

REPUBLIC OF KENYA



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**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 23 JUL DAY: Wednesday

TABLED BY: Hon. (Dr.) Robert Pukose mp  
OF on behalf of the Leader of the Majority Party  
CLERK-AT-THE-TABLE: Halima Suleiman

**THE AUDITOR-GENERAL**

**ON**

**TAVETA TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

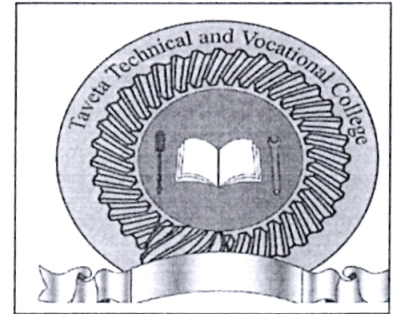
THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 23 JUL 2024 DAY: Wednesday

TABLED BY: Hon. Owen Baya  
(Deputy Majority leader)

CLERK-AT-THE-TABLE: Anastacia

02 MAY 2025



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**TAVETA TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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

**Taveta Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Taveta Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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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
TTVC	Taveta Technical and Vocational 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.

**2. Key Entity Information and Management**

**(a) Background information**

The Taveta Technical and Vocational College was established in 2015 by the government as part of the implementation of TVET reforms to have at least a TVET institution in all constituencies in Kenya. The purpose of establishing the college was to provide business and technical skills for school leavers in order to meet the human resource needs of Kenya’s developing economy. The College is situated in Taita Taveta County, Taveta Constituency, Taveta Town, about 3 km from the Town centre along the Taveta - Holili Road. The college is built on 10 acres land and is registered by the TVETA as per the TVET Act 2013. The college implements TVET-CDACC and KICD curriculum, developed and examined by TVET-CDACC, and KNEC, respectively. TTVC is staffed by the Ministry of Education through the State Department of Vocational and Technical Training, Directorate of TVET. The college has well equipped state of the art workshops in Electrical and Electronic Engineering and ICT laboratory for training. Taveta Technical and Vocational College is committed to provide quality Education and training in Technical Courses, namely Electrical Engineering, Information and Communication Technology, Tourism Management, Food and beverage management, Human resource management and Building and civil engineering. The departments are electrical engineering, building and construction technology, business management and tourism institution management. The college is in cognition of the demand for quality and competent human labour force from TVET Institutions and has fully engaged in high skills training using the modern industrial training equipment from China supplied by the Ministry of Education.

**i. Principal Activities**

The principal mandate of the entity is to facilitate the acquisition of high-quality technical skills and knowledge in line with the government policy so as to ensure that its graduates are of world class standards.

**ii. Vision statement.**

A be a leader in provision of quality technical and vocational training in Kenya and beyond

**iii. Mission**

To empower and produce highly innovative and competent graduates through quality training

**iv. Core Values**

Value	Description
Integrity	Uphold honesty, accountability and responsibility for strong moral principles in all decisions and actions.
Professionalism	Ensure and maintain high standards in the discharge of responsibilities and delivery of services.
Innovativeness	Adapt and utilize the latest appropriate technology and practice to achieve

**Taveta Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

	efficiency and effectiveness in service delivery.
Respect for diversity	Uphold high appreciation for culture, gender, religion and ethnicity.
Provision of equal opportunities for all	The college shall provide equal opportunities for all without favour or discrimination.
Prudent environmental management	Manage the environment prudently and promote efficient utilization of the environmental resources for both the present and future generation

**v. Strategic Objectives**

- To promote efficient finance management and sustainability.
- To improve training and learning through research and development.
- To continuously improve the College’s Human Resource Capacity for effective service delivery
- To promote Information Communication Technology and innovations in the College
- To enhance corporate image of the College

**(b) Key Management**

Taveta Technical and Vocational Training College day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer
- Deputy Principal
- Registrar
- Dean of students

**(c) Fiduciary Management**

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

SN.	Designation	Name
1.	Principal	-DAVID MURUNGAH
2.	Deputy principal	-EVERLYNE NZIOKA
4	Registrar	-FREDRICK ODHIAMBO
5	Dean of students	-SELESTINAH SAMBI
6	Head of Finance	-NASHON MUCHEMI

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

**(d) Fiduciary Oversight Arrangements**

• **Audit and risk committee activities**

- ✓ Perform an independent review of the Financial Statements that ensures integrity of financial reports.
- ✓ Review the adequacy and effectiveness of the Institution internal controls.
- ✓ Monitor the effectiveness of the institutions internal audit functions.
- ✓ Review audit issues by the internal/external audit and ensure external recommendations are fully addressed.
- ✓ Regulatory compliance: ensure the institution complies with the relevant legislative requirements.
- ✓ Reviewing and assessing the quality, reliability and integrity of institutions risk management.

• **Finance and operations committee activities**

- ✓ Review draft Annual budgets and report to the full Board.
- ✓ Review Annual reports and quarterly financial statements
- ✓ To monitor and ensure optimal composition of assets and liabilities

• **Academic committee activities**

- Formulate, review and recommend academic policies for implementation

**(e) Entity Headquarters**

Taveta Technical And Vocational College  
P.O. Box 441-80302  
Mokini Rd Off.Taveta. Holili Road Taveta, Kenya

**(f) Entity Contacts**

Telephone: (254) 748290567  
E-mail: [tavetatvc2018@gmail.com](mailto:tavetatvc2018@gmail.com)  
Website: [www.go.ke](http://www.go.ke)

**(g) Entity Bankers**

Kenya Commercial Bank  
P.O BOX 48400-00100  
NAIROBI KENYA

Email: [contactcentre@kcbgroup.com](mailto:contactcentre@kcbgroup.com).  
Mobile + (254) 0711087000 or 0732187000  
[www.kcbgroup.com](http://www.kcbgroup.com)




**(h) Independent Auditors**




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

**(i) Principal Legal Adviser**




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

**3. The Board of Governors**

No.	Name	Position	DOB	Qualifications	Work experience
1.	 Leonard Saning'o Ngaluma	Chairman	1966	-Master's in Business Administration -Bachelors of Arts (Hon) Majoring in History & Kiswahili	2012-date: Commission on Administrative Justice 2010-2012: Senior deputy secretary (operations) 2002-2010: District Commissioner/Senior District Commissioner
2.	 Rosina Nasigha Mruttu	Education, Training & Development Committee Member	1968	-Masters in counselling studies -Degree in leadership and management -Higher diploma in psychological counselling	2016-Date: Centre of victims of torture(CVT) Nairobi 2015-2016: Centre of victims of torture(CVT) Dadaab 2011-2015: Kenya counselling and psychological association (KCPA)
3.	 Athumani Omar Sheria	Education, Training & Development Committee Member	1978	-MSc in electrical & electronics engineering (Power system option) (pending g thesis)	2017-Date: Kenya power & lightning company 2010-2015: Technologist Technical University of Mombasa 2013: Consultant Kubase(K) International limited






5.	 David Ochieng Okoth	Administration & Finance Committee Member	1979	-Master of Business Administration (ongoing) Diploma in Business Management	2010-date: Kenya College of Management 2006-2009: Piaggio services company
6.	 Lawrence Mukhongo Manyonge	Chairman Education, Training & Development Committee Member	1972	-PhD Manufacturing Systems	2010-2014- HOD Electrical Dep. Pwani univeristy
7.	 Peter Mwangi Wangai	DTVET Coast Region	1970	Msc. Education	2008-2013: Technologist Technical University of Mombasa

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8.	 Ochieng Vitallis Odhiambo	Member	1972	Accountant	2008-date: Kenya College of Management
9.	 Farida Abdalla Soud	Administration & Finance Committee Member	1970	-MSc in Financial Service Management -Certified Public Accountant (CPA)	2015-Date: Group Financial Controller Heritage Hotels East Africa, Kenya 2015: Chief accountant/Preopening accountant Multi- property Makkah, Saudi Arabia
10.	 Mr David Murungah	Secretary	1965	-B.E.D Technology	17/10/2020- Principal TTVC  2019. Deputy Principal TTVC  2014-2019- HOD Electrical Dep. C.I.T- Voi

**Taveta Technical and Vocational College**  
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Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 David Murungah	Name: David Murungah Position: Principal Qualification: B.E.D Technology
2.	 Everlyne Nzioka	Name: Everlyne Nzioka Position: Deputy Principal Qualification: B.S.C. Tourism Management
3.	 Fredrick Odhiambo	Name: Fredrick Odhiambo Position: Registrar Qualification: B.S.C. Mechanical Engineering
4.	 Selestinah sambi	Name: Selestinah Sambu Position: Dean Of Students Qualification: B.S.C. Tourism and Hospitality Management
5.	 Nashon Mchemi	Name: Mr. Nashon Mchemi, CPA Position: Finance officer. Qualifications: B Com (Finance option), CPA (K), Accountancy Diploma.

