

REPUBLIC OF KENYA



REPORT

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ON

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 08 APR 2026

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TABLED
BY:

Hon. Samuel Chepkong'o

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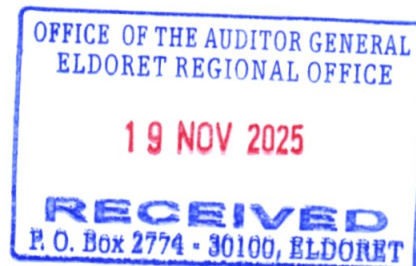


KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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



Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |
| TVC | Technical Vocational College |

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

The Kapcherop Technical and Vocational College was established under the Technical, Vocational, Education and Training TVET Act 2013 on 21 December 2016. The entity is domiciled in Kenya. The Kapcherop Technical and Vocational College is under the Ministry of Education.

(b) Principal Activities

The principal activity of Kapcherop Technical and Vocational College is found in its mission and Vision statement as below;

Vision

To be international leader in technical and vocational training.

Mission

To train competent manpower in Technical and Vocational Disciplines who are innovative in changing demands of industry and society

Core Values

Kapcherop Technical and Vocational College is an integral part of the society and the endeavours to exhibit high social and professional standards.

Core Values are fundamental values or ideas at the heart of Kapcherop Technical and Vocational College that lays the foundation on which the college operates.

Core Values shapes the culture and define the character of Kapcherop Technical and Vocational College.

The staff will conduct their duties in accordance with Teachers Service Code of Conduct and Ethics and endeavours to project a supportive corporate culture among its members.

Guided by our vision and mission we shall uphold the following values at all the times. These core values are;

- (a) Responsiveness.
- (b) Accountability
- (c) Teamwork
- (d) Integrity
- (e) Transparency

(c) Key Management

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

- Board of Governors.
- Principal.
- Management Team.

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

| SN. | Designation | Name |
|-----|---------------------------------|----------------------------|
| 1. | Principal | MR. ELIAS ROTICH |
| 2 | Deputy principal Administration | MR. PAUL SEUREY |
| 3 | Deputy principal Academics | MR. SAMUEL LAKTABAI |
| 4 | Dean of students | SHARON CHEPKELYO |
| 5 | Head of Finance | NICHOLAS K KOSGEI |

(e) Fiduciary Oversight Arrangements

| Name of the Committee | Members |
|---|---|
| Audit, Risk & Performance Management | <ol style="list-style-type: none"> 1. Kinuthia Ken Wainaina (Chairperson) 2. Zachariah Koech (Secretary) 3. Ann Wanjiru Kamau (Member) 4. DR. Rosemary Muange (Member) 5. ENG. Michael Rugut (Member) |
| Education, Human Resource & ICT | <ol style="list-style-type: none"> 1. Dr. Hosea Kiplagat (Chairperson) 2. Dr. Rosemary Muange (Member) 3. Kinuthia Ken Wainaina (Member) 4. ENG. Michael Rugut (Member) 5. Elias Rotich (Secretary) |
| Finance, Infrastructure & Resource Mobilization | <ol style="list-style-type: none"> 1. CPA Fromency Kosgei Cherop (Chairperson) 2. Eng. William Kipkoech (Member) 3. Dr. Hosea Kiplagat (Member) 4. Jackson Kemboi (Member) 5. Elias Rotich (Secretary) |

(f) Entity Headquarters

Kapcherop Technical and Vocational College
P.o Box 70-30204,
Kapcherop. Kenya.

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Elgeyo Marakwet County
Marakwet West Constituency

(g) Entity Contacts

Telephone: (254) 792638668
E-mail: kapcheroptechnical@gmail.com
Website: www.kapcheroptechnical.ac.ke

(h) Entity Bankers

1. -Access Bank -account no.0150100000237
-Access Bank -account no.0150130001006
-Access Bank -account no.0150100000240

(Kitale Branch)

2. Kenya Commercial Banks- 1219806722
(Eldoret Branch.)

(i) Independent Auditors




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

(j) Principal Legal Adviser




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

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3.The Board of Governors

| <i>SN.</i> | <i>Member/ Director</i> | <i>Details</i> |
|------------|--|---|
| 1. |  Joseph Yator Board Chairman. | <p>Joseph Yator was born on 06.06.1962.He is a holder of Masters Business Administration degree in Strategic Management option, Bachelor's degree in Business Administration Aviation Management option, Technical University of Mombasa higher diploma in mechanical engineering plant engineering option. Rift Valley Technical attained technical Education, Kenya Water Institute completed Pre-Service training and Kenya Polytechnic pursued technical training from 1983-1988.</p> <p>Working experience, Registrar Administration & Finance, Manager Aerodromes, Air Navigation, Meteorology and Aerodromes regulation and Enforcement in Kenya Civil Aviation Authority (KCAA) 2005-2021, Kenya Airports Authority Deputy Airport Manager JKIA 2000-2004, Manager Transport Services Hqs 1995-1999 Kenya Airport Authority. Currently board Chair Kapcherop technical and Vocational College</p> |
| 2. |  Dr.Hosea Kiplagat Board Member | <p>Dr. Hosea Kiplagat was born on 16th January 1978. He is a PhD holder in Educational Technology of University of Eldoret. Currently working as the head of Department of Technology Education in University of Eldoret. Currently board member Kapcherop technical and Vocational College</p> |
| 3. |  Ann Wanjiru Kamau Board Member | <p>Ann Wanjiru Kamau was born on 07.08.1995.</p> <p>She attained Bachelor Agricultural Economics and Resource Management. Currently board member Kapcherop technical and Vocational College.</p> |

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| | | |
|-----------|--|---|
| <p>4.</p> |  <p>Dr. Rosemary M. Muange Board Member.</p> | <p>Rosemary M. Muange was born on 06.06.1972. She attained Bachelors degree human resource management from Moi University. Working experience, she was a teacher Kikima Secondary School, Quality controller Rupa Mills Eldoret, Credit Manager Providence Self He Group. Lecturer part time Kabarak University 2012-2014, Part time lecturer Moi University 2014-2017, Part time lecturer Kibabii University 2016 to date and Lecturer University of Eldoret 2017 to date. Currently board member Kapcherop technical and Vocational College</p> |
| <p>5.</p> |  <p>CPA Fromency Kosgei Cherop. Board Member.</p> | <p>CPA. Fromency Kosgei Cherop was born on 10 January 1987. He is pursuing Masters degree of Business Administration at Catholic University ongoing, Bachelors degree of business management of Moi University. He attained CPAK 2016 and senior management course from Kenya school of Government Nairobi. Working experience Chief Officer in charge of roads, transport and public works at Elgeyo Marakwet County, Economic Planning, Budgeting and Revenue officer Elgeyo Marakwet County. Currently board member Kapcherop technical and Vocational College.</p> |
| <p>6.</p> |  <p>Eng. William Philamon Kipkoech Board Member.</p> | <p>Eng. William Philemon Kipkoech was born on 23.11.1989. He attained Transport Planning and Engineering of Edinburgh Napier University, Bachelor of Technology in Civil and Structural Engineering of Moi University. Working experience Maintenance department Road Asset & Corridor Management –Kenya National Highways Authority, Senior Engineer Roads and Special Projects Department –Kenya National Highways Authority, Rehabilitation of Mau Summit-Kericho.</p> |

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| | | |
|----|---|--|
| | | Currently board member Kapcherop technical and Vocational College. |
| 7. |  <p>Kinuthia Ken Wainaina Board Member.</p> | <p>Kinuthia Ken Wainaina was born on 23 November 1989. He attained bachelor of Science (Computer Science). Working experience IT Manager St.Luke Hospital. Currently board member Kapcherop technical and Vocational College</p> |
| 8. |  <p>Elias Rotich Principal/Secretary BOG.</p> | <p>Elias Kimutai Rotich was born on 27th September 1976. He attained Masters Degree in Education Management and Policy Studies speciality in education planning from Moi University. He also holds bachelor's degree in education (Mathematics and Economics) He has a wealth of experience in the field of training and administration spanning for a period of 23 years. He worked as a teacher at St. Benedics Aror Secondary School and GK Magereza Secondary School. He later moved to Eldoret National Polytechnic as a course tutor and thereafter he was deployed to Konoin Technical Training Institute as a Deputy Principal and later moved to Turkana East Technical and Vocational College as Principal. Currently he is the Principal/Secretary BOG at Kapcherop Technical and Vocational College to date.</p> |

