

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 JUN 2025

DAY.

Wednesday

OF

TABLED
BY:

Hon. Owen Bayar, MP
Deputy Leader of Majority

CLERK-AT
THE-TABLE:

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**LARI TECHNICAL AND VOCATIONAL
COLLEGE**

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



LARI TECHNICAL AND VOCATIONAL COLLEGE.

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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

Table of Contents

1.	Acronyms & Glossary of Terms.....	ii
2.	Key Lari TVC Information and Management	iii
3.	The Council/Board of Governors	vii
4.	Key Management Team	ix
5.	Chairman’s Statement	x
6.	Report of the Principal.....	xi
7.	Statement of Performance against Predetermined Objectives	xiii
8.	Corporate Governance Statement.....	xv
9.	Management Discussion and Analysis.....	xvii
10.	Environmental And Sustainability Reporting Statement.....	xviii
11.	Report of the Council/Board of Governors	xix
12.	Statement of Board of Governors/ Council’s Responsibilities.....	xxi
13.	Report of the Independent Auditor on Lari Technical and Vocational College.....	xxii
14.	Statement of Financial Performance For The Year Ended 30 June 2023.....	1
15.	Statement of Financial Position As At 30th June 2023	2
16.	Statement of Changes in Net Asset For The Year Ended 30 June 2023	4
17.	Statement of Cash Flows For The Year Ended 30 June 2023	5
18.	Statement of Comparison of Budget&Actual amounts For Year Ended 30 June 2023	5
19.	Notes to the Financial Statements	8
20.	Appendices	38

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

1. Acronyms & Glossary of Terms

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

2. Key Lari TVC Information and Management

(a) Background information

Lari Technical and Vocational College was incorporated/ established under the TVET Act 2013 of the laws of Kenya to offer technical and vocational training (TVET) on (10 June 2019). The Lari Technical and Vocational College is domiciled in Kenya and the institution is under the Ministry of Education.

The Board of Governors (BOG) which is appointed by Ministry of Education in Consultation with the stakeholders oversees the day-to-day running of the Institute

(b) Principal Activities

The principal activity/mission/ mandate of the Lari Technical and Vocational College is to provide technical vocational training.

i. Vision

A Leader in providing quality technical skills for self-reliance

ii. Mission

To be a leading tertiary institution in imparting technical skills to meet National and Personal goals.

iii. Strategic Objectives

- To provide quality market driven technical and business programmes to trainees.
- Promote research, Innovations in Science and Technology.
- Enhance financial sustainability by increasing revenue and managing costs.
- To establish partnerships, essential linkages and collaborations with strategic partners and stakeholders.
- Improve access and use of Information Communication Technology

(c) Key Management

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

- Board of Governors.
- Accounting officer/ Principal
- Deputy Principal Academics
- Deputy Principal Administration
- Registrar
- Dean of Student
- Finance Officer
- Head of Department

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

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	Cosmas Maruga Mwangi
2.	Deputy principal Finance	John Mungai Mwangi
3	Deputy principal Academics	Samuel Kamau Ndothua
4	Registrar	John Kago
5	Dean of students	Gladys Watiri
6	Head of Finance	Antony Kigotho Kinyanjui
7	HOD agriculture department	Edna Nyawira
8	HOD applied science department	Gladys Kyalo
9	HOD ICT department	Edward Nyambane
10	HOD games and recreation	Timothy Kinyua
11	HOD internal quality assurance	Jacqueline Koech
12	HOD industrial Liaison	Gladys Kyalo
13	Performance contract officer	Simon Kagwe Kamau

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

Key Lari TVC Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance, Planning and Development Committee

Responsibilities:

1. To receive, consider and submit the proposed budget estimates from the various institute department for approval by the Board;
2. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;
3. To report to the Board all matters related to finance and development;
4. To ensure that accurate records are kept on the establishments in the Institute;
5. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the Institute;
6. To report to the Board on the progress of physical infrastructure development of the Institute;
7. To prepare Institute Development plans for an approved period and submit to the Board; and
8. To exercise such other powers as the Board may from time-to-time delegate to the Committee.

Audit and risk committee

Responsibilities:

- a) To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- b) To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- c) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- d) To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- e) To exercise such other powers as the Board may from time-to-time delegate to the Committee.

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

(f) Lari TVC Headquarters

P.O. Box 10- 00222
Lari TVC Building
Uplands-Kagaa- Githunguri Road Highway
LARI, KENYA

(g) Lari TVC Contacts

Telephone: (254) 0798 595 756
E-mail: Lari1tvc@gmail.com
Website: www.laritvc.go.ke.

(h) Lari TVC Bankers

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

Other Commercial Banks
KCB BANK
Limuru Branch
Account number 1262609909

(i) Independent Auditors





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

(j) Principal Legal Adviser






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

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

3.The Council/Board of Governors




<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mr. Jeremiah Nyori Mbugua	DOB – 12 th December 1973 PHD –Agricultural entrepreneurship Bachelor of value chain Director Extension and Technology- JKUAT.
2.	 Mr. Charles Nyota	DOB: 10 th October 1970 Masters in Computer Science 20 Years' Experience in TVET Technical Managements County Director Of TVET
3.	 Engineer Waithaka George	DOB- 20 th August 1970 Bsc Civil engineering.
4.	 Mr. Jared Ongwae	DOB: February 1976 Master of Science in clinical Microbiology Masters in Hematology and blood transfusion Chief Laboratory Technology – Kisii University

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

5.	 Dr. Joyce Rukaria Gitau	DOB- 15 th June 1953 PhD Theology Director – Lari Hills Academy.
6.	 Mary Kanana	DOB- 2 nd February 1964. Bachelors of commerce – Marketing Director - Prime Golden Limited
7.	 Joseph Mathenge Muthoni	DOB – 22nd December 1984 Masters in Distributed computing technology County ICT officer
8.	 Waithira Evelyne Nyoike	DOB – 1976 MBA Communication studies Production Director – Inooro TV
9.	 Cosmas M. Mwangi	Principal DOB- 13 th October 1967 Diploma Technical Education BBA CPAK