#### **4. Chairman's Statement**

(On behalf of the Institute Board of Governors, I am pleased to present to you the Taveta Technical and Vocational College Annual Reports and financial statements for the year ended 30th June 2024. During the period, the institute continued to deliver on its core mandate of provision of quality technical educational and training (TVET), research and community outreach, that is market driven and well aligned with the big four agenda.

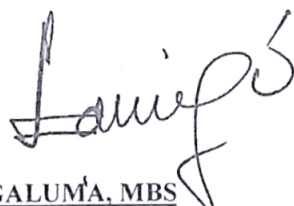
The government of Kenya embarked on a comprehensive reform on technical and vocational training in order to develop highly skilled manpower to provide the technical skills needed by the industry. The national plans and other strategic priorities have consistently placed emphasis on development of skills that match the industry requirements. Taveta TVC has aligned its strategic plan (2021-2026) with the vision 2030 and the BETA agenda of the government as outlined in the constitution of Kenya 2010. In that spirit the institute has begun a Jitume lab project which is aimed at helping the youth generate some income and become self-reliable. However, due to financial constraints, the project remains incomplete lacking computers and a reliable internet network.

I recognize with much appreciation the critical role that TVET's play in building the foundation which will move our nation to a fully industrialized economy.

During the F/Y year 2023/2024, the Institute projected to focus on increasing student enrollment and improvement of infrastructure to support learning and research. In that spirit the institute had improvised two additional classes with the little space available. However, the supply of clean water remains a problem in the college which has made the greening project go slow. We hoped to complete the supply of sufficient clean water in the financial year 2021/2022 but it was not possible because of insufficient financial support in the last budget. The College is also expected to record improved enrolment of trainees because marketing and advertising budget has been put in place. The youth Mtaani project has come in handy and assisted the college in clearing the bush to make the college playing grounds habitable.

Finally, I wish to acknowledge with gratitude the Government of Kenya, through the Ministry of Education for its goodwill and immense support to the institute as it strives to implement its strategic goals and objectives. I also wish to appreciate the vital support that we have continued to receive from our students, customers, staff and sponsors. The Board of Governors shall continue to provide the much-needed resources, advice and foresight to support the Institute and ensure it grows to the next level.

Thank you.



**LEORNARD S. NGALUMA, MBS**  
**B.O.G CHAIRMAN**

## **5. Report of the Chief Principal**

### **Dear Stakeholder,**

Taveta TVC has positioned itself as an institution of first choice in the training of globally highly skilled technical graduates in line with the Institute growth aspirations, its strategic plan (2021-2026) has been aligned with the vision 2030 and the BETA agenda of the Government of Kenya as outlined in the constitution of Kenya 2010. Our commitment is to be a leader in provision of quality technical and vocational training in Kenya and beyond

The institute's core values: Professionalism, Respect for diversity, integrity, provision of equal opportunities for all and Prudent environmental management have played a great role in realizing the Institute's dream of impacting skills for self-reliance.

### **Key project**

The institution is currently under the process of setting up a Jitume lab project which is at its initial stages. However financial constraints have proved to be a challenge and the project is moving very slow, we are calling on donors to support this project as it's in line with the government agenda for self-reliance to our youths.

During the year we managed to improvise two additional classrooms with the little space that was available to cater for the increase in enrolment and we are also working with donors and partners of the institute to set up a fashion and design class which we anticipate the classes will start early FY 2024/2025

### **Operational and Financial Performance**

The Institute is committed to deliver on its key mandate to be a leader in provision of quality technical and vocational training in Kenya and beyond in line with the government policy so as to ensure that its graduates are of world class standards.

The financial year 2023/2024 recorded a surplus of **KShs: 587,525**

### **Compliance with Statutory Requirements**

During the Financial Year under review, the Institute complied with its statutory obligations including compliance with remittance of PAYE, NHIF and NSSF within the stipulated deadlines.

### **Major risks and challenges facing the institute**

Taveta TVC continues to face pressure on existing resources due to inadequate infrastructure such as lack of hostels for our trainees, insufficient man-power both teaching and nonteaching. Access to clean water and sanitary services is a major challenge to the institution. Budgetary constraints have contributed to failure of projects including hostels, sports facilities, construction of a restaurant, which are in dire need of funding to realize the aspired benefits. Inadequate funds

**Taveta Technical and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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arising from reduction of capitation per trainee by the government contributed greatly in failure to achieve some of the budgetary plans for the year.

**Future outlook**

We look forward to harnessing our strategic plan (2021-2026) to guide the Institute's future developments, improve service delivery and achieve set goals and objectives. Our ultimate objective is to facilitate the acquisition of high-quality technical skills and knowledge in line with the government policy so as to ensure that its graduates are of world class standards.

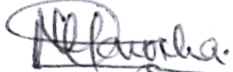
The institute is working hand in hand with all stakeholders to ensure we get more courses accredited, a move that is aimed to increase student enrollment in the future, attain adequate staffing levels, teaching and non-teaching and improve learning infrastructure.

**Conclusion**

I take this opportunity to thank our stakeholders for their continued support and partnership in the realization of our mandate.

I commend the Board, Management and staff for their tireless efforts and commitment to the attainment of the institute goals. I am truly honored to serve alongside you as we endeavor to redefine the role played by Taveta TVC and TVETs and drive the Institute towards realizing its vision, strategic goals and objectives.

On behalf of Board, Management, Staff and Students, I would like to appreciate the support accorded to Taveta TVC by the GOK through The National Treasury & the Ministry of Education, State Department for Vocational and Technical Training, the County Government and all our sponsors and development partners. We look forward to your continued support and commitment.



**David Murungah**

**Principal/Secretary – Board of Governors**

## 6. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Taveta Technical and Vocational College develops its annual work plans based on 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2023/2024 period for its 4 strategic pillars, as indicated in the table below:

<b>Strategic Pillar</b>		<b>Objective</b>	<b>Key Performance Indicators.</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1:	Financial sustainability	Improve financial management	Timely payment of suppliers Better infrastructure	<ul style="list-style-type: none"> <li>Introduce Income Generating Units</li> <li>Develop alternative sources of funding</li> </ul>	Setting up of food and beverage. Brought on board more sponsors for our trainees i.e world vision
Pillar 2:	ICT	To fully integrate ICT in the Institute.	Number of ICT Equipment purchased and installed.	<ul style="list-style-type: none"> <li>Installation of internet.</li> <li>Introduction of management</li> </ul>	Internet installed ERP software introduced
Pillar 3:	Training and Learning	To strengthen corporate image	Number of marketing programmes implemented	<ul style="list-style-type: none"> <li>Review and implement marketing plan.</li> </ul>	Establishment of website. More courses accredited
Pillar 4:	Human Resource Capacity	Improve service delivery	Increasing number of staff	<ul style="list-style-type: none"> <li>Lobby the MoE for additional trainers</li> <li>Employ more BOG staff</li> </ul>	More MoE staffs deployed

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Education	1. Increase access to education at tertiary level	Increased enrolment in tertiary institutions	number of usable physical infrastructure build in the institution ie, twin workshop	In the FY 2023/2024 Currently we have 380 trainees in our institution	Addition of infrastructure increases access to education
Security	1. Enhanced security and peaceful coexistence in the institution	Increased and effective service delivery	Fencing of the institution funded by Taveta National Government Constituencies Development Fund gate and security house	Security at the gate and its environs enhanced	Security is enhanced across the school compound
Environment	1. Promotion of environmental conservation initiatives	Installation of water tank and gutters at the institution to improve water availability and planting of trees	Improved water availability and trees planted in line with vision 2030	Availability of water enhanced and compound well covered with trees	Environment is conserved
Sports	Promotion of sports and cultural activities	Increased participation in sports and cultural activities	Number of sports activities supported	The institution has very strong team which participated in regional level	Enhanced tapping of talents in the institution
Disaster Management	Promotion of disaster mitigation strategies	Increased awareness of disaster preparedness measures	Number of public awareness meetings and training conducted	In the FY 2023/2024 we conducted 5 ward meetings where members of the public were sensitized on disaster mitigation measures focusing on floods, drought, fire and earthquakes.	Enhanced measures to control disaster

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Youth Empowerment	Creation of employment activities for the youth	Establishment of constituency innovation hubs	Number of ICT hubs established in the constituency	We encourage our ict students to visit constituency innovation hubs where youths are trained on use of internet to do online jobs	Youths are sensitized on job creation
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### **7. Corporate Governance Statement**

Section 27 of the Technical and Vocational Education and Training Act, 2013 states that training in institutions under section 26.

