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*Enhancing Accountability*



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**REPORT**

**OF**


**THE AUDITOR-GENERAL**

PARLIAMENT  
OF KENYA  
LIBRARY

**ON**

**KAELO TECHNICAL AND  
VOCATIONAL COLLEGE**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: <b>25 JUN 2025</b>	
DAY: <b>WEDNESDAY</b>	
TABLED BY:	<b>MAJORITY LEADER</b>
CLERK-AT-THE-TABLE:	<b>FINLAY</b>



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30000 NAIROBI  
KENYA

21 FEB 2025

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*KAELO TECHNICAL AND VOCATIONAL COLLEGE*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Table of Contents**

I.	Key Entity Information and Management .....	iv
II.	The Council/Board of Governors .....	vi
III.	Management Team.....	xi
IV.	Chairman’s Statement .....	xiv
V.	Report of the Principal .....	xv
VI.	Statement of Performance against Predetermined Objectives.....	xvi
VII.	Corporate Governance Statement.....	xvi
VIII.	Management Discussion and Analysis .....	xvii
IX.	Environmental and Sustainability Reporting Statement.....	xvii
X.	Report of the Council/Board of Governors .....	xx
XI.	Statement of Board of Governors/ Council’s Responsibilities.....	xxii
XII.	Report of the Independent Auditor on .....	xxiii
XIII.	Statement of Financial Performance for the year ended 30 June 2023 .....	1
XIV.	Statement of Financial Position as at 30th June 2023 .....	2
XV.	Statement of Changes in Net Asset for the year ended 30 June 2023 .....	4
XVI.	Statement of Cash Flows for the year ended 30 June 2023 .....	5
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2023	5
XVIII.	Notes to the Financial Statements.....	7
XIX.	Appendix III- Inter-Entity Confirmation Letter.....	29

# Kaelo Technical And vocational College

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

### I. Key Entity Information and Management

#### (a) Background information

Kaelo Technical & Vocational College was established by the Government of Kenya through TVET Act 2013 which sought to establish Technical Training Institutes in every Constituency. Kaelo Technical and Vocational College is the only Public Post-Secondary Training Institution in Igembe North Constituency and the first in Igembe region. The college was established at the opportune time when the hands on skills training among the youth in Igembe North and beyond are highly desired. The college opened its doors in September 2019 with 6 trainers and 14 trainees. The college is on a positive growth trajectory having raised its enrolment from 14 trainees in September 2019 to 97 trainees by March 2020 when the progression was adversely affected by the corona virus pandemic. It started in one Storey building that housed all the training areas and administrative offices. The college is located in an approximately 10 acre piece of land. The establishment of the College is in line with Government's initiative of creating an army of one million artisans an ambition captured in Vision 2030 Blue Print. Kaelo Technical and Vocational College is located 0.5km away from Kaelo market in a cool and serene environment of Ntonyiri. The college is in the neighbourhood of several High schools with huge student enrolment. It is found in Antuambui location, Laare Divison of Igembe North Sub-County in Meru County. It is the first Post-Secondary training and learning institution in the wider Igembe comprising of three populous Sub-Counties of Igembe North, Igembe Central and Igembe South. The three Sub-Counties have 45% of the Meru County population. The transition rates in the County is approximately 80%, completion rates is 78% while retention rate is 90%

#### (b) Principal Activities

The principal activity is training

Our vision is "To be a centre of excellence in industrial research, technology and innovation." And our mission is "To produce high-quality trainees with the relevant skills in technology, Innovation for sustainable development."

#### (c) Key Management

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

Board of Governors/ Council/ Management etc.

Accounting officer/ Principal

Management

...; and

#### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	-Cecilia mugito
2.	Deputy principal Finance	
3	Deputy principal Academics	--Anthony Ndege
4	Registrar (s)	-Mark Kajigi
5	Dean of students	-Julia Kageni
6	Head of Finance	-Moses Kainga
7	xxx	-
8		

*(Include all positions regarded as top management in your organisation).*

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**(e) Fiduciary Oversight Arrangements**

*(Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

- *Audit and risk committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*

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

**(f) Entity Headquarters**

P.O. Box 262 60601  
Laare  
Kaelo Mutuati Road  
Meru, KENYA

**(g) Entity Contacts**

Telephone: (254) 759417000  
E-mail: kaelotechnical@gmail.com  
Website: kaelotvc.ac.ke