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

4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mr Cosmas M. Mwangi	Principal DOB- 13th October 1967 Diploma Technical Education BBA CPAK
2.	 Mr. Samuel N. Ndothua	Acting Deputy Principal DOB- 8 th February 1977 PGD in Education Bsc in Agricultural engineering
3.	 Mr John Mungai Mwangi	Deputy Principal Administration & Finance DOB 18 th September 1985 Diploma in Technical Teacher Education BSC Computer Science

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

5. Chairman's Statement

It is my pleasure to present Lari technical and vocational college annual Financial Statements for the financial year ended 30 June, 2023. The Institute Board notes with appreciation the continued support of the Government and other stakeholders in running the institution. The Institute has continued to offer quality programmes that are market-driven and meet the demands of the market. The Board endeavours to work with the industries, strategic partners and other stakeholders in order to provide facilities that meet the challenges the institute is facing.

There has been a steady increase in student population and expansion of the academic programmes, which has exerted a lot of pressure on the existing facilities, thereby necessitating the need for putting up more training facilities. The Board in collaboration with the relevant stakeholders is committed towards delivering the same.

During the financial year 2022/2023, the Institute embarked on various activities among them;

- a) Pursuing the ownership document of the land where the institute is built.
- b) Construction of kitchen/ dining hall.
- c) Mounting of various academic programmes which the institute has been licensed to offer.

The Institute introduced the competence-based programmes, which are geared to support the government's four agenda.

Institute has faced numerous challenges attributed to the late release of the GoK operations grants and capitation grant which were already factored in the 2022/2023 financial year budget resulted to underfunding of the institute budget and downsizing the funding of the departmental budgets. We continued with the measures of setting up of management and governance structures that reflect Institute status.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights.

Jeremiah N. Mbugua



Sign

Chairman: Board of Governors.

6. Report of the Chief/Senior Principal

I am pleased to present the Annual report and Financial Statements of Lari Technical and Vocational College for the financial year ended 30 June, 2023. Lari Technical and Vocational College is academic institution committed in equipping trainee with knowledge, skills and right attitudes through Technical, Innovation and Vocational Education and Training for self-reliance of our trainees and bridges the skill gap in the market.

Academic and Student affairs

During the financial year under review, the Institute remained on course. The main focus of the institute was on provision of relevant training and education and intended to consolidate and shape the Institute with a view to living up to institute of choice in the country.

The Institute also embarked on rationalization of structures aligning Academic Programmes in order to focus on our niche.

At the start of 2022/2023 academic year, the Institute introduced the competence-based programmes, which was geared to support the government's Big 4 agenda. When fully implemented, this will result to increase of revenue for the Institute.

Special appreciation goes to all the students who chose Lari Technical and Vocational College as their place of study. Further the institute is committed to offering market-driven academic programmes for industrial and socio-economic growth.

Lari Technical and Vocational College continued to support the welfare of her main stakeholders (students) to enhance their academic environment in the spirit of producing holistic graduates.

In order to reduce incidences of dropping out of institute due to lack of fees, the Institution is encouraging registration of the trainees with KUCCPS, HELB for Loans/ bursaries application and also sensitised the trainees on the alternative sources of funding like NG CDF.

The institution initiated pursuing the ownership documents of the land where the institute is sitting.

Financial Sustainability

During the financial year, the Institute put in place the necessary financial, procurement and internal control measures on resource utilization to ensure that it meets the targets of revenue collection and cost control measures.

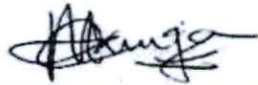
Lari Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

I express my sincere gratitude to the Government of Kenya and in particular the State Department of Technical & Vocational Training for funding the Institution

The Governments Big 4 agenda, which is key to bolster strong inclusive economic growth and contribution to the Vision 2030 have also guided the institute.

Finally, I thank all the stakeholders including GOK, the local community, donors, our bank, suppliers and service providers for their continued support and cooperation.

Mr Cosmas M. Mwangi



Sign.....
Principal/ BOG Secretary

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

7. Statement of Performance against Predetermined Objectives

Lari Technical and Vocational College has three strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2023- FY 2028. These strategic pillars are as follows:

Pillar/ theme/issue 1: Economic

Pillar/ theme/ issue 2: Social

Pillar/ theme/ issue 2: Enablers

Lari TVC develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done regularly. The institution achieved its performance targets set for the FY 2022/2023 period for its (XX No.) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar / theme / issue 1 Economic	To ensure prudent financial management	Enhance financial sustainability by increasing amount of fees revenue	Develop fees collection policy Regularly updates of the fee register	Policy developed and being implemented.
	To ensure stewardship and accountability	Approved budget by the board	Preparation of the budget Seeking approval from the board	FY 22/23 budget
Pillar / theme / issue 2 - Social	To ensure human resource development	Improved performance and achievement of targets	Facilitate for trainings, seminars and workshops.	Administrators facilitated for trainings
	To create partnerships, linkages and networking	Number of MOUs and partnerships formalized	Requesting for partnerships and linkages Placing trainees on attachment	Trainees placed on attachment
Pillar / theme / issue 3 - Enablers	To improve leadership and governance	Appointment letters for BOG Number of training session for BOG. Number of BOG meeting.	Proposing members for BOG appointment Facilitating BOG members for training	Achieved
	To ensure ICT integration in college operation.	Number of computers and printers in use. Strengthen internet connection	Ensure ICT labs are in use. Ensure strong internet connection	Achieved

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

Corporate Governance Statement

Good corporate governance is key to the integrity of state corporations and is central to its sustainability. Corporate governance plays a leading role in how corporations and their boards of governors are directed, controlled and held to account. Corporate governance, therefore, encompasses the systems, practices and procedures by which the individual corporation is regulated in order to remain competitive, ethical, sustainable and fair.