- (1) (a) Shall be governed and managed in accordance with the provisions of this Act and any instrument of governance approved by the board. Part (2) of this section 27 states that The governance and management structures of all institutions shall aim at;
- (i) Encouraging co-operation and collaboration among all stakeholders for effective representation in governance and management of the institution.
  - (ii) Decentralizing decision-making authority with regard to financial matters, human resource issues, and other relevant matters.
  - (iii) Enhancing the culture of accountability, democracy and management of the institutions.
  - (iv) Ensuring effective and efficient education and training.
  - (v) Ensuring the participation of and consultation with the stakeholders at the county, national and international level.

Taveta Technical and Vocational College is committed to the highest standards of corporate governance and ethics in discharge of its functions. The college takes recognition of the various stakeholders. The funding agencies and the regulations therefor, relating to its obligations as provided in the TVET Act, 2013 for the FY 2023/2024, the college complied with all regulatory provisions set out in the applicable statutes. The Board of Governors (BOG) is responsible for overall day to day administration of the college under the supervision of the principal who is the secretary to the BOG.

The responsibility that relate to the proper conduct of college business, policy development, strategic planning, monitoring effectiveness and performance, finance, audit human resource management, diversity, student welfare health and safety and the appointment of college staff support team is vested in the BOG. The BOG has;

- (a) Finance and Administration Committee.
- (b) Education and Training Committee.

The BOG committee report to the BOG full board meeting through board reports and presented by a committee member. All resolutions of the BOG are executed by the BOG secretary who is the principal of Taveta TVC.

Taveta technical and Vocational College has held student election in June 2021 to form a student's to help in administrative matters related to students' welfare this will improve in sorting out administrative matters or issues affecting students and provide a forum for consultative between administration and student fraternity.

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**Members Performance**

Name	Position	Meeting Attended	Gender	County	Sub County
1. Leonard S. Ngaluma	Chairman	3/4	Male	Taita/ Taveta	Taveta
2. Rosina N. Mruttu	Member	3/4	Female	Taita/ Taveta	Taveta
3. Athumani O. Sheria	Member	3/4	Male	Kwale	Kubo
4. David O. Okoth	Member	3/4	Male	Migori	Nyatike
5. Dr. Mereng A. Sarroney	Member	4/4	Male	Taita/Taveta	Taveta
6. Farida A. Soud	Member	3/4	Female	Mombasa	Kisauni
7. Susan B. Wangwe	Member	3/4	Female	Kuria	Kehacha
8. Ibrahim Nyambu	Secretary	3/4	Male	Taita/Taveta	Mwatate
9. Peter Mwangi Wangai	County Director TVET	3/4	Male	Mombasa	Mombasa

The members of Board of Governors are appointed by the Cabinet Secretary Ministry of Education in accordance with TVET Act, 2013. The Board members are appointed for a period of 3 years. The Board of Governors for Taveta Technical and Vocational College was inaugurated on 4<sup>th</sup> February 2019, its term is expected to end on 5<sup>th</sup> October 2021. The Board is currently composed of nine members.

**Training and Induction**

The members of the Board attended an induction training from 1<sup>st</sup> -3<sup>rd</sup> April, 2019 at the Kenya School of Government, Mombasa. They were inducted on the principle of governance based on the Mwongozo principle. The other areas of training were in:

- (i) **Human Resource Management**
- a) Management of Trainers and support staff
  - b) Recruitment
  - c) Staff Motivation
  - d) Discipline
  - e) Student Management

**(ii) Financial Management**

- a) Approval of Budget
- b) Sourcing of Funds
- c) Approval of use of funds
- d) Audit and oversight

**(iii) Public Procurement and Asset Disposal Act 2015**

- a) Key charges in PPAD Act, 2015
- b) Methods of procurement
- c) Procurement process
- (iv)** Financial management in TVET institutions  Public Finance Management Reforms.
- (v)** Legal framework
- (vi)** Project Management

**Functions of the Board**

- a. Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET Act, 2013 and any other written law.
- b. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with TVET Act, 2013 and any other written law.
- c. Administering and managing the institution's property.
- d. Developing and implementing the institution's strategic plan.
- e. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution.
- f. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other money and to make disbursement to the institution or other bodies or persons.
- g. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act, 2013.
- h. Mobilising resources for the institution.
- i. Developing and reviewing programmes for training and to make representation thereon to the Board.
- j. Regulating the admission and exclusion of students from the institution, subject to qualifications framework and the provision of TVET Act, 2013.
- k. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board.
- l. Recruiting and appointing trainers from among qualified professionals and practising trade persons in relevant sectors of industry.

- m. Determining suitable terms and conditions of services for support staff, trainers and instructors and remunerating the staff of the institution, in consultation with the Authority.
- n. Making regulations governing the organization, conduct and discipline of the staff and students.
- o. Preparing comprehensive annuals reports on all areas of their mandate, including education and training services and submit the same to the Board.
- p. Providing for the welfare of the students and staff of the institution.
- q. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- r. Discharging all other functions conferred upon it by the TVET Act, 2013 or any other written law.

## **8. Management Discussion and Analysis**

Taveta Technical and Vocational College continues to deliver on its key mandate to be a leader in provision of quality technical and vocational training in Kenya and beyond in line with the government policy so as to ensure that its graduates are of world class standards. .

In line with the Institute growth aspirations, the strategic plan (2021-2026) is aligned with the vision 2030, the BETA Agenda and other strategic priorities of the government as outlined in the constitution of Kenya 2010.

The Institute's core values have played a great role in realizing the Institute's dream of impacting skills for self-reliance.

During the Financial Year under review, the Institute complied with its statutory obligations including compliance with remittance of PAYE, NHIF and NSSF within the stipulated deadlines.

Taveta TVC continues to face pressure on existing resources due to inadequate infrastructure such as lack of hostels for our trainees, insufficient man-power both teaching and nonteaching, sports facilities which are in dire need of funding to realize the aspired benefits,

Access to clean water and sanitary services is a major challenge to the institution. Budgetary constraints have contributed to failure of projects including hostels, sports facilities, and construction of Jitume lab which is at its initial stages of being set up. Inadequate funds arising from reduction of capitation per trainee by the government contributed greatly in failure to achieve some of the budgetary plans for the year.

We look forward to harnessing our strategic plan (2021-2026) to guide the Institute's future developments, improve service delivery and achieve set goals and objectives.

The institutes is in the process of setting up a fashion and design class in collaboration with KAG church a move that is aimed at increasing student enrollment and improve the institute's rating. The sewing machines were made available by our partners KAG church. We will work together to ensure the course is accredited in the coming FY 2024/2025. For this we anticipate an increase in student enrollment in the future, attain adequate staffing levels, teaching and non-teaching and improve learning infrastructure.

We take this opportunity to thank our stakeholders for their continued support and partnership in the realization of our mandate.

### **Finance Risks**

College financial risks includes credit and liquidity risk and effects of government policy of funds disbursement.

- i. Credit risk – extended to customers – trainers in form of fees payment extended periods.  
Some customers default to pay fees as agreed in the payment agreement.