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4. Key Management Team

| SN. | NAME OF THE EMPLOYEE | BRIEF DESCRIPTION |
|-----|--|--|
| 1. |  <p>Elias Rotich Principal/B O G Secretary. He attained Masters degree in Education Management And Policy studies of Moi University. He attained Bachelor's degree in Education (Mathematics and Economics) of Moi University.</p> | <p>He is the accounting officer of the institution.</p> <p>In charge of day to day activities of the institution.</p> <p>In charge of Trainers and Non- Trainers staff.</p> |
| 2. |  <p>Paul Seurey Deputy Principal-Administration. He attained masters degree in physics from Kenyatta University. He also have Bachelor's degree in Education Science from Egerton University.</p> | <p>Assist the principal in running day to day activities of the Institution.</p> <p>In charge of Administration and discipline. Team leader of performance contracting.</p> |
| 3. |  <p>Samuel Laktabai Deputy Pricipal -Academics . He attained Bachelors of Education Technology from Moi University.</p> | <p>Admission of Students. 2.In charge of Examination In charge Marketing and performance contracting In charge of Support staff</p> |

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| | | |
|----|--|---|
| | | |
| 4. |  <p>Nehemiah K. Mibei Registrar He studied Bsc. Computer Science at Kibabii University and Post graduate Diploma Technical and vocational Education.</p> | Admission of Students. In charge of Examination 3. In charge Marketing and performance contracting 4. In charge of Support staff |
| 5. |  <p>Sharon Chepkelyo Dean of Students. Higher National Diploma In Mechanical Engineering (Automotive Option) at Meru National Polytechnic</p> | In charge of trainee's welfare. In charge of guiding and counselling of trainees. In charge of career guidance. |
| 6. |  <p>Nicholas K. Kosgei Finance Officer. Currently pursuing CPA 5&6 (Advance level) He completed CPA sec III Part II. He attained (ATD) Certificate.</p> | Head of Finance Department. Preparation of financial policies. Preparation of financial statements. Budget preparation. Advising the principal on financial matters of the school |

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5. Chairman's Statement

Key Achievements

The institution made several milestones during the period under review. Here are some of the highlights:

Growth in Student Enrolment

The college population is impressively increasing and therefore more classes and workshops need to be constructed.

We appreciate the government through KUCCPS and the community for this improved student enrolment.

Development And Infrastructure

The institution has engaged an expert to develop and mount a Learning Management System (LMS) for use in ODEL. The trainers have been trained on the use of LMS to train remotely, development of digital content and uploading the same on the LMS, registering trainees on the LMS.

We are focussing next financial year to construct building workshop to enable our trainees during practical to be done in a conducive environment.

Challenges Experienced

We experienced a number of challenges during the period under review. Trainees housing is still a major challenge in this area I am requesting the ministry of education to help us in building student hostels in order to help in increasing student enrolment in our institution.

Future Outlook

We are looking forward to increased enrolment in numbers to over 800 students by 2025. The college requires major investment in infrastructure such as hostels, lecture halls, workshops and dining hall. We are engaging with the community stakeholders in an effort to increase housing facilities for students. We also seek to grow our collaboration linkages with various local and international development partners so that we may propel the institution to greater heights. It is our hope that we shall realize key industry linkages with major industry partners. This will see the rise in the quality and relevance of technical courses offered in the institution.



JOSEPH YATOR

BOARD CHAIRMAN.

6. Report of the Chief/Senior Principal

The College has continued to discharge its core mandate as guided by the Board of Governors, in pursuit of its vision of “A global leader in research and training in technology, engineering, innovation and entrepreneurship”

As one of the Technical and Vocational Colleges built to further the aims of the Vision 2030 and the Big Four agenda by enhancing transfer of Technical and Vocational skills and learning in Kenya, the College has continued to offer quality Education and training that meets the expectations of industry and the general populace.

Looking to the future, there is need to invest heavily in infrastructure to enable us manage the planned increase in the number of trainees reporting for training. Lecture halls and rooms is our immediate focus in the coming financial years as elucidated in our strategic plan 2020-2028.

Due to increase in trainees’ population, we managed to construct four temporary classes and construction of the building workshop will be done next financial year.



ELIAS ROTICH

PRINCIPAL

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE.

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7. Statement of Performance against Predetermined Objectives

Kapcherop Technical and Vocational College has 5 strategic pillars and objectives within current Strategic Plan for the FY 2020- FY 2028. These strategic pillars are as follows:

- Pillar 1: Mount CBET Courses
- Pillar 2: Develop ICT Infrastructure
- Pillar 3: Service delivery -Install management information system
- Pillar 4: Construct tuition block
- Pillar 5: Construct eight classes

Kapcherop Technical and Vocational College develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kapcherop Technical and Vocational College achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

| Strategic Pillar | | Objective | Total Estimated Cost | Activities | Achievements |
|------------------|--|--|----------------------|---------------|---------------------|
| Pillar 1 | Mount CBET Courses | Purchase Pick up and Motorbike | 4,500,000 | At Initiation | Not achieved |
| Pillar 2 | Develop ICT Infrastructure | Purchase three Desktop | 350,000 | At Initiation | Achieved |
| Pillar 3 | Service delivery - Install management information system | Installation of management information system | 3,000,000 | At Initiation | Achieved |
| Pillar 4 | Construct tuition block | Design drawings and approval | 60,000,000 | At Initiation | Not Achieved |
| Pillar 5 | Construction of four Temporary classes | Drawings and approval | 1,800,000 | At Initiation | Achieved |

8. Corporate Governance Statement

The current Board of Governors was appointed into office on 11/12/2025 and upon appointment immediately took charge of their mandate to steer the college forward through application of best governance practices and standards.

One of the core values is effective corporate governance. There are benefits of a properly implemented effective corporate governance system as it provides stakeholders confidence.

The College has built its operations on very strong corporate governance principles based on the application of high and consistent ethical standards in its relationships with all customers, employees and other stakeholders. This is consistent with the institutions core values of effective corporate governance that has led to a strong commitment to conduct business in accordance with best business practices based on principles of transparency, accountability and responsibility, monitoring compliance with relevant laws and regulations, risk management, appropriate checks and balances and the delivery to commitments to all stakeholders.

Ethical leadership and integrity, socio-environmental responsibility and determination of group strategy are the key principles that are taken into account while setting governance standards for the group. The College has kept abreast with international developments in corporate governance for the promotion of enhanced transparency, integrity and rule of law.

The Board of Governors is the representative of the stakeholders, and has the duty of validating financial results and the review of college performance, protecting assets, counselling the chief executive officer on strategy and nurturing the next generation of leaders. The board is all responsible for ensuring proper and sound corporate governance within the College. Good corporate governance is therefore a fundamental part of the culture and the business practices of the College.

Board Charter

i. Purpose

This charter sets out the key values and principles of the Board of governors of the Kapcherop Technical and Vocational College
It provides a concise overview of:

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1. The role and responsibilities of the board of governors;
2. Powers of the board and board committees;
3. Separation of roles between the Board and Management;
4. The practice of the board in respect of corporate governance matters.

This Board Charter is subject to the provisions of the TVET Act, 2013, the PFM Act, 2012 and any applicable law or regulatory provision.

ii. Role of the Board

- a) The Board is the ultimate decision-making body of the College.
- b) The Board is responsible for establishing sound system of internal control for the College.
- c) The Board is responsible for overseeing the corporate governance framework.
- d) The Board is responsible for: adoption of strategic plans and policies; monitoring the operational performance; establishing policies and processes that ensure integrity of the College's internal controls; and risk management.
- e) The Board is responsible for establishing clear roles and responsibilities in discharging its fiduciary and leadership functions.
- f) The Board is responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.
- g) The Board is responsible for ensuring that the strategies adopted promote the sustainability of the College.
- h) The Board is responsible for establishing policies and procedures for effective operations of the College.
- i) The Board shall establish appropriate staffing and remuneration policies for all employees as required.
- j) The Board shall ensure the College's compliance with all applicable laws, regulations, governance codes, guidelines and regulations and establish systems to effectively monitor and control compliance across the College.

iii. Matters Reserved for the Board

- a) The Board reserves specific powers to itself and delegates other matters to the management of the College.
- b) The Board delegates its day to day powers and duties to the Principal and to the Management Team as required by law.

iv. Delegation of Authority

- a) Effective governance of the College requires management to be involved in all significant decisions, and to be accountable to the Board. All delegated authorities must emanate from the Board.
- b) In establishing delegated authorities, whether for financial expenditure approval, or other approvals, both quantum and individuals to be granted authority must be presented to the Board.