**(h) Entity Bankers**

Equity Bank  
Laare Branch  
P.O. Box 75104-00200  
laare, Kenya

**(i) Independent Auditors**

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



**(j) Principal Legal Adviser**

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

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**


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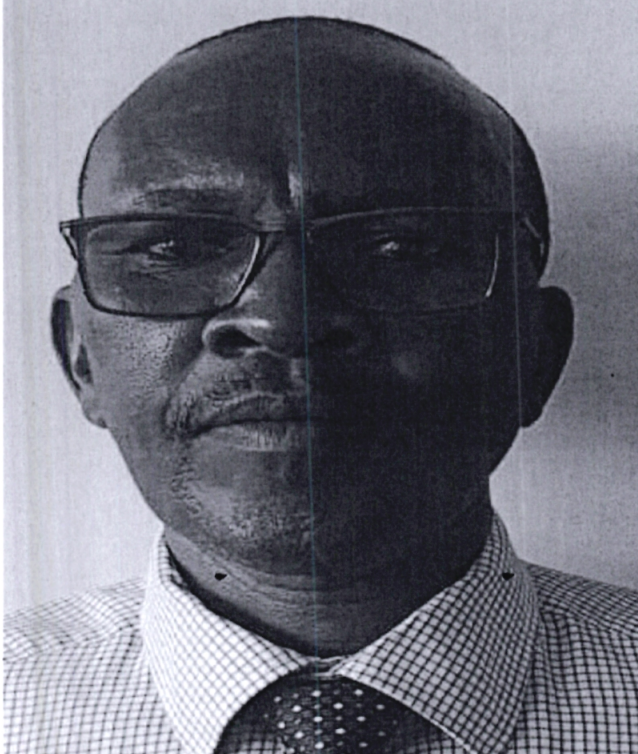
**II. The Council/Board of Governors**

Member/ Director	Details
<p>1.</p> 	<p>Mr Patrick Muthee            DOB 25/06/1984</p> <p>Masters in agricultural and applied economics            BSC in Agricultural economics</p> <p>Over 10years of work experience</p>
<p>2.</p> 	<p>DOB 6/1/1982</p> <p>Hillary jumba            Masters of science in Information science</p> <p>Over 10yrs of work experience</p>

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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3.	 A black and white portrait of Nancy Gitonga, a woman with short hair and glasses, wearing a dark blazer over a white collared shirt.	<p>DOB 7/10/1970</p> <p>Nancy Gitonga Bachelor of Commerce Finance Committee Chair person</p> <p>Over 10years of work experience</p>
4.	 A black and white portrait of Mr Naftaly Kathurima, a man with short hair and a goatee, wearing a suit jacket, white shirt, and tie.	<p>Mr Naftaly Kathurima</p> <p>DOB 1984 Bachelor of Commerce in Actuarial science</p> <p>Over 10years of work experience</p>

5.		DOB 13/08/1979 Bachelor of education science Over 10yrs of work experience
6.	<p data-bbox="290 913 810 974">Joachim Mbaarua</p> 	Joachim Mbaarua DOB 31/12/1965 BSC Civil engineering Over 25yrs of work experience

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**


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7.	 A black and white portrait of Margret nduhi, a woman with short, curly hair, wearing a dark jacket over a light-colored top. She is smiling slightly and looking towards the camera.	<p>Margret nduhi Director of education</p>
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8.	 A black and white portrait of Dr Joy Riungu, a woman with long braided hair, wearing glasses and a dark jacket with a white collar. She is smiling and looking towards the camera.	<p>Dr Joy Riungu DOB 3/12/1974 Phd in Sanitary engineering Over 20yrs of work experience</p>
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**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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9.		<p>Ann chellangat</p> <p>DOB 5/08/1978</p> <p>Bachelor of business management accounting option</p> <p>Over 10yrs of work experience</p>
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10.		<p>Dr Jane kathuku</p> <p>DOB 28/03/1976</p> <p>Phd in strategic management Masters in strategic management</p> <p>Over 10yrs of work experience</p>
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**III. Management Team**



No.	Member/ Director	Details
1.		

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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2.		<p>DOB 13/08/1979</p> <p>Bachelor of education science</p> <p>Over 10yrs of workexperience</p>
3.		<p>Anthony Ndege</p> <p>DOB 23/12/1975</p> <p>BSC Agriculture with Post graduate diploma in TVT</p> <p>Over 23yrs of experience 18yrs in agricultural sector and 5 year in public sector</p>

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

4.		<p>Moses kainga Thiauri          DOB 30/06/1980          Bachelors of commerce          finance option          CPA (K)</p> <p>More than 10years of          experience</p>
5.		<p>Mark Kajigi</p> <p>DOB 13/05/1989          Bachelor of technology          ICT          6YEARS OF          EXPERIENCE</p>
6.		
<p><i>Note: The Principal and the Secretary to the Council/ BoG will feature both under the 'Board' and 'Management'.</i></p>		

# Kaelo Technical And vocational College

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

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### IV. Chairman's Statement

I am pleased to present the annual report and financial statement of Kaelo tvc for the year ended June 30<sup>th</sup> 2023

The demand for TVET programmes in the country has continued to rise prompting the institution to continually introduce academic programmes that respond to the demand of the market. The objective of the board is to position KTVC main programmes within the context of the market requirements, cost rationalisation, equity and customer satisfaction.

During the financial year 2022-2023 period, key achievements were realized, these are

- Increased student's enrolment from 200 at the beginning of the year to 375
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees..
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI athletics activities at the regional level.
- Enhanced marketing strategies which have prompted population growth.

During this 2022-2023 financial year, financial commitment was geared towards physical development of the institute infrastructure, implementation of the institute performance contracts which has sets out the process and timeframe of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am proud to note that most of the goals set out within the year indeed been achieved. These include:

- Initiating the process of automating the registry and finance and exams
- Growth in student's numbers,
- Competitive recruitment of staff both trainers and other support staff.
- Development of the infrastructure to support academic programmes.
- Development of various physical infrastructures in the college.

The college received HELB loans /bursary and GOK capitation for the college trainees'. This funding has enabled the college acquire equipment that will make it go –a-long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

The college has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realise further development. The board is pleased with efforts of the KTVC to ensure prudent management of resources and the level of compliance with the government regulations and statutory requirement.