Liquidity Risks – the ultimate liquidity risk management responsibility is in the hands of principal and the board of governors. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows in the college accounts

## **9. Environmental and Sustainability Reporting Statement**

Taveta TVC exists to impact lives. This is our goal; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant technical and practical training, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

### **Sustainability strategy and profile**

The management of Taveta TVC through its Board of Governors is committed towards achieving sustainability in its operations. They have put in measures to ensure minimal interference and maximum focus towards achieving its strategic goals. The management has put in great strides to gain political goodwill that is vital for the existence, growth and expansion of the institution. There have been engagements with local leaders on issues affecting the institute.

### **Environmental performance**

Taveta TVC takes interest in environmental conservation and management. It boasts a strong department managing environmental conservation, engaging in activities such as tree planting activities at least once every term, an activity that brings on board both the management and the students.

The students also participate in tree planting and waste collection and management activities within the surrounding environments especially during the college community days in an attempt to speed up environmental conservation and keep the environment safe.

### **Employee welfare**

The institute has no human resource department due to budgetary constraints but works closely with the administration and board of directors to ensure quality staff additions to the institution. Staffs are hired on merit through a thorough recruitment process starting from the advertisements to shortlisting to interviews.

The Institute staff gender ratio is balanced with vulnerable people and women given priority during the recruitment process.

### **Market place practices-**

The organisation should outline its efforts to:

a. Responsible competition practice.

The institute upholds the principles of fair competition as outlined in the constitution. We promote respect and integrity among our competitors to help build a collaborative and supportive business community where institutions can strive together.

We plan on engaging in strategic partnership, knowledge sharing and collective problem solving so as to enhance innovation and create resilience and interconnect with other institutions.

b. Responsible Supply chain and supplier relations

The institute has committed to maintain good working relationships with its creditors by ensuring equal and fair treatment when it comes to award of tenders. It also operates in line with the public procurement laws. Creditors are paid on time following availability of funds. The creditors are however required to provide high quality goods and services.

c. Responsible marketing and advertisement

The Institute has continued to conduct extensive marketing of its services through legal and reputable print and social media sources. There has also been door to door distribution of brochures, career talks in the surrounding secondary schools as it strives to have a personal touch with the outside community and clients. Prompt feedback and good customer relationships also enables the institute to maintain a good relationship with its customers

d. Product stewardship

The institute offers high quality accredited academic programs and has highly qualified trained personnel. Students are given an equal opportunity to participate in sports, games and other extra-curricular activities. Staffs are given an equal opportunity in their career advancements by attending seminars, workshops and trainings.

### **Corporate Social Responsibility / Community Engagements**

In line with its mission and values, Taveta TVC is sensitive to the impact of our activities on our students, employees, partners and other stakeholders, as well as on the community and its environment.

The College is committed to maintaining standards, respect and accountability across all its activities, including: treating employees fairly and with respect, support staff development through allowing staff to attend trainings and workshops, volunteering in community, county, and national government activities

The student council has a community day where students engage in corporate social activities such as visiting children's home within the surrounding in coordination with the dean of students and other trainers.

The College purposes to continue collaborating with all stakeholders on issues that benefit the development of the country as well as giving back to the society. TTVC therefore shall continue to play its crucial role towards attainment of vision 2030 and the BETA Agenda as spelt out clearly in the Government priorities areas under the social, political and economic pillars.

## **10. Report of the Board of Governors**

The Board members submitted their report together with the audited financial statements for the year ended June 30 2024, which show the state of the Taveta Technical and Vocational College affairs.

### **Principal activities**

The principal activities of Taveta Technical and Vocational College continue to be training in Vocational and Technical Education.

### **Results**

The results of Taveta Technical and Vocational College for the year ended 30 June 2024 are set on page 1-5.

### **Board of Governors**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of Taveta 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**

Taveta TVC

Date: 5/5/2025

### **11. Statement of Board of Governors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the council members to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of TTVC at the end of the financial year and the operating results of TTVC for that year. The Council members are also required to ensure that TTVC keeps proper accounting records which disclose with reasonable accuracy the financial position of TTVC. The council members are also responsible for safeguarding the assets of TTVC.


The Council members are responsible for the preparation and presentation of TTVC financial statements, which give a true and fair view of the state of affairs of Taveta TVC for and as at the end of the financial year ended on June 30, 2024. 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 Taveta TVC, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

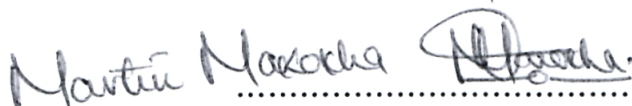
The Council members accept responsibility for Taveta TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act). The Board members are of the opinion that the TTVC financial statements give a true and fair view of the state of Taveta TVC transactions during the financial year ended June 30, 2024, and of TTVC financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Taveta TVC, which have been relied upon in the preparation of Taveta TVC financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed Taveta TVC's ability to continue as a going concern. Nothing has come to the attention of the Board members to indicate that Taveta TVC will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

Taveta TVC financial statements were approved by the Board on 24/9 2024 and signed on its behalf by:

.....  
  
Name **DAVID OKOTH**  
Chairperson of the Board

.....  
  
Name  
Accounting Officer/Chief Principal

# REPUBLIC OF KENYA



*Enhancing Accountability*

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HEADQUARTERS  
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P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON TAVETA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Taveta Technical and Vocational College set out on pages 1 to 39, which comprise the statement of financial position as

at 30 June, 2024 and the statement financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Taveta Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational education and Training Act and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Variance Between Financial Statements and Supporting Schedules**

Review of the financial records revealed that there were unexplained variances between the financial statements balances and the schedules provided as follows:

<b>Components</b>	<b>Amount in Financial Statements Kshs.</b>	<b>Amount in Schedules Kshs.</b>	<b>Variance Kshs.</b>
Transfers from Other National Government Entities	2,500,000	5,864,001.00	-3,364,001
Rendering Of Services	2,500,000	5,864,001.00	-3,364,001
<b>Use of Goods and Services</b>			
Travelling and Accommodation	3,234,825.00	3,112,210.00	122,615.00
Sanitary Services	18,680.00	16,680.00	2,000.00
Board expenses	506,700.00	506,310.00	390.00
Depreciation and Amortization	708,000	1,708,055	-1,000,055.00
Property Plant and Equipment	35,556,083.00	51,733,330.00	-16,177,247.00

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

### **2. Variances in the Comparative Balances**

The financial statements presented for audit disclosed that the opening balances and the closing balances of the previous years audited financial statements had variances as shown below:

	Financial Statements Comparative Balances Kshs.	Audited Financial Statements Balances for 2022-2023 Kshs.	Variance Kshs.
<b>Statement of Financial Position</b>			
Property Plant and Equipment	49,211,330	35,747,042	13,464,288
Current Portion of Receivables from exchange transactions	6,897,460	8,127,790	1,316,684
Receivables from Non-Exchange Transactions	1,000,000	0	1,000,000
Inventory	128,680	0	128,680
Reserves	53,958,226	46,378,772	7,579,454
<b>Statement of Cashflows</b>			
Net cash flows from operating activities	528,889	1,078,889	550,000
Purchase of Property, plant, equipment and Intangible	550,000	-550,000	1,100,000
<b>Notes to the Financial Statements</b>			
Cash and Cash Equivalent	1,699,325	1,891,733	192,408
Current Receivables from Exchange Transactions	6,897,460	8,127,790	1,230,330
Receivables from Non-Exchange Transactions	1,000,000	0	1,000,000
Trade and Other Payables	968,447	6,639,929	5,671,482

### 3. Inaccurate Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 23 to the financial statements reflects property, plant and equipment balance of Kshs.35,556,083. Notes to the financial statements indicate property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The Notes further indicate that where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The property, plant and equipment balance of Kshs.35,556,083 only relates to net book value for buildings, motor vehicles, furniture and fittings, computers, plant and equipment and capital work in progress. However, value of land is not disclosed.

In the circumstances, the accuracy, validity and completeness of the property, plant and equipment balance of Kshs.35,556,083 could not be confirmed.

#### **4. Variance Between the Financial Statements Balances**

The statement of financial position reflects net assets of Kshs.44,155,836 which differs with the statement of changes in net assets balance of Kshs.41,947,782. The discrepancy of Kshs.2,208,054 between the two financial statements balances was not explained or reconciled.