Lari TVC Board adheres to principles of openness, integrity and accountability in its stewardship of the Institute's affairs. It recognizes the developing nature of corporate governance and assesses the Institute's compliance with generally accepted corporate governance practice on a regular basis, directly and through its full board and Board committees. The role of the Board is to ensure conformance by focusing on and providing the Institution overall strategic direction and policy-making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for reviewing its effectiveness. The controls are designed to both safeguard the Institute's assets and ensure the reliability of financial information.

The Institute Board meets regularly to consider issues of operational and strategic importance to the Institute. Below are the key features of the existing corporate governance practices within which are reviewed and improved on a regular basis: -

Internal Controls

The Institute has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the Institute's assets.

Such controls are based on Law, Government & Institute regulations, Policies and circulars and are implemented by staff members with appropriate segregation of duties. The effectiveness of the system of internal controls is monitored regularly through operational meetings and the annual external audit

Ethics and Conduct

Institute Board Members uphold the highest standard of ethics and conduct while executing their mandate.

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

Governance Audit

The Board has put in place a combination of processes and structures to inform, direct, manage and monitor the activities of the Institute towards the achievement of its objectives

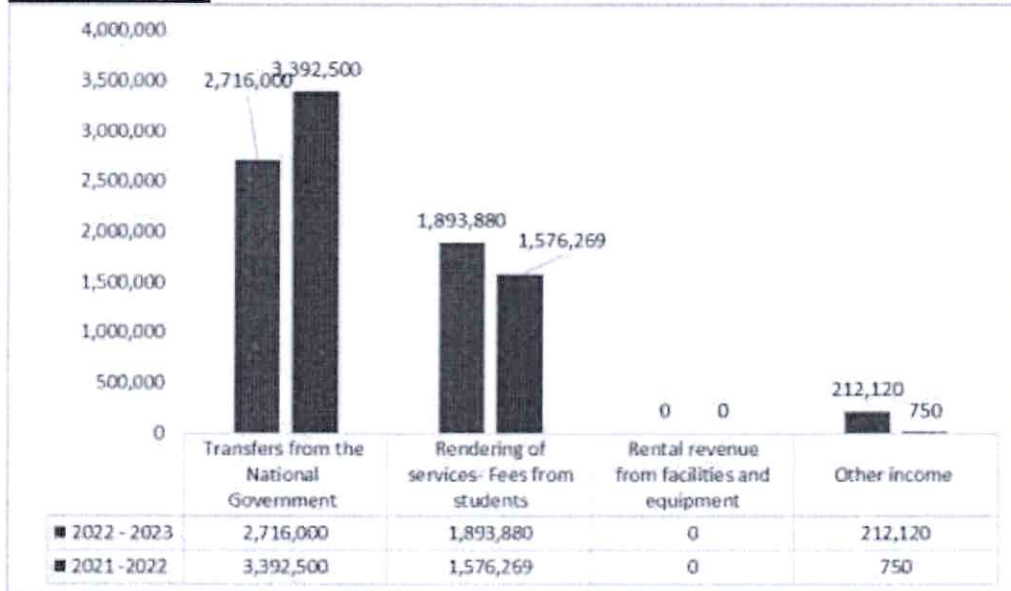
Institutions board.

Name	Designation	16/9/22	20/1/23	3/4/23	20/6/23	Attendance
Jeremiah N Mbugua	Chairperson	√	√	√	√	4
Charles Nyota	Member	√	√	√	√	4
Eng. Waithaka George	Member	√	√	√	√	4
Jared Ongwae	Member	-	-	-	-	-
Dr. Joyce R Gitau	Member	√	√	√	√	-
Mary Kanana	Member	√	-	-	√	4
Joseph Mathenge	Member	√	√	√	√	4
Evelyne Nyoike	Member	-	-	-	-	-
Cosmas Mwangi	Secretary	√	√	√	√	4
Total Attendance		7	6	6	7	28

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

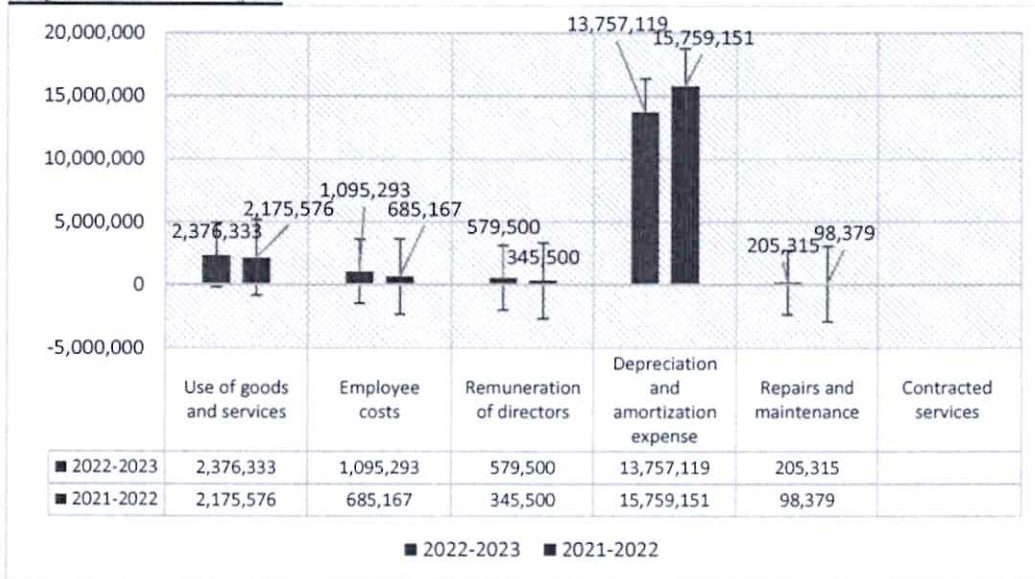
8. Management Discussion and Analysis

Income analysis



Total income decreased by 3%. This was as a result of reduced funding by the government and low gross enrolment.