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c) The Principal must raise with the Board any matter of significance affecting the College which requires the Board's attention, including any matters which exceed the delegated authority of the executive management.

v. Composition of the Board

- a) The Board shall be appointed by the Cabinet Secretary for Education. It includes members representing Industry, Technology, Leadership, ICT, and Finance & Engineering.
- b) The Board shall ensure that it comprises a diverse mix of skills and expertise critical for effective oversight on the management of the College. This shall be underscored by ensuring that each member has the requisite skill and access to the necessary tools required for their effective performance.

vi. Appointment and Remuneration of Board members

- a) The Board shall consist of members as shall be determined from time to time and subject to regulatory requirements. The Board Nominating Committee shall recommend governors for appointment by the Cabinet Secretary for Education as per regulatory requirements.
- b) The Chairman of the Board shall be appointed by the Cabinet Secretary for Education.
- c) The number of Board members shall be as determined by the TVET Act 2013.
- d) The Board shall establish and approve formal and transparent remuneration policies and procedures for Board members.
- e) Governor's remuneration package shall be adequately disclosed in the full board meeting(s) in line with the financial ability of the college as regulated by the TVET Act 2013.

vii. Board Independence

To enhance independence, the Board shall avail an environment that ensures the members are critical and independent of one another so as to promote independent and objective judgment.

viii. Access To Information And Independent Advice.

- a) The Board may from time to time require independent legal, financial, governance or other expert advice. To facilitate this, the Board shall ensure members obtain external advice, as may be required, at the College's expense and shall invite senior management to provide technical advice as needed.
- b) The Board shall establish procedures to allow its members access to relevant, accurate and complete information and professional advice in order to discharge its duties effectively.

ix. Board Training

- a) Each Board member shall participate in an induction program that is tailored to effectively orient the member to the College's business, strategy, objectives, policies, procedures, operations, senior management and operating environment. The induction shall also include all the necessary information that shall be required by a member for effective performance on the Board. New Board members shall also be introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the College.

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- b) Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the College.
- c) The Board shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the College and corporate governance environment.
- d) The Board shall conduct a bi-annual review to identify the training needs and facilitate up skilling as well as continuous development.

x. Board Evaluation

- a) For improved Board effectiveness, the Board shall carry out an assessment of its performance the performance of the Chairperson, that of its committees, individual members and the Principal.
- b) The Board shall discuss the results of the evaluation exercise which shall also inform the Board on the training needs for its members.
- c) The Board shall disclose whether evaluation of the Board, the chairperson and the Principal has been undertaken in the annual report and financial statements of the College.

xi. Role of the Chair and Secretary

The Chair is appointed by the Cabinet Secretary for Education. The Secretary who is the Principal shall keep the Chair informed about the operations of the College.

The Role of the Chair shall be to:

- a) Provide leadership to the Board and ensure its effectiveness in all aspects of its role. The Chair shall set the Board agenda with the assistance of the Principal who is the Secretary.
- b) Facilitate the effective contribution of governors and encourage constructive relations between governors.
- c) Monitor attendance at Board meetings;
- d) To ensure that there is a robust process for Board succession and that a current pool of candidates has been identified;
- e) Develop the strategy of the College, together with the Principal, and ensure the Board is fully appraised and has the opportunity to debate the strategic direction of the College;
- f) Put in place and maintain an effective delegation of authority structure to provide effective management and control over the College's business with the assistance of the Principal;
- g) Communicate effectively with the College stakeholders. The stakeholders include, where applicable, regulators, governments, students, staff and the communities within which the College operates;
- h) Together with the Principal, to ensure that the College communicates effectively with, stakeholders, government agencies, financial institutions, the media, the public and any relevant special interest groups who have a legitimate concern or involvement with the operation of the College;
- i) Ensure that the views of the stakeholders are communicated to the Board as a whole;
- j) Chair the Full Board Meetings and all other stakeholder meetings of the College;
- k) Together with the Principal and Secretary, ensure that the College operates to the highest standards of corporate governance;

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- l) Manage the training needs of each board member and ensure development;
- m) Ensure the Board undertakes continuous development in order to enhance governance practices within the Board itself and in the interest of the College.

The role of the Secretary shall be to:

- a) Ensure that the policies spelt out by the Board in the College's overall corporate strategy are implemented;
- b) Identify and recommend to the board competent officers to manage the operations of the College. In the fulfilment of this duty, the Secretary should ensure that the College's human resources policy is adhered to;
- c) Co-ordinate the operations of the various departments within the College;
- d) Establish and maintain efficient and adequate internal control systems;
- e) Design and implement the necessary management information systems in order to facilitate efficient and effective communication within the College
- f) Ensure that the Board is frequently and adequately appraised about the operations of the College through presentation of relevant board papers, which must cover, but are not limited to, the following areas:
 - i) Actual performance compared with the past performance and the budget together with explanations of all the variances.
 - ii) Capital structure and adequacy.
 - iii) Performance; in particular, problem students, courses and provisions.
 - iv) Income and expenses.
 - v) Income: sources and distribution profile.
 - vi) Report on violation of laws and remedial activities undertaken to ensure compliance with the guidelines.
 - vii) Any other duties as may be assigned by the Board from time to time.

xii. Duties of Board Members

Each Board member shall have the fiduciary duty to—

- a) Exercise a reasonable degree of care, skill and diligence;
- b) Act in good faith and in the best interests of the College and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where personal interests conflict with those of the College;
- d) Exercise independent judgment at all times;
- e) Devote sufficient time to carry out their responsibilities and enhance their skills;
- f) Promote and protect the image of the College;
- g) Owe their duty to the College and not to the nominating authority; and
- h) Owe the College a duty to hold in confidence all information available to them by virtue of their position as a Board member.

xiii. The Secretary

The Principal appointed by the Public Service Commission is the Secretary to the Board and is charged with the following responsibilities:

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- a) To provide guidance to the Board on its duties and responsibilities and on other matters of governance;
- b) To ensure that the Board complies with its obligations under the law and the TVET Act 2013 and all other relevant laws.
- c) To assist the Chairperson of the Board in organizing the Boards activities;
- d) To assist the Board with evaluation exercise;
- e) To coordinate the governance audit process;
- f) To maintain and update the register of conflict of interest;
- g) To facilitate effective communication between the organization and the stakeholders; and
- h) To carry out any other duties as may be assigned by the Board from time to time.

xiv. Board Committees

- a) The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws.
- b) The Board has established the following committees:
 - 1. Audit & Risk Management Committee
 - 2. Finance & Human Resource Committee
 - 3. Academics & Research Committee
- c) The Board shall appoint the Chairpersons of the Committees and shall approve appropriate terms of reference for the Committees.
- d) Reporting obligations:
 - i) The Committees shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.
 - ii) The committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.
- e) The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of committees annually.
- f) The Board may be required to establish other committees from time to time.

xv. Conflicts of Interest and Related Party Transactions

- a) All Board members are required to:
 - i) Declare any interests that may give rise to potential or perceived conflict e.g. business relationships or other circumstances that could interfere with exercise of objective judgment;
 - ii) Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted Board member shall not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the provisions of the guiding laws rules & regulations of the College.
- b) The Board shall evaluate all potential or perceived conflict of interest as declared and shall approve such transactions with the College as may be appropriate.
- c) A register of declared Conflicts of Interest shall be maintained by the Secretary.

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

xvi. Code of Conduct

- a) The Board shall adopt a Code of Conduct for all governors and employees that addresses, among other things, conflict of interest and which shall be reviewed and updated regularly. A summary of this code shall be made available on the College's website.
- b) The College shall adopt effective whistle blowing mechanisms that encourage staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices.
- c) The Board shall also adopt the Public Service Code of Conduct that will apply to all governors and staff.

xvii. Relations With Stakeholders

- a) The Board shall recognize, respect and protect the rights of stakeholders and shall ensure equitable treatment of all stakeholders.
- b) The Board shall provide stakeholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with stakeholders.
- c) The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the College's stakeholders in its deliberations, decisions and actions.
- d) The Board shall establish effective communication with the College's stakeholders including the media as may be appropriate.

xviii. Terms of Reference

The Board shall adopt its detailed Terms of Reference which shall be reviewed periodically.

