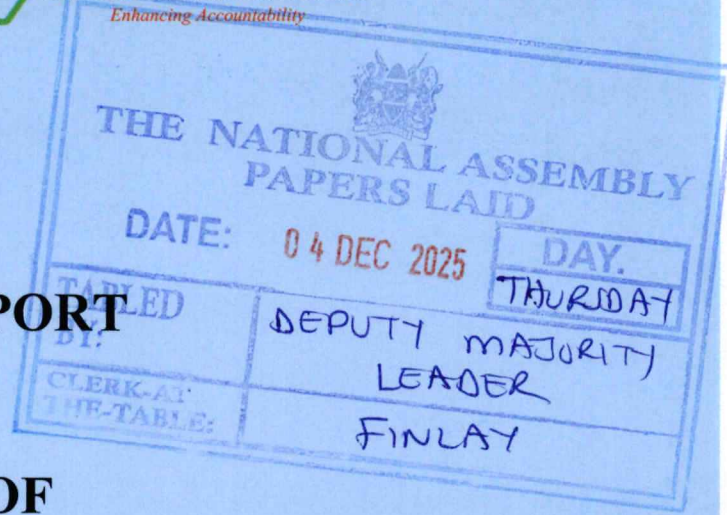


REPUBLIC OF KENYA



**REPORT**

**OF**

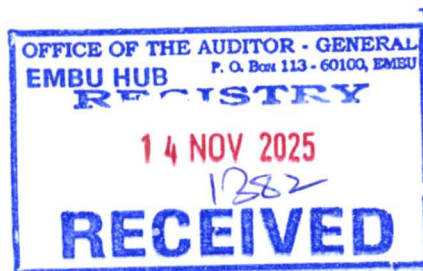
**THE AUDITOR-GENERAL**

**ON**

**KAELO TECHNICAL AND  
VOCATIONAL TRAINING COLLEGE**

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

Revised 30th June 2025



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***KAELO TECHNICAL AND VOCATIONAL TRAINING COLLEGE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

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**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
HELB	Higher Educations Loans Board
TVET	Technical Vocational Education and training
TVETA	Technical , Vocational Education and training authority
KUCCPS	Kenya universities and college Central Placement Service

**B. Definition of Key Terms**

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

**Comparative Year**- Means the prior period.

2. **Key Entity Information and Management**  
(a) **Background information**

The Institution was incorporated and established under the TVET act 2013 on September 2019. The Institution is domiciled in Kenya and has one main Branch located in Antuambui location, Laare division of Igembe North Sub-County. The College is located 300m from Kaelo market off Laare- Mutuati road. There are seven academic and six non-academic departments as listed below:-

Academic department:-

- Electrical and electronics engineering
- Building and civil engineering
- Mechanical and automotive engineering
- Agriculture and environmental
- Computing and informatics
- Business and entrepreneurship
- Institution Management

**Non –academic department**

- Guidance and counselling
- Industrial liaison officer (ILO)
- Quality assurance
- Marketing
- Finance
- Procurement

(b) **Principal Activities**

The principal activities of the institution are centered on the core mandate which is training for skills in technical and business courses

**VISION**

To be a centre of excellence in industrial research, technology and innovation.

**MISSION**

To produce high-quality trainees with the relevant skills in technology and Innovation for sustainable development.

**MOTTO**

Innovation for a better future

**CORE OBJECTIVES**

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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1. To provide quality and relevant training
2. To develop and improve teaching infrastructure
3. To provide collaborations and partnerships
4. To develop information management system and integrate ICT in training
5. To mobilize financial resources
6. To build the capacity of human for effective service delivery

**(c) Key Management**

Kaelo technical and vocational college management is under the following key organs

- I. Board of governors
- II. Principal/Accounting officer
- III. Management team
- IV. Heads of department

**(d) Fiduciary Management**

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

SN.	Designation	Name
1.	Principal	Cecilia Mwongera
3	Deputy principal Administration	Anthony Ndege
4	Deputy Principal Academics	Daniel Kajita
4	Registrar	Mark Kajigi
5	Dean of students	Julia Kageni
6	Head of Finance	Moses Kainga
7	Head of supply chain management	Kenneth mwirigi

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

**(e) Fiduciary Oversight Arrangements**

The Institution has formed Board Committees to carry out oversight functions for the following activities:-

• **Audit and Risk Committee activities**

- i. Provide an independent review of the Institute reporting functions to ensure the integrity of financial reports
- ii. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.

