits provided on the College's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.            b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.            c) Amendments to IPSAS 30, to update the guidance for accounting for financial 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.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <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).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

**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:
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Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 College.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></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>

**iii. Early adoption of standards**

Gatundu South TVC did not early-adopt any new or amended standards in year 2022-2023.

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

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*Notes to the Financial Statements (Continued)*

*Summary of Significant Accounting Policies (Continued)*

**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 college.

**Interest income**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Board on **07 July 2022**. No subsequent revisions or additional were made. The college'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 5.

**c) Taxes**

***Current income tax***

The college is exempt from paying Corporation tax as per the first schedule of the Income Tax Act.

***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)**

**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 college recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**e) 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.

**f) Research and development costs**

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

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

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

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**g) 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 college does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.*) A financial instrument is any contract that gives rise to a financial asset of one college and a financial liability or equity instrument of another college. At initial recognition, the college 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 college 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 college'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 a college 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 college 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.

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**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.

**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 college 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 college recognizes a loss allowance for such losses at each reporting date.

***Financial liabilities***

***Classification***

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

*Notes to the Financial Statements (Continued)*  
*Summary of Significant Accounting Policies (Continued)*

**h) 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. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *College*.

**i) Provisions**

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

***Contingent liabilities***

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

***Contingent assets***

The *College* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *College* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic

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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.

**j) 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 college 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 college will incur in fulfilling the present obligations represented by the liability.

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

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

**n) Foreign currency transactions**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**n) 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.

**o) Related parties**

The College 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 College, 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)**

**p) Service concession arrangements**

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

**q) 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.

**r) Comparative figures**

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

**s) Subsequent events**

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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, 2023.

**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Gatundu South Technical & Vocational College'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 College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available..

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

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**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

<b>6</b>	<b>Transfers from National Government Ministries</b>	<b>Period ended 30 June 2023</b>	<b>Period ended 30 June 2022</b>
	<b>Unconditional grants</b>		
	Capitation	4,659,000	6,157,500
	Operational grants	1,500,000	-
	<b>Total Government grants and subsidies</b>	<b>6,159,000</b>	<b>6,157,500</b>

**(a) Transfers from other Government entities (Categorized)**

<b>Name of the College Sending The Grant</b>	<b>Amount recognized to Statement of Financial performance</b>	<b>Amount deferred under deferred income</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>Comparative FY</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
State Department of Education	4,659,000	-	-	-	6,157,500
<b>Total</b>	<b>4,659,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,157,500</b>

<b>7</b>	<b>Rendering of Services</b>	<b>Period ended 30 June 2023</b>	<b>Period ended 30 June 2022</b>
	Tuition	2,286,500	5,005,220
	Administration	762,167	570,000
	Registration	381,083	285,000
	Personal emoluments	2,286,500	1,710,000
	Local Transport and Travel	838,383	627,000
	Electricity, Water and Conservancy	952,708	712,500
	Repair, Maintenance and Improvements	457,300	342,000
	Activity	609,733	456,000
	Insurance, Industrial Attachment and Liaison	1,143,250	855,000
	Practical	350,597	262,200
	Trainee ID	72,900	63,300
	Material fee	24,000	176,450
	Examination fees	2,184,580	2,415,622
	Internet expenses	40,000	-
	Admission fees	40,000	-
	Student union	40,000	-
	<b>Total Rendering services</b>	<b>12,469,702</b>	<b>13,480,292</b>

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**Notes to the Financial Statements (Continued)**