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

- |                      |                         |
|----------------------|-------------------------|
| 1. Margaret Nduhiu   | Regional TVET Director  |
| 2. Mr Patrick Muthee | BOG Chairman            |
| 3. Nancy Gitonga     | BOG member              |
| 4. Hillary Njumba    | BOG member              |
| 5. Joachim Mb̄arua   | BOG member              |
| 6. Ann Chellangat    | BOG member              |
| 7. Dr Joy Riungu     | BOG member              |
| 8. Naftaly kathurima | BOG member              |
| 9. Dr jane kathuku   | BOG member              |
| 10. Cecilia Mugito   | Principal/BOG Secretary |

**Mr Patrick muthee Ngore**  
**Chairman Board of Governors**

Prepared by **Mr Patrick Muthee Ngore**

... Sign.....



..Date 19/02/2025.....

## **Kaelo Technical And vocational College**

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

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#### **V. Report of the Principal**

The College is the first Technical and vocational College to be established in the vast Igembe region which was established by the government of Kenya through TVET act 2013 which sought to establish Technical Training Institute in every Constituency. The College opened its doors in September 2019 with only 9 students.

It started in one storey building that housed all training rooms, workshops and administrative offices. The College is located in an approximately **10 acres** piece of land.

The College has enrolled trainees in six departments ie. Building and Civil Engineering, Electrical and Electronics Engineering, Mechanical Engineering, Institution Management (Hairdressing and Beauty Therapy, Fashion Design) Information Communication Technology and Business Department.

The College total enrolment stands at **387** trainees which is continuous and fast growing. Training has been made possible by support of trainers and support staff.

Our College is committed to excellence in training and venturing into research, creativity, and innovation for equipping our graduates with positive attitude leading to their employability.

We are geared towards producing trainees who excel and stand out through quality, integrity and professionalism in whatever they undertake to do.

Kaelo Technical and Vocational College is a family where welfare of trainees comes first in all our engagement this has been seen through great results and peace that exist

The College boasts of the following:

- ✓ The College maintains a family spirit of togetherness that has provided a conducive working environment for Board of Governors, trainers, support staff and trainees.
- ✓ The government has provided state of art equipment in Mechanical Production Option and Information Communication Technology that are supporting quality training leading to desired graduates who will be equal to the contemporary world market.
- ✓ The College has equipped Hairdressing and Beauty Therapy department and also equipped Fashion and Design department form this term.
- ✓ The Institution has been registered as an examination Centre for both KNEC and NITA enabling trainees to sit for the exams in the College rather than moving in other Institutions as had been previously.
- ✓ The Institution has conducted an external examination in both Technical and Business Course and the results have been excellent.
- ✓ The College population has increased due to publicity and we are optimistic that more will enrol after today's engagement.

**God bless you, god bless Kaelo, God bless Kenya**



**Mrs Cecilia Mugito Mwangera**  
**Principal/ B.O.G Secretary**  
**Kaelo Technical Vocational College**

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**VI. Statement of Performance against Predetermined Objectives**

Strategic Pillar no	Strategic Pillars	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	College enrolment	To increase number of trainees	Increased enrolment	Marketing	Increase in enrolment
Pillar 2:	Staff number	To increase the number of staff for effective and efficient service	Quality training	Training	Good performance
Pillar 3:	Improve teaching infrastructure	To attract more trainees to join our institution	Improved performance in internal and external exams	Monitoring training activities for trainer and trainees	Improved completion of trainees courses awaiting graduation
Pillar 4:	Quality management system	To ensure all systems are working according to the expected standard	Smooth operating procedures are followed and adhered to	Procurement / finance / staff recruitment	Followed correct procurement by advertising for prequalified suppliers and other adverts
Pillar 5:	Information management system	To ensure confidentiality integrity and availability in delivery of information	Availability of correct information and delivered at the right time	Auditing the information system regularly to ensure conformity	Appropriate filling and backup of information

**VII. Corporate Governance Statement**

As a Board, we believe that a strong corporate governance framework and culture translates to a strong Institute that delivers to its mandate. According to the TVET Act, 2013 members of the board of Governors are appointed by the Cabinet Secretary from the ministry of education from the following

Areas;

- a). Leadership
- b). Financial management
- c). Industry
- d). Technology
- e). ICT
- F). Engineering

The board also seeks other committees to carry responsibility required in the governance of the institute.

The following committees have been in the institute.

**Finance and development**

Mrs Nancy Gitonga- Chairperson  
Mrs Cecilia Mwongera- principal  
Dr Jane Kathuku Member

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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Mr Joachim Mbarua Member

**Audit and risk management**

Mrs ann Chellangat chairperson

Mr Hillary Jumba member

Dr joy Riungu member

**Academic and human resource**

Dr jane kathuku Chair person

Mrs Margaret Nduhiu member

Mrs Cecilia Mwongera Principal

Mr Naftaly Kathurima member

The following are bored functions as out lined in the TVECT Act.

Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVECT Act.

Promoting and maintaining standards quality and relevance in advocating and training in the institution in accordance with the act and any other written law.

Administering and managing the property of the institution

Developing and implementing the institutions strategic plan

Preparing annual estimates of the revenue and expenditure of the institution

Receiving on behalf of the institution fees, grants and other monies.

Determining fees payable and prescribing conditions under which fees may be remitted in part or whole in accordance with the guideline developed under the provisions of this act.

During the year 2022/2023 the table below shows the number of board and committee meetings held.