Expenditure Analysis



There was 6% decrease in total expenditure for the institution. This was caused by slow growth of student population therefore reducing the institutions growth.

9. Environmental And Sustainability Reporting Statement

(Two-to-three pages)

Sustainability strategy and profile

- a) Innovation and technology- the institute has put a lot of effort in sustainability related to Research and development in order to reduce environmental impacts in new products and in business activities of training. The institute uses best available techniques and integrated environmental technologies in all its operations for cleaner production and zero-emission technologies.
- b) Collaboration – the institute maintained a good cooperation and active collaboration with various business partners which included all stakeholders working in common programmes and networks on innovative products and technologies.
- c) Knowledge management – the institute have planned, developed, organized, maintained, transferred, applied and measured specific knowledge and to improve the organizational knowledge base.
- d) Processes- Clear processes and roles are defined so that institute activities are efficiently conducted and that every employee knows what the institute management expects from him or her.
- f) Sustainability reporting – the institute maintained Considerable reporting of sustainability issues within the board meeting reports.

Environmental performance

This dimension deals with environmental impacts due to corporate activities. These environmental impacts are caused by resource use and emissions into air, water, ground and hazardous waste. The institution followed all laid down procedures in environmental aspects

Employee welfare

- a) During the financial year, the institution did not recruit staff. The management has developed and implemented incentives and reward systems (monetary and non-monetary) for motivating its employees. The institution guarantees that no health and safety risks occur when working in/for the institute. No negative impact of employees' physical health at any time was reported

Market place practises

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

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

- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

Corporate Social Responsibility / Community Engagements

Lari TVC being a public Lari TVC embraces the policy of Corporate Social Responsibility (CSR) through engaging herself with many social responsibilities.

Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Lari Technical and Vocational College affairs.

Principal activities

The principal activities of the Lari technical and vocational college is training

Results

The results of the Lari TVC for the year ended June 30 2023 are set out on page 1

Council/Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the Lari Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Lari TVC for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Secretary of the Board/Council

Nairobi

Date: 09/04/25

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

10. Statement of Board of Governors/ Council's 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 - (entities should quote the applicable legislation under which they are regulated)*) require the council members to prepare financial statements in respect of Lari Technical and Vocational College, which give a true and fair view of the state of affairs of the College at the end of the financial year/period and the operating results of Lari Technical College for that year/period. The Council members are also required to ensure that the Lari Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Lari Technical and Vocational College. The council members are also responsible for safeguarding the assets of Lari Technical and Vocational College.

The Council members are responsible for the preparation and presentation of Lari Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Lari Technical and Vocational College and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Lari TVC,
- (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 Lari Technical and Vocational College,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for Lari Technical and Vocational College 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 TVET Act 2013. The council members are of the opinion that Lari Technical and Vocational College financial statements give a true and fair view of the state of Lari Technical and Vocational College transactions during the financial year ended June 30, 2023, and of Lari Technical and Vocational College financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Lari Technical and Vocational College, which have been relied upon in the preparation of Lari Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

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

In preparing the financial statements, the principal has assessed the Lari Technical and Vocational College ability to continue as a going concern

Nothing has come to the attention of the Council members to indicate that the Lari Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Lari Technical and Vocational Colleges financial statements were approved by the Board on 9th April 2025 and signed on its behalf by:



.....

Jeremiah Nyori Mbugua
Chairperson of the Board/Council

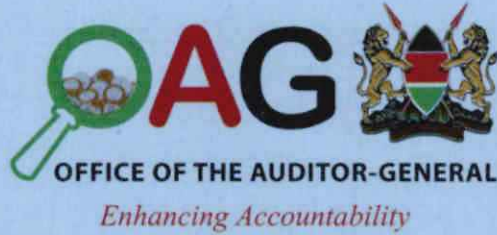


.....

Cosmas M. Mwangi
Accounting Officer/Principal

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the 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 Lari Technical and Vocational College set out on pages 1 to 39, which comprise the statement of financial position as

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

at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the 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 the Lari Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training (TVET) Act, 2013.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.625,916 as disclosed in Note 14 to the financial statements which included a current account amount of Kshs.624,544. However, the current account cashbook reflected a balance was Kshs.69,723 resulting to an unexplained variance of Kshs.554,821. Further, the bank reconciliations statements and board of survey reports were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.625,916 could not be confirmed.

2. Unsupported Accounts Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.439,465 as disclosed in Note 19 to the financial statements. However, the balance was not supported with ledgers and schedules or full details of the creditor's regarding work done or services rendered, invoices, local purchase or service orders and evidence of delivery and suppliers' statements. Further, the balance remained constant with no movement during the year.

In the circumstances, the accuracy, completeness and validity of accounts payable balance of Kshs.439,465 could not be confirmed.

3. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.431,489 in respect of fees arrears as disclosed in Note 16 to the financial statements. However, included in the balance are receivables amounting

to Kshs.129,447 which had been outstanding for more than one (1) year including students who have since left the College. Further, significant accounting policies on accounts receivables as disclosed in Note 4 is silent on the treatment of student's fee balances which is a major source of income for the school.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.431,489 could not be confirmed.

4. Property, Plant and Equipment

Note 18 to the financial statements reflects a balance of Kshs.144,577,430 in respect to property, plant and equipment net book value. Review of records provided revealed the following;

4.1 Lack of Land Ownership Documents

Included in the property, plant and equipment balance of Kshs.144,577,430 balance Kshs.14,000,000 relating to land on which the Institution buildings and other infrastructures stand. It was noted that the land in which the Institution stands belonged to the community and Management was in the process of acquiring it legally. However, as at the time of audit in February, 2025, the land title deed had not been acquired. Further, the basis for the valuation amount of Kshs.14,000,000 was not provided.