<b>8</b>	<b>Use of goods</b>	<b>Period ended 30 June 2023</b>	<b>Period ended 30 June 2022</b>
	Tuition Materials	2,042,547	2,117,352
	Security expenses	717,000	429,000
	Internet and Website	222,357	152,051
	office Expenses	348,081	421,452
	office printing and stationery	819,441	876,161
	Electricity, water and Conservancy	226,510	132,566
	Training and capacity Building	607,020	404,000
	Advertising	405,500	145,688
	Bank and MPESA charges	15,351	17,717
	Student Insurance and attachment	195,045	116,125
	Telephone, postage and airtime	29,000	52,099
	Travelling & subsistence	1,236,430	809,610
	sports and games	681,175	348,274
	Administration expenses	1,464,325	305,200
	Registration and Subscriptions	131,200	276,700
	Examination fees	1,992,430	2,592,072
	<b>Total use of goods</b>	<b>11,133,412</b>	<b>9,196,067</b>
<b>9</b>	<b>Employment Cost</b>		
	Salaries	2,641,616	1,468,000
	NSSF	332,040	194,160
	NHIF	99,900	59,250
	Wages	1,603,265	1,883,450
	Helb	96,562	-
	PAYE	4,540	-
	<b>Total Employee costs</b>	<b>4,777,923</b>	<b>3,604,860</b>

<b>10</b>	<b>BOG Expenses</b>		-
	BOG expenses	1,325,150	655,000
	<b>Total BOG Expenses</b>	<b>1,325,150</b>	<b>655,000</b>
<b>11</b>	<b>Repairs and maintenance and improvement</b>		
	Repair, maintenance and improvement	623,678	175,009
	<b>Total maintenance and improvement</b>	<b>623,678</b>	<b>175,009</b>
<b>12</b>	<b>Depreciation and Amortization</b>		
	Property and equipment	14,052,311	16,468,294
	<b>Total depreciation and amortization</b>	<b>14,052,311</b>	<b>16,468,294</b>

<b>13</b>	<b>Cash and Cash Equivalents</b>		
	Operational Account- KCB	1,042,705	1,336,517
	Cash at hand	5,700	757
	<b>Total cash and cash equivalents</b>	<b>1,048,405</b>	<b>1,337,274</b>

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

Financial Institution	Account number	FY2022-2023		Fy2021-2022	
		Kshs		Kshs	
<b>a) Current Account</b>					
Kenya Commercial Bank		1,042,705		1,336,517	
<b>Sub- Total</b>		<b>1,042,705</b>		<b>1,336,517</b>	
Cash in Hand		5,700		757	
<b>Sub- Total</b>		<b>5,700</b>		<b>757</b>	
<b>Grand Total</b>		<b>1,048,405</b>		<b>1,337,274</b>	

14 Receivables from Exchange Transactions			
<b>Current receivables</b>			
Student debtors		7,162,505	6,355,315
<b>Total Receivables from Exchange Transactions</b>		<b>7,162,505</b>	<b>6,355,315</b>

14 (a) Ageing Analysis of Receivables from Exchange transactions

Description	FY2022-2023		FY2021-2022	
	Kshs		Kshs	
	Current F	% of total	Comparative FY	% of total
Less than 1 year	4,018,030	56%	4,728,805	74%
Between 1- 2 years	2,883,535	40%	1,235,210	19%
Between 2-3 years	260,940	4%	391,300	6%
<b>Total</b>	<b>7,162,505</b>	<b>100%</b>	<b>6,355,315</b>	<b>100%</b>

15 Receivables from Non-Exchange Transactions			
<b>Current receivables</b>			
Operational grant receivables		500,000	-
<b>Total Receivables from Exchange Transactions</b>		<b>500,000</b>	<b>-</b>

15 (a) Ageing Analysis of Receivables from Non-Exchange transactions

Description	FY2022-2023		FY2021-2022	
	Kshs		Kshs	
	FY2022-2023	% of total	FY2021-2022	% of total
Less than 1 year	500,000	100%	-	0%
<b>Total</b>	<b>500,000</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

16 Inventories			
Consumables		817,574	353,469
<b>Total inventories at the lower of cost and net realizable value</b>		<b>817,574</b>	<b>353,469</b>