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

9. Management Discussion and Analysis

The college operational and financial performance

The following table shows summary of total revenues collected and total expenditure for the year ending 30th June 2025.

| DESCRIPTION | REVENUES | EXPENSES |
|-----------------------------------|-------------------|-------------------|
| Transfer from National Government | 9,526,239 | - |
| Rendering of Service | 11,348,415 | - |
| Use of Goods | - | 15,179,844 |
| Personal Emoluments | - | 2,736,695 |
| Board Remuneration | - | 970,000 |
| Repairs and Maintenance | - | 349,664 |
| TOTAL | 20,874,654 | 19,236,203 |

College compliance with statutory requirement

Kapcherop Technical and Vocational College financial statements have been prepared in accordance with Section 81(3) of the Public Finance Management Act of 2012. The college complied with statutory obligation of its employees from time to time.

Total exposure

The college going concern is not in doubt, and has no on-going or potential court cases that may expose it into potential contingent liability. Further the institution has complied with statutory obligation and requirements. Further, the financial statements have been prepared on a going concern basis and management does not have a significant going concern about the entity's ability to continue as a going concern.

Reporting framework

The college first time adoption of International Public sector accounting standards (IPSAS) Accrual in the financial year 2017-2018.

The presentation of financial statements under review is in conformity with International Public sector accounting standards (IPSAS) 1 on the presentation of financial statements. Additionally, each material class of similar items has been presented separately in the financial statements while dissimilar items have been aggregated only if they are immaterial on an individual basis International Public sector accounting standard (IPSAS 1(13))

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

Kapcherop 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

Kapcherop Technical and Vocational College has put in place quality assurance mechanisms in the education sector strategy. This was done following presidential directive to TVET Institutions.

Sustainability reforms in the administration of National Examination strategy, Examination policies were adopted and staff trained and sensitized on examination policies.

Increase Enrolment strategy was also adopted through performing marketing activities within the county and in different parts of the country

Environmental performance

In our strategic plan, one of our aims is to come up with policies that guide our operations. We are in the process of developing the policies that will guide how the College is to maintain the physical environment we operate in. Currently we are utilising targets we set in our performance contract to guide our actions. We set and surpassed our target of planting and maintaining 100 tree seedlings within the college compound annually.

Employee welfare

In our strategic plan, one of our aims is to come up with Human Resource policies that guide our employee's welfare. We are on the process of developing policies that will guide how the College is to recruit and maintain staff, the appraisal of performance, career progression paths and reward systems. We are in compliance with the Occupational Safety and Health Act of 2007.

Market place practices-

Being a public Institution, there is the perception that there is a lot of resources to be utilised. The reality is far from that and the resources we have are carefully managed to have the most impact. To this end we carry out the following exercises to get the best partners for continued provision of goods and services.

(a)Supplier prequalification

We are guided by the PPOA 2015 and the PPRA guidelines on how to identify suppliers. This is an open and public process that invites all interested parties and has protections built within the process to carve out opportunities for youth, women and people with disabilities.

(b)With our prequalified suppliers, we endeavour to meet our obligations on time so that we may be able to sustain relations for future partnerships.

(c)Being a national Government entity, the college makes a nationwide advert through use of the local administration notice boards, and our website to market opportunities in the College.

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

Corporate Social Responsibility / Community Engagements

Kapcherop Technical and Vocational College was founded for public benefit, to promote Technical Education and Knowledge and provide an institution open for all, irrespective of race, Creed or political belief. It is pioneering institution of higher learning in making technical Education available to the communities living in Elgeyo-Marakwet county and Kenya at large. During the financial year ended 30th June 2025, Kapcherop Technical and Vocational College did engage in corporate social responsibility by cleaning Kapcherop centre and market and its environs. The college is committed to implementing community engagements going forward.

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

11. Report of the Board of Governors

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

Principal activities

The principal activities of the entity are training.

Results

The results of the entity for the year ended June 30th 2025 are set out on page 1-39

Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the Kapcherop 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



.....

Secretary of the Board

Date: 27 August 2025

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

12. Statement of Board of Governors Responsibilities

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

The Board are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on 30 June 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (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 entity;
- (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 entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and Technical Vocational Education and Training (TVET) Act, 2013. The board members are of the opinion that the College's financial statements give a true and fair view of the state of Kapcherop Technical College transactions during the financial year ended 30 June 2025 and of the entity's financial position as at that date. The board, further confirm the completeness of the accounting records maintained for the entity, which have

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

been relied upon in the preparation of the entity'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 Kapcherop Technical College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements.

Kapcherop Technical and Vocational College financial statements were approved by the Board on 27th Aug 2025 and signed on its behalf by;



Joseph Yator

Chairman of the Board



Elias Rotich

Principal/Secretary to the Board

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 KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kapcherop Technical and Vocational College set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

Report of the Auditor-General on Kapcherop Technical and Vocational College for the year ended 30 June, 2025

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

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

Basis for Qualified Opinion

1. Long Outstanding Current Portion of Receivables

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.34,456,492 as disclosed in Note 15(a) to the financial statements. However, review of the ageing analysis revealed that receivables balance of Kshs.16,586,580 for student debtors have been outstanding for a period of more than one year.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.16,586,580 could not be confirmed.

2. Long Outstanding Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.17,551,250 as disclosed in Note 16 to the financial statements. However, review of the ageing analysis revealed that receivables balance of Kshs.14,809,591 relating to capitation grants had been outstanding for a period exceeding one year. In addition, an amount of Kshs.2,741,649, indicated as receivable for less than one year, had been carried forward from the prior year without movement. Consequently, the entire balance of Kshs.17,551,250 was outstanding for more than one year.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.17,551,250 could not be confirmed.

3. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,900,160 as disclosed in Note 18 to the financial statements. However, as reported in the previous year, the College owned land, buildings, donated plants, and equipment including motor vehicles of unknown values which were not disclosed in the financial

statements. In addition, the land title deeds and motor vehicle logbooks were not provided for audit verification.

In the circumstances, the valuation, completeness, and ownership of the property, plant, and equipment balance of Kshs.1,900,160 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.76,926,242 and Kshs.21,088,398 respectively resulting to under receipts Kshs.55,837,844 or 72%. of the budget. Similarly, the college spent Kshs.19,236,203 against an actual receipts of Kshs. 21,088,398 resulting to under expenditure of Kshs.1,852,195 or 9% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of 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 Audit Matters

In the audit report of the previous year, three (3) issues on the Report on Financial Statements, one (1) issue on Emphasis of Matter, one (1) issue on the Report on Lawfulness and Effectiveness in the Use of Public Resources and four (4) issues on the Report on the Effectiveness in Internal Controls, Risk Management and Governance. The issues have remained unresolve. See **Appendix I**.

Other Information

The College Management is responsible for the Other Information set out on page iii to xxvi which comprise of Key Entity Information and Management, Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of 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 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 Submit Annual Climate Change Performance Reports

Review of the project operations revealed that Management did not submit the annual climate change performance report to the Climate Change Council. This was contrary to the requirement of Section 15(5)(f) of the Climate Change Act, 2016. In the absence of the required annual report, the effectiveness of this expenditure in contributing to the College's climate change mandate could not be confirmed.

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

2. Absence of Departmental Work Plans

Review of records revealed that the College did not prepare departmental work plans prior to the beginning of the performance period. This is contrary to G.7 of the Public Service Commission Human Resource Policy Manual, 2016, which requires Departments to prepare work plans derived from their Strategic Plans at the start of every performance period. In the absence of work plans, it was not possible to effectively monitor staff performance against set objectives.

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

3. Failure to Hold the Required Statutory Board Meetings

Review of documents provided revealed that the College's Board Committees failed to comply fully with the minimum required meeting frequency for the financial year under review. The Academics & Research Committee held only three meetings against the expected four, the Audit & Risk Management Committee convened just one meeting instead of four, and the Finance & Human Resource Committee held three meetings out of the expected four. This low frequency of meetings indicates non-compliance with the prescribed minimum standards for Board Committee operations.

Failure to hold the required statutory meetings results to ineffective oversight.