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

#### **5. Accuracy of Cash and Cash Equivalents**

The statement of financial position and Note 19 reflects cash and cash equivalents balance of Kshs.175,393. The amount comprises of current account balance of Kshs.152,840 and cash balance of Kshs.22,553. However, review of the cashbook and cashflow statement revealed that the College maintained an exam fee account at local bank in Taveta which was not disclosed in the financial statements.

Further, the statement of cash flows reflects cash and cash equivalents of Kshs.175,393. However, casting of net cash flows from operating activities of Kshs.587,525 less, net cash flows used in investing activities of Kshs.1,563,836 and adding cash and cash equivalents at 1 July, 2023 of Kshs.1,699,325 resulting in cash and cash equivalents as at 30 June, 2024 of Kshs.723,014. The variance of Kshs.547,621 was not reconciled or explained.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.175,393 could not be confirmed.

#### **6. Unsupported Employee Costs**

The statement of financial statements reflects Kshs.3,431,937 for employee costs as detailed in Note 14 to the financial statements. However, monthly payrolls were not provided for audit review to support the reported employee costs.

In the circumstances, the accuracy of employee costs of Kshs.3,431,937 could not be confirmed.

#### **7. Unsupported Trade and Other Payables from Exchange Transactions**

The statement of the financial position and Note 24 to the financial statements reflect trade and other payables from exchange transactions of Kshs.595,789. Note 24 to the financial statements shows that the payables include Kshs.20,000 from an unknown source. Further, payables include fees paid in advance of Kshs.227,141 which was not supported with a list of students whose fees were paid in advance.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.595,789 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taveta 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**

#### **Budget Control and Performance**

The statement of budgeted against actual amounts reflects final receipts budget and actual on comparable basis of Kshs.19,515,720 and Kshs.13,470,175 respectively, resulting to under-funding of Kshs.6,045,545, or 31% of the budget.

The under-funding 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 matters described in the Basis for Qualified Opinion section, I have determined that there were no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues nor given any explanation for the failure to implement the recommendations.

### **Other Information**

The Management is responsible for the other information set out on page ii to xxi which comprise of Key Entity Information and Management, The 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 the Board of Governors, 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's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Compliance with Prescription on Board of Governors and Committees**

Review of Board records revealed that the College had an established board of governors but lacked board charter that defined the role, responsibilities and functions of the Board to facilitate an efficient and effective implementation of its mandate. The Board did not have a work plan setting out agreed schedule of meetings nor submitted its ALMANAC to the State Corporations Advisory Council as required by Head of the Public Service circular no. OP/CAB.9/14 dated 11 March, 2020 on management of State Corporations.

Further, contrary to Section 29 (o) of the Technical and Vocational Education and Training Act, the Board did not evaluate its performance and prepare comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.

The Board had established finance and operations, academic committee and audit and risk committees. The three (3) committees did not hold meetings during the year under review. This was contrary to Head of Public Service circular no OP/CAB.9/1A of March 11, 2020 that restricted meetings of a committee meetings to a minimum of four (4) and capped at a maximum of six (6) for each financial year.

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

## **2. Irregular Withdrawals from the Exam Fee Bank Account**

Review of financial records shows that the College operated an exam fee account for purposes of paying student exam fees. A certificate of bank balance as at 30 June, 2024 indicated the account had a balance of Kshs.57,175.40. However, the College did not maintain cash book and bank reconciliation statements relating to the account contrary to regulation 100 of Public Finance Management (National Government) regulations, 2015 that requires Accounting Officers to keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and to maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts.

Further, the account reflected transfers amounting to Kshs.1,730,420.00 to current account explained as borrowings to facilitate the operations due to late Government disbursements and the same was refunded back to the account at the time of paying the exam fees. However, there was no board approval authorizing the borrowings contrary to Section 29 of the Technical and Vocational Education and Training Act.

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

## **3. Irregular Procurement of ERP System**

The statement of financial position and Note 23 reflect intangible assets-internal development cost of Kshs.596,740 which relates to the acquisition of software with modules for student management, finance and accounts management and personnel management. Records show that the College entered into a service level agreement with a software vendor on 8 February, 2024 at a contract fee of Kshs.354,960 and a monthly subscription of Kshs.29,580. The procurement of the ERP was a replacement of a previously installed ERP System procured on 2 September, 2021 at contract sum of Kshs.2,958,000.

However, the following anomalies were noted on the procurement: -

- i. The procurement of the software was not in the annual procurement plan and was not budgeted. The procurement plan had been signed by the Principal but not approved by the board. This is contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 requires an Accounting Officer to prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.
- ii. There was no requisition from the user department to initiate the procurement process accompanied by feasibility studies or surveys and reports and any other necessary information pertaining to the procurement. This was contrary to regulation 71. (1) of Public Procurement and Asset Disposal Regulations, 2020 that states that pursuant to section 73 of the Act, the head of the user department shall initiate the procurement process through a requisition as per the approved procurement plan.

- iii. The system was directly procured without fair competition and the management could not explain why the method was used contrary to section 103 (2) of the Public Procurement and Asset Disposal Act, 2015.
- iv. Further, the management explained the procurement of the new software was a directive from the Ministry but could not provide the correspondence to that effect.
- v. There was no evaluation of the previous accounting system and feasibility study of the new system to warrant the change of the system.

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

#### **4. Lack of an Approved Budget**

Review of the budget estimates for the College for the year 2023/2024 revealed that it was not approved by the board as is required under section 17 (4) of Technical and Vocational Educational Training Act 2013 (revised 2022). The Act lists the functions of the governing bodies of training institutions as including preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions. No estimates for the period and minutes approving the annual estimates by board were presented for audit review.

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

#### **5. Unconfirmed Approval of the Financial Statements**

The statement of Board of Governors responsibility at page x of the financial statements indicates the financial statements were approved by the Board on 24 Sept, 2024 and signed on its behalf by the Chairman of the Board and the Accounting Officer/Principal. The financial statements are however signed on 5 May, 2025 indicating that the financial statements were adopted before they were prepared and before the financial period was completed.

Further, it was observed that the Chairman's Signatures were inconsistent under Chairman's Statement in Page x and Statement of Board of Governors responsibilities in Page xxv, Statement of financial Performance and Statement of Financial Position. The Finance Officer who signed the financial statements has no ICPAK Number as required by the International Public Sector Accounting Standards Board Template.

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

#### **5. Failure to Constitute Board of Survey**

Review of financial records revealed that Management did not provide board of survey report on year end cash balances. This is contrary to the National Treasury guidelines for end of year closing procedures for the financial year 2023/2024 vide circular no. AG.3/88/Vol.II(32) dated 15 May, 2024 which directs accounting officers to constitute a board of survey to examine and verify the cash on hand and the bank balances as at close of business on the last working day (28 June, 2024) of the financial year.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Risk Management Policy

Review of policies shows that Management had not put in place a Risk Management Policy, strategies and risk register to mitigate against risk. This is in a contravention of Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that builds robust business operations.

In the circumstances, the Institution is exposed to losses and interruption of operations.

#### 2. Lack of Effective Accounting Data and System Management

During the year under review, the College migrated from an ERP system to a new system. The initial system was used from 1 July, 2023 to 29 February, 2024 and the second ERP system was used for the rest of the year beginning March 2024. However, the rationale for the change of accounting system was not documented. System analysis and description was not done to show the additional requirements that necessitated acquisition of the new system. Management did not explain the migration procedures and the reasons why the transition was done before the closure of the financial year.

In the circumstances, data confidentiality, integrity and availability could not be confirmed.

### **3. Lack of an Approved Staff Establishment and Salary Structure**

During the year under review, the College carried out various human resource functions such as recruitment, selection, appointment and employee management. However, there was no approved staff establishment to inform on the vacancies for appointments and planning on employee development. The College also lacked an approved salary structure to determine the compensation rates to the BOG employees. Therefore, it was not possible to determine the basis for compensating employees and whether the salary structure was aimed at ensuring fiscal sustainability, attract and retain talent and recognize productivity and performance.

In the circumstances, it was not possible to confirm whether the College was operating with optimal staff level and approved salary structure.

### **4. Lack of Key Departments**

Review of the organogram of the institution revealed that it had not established key departments such as procurement, finance and human resources which could effectively allocate roles and ensure responsibilities were effectively and efficiently executed.

In the circumstances, the effectiveness of service delivery could not be guaranteed.