4.2 Incomplete Fixed Assets Register

Review of the asset register revealed the following gaps;

- i. Historical cost of each asset, accumulated depreciation and the net book value (NBV) were missing
- ii. The make, model, and serial numbers of the computers was not indicated.
- iii. Land register had missing GPS and LR numbers.
- iv. The plant and equipment were not itemized and quantified.
- v. The loose tools were not captured in the asset register.
- vi. The register of buildings did not contain a breakdown of the various structures within the College.

4.3 Untagged Assets

The audit revealed that the assets were not tagged exposing them to theft and security risks including misuse as the movement and conditions of the assets could not be easily tracked.

4.4 Unutilized Plant and Equipment

Included in the property, plant and equipment balance of Kshs.144,577,430 is a historical cost and accumulated depreciation of Kshs.103,792,673 and Kshs.34,259,691

respectively relating to plant and equipment. An interview with Management revealed that these assets had not been utilized since they were Installed in the financial year 2018. In the circumstances, the accuracy, valuation and ownership of property plant and equipment balance of Kshs.144,577,430 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.7,842,000 and Kshs.4,821,980 respectively, resulting to an under-funding of Kshs.3,020,000 or 39% of the budget. However, the College spent Kshs.4,256,441 against actual receipts of Kshs.4,821,980 resulting to an under-utilization of Kshs.565,559 or 12% of actual receipts.

The under-funding and under-utilization may have affected the planned activities and may have impacted negatively on service delivery by the College.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

Other Information

The Management is responsible for the other information set out on page ii to xxi which comprise of Key Entity Information and Management, The Council/ Board of Governance

statement, Key Management Team, Council Chairman's Report, Report of the Chief Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council Members, and Statement of the Council Members Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Lari Technical and Vocational College financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Weaknesses in the Procurement of Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.2,649,833 as disclosed on Note 9 to the financial statements which was spent on payments to various local suppliers. However, Management did not provide appointment letters of the quotations opening committee, quotations opening minutes, evaluation committee minutes, minutes of the inspection and acceptance committees, and professional opinion as required by Section 44(2) of the Public Procurement and Asset Disposal Act, 2015.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 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 overall governance were not effective.

Basis for Conclusion

1. Human Resource Management Gaps

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.1,095,293 in relation to salaries and wages. Review of documents provided for audit revealed the following unexplained anomalies:

- i. The Institution lacks the relevant policies and guidelines- including an approved staff establishment, Human Resource Policy, Succession Planning Guidelines, and salary grading/structures.
- ii. The staff records or biodata was not provided for review.
- iii. Engagement of resource persons and part-timers was not supported.
- iv. There was no evidence that the part-time trainers are registered with TIVET Authority as required by the law.
- v. The employee cost grew by 60% in comparison to the 2021/2022 audited financial statements. This growth was not accounted for.

In the circumstances, the effectiveness of internal controls in respect to human resource management could not be confirmed.

2. Lack of Risk Management Policy

Review of records revealed that Management has not established an ICT policy and a risk management policy contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations.

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

3. Lack of Internal Audit Function and Audit Committee

The College had not established an internal audit function, contrary to Section 73(1) of the Public Finance Management Act, 2015 which states that every National Government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. Further, the College did not establish an Audit Committee, and therefore there were no meetings held by the Committee during the year under review contrary to Regulation 179(1) of the Public Finance Management Regulations, 2015 which states that the audit committee shall meet at least once in every three months.

In the circumstances, Management was in breach of the law and did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

4. Lack of Segregation of Duties

The College had no segregation of duties in the finance department contrary to Regulation 23(1) of the Public Finance Management (National Government) Regulations which states that Accounting Officers shall, in accordance with Article 226(2) of the Constitution and Section 68(1) of the Act, be accountable to the National Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective; and for measures taken to prepare the financial reports that reflect a true and fair financial position of the entity.

In the circumstances, Management was in breach of the law and effectiveness of internal controls could not be confirmed.

5. Lack of Board and Committee Charter

Review of the Board records indicated that the Board has three (3) committees; Technical and Finance, Academic and Human Resources Audit and Risk Management committees established to run the affairs of the Board. However, none of the committees has a charter that outlines its roles and responsibilities.

In the circumstances, lack of the committee charter may have the Institution carry out responsibilities not defined for the entity.

6. Lack of ICT Steering Committee and IT Strategic Committee

During the year under review, the College did not have in place information technology steering committees and strategic committee. Reasons as to why the committees are not in place were not provided for audit.

In the circumstances, potential risk of breaching data security and regulatory compliance requirements are set out.

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 control, 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 Management and Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall 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 its services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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 IFPP will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 May, 2025

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

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

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,716,000	3,392,500
		2,716,000	3,392,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7	1,893,860	1,576,269
Sale of goods	8	212,120	750
Revenue from Exchange transactions		2,105,980	1,577,019
Total Revenue		4,821,980	4,969,519
Expenses			
Use of goods and services	9	2,649,833	2,175,576
Employee costs	10	1,095,293	685,167
Board /Council Expenses	11	579,500	345,500
Depreciation and amortization expense	12	13,757,119	15,759,171
Repairs and maintenance	13	205,315	98,379
Total Expenses		18,287,060	19,063,793
Other Gains/(Losses)			
Total Other Gains/(Losses)		-	-
Net surplus/(deficit) for the year		(13,465,080)	(14,094,274)

(The notes set out on pages 9 to 41 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 7 were signed by:



.....
Chairman of Council/Board

Date 09/04/25



.....
Finance Officer
 ICPAK No ASSOC/3956

Date 09/04/25



.....
Principal

Date 09/04/25

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

13. Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	625,916	562,877
Current portion of receivables from exchange transactions	16	431,489	705,010
Receivables from non-exchange transactions	17	-	1,000,000
Total Current Assets		1,057,405	2,267,887
Non-Current Assets			
Property, plant, and equipment	18	144,577,430	157,472,019
Total Non-Current Assets		144,577,430	157,472,019
Total Assets		145,634,825	159,739,906
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	439,465	439,465
Total Current Liabilities		439,465	439,465
Non-Current Liabilities			
Total non-current liabilities		-	-
Total Liabilities		-	439,465
Net Assets			
Revaluation Reserves		190,976,340	190,976,340
Accumulated Surplus		(45,780,980)	(31,818,571)
Capital Fund		-	-
Total Net Assets and Liabilities		145,634,825	159,739,906

The Financial Statements set out on pages 1 to 7 were signed by:


.....
Chairman of Council/Board


.....
Finance Officer
ICPAK No ASSOC/3956


.....
Principal

Date 09/04/25

09/04/25

09/04/25

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

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

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

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021	190,976,340	(18,221,626)	-	172,754,714
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(14,094,274)	-	(14,094,274)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2022	190,976,340	(32,315,900)		158,660,440
At July 1, 2022	190,976,340	(32,315,900)		158,660,440
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(13,465,080)	-	(13,465,080)
Capital grants received during the year	-	-		
Transfer of depreciation/amortisation from capital fund to Retained earnings	-			-
At June 30, 2023	190,976,340	(45,780,980)		145,195,360

Note:

1. For items that are not common in the financial statements, the Lari TVC 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).

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

15. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	2,716,000	3,392,500
Rendering of services- fees from students	8	1,893,860	1,576,269
Sale of goods	9	212,120	750
Total Receipts		4,821,980	4,969,519
Payments			
Use of goods and services	9	2,649,833	2,175,576
Employee costs	10	1,095,293	685,167
Board /Council Expenses	11	579,500	345,500
Repairs and maintenance	13	205,315	98,379
Receivables from non- exchange transactions		-	1,000,000
Total Payments		4,529,941	4,304,622
Net Cash Flows from operating activities	20	565,560	664,897
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(502,520)	(400,000)
Net cash flows used in investing activities		(502,520)	(400,000)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		63,040	264,898
Cash and Cash equivalents at 1 JULY 2022	14	562,877	297,979
Cash and Cash equivalents at 30 JUNE 2023	14	625,917	562,877



Chairman of Council/Board

09/04/23



Finance Officer

09/04/23



Principal

09/04/23

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

ICPAK No ASSOC/3956

Date

Date

Date

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	Explanation of material variances
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Revenue							
Transfers from other National Government entities	5,000,000	-	5,000,000	2,716,000	(2,284,000)	-46%	a)
Rendering of services- fees from students	2,642,000	-	2,642,000	1,893,880	(748,120)	-28%	b)
Sale of goods	200,000	-	200,000	212,120	12,120	6%	c)
Total Income	7,842,000	-	7,842,000	4,821,980	(3,020,000)		
Expenses							
Use of goods and services	3,962,000	-	3,962,000	2,649,833	1,585,667	40%	d)
Employee costs	1,080,000	-	1,080,000	1,095,293	(15,293)	-1%	e)
Board /Council Expenses	500,000	-	500,000	579,500	(79,500)	-16%	f)
Repairs and maintenance	300,000	-	300,000	205,315	95,685	32%	g)
Total Expenditure	5,842,000	-	5,842,000	4,256,441	1,585,559	27%	
Surplus For the Period	2,000,000	-	2,000,000	565,559	4,605,559		
Capital Expenditure	418,050	-	418,050	-	-		

(Budget notes)

- a) 46% variance in grants was caused by lack of submission on capitation grants and recurrent grants by the relevant authority
- b) 28% variance in rendering of services was due to low students enrolment
- c) No explanation is needed because it's between the 10% safety ranges.
- d) There was an underutilization in use of goods due to low student enrolment.
- e) No explanation is needed because it's between the 10% safety ranges.
- f) The board met quarterly for BOG meeting but the over utilization was caused by a meeting for preparation, discussion and approval of the institutions strategic plan.
- g) There was an underutilization of repair and maintenance since the institution did not undertake major repairs.

17. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Lari Technical and Vocational College accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 8. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Lari Technical and Vocational College. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Lari TVC if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Lari TVC if relevant</i></p>

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

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

iii. Early adoption of standards

Lari Technical and Vocational College did not early-adopt any new or amended standards in year 2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on. *No* Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Lari TVC'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 xx under section - of these financial statements.

c) Taxes

Current income tax

The Lari TVC is exempt from paying taxes as per schedule 470 of the *Income tax* Act.

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Lari TVC 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 Lari TVC. 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 Lari TVC 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 Lari TVC will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Lari TVC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The Lari 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 Lari TVC'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 Lari TVC 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 Lari TVC classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Lari 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 Lari TVC recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The Lari TVC 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

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 *Lari TVC* recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the *Lari TVC* will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

The *Lari 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

The *Lari TVC* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an *Lari TVC* pays fixed contributions into a separate *Lari TVC* (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. (*Lari TVC to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies*)

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

The *Lari TVC* regards a related party as a person or an *Lari TVC* with the ability to exert control individually or jointly, or to exercise significant influence over the *Lari TVC*, or vice versa.

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

Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The *Lari 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, the *Lari TVC* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Lari TVC* 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

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

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

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

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	716,000	892,500
Operational Grant	2,000,000	2,500,000
Total unconditional Grants	2,716,000	3,392,500
Conditional Grants amortised/ recognised in revenue		
Total Government Grants and Subsidies	2,716,000	3,392,500

(a) Transfers from other Government entities (Categorized)

Name of the Lari TVC 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 FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of VTT	2,716,000		-	2,716,000	3,392,500
Total	2,716,000	-	-	2,716,000	3,392,500

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.