4. Non-Adherence to Data Protection Act, 2019

The College lacked an approved Data Protection Policy, despite routinely collecting and maintaining sensitive personal information relating to students and staff. The absence of a formal policy to safeguard such data contravenes the requirements of Regulation 23(1) and (2) of the Data Protection Regulations, 2021, thereby exposing the College to non-compliance with data protection laws and increasing the risk of mishandling personal data. In addition, the College was not registered as a Data Controller and Data Processor with the Office of the Data Protection Commissioner as required by the Data Protection Act, 2019. The College therefore lacked the legal recognition and capacity to process sensitive personal data in accordance with statutory requirements.

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

5. Failure to Observe Ethnic Balance on Staff Composition

Review of personnel records revealed that 90% of the fifty-one (51) College employees, were from a dominant ethnic community. Similarly, five out of seven Board members and all six members of the Management Team were from the same community, exceeding the one-third limit specified by law. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

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

6. Under Capitation of Student Grants

The statement of financial performance reflects transfers from government entities amount of Kshs.9,526,239 as disclosed in Note 6 to the financial statements. The transfers are capitation grants from the Ministry of Education, based on the trainee enrollment data reported in the TVET-MIS system. For the fiscal year 2024/2025, the total number of trainees was one thousand and fifty-eight (1,058), with each trainee expected to receive capitation of Kshs.30,000, amounting to a projected total capitation of Kshs.31,740,000. However, the actual capitation received was Kshs.9,530,000 leading to unreconciled under-capitation of Kshs.22,210,000.

In the circumstances, the validity and regularity of under capitation of Kshs.22,210,000 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Inadequate Infrastructure and Support Services

During the year under review, it was noted that the College, with estimated two thousand trainees (2,000) trainees, faces significant challenges due to insufficient infrastructure and facilities. Key departments, such as mechanical, automotive, electrical, and electronics engineering, have some modern equipment but lack adequate skilled trainers and technological capacity to meet current market needs. Other departments, including ICT, fashion design, and cosmetology, are limited by outdated technology, insufficient trainers, and high costs associated with certain training materials. In addition, infrastructure such as lecture halls, workshops, hostels, power supply, and water resources are constrained

by high enrolment figures, impeding the College's ability to deliver quality training and support its growing student population effectively.

In the circumstances, the effectiveness of management and governance and support services could not be confirmed.

2. Lack of Disaster Preparedness and Staffing Framework

It was noted during the audit noted that the College lacked a disaster recovery or business continuity plan, exposing it to potential operational disruptions in case of unforeseen events. In addition, the College operated without an approved staff establishment, hindering effective staffing, recruitment, and succession planning. As a result, the College's preparedness to mitigate losses during crisis could not be confirmed, and its capacity to plan for staffing needs was compromised.

In the circumstances, the effectiveness of the internal controls, risk management and overall governance of disaster preparedness and staffing framework could not be confirmed.

3. Non-Staggering of Board Appointments

Review of the Board of Governors' formation revealed that the College did not stagger the appointments to ensure smooth transition and continuity of governance. All Board members were appointed on 11 November, 2023 for a uniform term of three years. This arrangement poses a governance risk as the simultaneous expiry of the entire Board's term will disrupt continuity, hinder effective handing over, and potentially affect the smooth operations of the College at the end of the current Board's tenure.

In the circumstances, the effectiveness of the internal controls, risk management and overall governance at the college could not be confirmed.

4. Missing Bio Data in Payroll

During the audit it was observed that the data provided from the payroll system ERP lacked vital employee details, including job group, ethnicity, disability needs, date of hire, job designation and specific employee designation code respectively.

In the circumstances, the authenticity and completeness of the payroll system could not be verified.

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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

28 November, 2025

Appendix I: Unresolved Prior Year Matters-2023-2024

| Issue No | Unresolved Prior Year Issues |
|----------|---|
| 1 | Inaccurate Cash and Cash Equivalents |
| 2 | Unsupported Long-Outstanding Receivables from Exchange Transactions |
| 3 | Unsupported Property, Plant and Equipment |
| 4 | Budgetary Control and Performance |
| 5 | Non-Compliance with the Law on Ethnic Composition of Staff |
| 6 | Lack of Internal Audit Function and Audit Committee |
| 7 | Lack of Disaster Recovery Plan |
| 8 | Ineffective Board |
| 9 | Lack of Approved Staff Establishment |



Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

14. Statement of Financial Performance For The Year Ended 30 June 2025

| | Notes | 30 th June 2025 | 30 th June 2024 |
|---|-------|----------------------------|----------------------------|
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 9,526,239 | 9,715,445 |
| | | 9,526,239 | 9,715,445 |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 7 | 45,804,907 | 13,119,860 |
| Sale of goods | 8 | 213,300 | - |
| Revenue from Exchange transactions | | 46,018,207 | 13,119,860 |
| Total Revenue | | 55,544,446 | 22,835,305 |
| | | | |
| Expenses | | | |
| Use of goods and services | 9 | 15,179,844 | 11,745,620 |
| Employee costs | 10 | 2,736,695 | 4,815,404 |
| Board /Council Expenses | 11 | 970,000 | 601,000 |
| Depreciation and amortization expense | 12 | 688,286 | 2,111,966 |
| Repairs and maintenance | 13 | 349,664 | 24,600 |
| Total Expenses | | 19,924,489 | 19,298,590 |
| | | | |
| Net surplus for the year | | 35,619,957 | 3,536,716 |

(The notes set out on pages 7 to 32 form an integral part of the Annual Financial Statements).


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

.....



Chairman of Council/Board Principal

Date **27/08/25**

Date **27-8-2025**

.....


Finance Officer

ICPAK No

Date **27-8-2025**

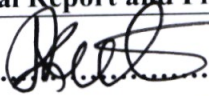
Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position As At 30th June 2025

| Description | Notes | 30th June 2025 | 30th June 2024 |
|---|-------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 14 | 1,426,340 | 982,477 |
| Current portion of receivables from exchange transactions | 15(a) | 34,456,492 | 16,586,580 |
| Receivables from non-exchange transactions | 16 | 17,551,250 | 17,551,250 |
| Inventories | 17 | 70,750 | 160,084 |
| Total Current Assets | | 53,504,832 | 35,280,391 |
| Non-Current Assets | | | |
| Long term receivables from exchange transactions | 15(b) | 16,586,580 | - |
| Property, plant, and equipment | 18 | 1,900,160 | 95,279 |
| Total Non-Current Assets | | 18,486,740 | 95,279 |
| Total Assets (A) | | 71,991,572 | 35,375,670 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 19 | 454,350 | 687,075 |
| Payments received in advance | 20 | 3,252,334 | 2,023,664 |
| Total Current Liabilities | | 3,706,684 | 2,710,739 |
| Total Liabilities (B) | | 3,706,684 | 2,710,739 |
| Net Assets (A-B) | | 68,284,878 | 32,664,931 |
| Represented By: | | | |
| Accumulated Surplus | | 68,284,888 | 32,664,931 |
| Capital Fund | | - | - |
| Net Assets | | 68,284,888 | 32,664,931 |

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

Kapcherop Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

.....


Chairman of Council/Board

.....


Principal

.....


Finance Officer

ICPAK No

Date 27/08/25

Date 27-8-2025

Date 27-8-2025



Kapcherop Technical And Vocational College
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16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

| Description | Accumulated Fund | Total |
|--------------------------------|-------------------------|-------------------|
| At July 1, 2022 | 20,508,334 | 20,508,334 |
| Surplus/(deficit) for the year | 8,619,881 | 8,619,881 |
| At June 30, 2023 | 29,128,215 | 29,128,215 |
| At July 1, 2023 | 29,128,215 | 29,128,215 |
| Surplus/(deficit) for the year | 3,536,716 | 3,536,716 |
| At June 30, 2024 | 32,664,931 | 32,664,931 |
| At July 1, 2024 | 32,664,931 | 32,664,931 |
| Surplus for the year | 35,619,957 | 35,619,957 |
| At June 30, 2025 | 68,284,888 | 65,807,319 |

Note:

1. *For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).*

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17. Statement of Cash Flows For The Year Ended 30 June 2025

| Description | Note | 30th June 2025 | 30th June 2024 |
|--|------|-------------------|--------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other National Government entities | 6 | 9,526,239 | 9,715,445 |
| Rendering of services- fees from students | | 11,348,860 | 5,809,670 |
| Sale of goods | 8 | 213,300 | - |
| Total Receipts | | 21,088,399 | 15,525,115 |
| Payments | | | |
| Use of goods and services | 9 | 15,179,844 | 11,745,620 |
| Employee costs | 10 | 2,736,695 | 4,815,404 |
| Board /Council Expenses | 11 | 970,000 | 601,000 |
| Repairs and maintenance | 13 | 349,664 | 24,600 |
| Total Payments | | 19,236,203 | 17,186,624 |
| Net Cash Flows from operating activities | 47 | 1,852,196 | (1,661,509) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | (1,408,333) | - |
| Proceeds from sale of property, plant and equipment | | - | - |
| Net cash flows used in investing activities | | - | - |
| Cash flows from financing activities | | | |
| Proceeds From Borrowing | | - | - |
| Repayment Of Borrowings | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 443,863 | (1,661,509) |
| Cash and Cash equivalents at 1 July 2024 | 26 | 982,477 | 2,643,986 |
| Cash and Cash equivalents at 30 June 2025 | 26 | 1,426,340 | 982,477 |

(PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting)

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization Difference |
|---|-------------------|-------------|-------------------|----------------------------|------------------------|------------------------|
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| Transfers from other National Government entities | 30,335,552 | - | 30,335,552 | 9,526,239 | 20,809,313 | 31% |
| Transfers from other levels of government-CDF | 41,350,150 | - | 41,350,150 | - | 41,350,150 | 0% |
| Rendering of services- fees from students | 4,940,540 | - | 4,940,540 | 11,348,859 | 6,408,319 | 225% |
| Sale of goods | 300,000 | - | 300,000 | 213,300 | 86,700 | 71% |
| Total Income | 76,926,242 | - | 76,926,242 | 21,088,398 | | |
| | | - | | | | |
| Expenses | | - | | | | |
| Use of goods and services | 27,264,839 | - | 27,264,839 | 15,179,844 | 11,100,406 | 59% |
| Employee costs | 5,188,005 | - | 5,188,005 | 2,736,695 | 2,451,310 | 53% |
| Board /Council Expenses | 1,724,293 | - | 1,724,293 | 970,000 | 754,293 | 56% |
| Repairs and maintenance | 1,398,955 | - | 1,398,955 | 349,664 | 1,049,291 | 25% |
| CDF project | 41,350,150 | - | 41,350,150 | 0 | 41,350,150 | 0% |
| Total Expenditure | 76,926,242 | - | 76,926,242 | 19,236,203 | | |
| | | - | | | | |
| Surplus For the Period | - | - | - | 1,852,195 | | |
| Capital Expenditure | 41,350,150 | - | 41,350,150 | - | | |

(Budget notes)

1. Over-budgeting of transfer from government grants.
2. Over budgeting from student enrolment.
3. Under-spending in use of goods due to unrealized budget.

19. Notes to the Financial Statements

1. General Information

Kapcherop Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Training.

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 judgment in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kapcherop Technical and Vocational 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. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There are no new standards in the year ended 30th June 2025

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

| Standard | Effective date and impact: |
|---------------------|---|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i> |
| IPSAS 44: | <i>Applicable 1st January 2025</i> |

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| | |
|--|---|
| Non- Current Assets Held for Sale and Discontinued Operations | <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 45: Property Plant and Equipment | <p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 46: Measurement | <p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. <i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 48: Transfer Expenses | <p>Applicable 1st January 2026</p> |

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| | |
|---|---|
| | <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| <p>IPSAS 49: Retirement Benefit Plans</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

iii. Early adoption of standards

The Kapcherop Technical and Vocational College did not early adopt any new or amended standards in year 2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. 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 have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

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 2024/2025 was approved by the Board on 17th July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of *Kshs.76,926,242* on the FY 2024/2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 4(i)*.

Financial liabilities

Classification

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

j) 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.

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

The Kapcherop Technical And Vocational College does not create and maintain reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) 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.

q) 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.

r) Related parties

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

s) Service concession arrangements

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

t) 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.

u) Comparative figures

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

v) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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

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6. Transfers from other National Government entities

| Description | 30th June 2025 | 30th June 2024 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Capitation Grants | 9,526,239 | 9,715,445 |
| Total Government Grants and Subsidies | 9,526,239 | 9,715,445 |

(a) Transfers from other Government entities (Categorized)

| Name of the Entity Sending The Grant | Amount recognized to Statement of Financial performance * | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | Comparative 2024 |
|---|---|---------------------------------------|------------------------------------|------------------------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| State Department of Vocational Training | 9,526,239 | - | - | 9,526,239 | 9,715,445 |
| Total | 9,526,239 | - | - | 9,526,239 | 9,715,445 |

7. Rendering of Services

| Description | 30th June 2025 | 30th June 2024 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Tuition Fees | 45,804,907 | 7,427,069 |
| Activity Fees | - | 778,774 |
| Industrial Attachment Fees | - | 407,409 |
| Personal emoluments | - | 2,511,423 |
| EWC | - | 246,490 |
| LT&T | - | 880,161 |
| RMI | - | 382,527 |
| Board allowances | - | 486,007 |
| Total Revenue from The Rendering of Services | 45,804,907 | 13,119,860 |

This is the revenue collected from the parents.

8. Sale of Goods

| Description | 30th June 2025 | 30th June 2024 |
|---|----------------|----------------|
| | Kshs | Kshs |
| Sale of Farm Produce | 213,300 | - |
| Total Revenue from Sale of Goods | 213,300 | - |

This are the proceeds from the sale of maize

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9. Use of Goods and Services

| Description | 30th June 2025 | 30th June 2024 |
|--------------------------------|-------------------|--------------------|
| | Kshs | Kshs |
| Activity | 523,926 | 275,910 |
| Administration costs | 1,296,047 | 2,193,402 |
| Airtime | 67,000 | 21,320 |
| Capacity building | 428,900 | 122,934 |
| Cleaning materials | - | 84,966 |
| Electricity | 232,864 | 294,914 |
| Farming costs | 65,150 | 157,250 |
| Industrial attachment | 55,249 | 275,763 |
| Internet subscription | 129,577 | 140,000 |
| KATTI expenses | 404,038 | 76,435 |
| Kitchen expenses | 710,612 | 162,390 |
| examination | 4,185,890 | 952,594 |
| TVET CDACC | 28,000 | - |
| Marketing | 806,182 | 793,480 |
| Performance Contracting | 189,000 | 223,000 |
| Petrol and Allied Products | 217,655 | 1,000 |
| Refund of money wrongly banked | 268,000 | 100,000 |
| Stationaries | 434,310 | 57,935 |
| Student union | 87,500 | - |
| Training Materials | 3,342,646 | 1,521,628 |
| Local Transport & Travelling | 1,345,425 | 3,758,770 |
| TVET Fairs | 8,000 | 209,400 |
| Bank charges | 29,173 | 45,529 |
| TVETA | 100,000 | - |
| Gas refilling | - | 16,000 |
| KUCCPS | - | 58,500 |
| Printing services | - | 79,000 |
| Mavuno | - | 10,000 |
| Strategic plan | 25,000 | 40,000 |
| Student Ids | 88,700 | 5,500 |
| waterbill | 56,000 | 68,000 |
| Starlink | 55,000 | - |
| Total good and services | 15,179,844 | 11,745,620. |

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10. Employee Costs

| Description | 30th June 2025 | 30th June 2024 |
|-----------------------|------------------|------------------|
| | Kshs | Kshs |
| Salaries and wages | 2,736,695 | 4,815,404 |
| Employee Costs | 2,736,695 | 4,815,404 |

11. Board/Council Expenses

| Description | 30th June 2025 | 30th June 2024 |
|----------------------|----------------|----------------|
| | Kshs | Kshs |
| Other Board Expenses | 970,000 | 601,000 |
| Total | 970,000 | 601,000 |

12. Depreciation and Amortization expense

| Description | 30th June 2025 | 30th June 2024 |
|--|----------------|------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 688,286 | 2,111,966 |
| Total depreciation and amortization | 688,286 | 2,111,966 |

13. Repairs and Maintenance

| Description | 30th June 2025 | 30th June 2024 |
|--------------------------------------|----------------|----------------|
| | Kshs | Kshs |
| General repairs | 349,664 | 24,600 |
| Total Repairs and Maintenance | 349,664 | 24,600 |

14. Cash and Cash Equivalents

| Description | 30th June 2025 | 30th June 2024 |
|--|------------------|----------------|
| | Kshs | Kshs |
| Current Account | 1,426,340 | 982,477 |
| Total Cash and Cash Equivalents | 1,426,340 | 982,477 |