<b>Meetings</b>	<b>No of board meetings</b>	<b>Meeting held</b>
Full board	4	0
Audit and risk committee	4	0
Academic committee	4	0
Finance /HR Committee	4	0
<b>Total</b>	<b>12</b>	<b>0</b>

**VIII. Management Discussion and Analysis**

During the year the student enrollment increased from student population of 239 to 400 students. The management has recruited additional staff in both academic and support staff to ensure smooth learning of operations.

During the year the management developed a strategic plan to define the direction of the institution for the next five years.

The institute has received a lot of support from the government through the ministry of education by receiving capitation, helb funds and state of the art equipment.

During the year the institute faced the following challenges

1. A, Perimeter wall of the institution is not constructed however, the management is engaging the CDF of Igembe north Subcounty to address the issue.
2. There has been inadequate supply of water to the institute and the management has engaged county government of Meru to drill a bore to address the challenge.

**IX. Environmental and Sustainability Reporting Statement**

## **Kaelo Technical And vocational College**

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

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Kaelo tvc exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: Below is a brief highlight of our achievements

#### **Sustainability strategy and profile**

*Kaelo tvc* is a learning organisation under the Directorate of Technical Vocational Education and Training. In her commitment to produce skilled manpower that fits in the job market, the Institution has continued to comply with the Ministry of Education guidelines and policies. The Institution has identified the potential of the community as key in realizing the growth of the Institution. The Institution has therefore engaged the community through continuous sensitization on the TVET courses and the support given by the government through capitation and application of HELB loans. Further the Institution has reached out to the stakeholders and the political leaders for support in all aspects in the running of the Institution through attending church meetings, community meeting, and upholding support for fees payment through the CDF programmes and bursaries from all levels.

The Institution has continued to engage with the Industry to allow linkage for trainees to the industry for industrial attachment and also employment. This has enabled contributions for industry expectation through direct feedback from the Industry.

Benchmarking with other learning Institution and partnering with them remains vital for progressive growth. Attending to relevant trainings and workshops has been key in staff development

### **Employee welfare**

The Institute has been following the procedure of hiring employees into the Institution. The Board identifies the vacancies by analysis of key responsibilities and duties that ought to be done and the staff are not available or adequate. The Board then advertises for the positions and invites qualified candidates to apply. On applications, shortlisting of qualified persons is done basing it on the advert, Gender, Ethnicity and experience. Qualified persons are contacted to attend interviews through mail and telephone calls. The panel engages all interviewees and allocated marks as per the score sheet. The panel then discuss the scores and average for the best candidate to be approved. Once staff are engaged, they are taken through an orientation where the responsibilities are outlined, discussed and the objectives of the organisation are laid out. Staff are developed through support given by the BOG to attend relevant workshops and seminars especially the ones organised through the ministry. The Institute is in the process of developing the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA). Appraisal of staff is done continuously.

#### **1. Market place practices-**

Kaelo tvc does responsible marketing by marketing the Institution and encouraging potential trainees to join the Institution. On courses that the Institute does not offer, she recommends other Institutions to the applicants for consideration. The Institute has not been involved in politics in any way but has welcomed political leaders who have identified in support of the Institution whenever opportunity arises.

The Institute honours contracts by keeping to the commitment to the end where there is no breach. The Institutes commits to clear all her supplier's debts and keep engaging the debtors even when finances are not available to ensure re-assurance on the commitment.

The Institute gives true information on all advertisements and publicity done. This has provided confidence on the services offered by the Institution without.

All services offered by the Institutes are for the best benefit of the Clients who are our consumers. Offer of services is objectively done to the best interest of the client. The trainees who are the highest number of our clients receive quality training and pass their examinations. This will ensure they remain competitive in the job

#### **Market place practices-**

##### **a) Responsible Supply chain and supplier relations-**

The managements implements the public Procurement and Disposal Act of 2012 and its Regulations of 2016 in all its procurement for goods, services and contracts.

##### **b) Responsible marketing and advertisement-**

Kaelo tvc advertises our training programs through our website, the media, and door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.

##### **c) Product stewardship-**

Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean's office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorized communication channels the official addresses, mobile numbers and emails.

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Corporate Social Responsibility / Community Engagements**

**X. 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, 2022, which show the state of the *entity's* affairs.

**Principle activities**

The principle activities of the entity are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To determine curricula appropriate for training of the various manpower category and specialization required by the labour market through careful selection of available syllabi from local or international institutions recognized by the Ministry of Education (MoE).
- c. To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- d. To promote and inculcate Entrepreneurial skills and culture within the institute's staff and students.
- e. To conduct Applied Research.
- f. To undertake income-generating activities through production, consultancy and tailor-made short courses, in-service courses, equipment and facility hiring and hospitality services to compliment Government grants and fees revenue.
- g. Foster spiritual growth among community members both staff and students.

**Results**

The results of the entity for the year ended June 30 are set out on page 1-37....

**Council/Board of Governors**

The members of the Board who served during the year are shown on page iv & v During the year there has been no change in the board of governors.

**Auditors**

The Auditor General is responsible for the statutory audit of the *entity* 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 *entity* 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: 19/02/2025**

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**XI. Statement of Board of Governors/ Council's Responsibilities**

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

The board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (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 Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safe guarding the assets of the Institute;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

**Approval of the financial statements**

Kaelo tvc financial statements were approved by the Board on \_\_\_\_\_ 19/02/2025 and signed on its behalf by:



.....