(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)

The details of the reconciliation have been included under appendix -

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

Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	700,736	767,036
Activity Fees	94,694	103,654
Repair and maintenance	113,633	124,384
Local transport and travel	113,633	124,384
Electricity water and conservancy	113,633	124,384
Personal emolument	378,776	414,614
Administration fees	189,388	207,307
Advertisement and promotion	189,388	207,307
Total Revenue from The Rendering of Services	1,893,860	1,576,269

(Provide brief explanation for this revenue)

8. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Farm Produce and short courses	212,120	750
Cafeteria sales	-	-
Other sales (specify)	-	-
Total Revenue from Sale of Goods	212,120	750

(Provide brief explanation for this revenue)

9. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	99,370	157,015
Agricultural department expenses	31,050	-
Industrial attachment costs	37,000	-
Electricity	-	28,351
Water	56,785	87,135
Security	432,000	456,000
Professional and consultancy services	-	38,060
Subscriptions- KATTI, KUCCPS etc	100,800	82,000
Advertising	143,920	176,450
Examination fees	359,470	335,810

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

Audit fees		-
Catering, conferences, and delegations	264,000	219,100
Travelling	338,000	126,200
Accommodation	66,000	
Fuel and oil Gas expenses	4,500	2,950
Cleaning expenses	16,850	4,600
Banking service charge	8,678	4,762
Health Licenses and permits	9,500	-
Postage	7,725	22,725
Printing and stationery	109,330	71,581
Office Expenses	25,500	36,238
Internet installation and expenses	67,200	115,799
Computer expenses – Mifi router	7,000	
Agriculture department expenses	-	17,200
Skills development levies	-	-
Sporting and games expenses	114,705	15,900
Landscaping and surveying	20,900	74,900
Refund to transferred students	-	54,300
Performance contract	58,550	-
Staff training expenses	264,000	-
Website and domain expenses	7,000	48,500
Total good and services	2,649,833	2,175,576

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

Notes To the Financial Statements (Continued)

10. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	1,095,293	685,167
Employee Costs	1,095,293	685,167

11. Board/Council Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors Emoluments	579,500	345,500
Total	579,500	345,500

12. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	13,757,119	15,759,171
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	13,757,119	15,759,171

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	205,315	-
Investment property – earning rentals	-	-
Equipment and machinery	-	98,379
Total Repairs and Maintenance	205,315	98,379

14. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	624,544	562,287
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Cash at hand	1,372	590
Others (Specify)	-	-
Total Cash and Cash Equivalents	625,916	562,877

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

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

Notes To The Financial Statements (Continued)

15. Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1262609909	624,544	562,287
Equity Bank, etc.		-	-
Cash in Hand		1,372	590
Mobile Money account		-	-
Sub- Total		1,372	590
Grand Total		625,916	562,877

16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	431,489	705,010
Total Current Receivables	431,489	705,010

Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Current	% of the total	Comparative FY	% of total
Less than 1 year	302,042	70%	313,730	44.5%
Between 1- 2 years	129,447	30%	320,779	45.5%
Between 2-3 years	-	0%	70,501	10%
Total (a+b)	431,489	100%	705,010	100%

161 (b) Long- term Receivables from Exchange transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits		
Total		
Current Portion Transferred To Current Receivables		
Total Non-Current Receivables		
Total Receivables		

17. Receivables from Non-Exchange transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Receivables		
Capitation Grants*	-	1,000,000
Total Current Receivables	-	1,000,000

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

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

Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Cost	Land	Buildings	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Loose tools	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022 (previous year)	14,000,000	47,669,215	21,000,000	4,514,452	103,792,673	-	-	190,976,340
Additions	-	-	-	-	-	400,000	-	400,000
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2022 (previous FY)	14,000,000	47,669,215	21,000,000	4,514,452	103,792,673	400,000	-	191,376,340
Additions	-	-	25,000	40,940	-	415,080	21,500	502,520
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2023 (current year)	14,000,000	47,669,215	21,025,000	4,555,392	103,792,673	815,080	21,500	191,878,860
Depreciation And Impairment								
At 1 Jun 2022 (previous year)	-	(1,191,730)	(2,265,000)	(1,354,336)	(12,974,084)	-	-	(18,145,150)
Depreciation	-	(1,161,937)	(2,296,875)	(948,035)	(11,352,324)	-	-	(15,759,171)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 Jun 2022 (previous year)		(2,353,667)	(4,561,875)	(2,302,371)	(24,326,408)	-	-	(33,904,321)
Depreciation	-	(1,132,889)	(2,012,891)	(675,906)	(9,933,283)	-	(2,150)	(13,757,119)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
At 30th Jun 2023 (current year)	-	3,486,556	6,574,766	2,978,277	34,259,691	-	2,150	47,301,430
Net Book Values								
At 30th Jun 2022 (previous year)	14,000,000	45,315,548	16,103,125	2,253,021	79,466,265	400,000	-	157,537,959
At 30th Jun 2023 (current year)	14,000,000	44,182,659	14,450,244	1,577,115	69,532,982	815,080	19,350	144,577,430

[Include Brief Description Of WIP As A Footer]

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

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets are not yet revalued. These amounts were adopted in the financial statements on 01/07/2020.