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

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

| Financial Institution | Account number | 30th June 2025 | 30th June 2024 |
|----------------------------------|----------------|------------------|----------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| Kenya Commercial Bank | 1219806722 | 2,304 | 202,843.15 |
| Access bank –fees account | 0150100000237 | 1,410,206 | 765,803.80 |
| Access bank –cdf account | 0150130001006 | 13,733 | 13,733.00 |
| Access bank –development account | 0150100000240 | 97 | 97.06 |
| Total | | 1,426,340 | 982,477 |

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15. Receivables from Exchange transactions

15 (a) Current Receivables from Exchange transactions

| Description | 30th June 2025 | 30th June 2024 |
|----------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Student Debtors | 34,456,492 | 16,586,580 |
| Total Current Receivables | 34,456,492 | 16,586,580 |

15 (b) Long- term Receivables from Exchange transactions

| Description | 30th June 2025 | 30th June 2024 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| Non-Current Receivables | | |
| Current Portion Transferred To Current Receivables | 16,586,580 | 7,086,440 |
| Total Receivables | 16,586,580 | 7,086,440 |

15 (c) Ageing Analysis of Receivables from Exchange transactions

| Description | 30th June 2025 | | 30th June 2024 | |
|--------------------|-------------------|-------------------|-----------------------|-------------------|
| | Kshs | % of total | Kshs | % of total |
| | Current FY | % of total | Comparative FY | % of total |
| Less than 1 year | 34,456,492 | % | 3,151,860 | % |
| Between 1- 2 years | 6,465,850 | % | 3,313,990 | % |
| Between 2-3 years | 620,590 | % | 620,590 | % |
| Over 3 years | 9,500,140 | % | 9,500,140 | % |
| Total (a+b) | 51,043,072 | % | 16,586,580 | % |

16. Receivables from Non-Exchange transactions

| Description | 30th June 2025 | 30th June 2024 |
|----------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Capitation Grants* | 17,551,250 | 17,551,250 |
| Total Current Receivables | 17,551,250 | 17,551,250 |

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

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16 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

| Description | 30th June 2025 | | 30th June 2024 | |
|--------------------|-------------------|----------------|-------------------|----------------|
| | Kshs | % of the total | Comparative FY | % of the total |
| Less than 1 year | 2,741,659 | % | 2,741,659 | % |
| Between 1- 2 years | 2,872,214 | % | 2,872,214 | % |
| Between 2-3 years | 3,263,880 | % | 3,263,880 | % |
| Over 3 years | 8,673,497 | % | 8,673,497 | % |
| Total | 17,551,250 | % | 17,551,250 | % |

17. Inventories

| Description | 30th June 2025 | 30th June 2024 |
|--|----------------|----------------|
| | Kshs | Kshs |
| Consumable stores | 70,750 | 160,084 |
| Total Inventories at lower of Cost and Net Realizable Value | 70,750 | 160,084 |

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18. Property, Plant and Equipment

| Assets | Land | Photocopier | CCTV Camera s | Computers | Furniture and equipment | Text Books | Total |
|---------------------------|------|----------------|------------------|---------------------|----------------------------|-------------------|---------------------|
| Dep Rates | | 0.15 | 0.2 | 0.330 | 0.125 | 0.25 | |
| Cost/valuation | | | | | | | |
| As at 1 July 2019 | - | - | - | 128,000.00 | 2,343,964.00 | | 2,471,964.00 |
| Additions | | | | | 1,422,523.00 | | 1,422,523.00 |
| As at 30 June 2020 | - | - | - | 128,000.00 | 3,766,487.00 | - | 3,894,487.00 |
| As at 1 July 2020 | - | - | - | 128,000.00 | 3,766,487.00 | - | 3,894,487.00 |
| Additions | | | | 3,786,574.00 | 537,262 | | 4,323,836.00 |
| As at 30 June 2021 | - | - | - | 3,914,574.00 | 4,303,749.00 | - | 8,218,323.00 |
| As at 1st July 2021 | | | | 3,914,574.00 | 4,303,749.00 | - | 8,218,323.00 |
| Additions | | | | 591,000.00 | | 348,630.00 | 939,630.00 |
| As at 30 June 2022 | - | - | - | 4,505,574.00 | 4,303,749.00 | 348,630.00 | 9,157,953.00 |
| As at 1st July 2022 | | | | 4,505,574.00 | 4,303,749.00 | 348,630.00 | 9,157,953.00 |
| Additions | | | | | | | |
| As at 30 June 2023 | - | - | - | 4,505,574.00 | 4,303,749.00 | 348,630.00 | 9,157,953.00 |
| As at 1st July 2023 | | | | 4,505,574.00 | 4,303,749.00 | 348,630.00 | 9,157,953.00 |
| Additions | | | | - | - | - | - |
| As at 30 June 2024 | - | - | - | 4,505,574.00 | 4,303,749.00 | 348,630.00 | 9,157,953.00 |
| As at 1st July 2024 | | | | 4,505,574.00 | 4,303,749.00 | 348,630.00 | 9,157,953.00 |
| Additions | | 368,534 | 39,400 | 210,000.00 | 753,999 | 0.00 | 1,371,933 |
| As at 30 June 2025 | | 368,534 | 39,400 | 4,715,574.00 | 5,057,748 | 348,630.00 | 10,529,886 |
| | | | | | | | |
| Depreciation | | | | | | | |
| As at 1 July 2019 | - | - | - | 42,240.00 | 341,708.00 | - | 383,948.00 |
| Depreciation | - | - | - | 42,240.00 | 470,810.88 | - | 513,050.88 |
| As at 30 June 2020 | - | - | - | 84,480.00 | 812,518.88 | - | 896,998.88 |
| As at 1 July 2020 | - | - | - | 84,480.00 | 812,518.88 | - | 896,998.88 |
| Depreciation | - | - | - | 1,291,809.42 | 537,968.63 | - | 1,829,778.05 |
| As at 30 June 2021 | - | - | - | 1,376,289.42 | 1,350,487.50 | - | 2,726,776.92 |
| As at 1st July 2021 | | | | 1,376,289.42 | 1,350,487.50 | - | 2,726,776.92 |
| Depreciation | | | | 1,486,839.42 | 537,968.63 | 87,157.50 | 2,111,965.55 |
| As at 30 June 2022 | - | - | - | 2,863,128.84 | 1,888,456.13 | 87,157.50 | 4,838,742.47 |
| As at 1st July 2022 | | | | 2,863,128.84 | 1,888,456.13 | 87,157.50 | 4,838,742.47 |
| Depreciation | | | | 1,486,839.42 | 537,968.63 | 87,157.50 | 2,111,965.55 |
| As at 30 June 2023 | - | - | - | 4,349,968.26 | 2,426,424.76 | 174,315.00 | 6,950,708.02 |
| As at 1st July 2023 | | | | 4,349,968.26 | 2,426,424.76 | 174,315.00 | 6,950,708.02 |
| Depreciation | | | | 1,486,839.42 | 537,968.63 | 87,157.50 | 2,111,965.55 |
| As at 30 June 2024 | - | - | - | 5,836,807.68 | 2,964,393.39 | 261,472.50 | 9,062,673.57 |

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| | | | | | | | |
|---------------------------|---|----------------|---------------|--------------|---------------------|-------------------|-------------------|
| 1st July 2024 | | | | 5,836,807.68 | 2,964,393.39 | 261,472.50 | 9,062,673.57 |
| Depreciation | | 55,280 | 7,880 | 0 | 537,968.63 | 87,157.50 | 688,286 |
| As at 30 June 2025 | | 55,280 | 7,880 | 0 | 3,502,362.02 | 348,630.00 | 11,307,099 |
| NBK Value | | | | | | | |
| As at 30 June 2025 | - | 313,254 | 31,520 | 0 | 1,555,386 | 0.00 | 1,900,160 |
| As at 30 June 2024 | | - | - | -1,331,234 | 1,339,355.61 | 87,157.50 | 95,279.43 |

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

18 (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 | - | - | - |
| Plant And Machinery | - | - | - |
| Motor Vehicles including Motorcycles | - | - | - |
| Computers and Related Equipment | - | - | - |
| Office Equipment, Furniture, And Fittings | 5,057,748 | 3,502,362 | 1,555,386 |
| Total | 5,057,748 | 3,502,362 | 1,555,386 |