Name Patriek Muthee  
Chairperson of the Board/Council



.....

Name Cecilia Mwongera  
Accounting Officer/Principal

# REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

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

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### PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

The accompanying financial statements set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, the statement of changes in equity, the statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaelo Technical Training 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 Technical and Vocational Education Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Use of Goods and Services**

The statement of financial performance reflects use of goods and services amount of Kshs.5,711,084 as disclosed in Note 10 to the financial statements out of which payments of Kshs.11,685 did not have all supporting documents.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.11,685 could not be confirmed.

#### **2. Unreconciled Variance between the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts**

The statement of financial performance reflects total expenses amount of Kshs.16,700,566 while the statement of comparison of budget and actual amounts reflects total actual expenditure on a comparable basis amount of Kshs.9,971,038 leading to an unreconciled variance of Kshs.6,729,528.

In the circumstances, the accuracy and completeness of the statement of financial performance and the statement of comparison of budget and actual amounts could not be confirmed.

#### **3. Unexplained Variances Between Comparative Amounts and Prior Year Audited Financial Statements**

The statement of financial performance reflects comparative depreciation and amortization expense and total expenses comparative amounts of Kshs.8,8838,647 and Kshs.17,318,510 respectively while the unaudited financial statements for the year ended 30 June, 2022 reflects corresponding amounts of Kshs.8,838,647 and Kshs.16,814,945 leading to unexplained and unreconciled variances.

In the circumstances, the accuracy and completeness of comparative depreciation and amortization expense and total expenses comparative amounts of Kshs.8,8838,647 and Kshs.17,318,510 respectively could not be confirmed.

#### **4. Inaccuracy in the Statement of Changes in Net Assets**

The statement of changes in net assets reflects net assets balance of Kshs.42,573,405. However, a recast of the statement results in net assets balance of Kshs.45,608,434 leading to a variance of Kshs.3,035,029 which has not been explained or reconciled.

In the circumstances, the accuracy and completeness of net assets balance of Kshs.42,573,405 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.45,336,840 and Kshs.13,347,920 respectively resulting to an under-funding of Kshs.31,988,920 or 71% of the budget. Similarly, the College spent Kshs.9,971,038 against actual receipts of Kshs.13,347,920 resulting to an under-utilization of Kshs.3,376,882 or 25% of the actual receipts.

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

My opinion is not modified in respect of these matters.

##### **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. There were no key audit matters to report in the year under review.

##### **Other Matter**

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

In the audit report of the previous year, several paragraphs were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Even though Management has provided explanation on the progress made

on the recommendations made by the auditors, the issues remain unresolved as at 30 June, 2023, contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers for County Government and County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

## 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 effect of the matters 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**

#### **Non-Compliance with the Public Sector Accounting Standards Board Financial Reporting Template**

Review of the financial statements submitted for audit revealed the following;

- i. Implementation status of Auditor – General recommendations has not been disclosed.
- ii. Page numbers 3 and 6 are blank.

In the circumstances, the financial statements have not been prepared in compliance with the Public Sector Accounting standards Board financial reporting template and IPSAS.

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 THE 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 effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **Lack of Internal Audit Function and Audit Committee**

During the year under review, the College had not constituted an audit committee and an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the Institute through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the College did not benefit from the oversight role and advice from the audit committee and the internal audit function.

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 the 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) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 based on these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**26 February, 2025**

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**XIII. Statement of Financial Performance for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	3,784,000	4,145,000
		<b>3,784,000</b>	<b>4,145,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	9,563,920	5,988,740
<b>Revenue from exchange transactions</b>		<b>9,563,920</b>	<b>5,988,740</b>
<b>Total revenue</b>		<b>13,347,920</b>	<b>10,133,740</b>
<b>Expenses</b>			
Use of goods and services	9	5,711,084	4,687,618
Employee costs	10	2,782,194	1,963,530
Remuneration of directors	11	843,560	330,070
Depreciation and amortization expense	12	6,729,528	8,8838,647
Repairs and maintenance	13	106,200	515,080
Contracted services	14	528,000	480,000
<b>Total expenses</b>		<b>16,700,566</b>	<b>17,318,510</b>
<b>Net Surplus for the year</b>		<b>-3,352,646</b>	<b>-7,184,770</b>

The Financial Statements set out on pages 1 to 37 were signed by:



.....  
**Patrick Muthee**  
 Chairman of Council/Board

Date 19/02/2025



.....  
**Moses Kainga**  
 Finance Officer

ICPAK No 26986

Date 19/02/2025



.....  
**Cecilia Mwangera**  
 Principal

Date 19/02/2025

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**XIV. Statement of Financial Position as at 30th June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	969,995	1,046,866
Current portion of receivables from exchange transactions	16(a)	3,681,605	5,815,236
<b>Total Current assets</b>		<b>4,651,600</b>	<b>6,862,102</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	42,455,799	63,799,576
Long term receivables from exchange transactions	(16b)	826,760	617,710
<b>Total Non-current assets</b>		<b>43,282,559</b>	<b>64,417,286</b>
<b>Total assets</b>		<b>47,934,158</b>	<b>71,279,388</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	2,163,725	1,449,540
Refundable deposits from customers	19	162,000	117,500
<b>Total Current Liabilities</b>		<b>2,325,725</b>	<b>1,567,040</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>2,325,725</b>	<b>1,567,040</b>
<b>Capital and reserves</b>			
Reserves		53,054,300	73,805,568
Accumulated surplus		(7,445,866)	(4,093,220)
Capital Fund		-	-
<b>Total capital and reserves</b>		<b>45,608,434</b>	<b>69,712,348</b>
<b>Total net assets and liabilities</b>		<b>47,934,159</b>	<b>71,279,388</b>