- iii. Ensure the entity effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour
- iv. Provide oversight of implementation of accepted audit recommendations and reports and provide effective liaison and facilitate communication between management and external audit
- v. Provide oversight to the Institute internal audit function
- vi. Report to the Board regularly on matter considered in each of the Committees meetings
- vii. Oversee the implementation of Policies and procedures adopted, for efficiency and effectiveness of the management systems in Kaelo Technical and Vocational College.

- **Finance, Development and Human Resource Committee**

- i. Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable human resource mobilization practices including, reward, retention, motivation and development of the Institute's staff.
- ii. Oversee the institutes compliance with legal ,statutory and regulatory requirements relating to finance, infrastructure and human resource mobilization matters as well as compliance with ethical and quality standards adopted by the institute
- iii. Receive and consider proposals and reports on matters relating to finance, development of infrastructure and human resource mobilization in the institute
- iv. Report to the Board on a regular basis regarding matters considered in each of the Committees meetings.

- **Academic and Research Committee**

- i. To satisfy itself regarding the content and academic standard of any course of study in respect of any level or other award of the Institute and to report its findings thereon to the Board
- ii. To propose regulations for consideration by the Board regarding the eligibility of persons for admission to the course of study
- iii. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in such examination for diploma, certificate or other award of the Institute
- iv. To decide which persons have attained the prescribed standard of proficiency and are otherwise fit be granted a diploma, certificate or other award of the institute and to report its decision thereon to the Board.
- v. To propose regulations governing such other matters as are within its powers in accordance with this order
- vi. To approve programmes of study regulate admission of persons to the Institute and determine their continuance or discontinuance in such programs.
- vii. Prescribe conditions for qualifying for conferment of a diploma, certificate award of various titles, distinctions and other awards offered by the institute

- viii. To determine the academic Policy of the Institute and to advise the Board on the provision of facilities to carry out that Policy.
- ix. To direct and regulate the teaching and instruction within the institute and the examinations held by the institute, subject to the powers of Board herein before defined.
- x. To make recommendations to the Board for the diplomas and certificates to be conferred by the institute to approve diploma ,certificates and other academic qualifications to be awarded by the institute and
- xi. To consider and approve the appointment of internal and external examiners.

**(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](mailto:Kaelotechnical@gmail.com)  
Website: [KaeloTVC.ac.ke](http://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  
PO BOX 0084 GPO 00100  
Nairobi

**(j) Principal Legal Adviser**


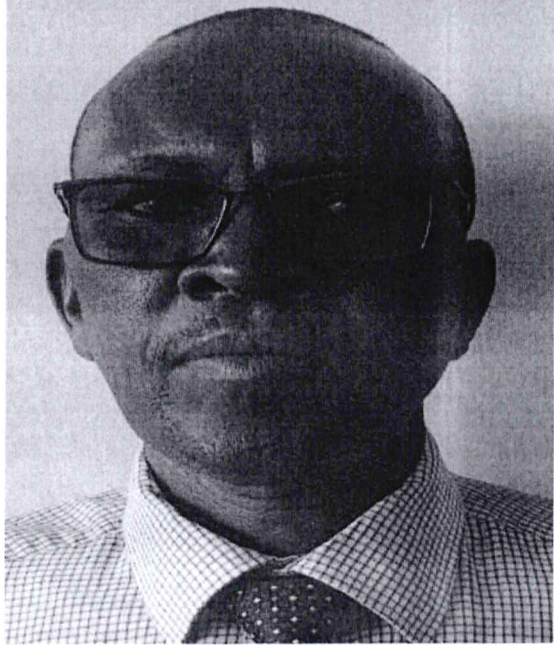
The Attorney General  
State Law Office  
Harrabee Avenue  
PO BOX 00112, City square, 00200  
Nairobi, Kenya