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Buildings	Furniture and fittings	ICT Equipments	Plant and Equipment	Total
	2.50%	12.50%	30%	12.50%	
<b>COSTS</b>					
<b>At 01 July 20221</b>	65,826,036	2,380,800	272,000	132,118,934	200,597,770
Additions	65,618	195,500	30,682	483,787	775,587
Disposals	-	-	-	-	-
<b>At 30 June 2022</b>	65,891,654	2,576,300	302,682	132,602,721	201,373,357
Additions	761,305	500,650	501,200	375,900	2,139,055
Disposals	-	-	-	-	-
<b>At 30 June 2023</b>	<b>66,652,959</b>	<b>3,076,950</b>	<b>803,882</b>	<b>132,978,621</b>	<b>203,512,412</b>
<b>Depreciation and Impairment</b>					
At 01 July 2022	3,251,801	582,438	147,925	31,025,849	35,008,013
Depreciation Charge	1,558,598	265,226	100,640	12,127,847	14,052,310
<b>At 30 June 2023</b>	<b>4,810,399</b>	<b>847,664</b>	<b>248,565</b>	<b>43,153,696</b>	<b>49,060,323</b>
<b>Net Book Value</b>					
At 30 June 2022	62,639,853	1,993,863	154,757	101,576,872	166,365,345
<b>At 30 June 2023</b>	<b>61,842,560</b>	<b>2,229,287</b>	<b>555,318</b>	<b>89,824,925</b>	<b>154,452,089</b>

N/B: a) The college land is currently registered under Kiambu County Government. The college is in the process of finalizing transfer of the land it currently occupies. The value of the land has not been included.

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**17 (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	-	-	-
Buildings	66,652,959	4,810,399	61,842,560
Plant And Machinery	3,076,950	847,664	2,229,286
Computers and Related Equipment	803,882	248,565	555,317
Office Equipment, Furniture, And Fittings	132,978,621	43,153,696	89,824,925
<b>Total</b>	<b>203,512,412</b>	<b>49,060,324</b>	<b>154,452,089</b>

<b>18. INTANGIBLE ASSETS-SOFTWARE</b>	<b>30-Jun-23</b>	<b>22-Jun-22</b>
Description		
<b>Cost</b>		
<b>At 1 July 2022</b>	250,000	250,000
Additions	600,000	-
<b>At 30 June 2023</b>	<b>850,000</b>	<b>250,000</b>
Additions-internal development	-	-
<b>At end of the year</b>	<b>850,000</b>	<b>250,000</b>
<b>Amortization and impairment</b>		
<b>At 1 July 2022</b>	-	-
Amortization	-	-
<b>At 30 June 2023</b>	<b>850,000</b>	<b>250,000</b>
Impairment loss	-	-
<b>At 30 June 2023</b>		
<b>NBV</b>	<b>850,000</b>	<b>250,000</b>

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19		30-June-2023	30-June-2022
	Trade payables	2,245,754	102,089
	Advance fees	1,122,942	337,401
	Mentoring institute balances	1,117,660	1,117,660
	HELB funds unutilised	-	26,400
	Payroll accruals	429,636	
	<b>Total trade and other payables</b>	<b>4,915,992</b>	<b>1,583,550</b>

	Current FY	% of the Total	Comparative FY	% of the Total
<b>Ageing analysis:</b>				
Under one year	3,889,448	79%	465,890	29%
1-2 years	-	0%	214,070	14%
2-3 years	214,070	4%	903,590	57%
Over 3 years	812,474	17%	-	0%
<b>Total</b>	<b>4,915,992</b>	<b>100%</b>	<b>1,583,550</b>	<b>100%</b>

20	Refundable deposits from customers/students		
	Caution money	280,870	160,370
	<b>Balance at end of year</b>	<b>280,870</b>	<b>160,370</b>

	Current FY	% of the Total	Comparative FY	% of the Total
<b>Ageing analysis:</b>				
Under one year	120,500	43%	99,370	62%
1-2 years	99,370	34%	61,000	38%
2-3 years	61,000	21%	-	
Over 3 years	-	%	-	
<b>Total</b>	<b>280,870</b>	<b>100%</b>	<b>160,370</b>	<b>100%</b>