### **5. Approval of Key Management Policies**

Review of the Institution's structures revealed lack of established policies and regulations including finance, procurement, human resource. Additionally, essential policies for a TVET such as the student admission policy, academic policy and others are yet to be approved.

In the circumstances, effectiveness and efficiency in operations could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease its operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathunga, CBS  
AUDITOR-GENERAL




Nairobi

24 June, 2025

**13. Statement of Financial Performance For The Year Ended 30 June 2024**

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities- grants	6	2,500,000	1,000,000
Transfers from other National Government entities- capitation/scholarship	7	0	
Grants from donors –equity bank	8	0	8,000
		<b>2,500,000</b>	<b>1,008,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	10,970,175	8,127,789,80
Other income(cattle grazing)	11	0	5,550
<b>Revenue from Exchange transactions</b>		<b>10,970,175</b>	<b>8,133,339.80</b>
<b>Total Revenue</b>		<b>13,470,175</b>	<b>9,141,339,80</b>
<b>Expenses</b>			
Use of goods and services	13	8,167,823	5,237,262.60
Employee costs	14	3,431,937	2,259,988
Board /Council Expenses	15	506,700	487,500
Depreciation and amortization expense	16	708,000	550,000
Repairs and maintenance	17	68,190	77,700
<b>Total Expenses</b>		<b>12,882,650</b>	<b>8,612,450.60</b>
<b>Net surplus/(deficit) for the year</b>		<b>587,525</b>	<b>528,889.20</b>

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


		
.....	.....	.....
Chairman of Board	Principal	Finance Officer
		ICPAK No
Date 5/5/2025	Date 5/5/2025	Date 5/5/2025

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**14. Statement of Financial Position As At 30th June 2024**

Description	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	175,393	1,699,325.10
Current portion of receivables from exchange transactions	19	6,811,106	6,897,460
Receivables from non-exchange transaction	20	500,000	1,000,000
Inventory	21	404,303	128,680
<b>Total Current Assets</b>		<b>7,890,802</b>	<b>9,725,465.10</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	22	35,556,083	49,211,330.16
Intangible assets	23	1,304,740	1,258,000
<b>Total Non-Current Assets</b>		<b>36,860,823</b>	<b>50,469,330.16</b>
<b>Total Assets</b>		<b>44,751,625</b>	<b>60,194,795.26</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	24	595,789	155,304
Refundable deposits from customers	25	-	298,081
<b>Total Current Liabilities</b>		<b>595,789</b>	<b>453,385</b>
<b>Total Liabilities</b>		<b>595,789</b>	
<b>Net Assets</b>		<b>44,155,836</b>	<b>59,741,410.26</b>
Reserves		43,568,311	53,958,225.86
Accumulated Surplus		587,525	528,889.20
<b>Total Net Assets and Liabilities</b>		<b>44,155,836</b>	<b>50,469,330</b>

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

  
Chairman of the Board

  
Principal

  
Finance Officer

Date 5/5/2025

Date 5/5/2025

ICPAK No  
Date 5/5/2025

15. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Capital reserve	Accumulated Fund	Capital	Total
			Grants/Fund	
<b>At July 1, 2022</b>	<b>44,122,730</b>	<b>876,272</b>		
Surplus/(deficit) for the year		528,889.20		<b>528,889.2</b>
Transfer of depreciation/amortisation from capital fund to retained earnings	7,117,688			<b>7,117,688</b>
<b>At July 1, 2023</b>	<b>39,004,994</b>	<b>1,699,325</b>	-	<b>40,704,318</b>
Revaluation gain				
Surplus/(deficit) for the year		587,525		<b>4,951,470</b>
Capital grants received during the year				
Transfer of depreciation/amortisation from capital fund to	1,708,055		-	1,708,055
Retained earnings				
<b>At June 30, 2024</b>	<b>35,296,987</b>	<b>175,393</b>	-	<b>41,947,782</b>

*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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**16. Statement of Cash Flows For The Year Ended 30 June 2024**

Description	Note	FY	FY
		2023/2024	2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	2,500,000	1,000,000
Grants from donors			8,000
Rendering of services- fees from students	10	10,970,175	8,127,789.80
Other incomes			5,550
<b>Total Receipts</b>		<b>13,470,175</b>	<b>9,141,339.80</b>
<b>Payments</b>			
Use of goods and services	13	8,167,823.30	5,237,263
Employee costs	14	3,431,937	2,259,988
Board Expenses	15	506,700	487,500
Depreciation and amortization expense	16	708,000	550,000
Repairs and maintenance	17	68,190	77,700
<b>Total Payments</b>		<b>12,882,650</b>	<b>8,612,451</b>
<b>Net Cash Flows from operating activities</b>	26	<b>587,525</b>	<b>528,889</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	22&23	1,563,836	550,000
Proceeds from sale of property, plant and equipment			
<b>Net cash flows used in investing activities</b>		<b>1,563,836</b>	<b>550,000</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>587,525</b>	<b>528,889</b>
<b>Cash and Cash equivalents at 1 JULY 2023</b>	18	1,699,325	876,272
<b>Cash and Cash equivalents at 30 JUNE 2024</b>	18	<b>175,393</b>	<b>1,699,325</b>

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

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	12,395,072	0	12,395,072	2,500,000	(9,895,072)	(20)
Grants from donors and development partners-equity Bank				0	0	
Other income(tenders)	0	0	0	0	0	
Rendering of services- fees from students	7,120,648	0	7,120,648	10,970,175	(3,849,527)	154
<b>Total Income</b>	<b>19,515,720</b>	<b>0</b>	<b>19,515,720</b>	<b>13,470,175</b>	<b>6,045,545</b>	<b>69</b>
Expenses						
Use of goods and services	9,740,560	0	9,740,560	8,167,823	1,572,737	84
Employee costs	1,922,400	0	1,922,400	3,431,937	(1,509,537)	178
Board /Council Expenses	1,520,000	0	1,520,000	506,700	1,013,300	33
Depreciation and amortization expense	1,708,055	0	1,708,055	708,000	1,000,055	41.4
Repairs and maintenance	600,000	0	600,000	68,190	531,810	11.3
<b>Total expenses</b>	<b>13,782,960</b>	<b>0</b>	<b>13,782,960</b>	<b>12,882,650</b>	<b>900,310</b>	<b>93.4</b>
<b>Surplus For the Period</b>	<b>5,732,760</b>	<b>0</b>	<b>5,732,760</b>	<b>587,525</b>	<b>5,145,235</b>	<b>10.24</b>

(Budget notes)

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**18. Notes to the Financial Statements**

**1. General Information**

TTVC entity is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of Technical Education.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Taveta TVC 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 Taveta TVC. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards in the year ended 30th June 2024

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> 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.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1<sup>st</sup> January 2025</i> 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.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1<sup>st</sup> January 2025</i> 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.
IPSAS 46: Measurement	<i>Applicable 1<sup>st</sup> January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>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.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <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>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> 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>

*iii. Early adoption of standards*

TTVC did not early-adopt any new or amended standards in year 2023/2024.