The Financial Statements set out on pages 1 to 37 were signed by:



.....  
**Patrick Muthee**  
**Chairman of Council/Board**

**Date 19/02/2025**



.....  
**Moses Kainga**  
**Finance Officer**

**ICPAK No 26986**

**Date 19/02/2025**



.....  
**Cecilia Mwongera**  
**Principal**

**Date 19/02/2025**



**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**XV. Statement of Changes in Net Asset for the year ended 30 June 2023**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/	Total
				Development Grants/Fund	
<b>At June 30, 2021</b>		-	3,033,515	0	
Revaluation gain	52,268,060	0	0	0	52,268,060
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	(7,126,735)	-	7,126,735
Capital/Development grants received during the year	-	-	-		0
Transfer of depreciation/amortization from capital fund to retained earnings		-	-		0
<b>At 30th June 2022</b>	52,268,060		(4,093,220)	0	45,141,325
Revaluation gain	784,726	0	0	0	784,726
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	(3,352,646)	-	3,352,646
Capital/Development grants received during the year	0	-	-		0
Transfer of depreciation/amortization from capital fund to retained earnings		-	-		0
<b>At 30th June 2023</b>	53,054,300		(7,445,866)	0	42,573,405

(Note:

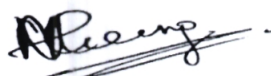
1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing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

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**XVI. Statement of Cash Flows for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	3,784,000	4,145,000
Rendering of services- Fees from students	7	9,563,920	5,988,740
Other income	8	-	119,000
<b>Total Receipts</b>		<b>13,347,920</b>	<b>10,133,740</b>
<b>Payments</b>			
Compensation of employees	9	2,782,194	1,963,530
Use of goods and services	10	5,711,084	4,687,618
Remuneration of directors	11	843,560	330,070
Repair and maintenance	13	106,200	515,080
Contracted services	14	528,000	-
<b>Total Payments</b>		<b>9,971,038</b>	<b>7,496,298</b>
<b>Net cash flows from operating activities</b>		<b>3,376,882</b>	<b>2,637,442</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(739,726)	(576,800)
Proceeds from sale of property, plant and equipment			
Decrease/ increase in receivable		-1,306,871	(2,570,604)
Decrease/ increase in payables		(714,185)	1,168,345
Increase in investments			-
<b>Net cash flows used in investing activities</b>		<b>(2,760,782)</b>	<b>(1,979,059)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	-
Repayment of borrowings		0	-
Increase in deposits		0	-
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(693,041)</b>	<b>350,943</b>
Cash and cash equivalents at 1 JULY 2021		1,046,936	37,540
<b>Cash and cash equivalents at 30 JUNE 2023</b>		<b>969,995</b>	<b>1,046,866</b>

The Financial Statements set out on pages 1 to 37 were signed by:



.....  
**Patrick Muthee**  
 Chairman of Council/Board

Date 19/02/2025



.....  
**Moses Kainga**  
 Finance Officer

ICPAK No 26986

Date 19/02/2025



.....  
**Cecilia Mwongera**  
 Principal

Date 19/02/2025

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	18,000,000	0	18,000,000	3,784,000	14,216,000	79
Rendering of services- Fees from students	15,852,000	0	15,852,000	9,563,920	6,288,080	40
Other Income	11,484,840	0	11,484,840	-	11,484,840	100
<b>Total income</b>	<b>45,336,840</b>	<b>0</b>	<b>45,336,840</b>	<b>13,347,920</b>	<b>31,988,920</b>	<b>71</b>
<b>Expenses</b>						<b>0</b>
Compensation of employees	3,150,792	-	3,150,792	2,782,194	368,598	12
Use of Goods and services	39,833,648	0	39,833,648	6,239,084	33,594,564	84
Repair and maintenance	444,400		444,400	106,200	338,200	76
Remuneration of directors	1,908,000		1,908,000	843,560	1,064,440	56
<b>Total expenditure</b>	<b>45,336,840</b>	<b>0</b>	<b>45,336,840</b>	<b>9,971,038</b>	<b>35,365,802</b>	
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,376,882</b>	<b>(3,376,882)</b>	

**Notes to the budget and the actual performance difference**

- i) Kshs. 6,729,528 for depreciation is not included in statement of budget and actual amount since it does not involved cash
- ii) The expected capitation for quarter 4 was not released due to shortage of funds from treasury
- iii) Expenditure on use of goods and service was not realised due to insufficient capitation and uncollected fees



**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**XVIII. Notes to the Financial Statements**

**1. GENERAL INFORMATION**

Kaelo tvc entity is established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train

**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 kaelo tvc accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of kaelo tvc.