Property Plant and Equipment include the following assets that are fully depreciated

| Item | Cost or Valuation | Normal annual depreciation charge |
|--------------|-------------------|-----------------------------------|
| Computers | 4,715,574 | 4,715,574 |
| Textbooks | 348,630 | 348,630 |
| Total | 5,064,204 | 5,064,204 |

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19. Trade and Other Payables

| Description | 30th June 2025 | | 30th June 2024 | |
|---------------------------------------|------------------------|-----------------------|----------------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade payables | 454,350 | | 687,075 | |
| Total Trade and Other Payables | 454,350 | | 687,075 | |
| | | | | |
| Ageing analysis: | Current FY 2025 | % of the Total | Comparative FY 2024 | % of the Total |
| Under one year | 454,350 | % | 687,075 | - |
| Total (to tie to totals above) | 454,350 | % | 687,075 | - |

Retirement benefit Asset/ Liability

The entity does not operate a defined benefit scheme for all full-time employees. The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,180 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

20. Payments received in advance.

| Description | 30th June 2025 | | 30th June 2024 | |
|--------------------------|-------------------|-----------------------|-----------------------|-----------------------|
| | Kshs | | Kshs | |
| Fees received in advance | 3,252,334 | | 2,023,664 | |
| Total | 3,252,334 | | 2,023,664 | |
| | | | | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | - | % | 1,886,070 | % |
| 1-2 years | 3,252,334 | % | 1,366,264 | % |
| Total | 3,252,334 | % | 3,252,334 | % |

21. Cash generated from operations.

| Surplus for the year before tax | 30th June 2025 | 30th June 2024 |
|---------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Adjusted for: | | |
| Depreciation | - | - |
| Non-Cash grants received | - | - |

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| Surplus for the year before tax | 30th June 2025 | 30th June 2024 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Contributed assets | - | - |
| Impairment | - | - |
| Gains and Losses on Disposal of Assets | - | - |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Finance Income | - | - |
| Finance Cost | - | - |
| Working Capital Adjustments | - | - |
| Increase in Inventory | 89,334 | (160,084) |
| Increase in Receivables | 17,869,912 | 7,307,485 |
| Increase in Deferred Income | - | - |
| Increase in Payables | (232,725) | (770,639) |
| Increase in Payments received in advance | 1,228,670 | 928,017 |
| Net Cash Flow from Operating Activities | - | - |

22. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|-------------------|-----------------------|---------------|---------------|
| At 30 June 2024 (previous year) | | | | |
| Receivables from exchange transactions | 16,586,580 | - | - | - |
| Receivables from non-exchange transactions | 17,551,250 | - | - | - |
| Bank balances | 982,477 | - | - | - |
| Total | 35,120,307 | - | - | - |
| At 30 June 2025 (current year) | | | | |
| Receivables from exchange transactions | 51,043,072 | - | - | - |
| Receivables from non-exchange transactions | 17,551,250 | - | - | - |
| Bank balances | 1,426,340 | - | - | - |
| Total | 70,020,662 | - | - | - |

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

Financial risk management (continued)

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

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

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

(ii) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |

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| | | | | |
|--|---|----------------|---|---|
| At 30 June 2024 (previous year) | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred Income | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2025 (current year) | | | | |
| Trade Payables | - | 454,350 | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred Income | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | 454,350 | - | - |

(iii) Market risk

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

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

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

23. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

| Description | 30th June 2025 | 30th June 2024 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Transactions with Related Parties | | |
| B) Purchases from related parties | | |
| Purchases of electricity from kplc | 232,864 | 294,914 |
| Purchase of water from govt service providers | 56,000 | 68,000 |
| Total | 288,864 | 362,914 |
| a) Grants /Transfers from the Government | | |
| Grants from National Govt | 9,526,239 | 9,715,445 |
| Total | 9,526,239 | 9,715,445 |
| b) Expenses incurred on behalf of related parties | | |
| Payments of Salaries and Wages | 2,736,695 | 4,815,404 |
| Payments for Goods and Services | 15,179,844 | 11,745,620 |
| Total | 17,916,539 | 16,561,024 |
| c) Key Management Compensation | | |
| Directors' emoluments | 970,000 | 601,000 |
| Total | 970,000 | 601,000 |

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24. Events After The Reporting Period

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

25. Ultimate And Holding Entity

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

26. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|---|--|---|
| 1 | Inaccurate Cash and Cash Equivalents | The observations made during the audit was true, the financial statements used the bank statement balances instead of the Cashbook balances which was erroneous. Annex 4. | Resolved | |
| 2 | Unsupported Long-outstanding Receivables from Exchange Transactions | The observations made during the audit were true, the management have made amendments and adjustments to the financial statements as per annex 5. Further, the management is committed to implementing a recovery strategy for the debtors. | Resolved | |
| 3 | Unsupported Property, Plant and Equipment | The observation made during the audit was true, the capital items were not included in the Property Plant and Equipment schedule because valuation of the assets and equipment had not been done. This is a very | Not resolved | 30/06/22026 |

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| 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) |
|---|--|--|--|---|
| | | expensive exercise; the management is committed to do valuation in consultation with the parent ministry. The management have provided motor vehicle logbook and minutes of land allocation is as per annex 2 | | |
| 4 | Budgetary Control and Performance | The observation made during the audit was true, the management is committed to prepare a realizable Budget to enable the college to achieve its mandate in the coming years | Resolved | |
| 5 | Non-Compliance with the Law on Ethnic Composition of Staff | The observation made during the audit was true, the college is located ASAL area where banditry has led to insecurity in the area. This has threatened citizens from other regions hence seeking employment elsewhere. | Not resolved | |
| 6 | Lack of Internal Audit Function and Audit Committee | The college has no capacity to employ Internal audit staff and therefore the management obtains the internal audit services from sister institution The Eldoret National Polytechnic. The management constituted the Audit Committee as per the Annex 3 | resolved | |

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| 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) |
|---|---|---|--|---|
| 7 | Lack of Disaster Recovery Plan | Observation made during the audit was true, the management is committed to develop and operationalize disaster recovery plans so that it will help in mitigation of risk. | Not resolved | 30/6/2026 |
| 8 | Ineffective Board | The management prepared the Board ALMANAC and yet to submit State Corporation Advisory Committee (SCAC). The board had four meetings during the year as per annex 6 | Resolved | |
| 9 | Lack of Approved Staff Establishment | observation made during the audit was true, the management is committed to developing the staff establishment policy | Not resolved | 30/06/2026 |

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue;

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

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Elias Rotich
Accounting Officer
Kapcherop Technical & Vocational College
Date. 27-8-2025

Projects

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

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

Status of Projects completion

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

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

The entity has not implemented any project funded by development partners

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Appendix III- Inter-Entity Confirmation Letter


Name of transferring entity: Ministry Of Education

Name of beneficiary entity :Kapcherop Technical and Vocational College

| Confirmation of amounts received by Kapcherop Technical And Vocational College as at 30 th June 2025 | | | | | |
|---|----------------|--------------------|--------------------|--------------------|---------|
| Reference Number | Date Disbursed | Recurrent (A) | Scholarship | Total (C)=(A+B) | Remarks |
| | 15/07/2024 | 499,827.50 | | 499,827.50 | |
| | 20/09/2024 | 0 | 597,809.60 | 597,809.60 | |
| | 20/09/2024 | 0 | 282,021.30 | 282,021.30 | |
| | 20/09/2024 | 0 | 1,235,702.60 | 1,235,702.60 | |
| | 25/09/2024 | 0 | 1,296,172.70 | 1,296,172.70 | |
| | 25/09/2024 | 0 | 1,196,625.00 | 1,196,625.00 | |
| | 02/10/2024 | 499,827.50 | | 499,827.50 | |
| | 21/01/2025 | 499,827.50 | | 499,827.50 | |
| | 15/02/2025 | 0 | 3,418,425.00 | 3,418,425.00 | |
| Total | | 1,499,482.5 | 8,026,756.2 | 9,526,238.7 | |

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name NICHOLAS K. KOSGEI Sign  Date 27-8-2025

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Appendix IV: Reporting of Climate Relevant Expenditures

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

No climate relevant expenditure was incurred was incurred during the yea

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 |
| | | | | | | |
| | | | | | | |

No disaster management expenditure was incurred during the year.