18 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	14,000,000	-	14,000,000
Buildings	47,669,215	3,486,556	44,182,659
Plant And Machinery	103,792,673	34,259,691	69,532,982
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	4,555,392	2,978,277	1,577,115
Office Equipment, Furniture, And Fittings	21,025,000	6,616,640	14,450,244
Capital work in progression	815,080	-	815,080
Loose tools	21,500	2,150	19,350
Total	191,878,860	47,661,440	144,577,430

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

The Lari TVC also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Lari TVC's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month. Other than NSSF the Lari TVC also has no other defined contribution scheme. Employees contribute Kshs. 1,080 while employers contribute Kshs. 1,080 of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

19. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance at beginning of the year	439,465	439,465
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	439,465	439,465

19 a) Analysis of External and Domestic Borrowings

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'	-	-
Sterling pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from 'zzz organization'	-	-
Domestic borrowings		
Kenya shilling loan	439,465	439,465
Total balance at end of the year	439,465	439,465

19 b) Breakdown of Long and Short-Term Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	439,465	439,465
Total	439,465	439,465

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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

Notes to the Financial Statements (Continued)

20. Cash generated from operations.

Surplus for the year before tax	2022-2023	2021-2022
	Kshs	Kshs
Adjusted for:	(13,465,080)	(14,094,274)
Depreciation	13,757,119	15,759,171
Working Capital Adjustments		
Increase in Inventory	-	-
Decrease in receivables	273,521	
Net Cash Flow from Operating Activities	565,560	720,597

21. Financial Risk Management

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

(i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the Lari TVC'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
At 30 June 20XX (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Total	-	-	-	-
At 30 June 20XX (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

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

The Lari TVC has significant concentration of credit risk on amounts due from -x

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Lari TVC's directors, who have built an appropriate liquidity risk management framework for the management of the Lari TVC's short, medium and long-term funding and liquidity management requirements. The Lari TVC 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
At 30 June 2022 (previous year)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-

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

Total	-	-	-	-
At 30 June 2023 (current year)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	439,465	439,465
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	439,465	439,465

Financial risk management (continued)

(iii) Market risk

The Lari TVC has put in place an internal audit function to assist it in assessing the risk faced by the Lari TVC 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 Lari TVC'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 Lari TVC'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 Lari TVC's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Lari TVC does not have transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Lari TVC's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-

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

Net Foreign Currency Asset/(Liability)	-	-	-
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The Lari TVC manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial risk management (continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2023			
Euro	10%	-	-
Usd	10%	-	-
2023			
Euro	10%	-	-
Usd	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

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

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

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	190,976,340	190,976,340
Retained Earnings	(45,780,980)	(31,747,235)
Capital Reserve	-	-
Total Funds	145,583,326	159,229,105
Total Borrowings	439,465	439,465
Less: Cash and Bank Balances	(625,916)	(562,877)
Net Debt/(Excess Cash and Cash Equivalents)	(186,451)	(123,412)
Gearing	0.14%	0.0778%

22. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

Notes to the Financial Statements (Continued)

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Others (<i>specify</i>)	-	
Total	-	-
B) Purchases from related parties		
Purchases of electricity from kplc	-	28,351
Training and conference fees paid to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	28,351
b) Grants /Transfers from the Government		
Grants from National Govt	2,716,000	3,392,500
Total	2,716,000	3,392,500
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	1,095,293	685,167
Payments for Goods and Services	2,376,333	2,175,576
Total	3,471,333	2,860,743
d) Key Management Compensation		
Directors' emoluments	579,500	345,500
Compensation to Key Management	-	-
Total	579,500	345,500

23. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for	-	600,000
Authorised and Contracted for	-	-
Total	-	600,000

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the Lari TVC but at the end of the year had not been contracted or those already contracted for and ongoing)

Notes to the Financial Statements (Continued)

24. Events After The Reporting Period

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

25. Ultimate And Holding Lari TVC

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

26. Currency

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

18. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Failure to adhere to PSASB guidelines	The issues have been given attention and resolved	Resolved	
2	Unconfirmed cash and cash equivalents	A cashbook system has been put in place, the board of survey committee appointed and certificate of balance obtained	Resolved	
3	Unsupported expenditure on casual employees	A muster roll has been put in place by the management	Resolved	
4	Unsupported comparative opening balances	The opening balances are confirmed	Resolved	
5	Inaccurate statement of cash flow	The issue has been resolved	Resolved	
6	Lack of ownership documents	The process of acquiring the land documents is ongoing	Not resolved	Next financial year
7	Untagged assets	The process of procuring a qualified valuer and tagging officer is ongoing	Not resolved	Next financial year

Guidance Notes:

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

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

- (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 Lari TVC 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.



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Name

Accounting Officer
(Principal)

Date

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

Appendix II: Projects Implemented by (The Lari TVC)

Projects

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

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

Status of Projects completion

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

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

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

Appendix III- Inter-Lari TVC Confirmation Letter



LARI TECHNICAL AND VOCATIONAL COLLEGE
 P.O. BOX 10-00222 UPLANDS, KENYA
 Email: lari1tvc@gmail.com
 Mobile: [0798595756](tel:0798595756)




The Lari Technical and Vocational College wishes to confirm the amounts disbursed to you as at 30 June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary: Lari TVC] as at 30 June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [Beneficiary Lari TVC] (Kshs) as at 30 June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Capitation grant (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Q3- 21/22	06/07/2022	500,000		-	500,000	500,000	-
Q4-21/22	06/07/2022	500,000		-	500,000	500,000	-
Q1-22/23	24/10/2022	500,000		-	500,000	500,000	-
Q1-22/23	24/10/2022		220,000	-	220,000	220,000	-
Q2-22/23	16/01/2023	500,000		-	500,000	500,000	-
Q2-22/23	26/01/2023		248,000	-	248,000	248,000	-
Q2-22/23	12/01/2023	500,000		-	500,000	500,000	-
Q3-22/23	29/09/2023		248,000	-	248,000	248,000	-
Total		<u>2,500,000</u>	<u>716,000</u>	=	<u>3,216,000</u>	<u>3,216,000</u>	

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

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

Head of Accountants department of beneficiary Lari TVC:

Name Anthony Legatus Sign  Date 09/04/25

Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting on Disaster Management Expenditure

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