The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act, 2012 the TVET Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30<sup>th</sup> June, 2023**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30<sup>th</sup> June 2023**

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

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>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.</li> </ul>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</li> </ul>

**iii. Early adoption of standards**

The entity did not adopt early any new or amended standards in year 2023

**NOTES TO THE FINANCIAL STATEMENTS**

**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 kaelo tvc and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

The kaelo 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 kaelo 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

**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**

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition (Continued)**

**iii) Budget information**

The original budget for FY 2022/2023 was approved by the Board on 30<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the kaelo tvc upon receiving the respective approvals in order to conclude the final budget. According to the entity, there were no additional appropriations or adjustments made during the year 2022/2023

The kaelo tvc 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 a 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 under section 10 of these financial statements.

**Taxes**

**Current income tax**

The entity is exempt from paying taxes as per schedule

**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**

**iv) 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.

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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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 a period of 10 years.

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

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

**vi) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the

Lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction

**NOTES TO THE FINANCIAL STATEMENTS**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**vi) Leases (continued)**

Of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**vii) Intangible assets**

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

**viii) Research and development costs**

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

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

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

Development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**i) Financial instruments (continued)**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

**Impairment of financial assets (Continued)**

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Impairment of financial assets (Continued)**

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)
- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) 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.

## **Kaelo Technical And vocational College**

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

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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.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **i) Inventory**

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

##### **ii) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

##### **Contingent liabilities**

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

##### **Contingent assets**

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

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Contingent assets (Continued)**

##### **i) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

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

**iii) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**iv) 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**v) 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.

**Related parties**

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

**vi) Service concession arrangements**

## **Kaelo Technical And vocational College**

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

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

#### **vii) 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.

#### **viii) Comparative figures**

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

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

#### **ix) 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, 2022.

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

#### **Estimates and assumptions**

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

IPSAS 1.140

#### **Useful lives and residual values**

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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

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

**6. (a) Transfers from other National Government entities**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Unconditional grants</b>		
Capitation grants	2,784,000	3,645,000
Operational grant	1,000,000	500,000
	<b>3,784,000</b>	<b>4,145,000</b>
<b>Conditional grants</b>		
Library grant	0	
<b>Total government grants and subsidies</b>	<b>3,784,000</b>	<b>4,145,000</b>

**(6b) Transfers from other Government entities (Categorized)**

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2021-2022
	Kshs	Kshs			
			Kshs	Kshs	Kshs
State Department of technical training	3,784,000	-	-	3,784,000	4,145,000
<b>Total</b>	<b>3,784,000</b>	<b>-</b>	<b>-</b>	<b>3,784,000</b>	<b>4,145,000</b>

*(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. The details of the reconciliation have been included under appendix xxx)*

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

7. **Rendering of Services**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Tuition fees	7,154,420	4,434,040
Activity fees	158,800	95,200
Student Id	163,000	117,500
Examination fees	1,019,250	841,000
Kuccps fee	466,500	205,500
Computer packages fee	64,200	19,000
Registration fees	164,000	117,500
Attachment	129,000	159,000
Practical material fee	244,750	
<b>Total revenue from the rendering of services</b>	<b>9,563,920</b>	<b>5,988,740</b>

Notes to the Financial Statements (Continued)

8. **Other Income**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Income from sale of tender	-	119,000
<b>Total other income</b>	<b>-</b>	<b>119,000</b>

9. **Use Of Goods And Services**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Administration expense	332,010	
General expense	61,800	132,062
Examination fees	1,094,180	593,800
Electricity	142,379	245,583
Advertising and marketing	373,320	290,520
Auditing fee	11,000	31,000
Bank charges	39,400	34,470
Attachment expense	51,610	0
Water	105,350	98,210

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Farm expense	57,550	47,750
Internet and networking	102,385	159,477
Local travel	771,920	1,255,750
Meals and entertainment	319,125	210,480
Practical materials	641,945	529,875
Stationary	263,885	204,726
Subscriptions and other fees	157,700	122,700
Telephone and postage	115,805	72,905
Training and workshop	319,800	153,200
Insurance	1,850	
Robotics		127,680
students id cards	61,800	36,580
sport activities	686,270	313,140
generator fuel		5,940
Registration	0	17,000
Cleaning		1,100
<b>Total good and services</b>	<b>5,711,084</b>	<b>4,683,618</b>

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

**10. Employee Costs**

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	2,782,194	1,963,530
<b>Employee costs</b>	<b>2,782,194</b>	<b>1,963,530</b>

**11. Board/Council Expenses**

Description	2022-2023	2021-2022
	KShs	KShs
Other allowances	843,560	330,070
<b>Total director emoluments</b>	<b>843,560</b>	<b>330,070</b>

**12. Depreciation and Amortization expense**

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	6,729,528.3	8,838,647.13
<b>Total depreciation and amortization</b>	<b>6,729,528.3</b>	<b>8,838,647</b>

**13. Repairs and Maintenance**

Description	2022-2023	2021-2022
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**Kaelo Technical And vocational College****Annual Report and Financial Statements for the year ended 30th June 2023**

	<b>KShs</b>	<b>KShs</b>
Computer repairs	90,500	3,800
General repair and maintenance	-	1,300
Equipment and machinery	14,500	3,000
Fencing school compound		390,000
Hairdressing workshop	1,200	116,980
<b>Total repairs and maintenance</b>	<b>106,200</b>	<b>515,080</b>

**Notes to the Financial Statements (Continued)****14. Contracted Services**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Security services	528,000	480,000
<b>Total contracted services</b>	<b>528,000</b>	<b>480,000</b>