**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 2023/2024 was approved by the Board on August 202. 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 no additional appropriations for the FY 2023/2024 budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

**c) Taxes**

***Current income tax***

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful life, using the following annual rates:

Item	Rates
Capital work in progress	0%
Building	2% straight line
Plant, Machinery & equip	15%
Furniture	10%
Computers	20%

**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

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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. *Taveta TVC* does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one 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***

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **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**

Taveta TVC 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 are by management in determining the expected credit loss (ECL)

### ***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 *TTVC*

### **k) Provisions**

Provisions are recognized when *TTVC* 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 *TTVC* 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***

*TTVC* 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***

*TTVC* 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 *TTVC* 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**

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

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

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

**o) Employee benefits**

**Retirement benefit plans**

Taveta TVC 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**

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

**s) Service concession arrangements**

Taveta TVC analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, TTVC 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, TTVC 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, 2024

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

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

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. 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 Taveta TVC.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

### **Provisions**

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

6. Transfers from other National Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants		
Operational Grant	2,500,000	1,000,000
Unconditional Development grants	-	
Other Grants	-	
<b>Total unconditional Grants</b>	<b>2,500,000</b>	<b>1,000,000</b>
<b>Total Government Grants and Subsidies</b>	<b>2,500,000</b>	<b>2,000,000</b>

(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 FY2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Technical and Vocational Training	-			2,500,000	1,000,000
<b>Total</b>	<b>-</b>			<b>2,500,000</b>	<b>1,000,000</b>

The details of the reconciliation have been included under appendix ii

7. Grants from Donors and Development Partners

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Equity Banks Donation	0	8,000
<b>Total Grants from Development Partners</b>	<b>0</b>	<b>8,000</b>

(a) Reconciliations of grants from donors and development partners

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>		
Current year receipts		
Conditions Met - Transferred to Revenue		
<b>Conditions Yet To Be Met - Remain Liabilities</b>		

8. Transfers from Other Levels of Government

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfer from County XX		
Transfer from XX University		
Transfer from XX Institute		
<b>Total Transfers</b>		

9. Public Contributions and Donations

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Public Donations		
Donations from Local Leadership		
Donations from Religious Institutions		
Donations from Alumni		
Other Donations		
<b>Total Donations and Contributions</b>		

*(Provide brief explanation for this revenue)*

10. Rendering of Services

Description	2023/2024	2022/2023
		Kshs.
Tuition Fees	3,829,199	58,278.50
Activity Fees	33,330	48,400
Industrial Attachment Fees	2,182	132,500
Examination Fees	193,420	26,230
Fees prepayment	-	257,531
Student ID	-	32,000
Caution fees	-	33,000
Local Transport and Travel	105,520	54,760
Electricity Water and Conservancy	16,320	59,720
Insurance	-	17,000
food and beverage	23,220	-
Registration Fees	94,000	33,500
bursary	36,000	481,057.80
Students union	32,400	23,880
lost item recovery	9,000	-
tender	5,000	-
Helb	1,279,561	2,919,200
Opening balances	-	12,250
medical	11,300	24,000
contingencies	6,400	19,800
internet	3,460	22,230
Nita	7,500	-
Tourism	5,000	-
TVET Fair	500	-
Supply Chain dpt	6,000	-
CBT	1,000	-
Electrical dpt	1,000	-
Equity bank	716,500	-
Salary Advance	36,000	-
RMI	24,544	27,900
personal emolument	627,818	535,120
capitation	3,864,001	3,580,000
<b>Total Revenue from The Rendering of Services</b>	<b>10,970,175.00</b>	<b>8,127,789.80</b>

11. Sale of Goods

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Cafeteria sales	0	3,550
Recovery of stolen item in college	0	1,000
Cattle grazing	0	1,000
<b>Total Revenue from Sale of Goods</b>	<b>0</b>	<b>5,550</b>

12. Miscellaneous Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Insurance recoveries		
Consultancy fees		
Income from sale of tender		
Services concession income		
Reimbursements and refunds		
Graduation fees		
Bad debts recovered		
Income written back		
Others ( <i>specify</i> )		
<b>Total other income</b>		

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified.)

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**13. Use of Goods and Services**

Description	2023/2024	2022/2023
		Kshs
Teaching and learning materials	662,590	410,000
Industrial attachment costs	24,504	
EWC	337,830	142,489.10
Refreshments and Meals	156,080	-
Activity	500,368	425,640
Professional and consultancy services	409,550	386,210.5
Seminars and Subscriptions	208,070	
Marketing and Advertising	34,580	85,600
Examination fees	803,924	581,020
Exam meals		7,250
Administration utensils		15,500
Audit fees	14,000	
Travelling and accommodation	3,234,825	2,040,934
Tvet Fair	312,030	
Bursary	227,600	
KUCCPS	40,000	-
NITA	16,200	-
KATTI	184,934	130,800
KRA	41,687	-
Students Union	66,180	-
Admin Expenses	438,898	-
Printing and stationery	233,670	128,680
Bank charges	16,123	17,354
Salary Advance	25,000	-
Sanitary Services	18,680	-
Equity	50,000	-
county govt	7,000	-
Fuel expenses	23,500	17,200
Interview expenses	80,000	-
Miscellaneous expense	-	131,915
Repair and maintenance		77,700
Bush clearing, tree planting and land scaping	-	42,800
postage	-	10,315
Insurance	-	23,500
Fuel and oil	-	17,200
Contingencies	-	62,500
Allowances	-	207,350
Catering (FB Practicals)	-	55,005
Text books	-	108,400
Accommodation	-	87,300
<b>Total good and services</b>	<b>8,167,823</b>	<b>5,237,262.60</b>

14. Employee Costs

Description	2023/2024	2022/2023
	KShs	KShs
Salaries and wages	3,188,204	2,051,560
Employee related costs - contributions to pensions and medical aids	243,733	379,268
Travel, motor car, accommodation, subsistence and other allowances	-	-
Overtime payments	-	-
<b>Employee Costs</b>	<b>3,431,937</b>	<b>2,259,988</b>

15. Board Expenses

Description	2023/2024	2022/2023
	KShs	KShs
Chairman's Honoraria	-	-
Directors Emoluments	-	-
BoG Allowances	506,700	487,500
Other Board/Council Expenses	-	-
<b>Total</b>	<b>506,700</b>	<b>487,500</b>

16. Depreciation and Amortization expense

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	708,000	550,000
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>708,000</b>	<b>550,000</b>

17. Repairs and Maintenance

Description	2023/2024	2022/2023
	KShs	KShs
Property	68,190	77,700
Equipment and machinery	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
<b>Total Repairs and Maintenance</b>	<b>68,190</b>	<b>77,700</b>

18. Cash and Cash Equivalents

a)

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account(KCB)	152,840	1,699,325
mobile money account	-	-
cash in hand	22,553	-
<b>Total Cash and Cash Equivalents</b>	<b>175,393</b>	<b>1,699,325</b>

b) Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022/2023	2022/2023
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1253860238	152,840	1,699,325
<b>Sub- Total</b>		152,840	1,699,325
<b>b) Others(Specify)</b>			
Cash in Hand		22,553	-
<b>Sub- Total</b>		22,553	-
<b>Grand Total</b>		<b>175,393</b>	<b>1,699,325</b>

19. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Current Receivables</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Current Receivables</b>		
Student Debtors	6,811,106	6,897,460
Rent Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>6,811,106</b>	<b>6,897,460</b>
<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>

19 (b) Long- term Receivables from Exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Refundable Deposits	0	40,550
Advance Payments	0	257,531
<b>Total</b>		
Current Portion Transferred To Current Receivables		
<b>Total Non-Current Receivables</b>		
<b>Total Receivables</b>	<b>0</b>	<b>298,081</b>

19 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	6,811,106	100	6,867,460	100
Over 3 years	-	0		
<b>Total (a+b)</b>	<b>6,811,106</b>	<b>100</b>	<b>6,867,460</b>	<b>100</b>

19 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
At the beginning of the year		
Provisions during the year		
Recovered during the year		
Write offs during the year		
At the end of the year		

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

20. Receivables from Non-Exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Current Receivables</b>		
Capitation Grants*	500,000	1,000,000
Transfers from Other Govt. entities		
Undisbursed Donor Funds		
Other Debtors (Non-Exchange Transactions)		
Less: Impairment Allowance		
<b>Total Current Receivables</b>	<b>500,000</b>	<b>1,000,000</b>

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

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

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
0-1 year	0	0		0 0
Between 1- 2 years	0	0		0 0
Between 2-3 years	0	0		0 0
Over 3 years	0	0		0 0
<b>Total</b>		<b>0</b>		<b>0 0</b>

21. Inventories

Description	2023/2024	2022/2023
	Kshs	Kshs
Stationery	404,303	128,680
Less: Impairment allowance	0	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>404,303</b>	<b>128,680</b>
Description	2023/2024	2022/2023
Cleaning Materials stores		
Less: Impairment allowance	0	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>404,303</b>	<b>128,680</b>

Prepayments

Description	Insert Current FY	Insert comparative FY
	Kshs.	Kshs.
Prepaid Rent		
Prepaid Electricity Costs		
Other Prepayments ( <i>Specify</i> )		
<b>Total</b>		