**Notes to the Financial Statements (Continued)**

**21. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	6,355,315	-	-	-
Bank balances	<b>1,337,274</b>	-	-	-
<b>Total</b>	<b>7,692,589</b>	-	-	-
<b>At 30 June 2023</b>				
Receivables from exchange transactions	7,162,505	-	-	-
Bank balances	1,048,405	-	-	-
<b>Total</b>	<b>8,210,910</b>	-	-	-

**Notes to the Financial Statements (Continued)**  
**Financial risk management (continued)**

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade Payables	1,583,550	-	-	-
	<b>1,583,550</b>	-	-	-
<b>At 30 June 2023</b>				
Trade Payables	4,915,992	-	-	-
<b>Total</b>	<b>4,915,992</b>	-	-	-

**22. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Ministry of Education;

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- iii) Key management;
- iv) Board of directors;

**23. Events After the Reporting Period**

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

**24. Ultimate And Holding College**

The college is a Semi- semi-autonomous government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**25. 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)
1a	Inaccuracies in the financial statement- Difference in capitation of Kshs 1,447,500 between inter-entity confirmation letter and in note 6 to the financial statement	Management noted and agreed to submit the required reconciliation to the financial statements and supporting schedules	Resolved	30/09/2023
b	The unreconciled variance of Kshs. 5,950,592 in the rendering of services	Management noted and agreed to submit the required reconciliation to the financial statements and supporting schedules	Resolved	30/09/2023
c	The unexplained variance of kshs.54,833 with respect to training materials	There was a transpose error where the administrative expenses was under casted by Kshs. 54,833 and Tuition materials was over casted by the same amount of Kshs. 54,833. Management noted and agreed to submit the required response and amended schedules.	Resolved	30/09/2023
2	Budgetary control underperformance(	The management agreed with audit findings and provided explanatory	resolved	30/09/2023

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)
	Compliance issue)	notes on budgetary control variances		
3	Irregular procurement of Security services	Management noted and agreed to submit the required response The college is in its first stages of growth and it involves the locals especially on casual workers. The college will use wide range of advertisement to encourage non-locals to apply for the positions available	resolved	30/09/2023
4	Lack of Ethnic diversity		Pending	Continuous Process


  
 Name Wycliffe Wycliffe
  
 Accounting Officer
   
 Gatundu South TVC
   
 Date

**Appendix II: Projects Implemented by Gatundu South TVC**

**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	CCTV Installation	291,200	292,000	100%	292,000	291,200	Internally generated
2	ERP System	1,500,000	850,000	66%	850,000	850,000	Internally generated
3	Construction of Additional structures	1,100,000	761,395	33%	1,100,000	761,395	Internally generated

**Appendix III- Inter-College Confirmation Letter**

Gatundu South Technical and Vocational College  
 PO BOX 102-01030  
 GATUNDU

The Gatundu South TVC wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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 [Insert name of beneficiary College] as at 30 <sup>th</sup> June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [Beneficiary College] (Kshs) as at 30 <sup>th</sup> June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
DTE/CAP 9/36(33)	24/10/2022	1,595,000			1,595,000	1,595,000	0
MOE/DTE/CAP9/35(18)	24/10/2022	500,000			500,000	500,000	0
	16/01/2023	500,000			500,000	500,000	0
	26/01/2023	1532000			1532000	1532000	0
DTE/CAP 9/36(33)	29/06/2023	1,532,000			1,532,000	1,532,000	0
Total		<u>5,659,000</u>			<u>5,659,000</u>	5,659,000	

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

Head of Accountants department of beneficiary College:

Name Pam NGOTT Sign [Signature] Date 7/6/2023

**Appendix IV: Reporting of Climate Relevant Expenditures**

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

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