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

15. (a) Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current account</b>		
Equity bank	933,148	1,046,866
Cash at hand	36,847	
<b>Total cash and cash equivalents</b>	<b>969,995</b>	<b>1,046,866</b>

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

**Notes To The Financial Statements (Continued)**

15 (b). Detailed Analysis of Cash and Cash equivalents

Financial institution		2022-2023	2021-2022
		Kshs	Kshs
<b>a) Current account</b>	<b>Account number</b>		
Equity Bank	1040278877247	933,148	1,046,866
<b>Sub- total</b>		<b>933,148</b>	<b>1,046,866</b>
<b>B) Others(specify)</b>			
cash in hand		36,847	
<b>Sub- total</b>		<b>0</b>	
<b>Grand total</b>		<b>969,995</b>	<b>1,046,866</b>

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

16. Receivables from Exchange transactions

16(a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
<b>Current receivables</b>		
Student debtors	3,681,605	6,260,766
<b>Total current receivables</b>	<b>3,681,605</b>	<b>6,260,766</b>

16(b) Long- term Receivables from Exchange transactions

**Kaelo Technical And vocational College**

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

Description	2022-2023	2021-2022
	KShs	KShs
<b>Non-current receivables</b>		
Refundable deposits	162,000	117,500
Fees paid in advance	664,760	500,210
<b>Total</b>	-	-
<b>Total receivables</b>	<b>826,760</b>	<b>617,710</b>

**17 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions**

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

**17. Property, Plant and Equipment**

	Land	Buildings	Computers/Computer Accessories	furniture and fittings	water storage tank	Non bio;ogical asset	Plant and equipments	Total
		2.5%	30%	12.50%	8%		12.5%	
Cost			987,392	504,700	82,800	0	58,353,254	59,928,146
<b>At 1 July 2022</b>		-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	0
Cost/capitalized	-	-	-	-	-	-	-	0
Disposals	-	-	-	-	-	-	-	0
<b>At 30th June 2022</b>	<b>0</b>	<b>0</b>	<b>987,392</b>	<b>504,700</b>	<b>82,800</b>	<b>0</b>	<b>58,353,254</b>	<b>59,928,146</b>
Additions		139,726		600,000		45000		784,726
Cost/capitalized	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>At 30th June 2023</b>	<b>0</b>	<b>139,726</b>	<b>987,392</b>	<b>1,104,700</b>	<b>82,800</b>		<b>58,353,254</b>	<b>60,667,872</b>
<b>Depreciation and Impairment</b>								0
<b>At 30th June 2021</b>	0	0	0	0	0		0	0
Depreciation	-	0	296,218	63,088	6,624	0	7,294,157	7,660,086
Disposals	-	-	-	-	-	-	-	0
<b>At 30th June 2022</b>		<b>0</b>	<b>296,218</b>	<b>63,088</b>	<b>6,624</b>	<b>0</b>	<b>7,294,157</b>	<b>7,660,086</b>
Depreciation		3,493	207,352	130,202	6,094	0	6,382,387	6,729,528

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Disposals								0
At 30th June , 2023		3,493	503,570	193,289	12,7 18	0	13,676, 544	14,389, 614
<b>Net book values</b>								0
<b>At 30th June 2023</b>	0	136,233	483,822	911,411	70,0 82	0	44,676, 710	42,455, 799
<b>At 30th June 2022</b>	0	0	691,174	441,613	76,1 76	0	51,059, 097	52,268, 060

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

**18. Trade and Other Payables from Exchange transactions**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	1,498,965	949,330
Fees paid in advance	664,760	500,210
<b>Total trade and other payables</b>	<b>2,163,725</b>	<b>1,449,540</b>

**19. Refundable Deposits from Customers/Students**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Caution money	162,000	117,500
<b>Total deposits</b>	<b>162,000</b>	<b>117,500</b>

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

**20. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

The company's management based on prior experience and their assessment of the current economic environment.

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

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Members equity	73,805,568	5,038,775
Retained earnings	(6,681,205)	3,033,515
<b>Total funds</b>	<b>67,124,363</b>	<b>8,072,290</b>
Total borrowings	0	
Less: cash and bank balances	1,046,866	(37,540)
Net debt/(excess cash and cash equivalents)	0	
<b>Gearing</b>	<b>68,171,229</b>	<b>8,034,750</b>

**21. Financial Risk Management (Continued)**

**(i) Credit risk (continued)**

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

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

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

**(ii) Liquidity risk management**

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

**21. Financial Risk Management (Continued)**

**(iii) Market risk**

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

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

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

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

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

**a) Interest rate risk**

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

***Management of interest rate risk***

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

**21. Related Party Balances**

**Nature of related party relationships**

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

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

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

**22. Events After The Reporting Period**

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

**23. Ultimate And Holding Entity**

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

**24. Currency**

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

**Kaelo Technical And vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**XIX. Appendix III- Inter-Entity Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Entity]*

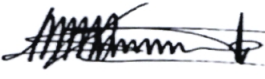
*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Entity]</i> as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30th June 2023			Total (D)=(A+B+C)	Amount Received by <i>[beneficiary Entity]</i> (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
1		992,000			992,000		
2		992,000			992,000		
3		870,000			870,000		
Total		<u>3,784,000</u> 0			<u>3,784,000</u>		

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

**Head of Accountants department of beneficiary Entity:**

Name ...MOSES KAINGA..... Sign ..... 

.....Date .....19/02/2025.....