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22. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
		0.02		0.1	0.2	0.15	0	
At 1 July 2022	0	51,733,330	0	0	0	0	0	51,733,330
Additions	0	2,997,400	0	0	0	0	0	2,997,400
Disposals	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
At 30 <sup>th</sup> June 2023	0	54,730,730	0	0	0	0	0	54,730,730
Additions	0	0	0	189,226	84,400	184,250	509,220	967,096
Disposals	0	0	0	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0	0	0	0
At 30 <sup>th</sup> June 2024	0	54,730,730	0	189,226	84,400	184,250	509,220	55,697,826
								0
<b>Depreciation And Impairment</b>								0
At 1 July 2022	0	12,416,000	0	0	0	0	0	12,416,000
Depreciation	0	6,567,688	0	0	0	0	0	6,567,688
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
At 30 Jun 2023		18,983,688	0	0	0	0	0	18,983,688
Depreciation	0	1,094,614.6	0	18,922.6	16,880	27,637.5	0	1,158,054.7
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0	0	0	0
At 30 <sup>th</sup> Jun 2024	0	20,078,302.6	0	18,922.6	16,880	27,637.5	0	20,141,742.7
<b>Net Book Values</b>								0
At 30 <sup>th</sup> Jun 2023	0	35,747,042	0	0	0	0	0	35,747,042
At 30 <sup>th</sup> Jun 2024	0	34,652,427.4	0	170,303.4	67,520	156,612.5	509,220	35,556,083.3

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

**32 (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:

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
		0.02		0.1	0.2	0.15	0	
<b>At 1 July 2022</b>	0	51,733,330	0	0	0	0	0	51,733,330
Additions	0	2,997,400	0	0	0	0	0	2,997,400
Disposals	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	0	54,730,730	0	0	0	0	0	54,730,730
Additions	0	0	0	189,226	84,400	184,250	509,220	967,096
Disposals	0	0	0	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2024</b>	0	54,730,730	0	189,226	84,400	184,250	509,220	55,697,826
								0
<b>Depreciation And Impairment</b>								0
<b>At 1 July 2022</b>	0	12,416,000	0	0	0	0	0	12,416,000
Depreciation	0	6,567,688	0	0	0	0	0	6,567,688
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
<b>At 30 Jun 2023</b>		18,983,688	0	0	0	0	0	18,983,688
Depreciation	0	1,094,614.6	0	18,922.6	16,880	27,637.5	0	1,158,054.7
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> Jun 2024</b>	0	20,078,302.6	0	18,922.6	16,880	27,637.5	0	20,141,742.7
<b>Net Book Values</b>								0
<b>At 30<sup>th</sup> Jun 2023</b>	0	35,747,042	0	0	0	0	0	35,747,042
<b>At 30th Jun 2024</b>	0	34,652,427.4	0	170,303.4	67,520	156,612.5	509,220	35,556,083.3

23. Intangible assets

Description	2023/2024	2022/2023
	KShs	KShs
<b>Cost</b>	<b>2,958,000</b>	2,958,000
<b>At beginning of the year</b>	1,258,000	1,808,000
Additions		
<b>At end of the year</b>	1,258,000	1,808,000
Additions—internal development	596,740	
<b>At end of the year</b>	1,854,740	
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	1,700,000	1,150,000
Amortization and impairment	550,000	550,000
<b>At end of the year</b>	2,250,000	1,700,000
<b>NBV</b>	<b>1,304,740</b>	1,258,000

24. Trade and Other Payables

Description	2023/2024		2022/2023	
	KShs		KShs	
HELB	44,345		412,835.0	
Fees paid in advance	227,141		257,531.0	
Unknown Source	20,000			
Third-Party Payments				
UNES BOOKSTORE	304,303		298,081.0	
<b>Total Trade and Other Payables</b>	<b>595,789</b>		<b>968,447</b>	
<b>Ageing analysis:</b>	<b>2023/2024</b>	<b>% of the Total</b>	<b>2022/2023</b>	<b>% of the Total</b>
Under one year	291,486	48.92434523	968,447	
1-2 years				
2-3 years	304,303	51.07565477		
Over 3 years	-	0		
<b>Total (to tie to totals above)</b>	<b>595,789</b>	<b>100</b>	<b>968,447</b>	

25. Refundable Deposits from Customers/Students

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Caution money	-		40,550	
<b>Total Deposits</b>	<b>-</b>		<b>40,550</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-			
1-2 years				
Over 3 years	-	0		
<b>Total (to tie to totals deposits above)</b>	<b>-</b>	<b>0</b>		

26. Cash generated from operations.

Surplus for the year before tax	2023/2024		2022/2023	
	KShs		KShs	
<b>Adjusted for:</b>	587,525			
Depreciation	1,158,055			
amortization	550,000			
<b>Working Capital Adjustments</b>				
Increase in Inventory	404,303			
Increase in Receivables	6,811,106			
Increase in Payables	368,648			
Increase in Payments received in advance	227,141			
<b>Net Cash Flow from Operating Activities</b>	<b>39,904</b>			

## 27. 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 institute'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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	6,811,108		0	0
Bank balances	175,393			
<b>Total</b>	<b>6,986,501</b>			

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 institute 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 2023

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.

**Financial risk management (continued)**

**(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
<b>At 30 June 2024</b>				
Trade Payables			595,789	595,789
<b>Total</b>			<b>595,789</b>	<b>595,789</b>

**(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.

**Financial risk management (continued)**

**Management of interest rate risk**

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

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve		
Accumulated funds	587,525	
Capital Reserve	43,568,311	
<b>Total Funds</b>	<b>44,155,836</b>	
Less: Cash and Bank Balances	(175,393)	
Net Debt/(Excess Cash and Cash Equivalents)	1,217	
<b>Gearing</b>	<b>-0.002%</b>	

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

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

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

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>B) Purchases from related parties</b>		
Purchases of electricity and water from KP&LCo & TAVEVO	337,830	
<b>Total</b>	<b>337,830</b>	
<b>a) Grants /Transfers from the Government</b>		
Grants from National Govt	2,500,000	

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Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Total</b>	<b>2,500,000</b>	
<b>b) Key Management Compensation</b>		
Directors' emoluments	506,700	
<b>Total</b>	<b>506,700</b>	

**29. Events After the Reporting Period**

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

**30. Ultimate and Holding Entity**

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

**31. Currency**

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

20. 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)
4.1	Lack of a risk management policy	We concur with the audit observation that we do not have a Risk Management Policy but we have a risk management framework each year to undertake risk assessment. The issue has been communicated to the Board of Governors and we are hereby unanimously agreed to form a Risk Management policy to guide on management of risks as occurred in our institution. We are also ready to form risk management committee that will review the policy and report on risk matters on quarterly year basis.	Not resolved	30 <sup>th</sup> June, 2024
4.2	Lack of Segregation of Duties	Inability to segregate duties was due to government failing to employ enough staff in the institution. Through the board of governance, we are in process of getting finance manager from the mentor institution as we wait for the government to	Note resolved	30 <sup>th</sup> June, 2024

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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)
		deploy one. We wrote to government on the same.		

**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 implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....  
Mr. David Murungah  
Principal/ Secretary to the Board.

Date 5/5/2025

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**Appendix II- Inter-Entity Confirmation Letter**

MINISTRY OF EDUCATION

STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING

TAVETA TECHNICAL AND VOCATIONAL COLLEGE

P.O. BOX 441-80302

TAVETA

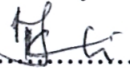
MOR: 0748290567

Email: [tavetatvc2018@gmail.com](mailto:tavetatvc2018@gmail.com)



The Ministry of Education, State Department of Technical and Vocational Training wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Taveta Technical and Vocational college as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by MoE State Department of TVT (Kshs) as at 30th June 2024				Amount Received by Taveta TVC (Kshs) as at 30 <sup>th</sup> June 2024 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	11 <sup>th</sup> July '23	500,000			500,000	500,000	0
	2 <sup>nd</sup> Oct. '23	500,000			500,000	500,000	0
	18 <sup>th</sup> Jan '24	500,000			500,000	500,000	0
	05 <sup>th</sup> Feb '24	500,000			500,000	500,000	0
<b>Total</b>					<b>2,000,000</b>	<b>2,000,000</b>	

In confirm that the amounts shown above are correct as of the date indicated.  
**Head of Accountants department of beneficiary Entity:**  
 Name : Peter Nyamai      Sign .....  .....      Date : 25/05/2025