**3.The Board of Governors**


	Member/ Director	Details
1.	 <p>Patrick Muthee- BOG Chairman  Masters in agricultural and applied economics</p>	<p>Mr.Muthee was born on 25<sup>th</sup> June 1984. He holds masters in Agriculture and applied Economics from Egerton University. Mr.Muthee is assistant lecturer Karatina University. He has over 10 years of experience. Mr. Muthee was appointed as the Chairman of the Board of Governors on 18<sup>th</sup> January 2023.</p>
2.	 <p>Hillary Jumba- Member  Masters of science in information science</p>	<p>Mr.Hillary Jumba was born on 6<sup>th</sup> January 1982. He holds masters In Information Science (Records Management and Archives Administration) from Kenyatta University. Mr Hillary has been assistant registrar at Kenya Methodist University. He has over 10 years of experience. He is a member of Audit and Risk B.o.G Committee. He was re-appointed as a member of the Board of Governors on 18<sup>th</sup> January 2023.</p>



<p>3.</p>	 <p>Nancy Gitonga- Finance Committee Chair</p> <p>Bachelor of commerce</p>	<p>Mrs.Nancy was born on 7<sup>th</sup> October 1970. Mrs.Nancy holds a bachelor’s of Commerce Management option from African Nazarene University. Mrs.Nancy has over 15 years of experience in banking industry. She is the Chairperson of Finance, Development and Humana Resource B.o.G Committee. Madam Nancy was re-appointed as a member of the Board of governors on 18<sup>th</sup> January 2023.</p>
<p>4.</p>	 <p>Mr. Naftaly Kathurima- Member</p> <p>Bachelor of commerce in actuarial science</p>	<p>Mr. Naftaly Kathurima was born in 1984. He holds a Bachelor of Commerce (Actuarial Science) from Kenyatta University. Mr Kathurima has a wide experience in financial management and project management. Mr. Naftaly is a dependent member of the Board representing the Governor. He is a member of Finance, Development and Hr Committee.</p>

**Kaelo Technical and Vocational Training College**  
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<p>5.</p>	 <p>Cecilia Mwongera- BOG Secretary/Principal</p>	<p>She was born on 13<sup>th</sup> August 1979. Mrs. Cecilia holds a bachelor of Education Science from Kenyatta University. Mrs. Cecilia has over 11 years of experience in management. She is the Secretary to the B.o.G and the Accounting Officer.</p>
<p>6.</p>	 <p>Eng. Joachim Mbaarua- Member</p> <p>Bsc Civil engineering</p>	<p>Eng. Joachim Mbarua was born on 31<sup>st</sup>/12/1964. He holds a Bachelor of Science in Civil Engineering University of Nairobi. Eng. Joachim Mbarua is a senior Principal superintending Engineer (Roads) Ministry of roads and transport. Eng. Joachim has over 20 years overall experience in design and construction supervisor. Eng. Joachim Mbarua is a member of Finance, Development and Hr Committee</p>

7.	 <p>Dr Andelina mugure-County Director Tvet - Member</p>	<p>DOB 18/12/1967                  Dr adelina mugure was born in 18/12/1967                  She holds bachelors in home economics , Masters in administration PHD Educational administration and planning                  She is the county director TVET</p>
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8.	 <p>Dr Joy Riungu- Academic committee Chair                  PHD in sanitary engineering</p>	<p>Dr. Joy Riungu was born on 3<sup>rd</sup> December 1974. Dr. <u>Joy</u> Riungu holds a PHD in Sanitary Engineering. Dr. Joy is currently a lecturer at Meru University of Science and Technology. Dr. Joy Riungu is the Chairperson of the Academics and Research Committee of B.o.G. She was appointed in the B.o.G on 18<sup>th</sup> January 2023. Dr. Joy Riungu has done many Academic Projects across the continent.</p>
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<p>9.</p>	 <p>Ann Chelangat- Audit committee chair</p> <p>Bachelor of Business Management Accounting option</p>	<p>Ms. Ann Chelangat was born in 5<sup>th</sup> August 1978. Ms Ann Chelangat holds a Bachelor in Business Management (Accounting Option). Ms. Ann is CPAK holder and a member of ICPAK. Ms Ann has worked as an accountant at KTDA holdings since 2009. She is the Chairperson of the Audit and Risk B.o.G Committee. Ms. Ann has over 15 years of experience in accounting field. She was appointed in the B.o.G 18<sup>th</sup> January 2023</p>
<p>10.</p>	 <p>Dr. Jane Kathuku- Member</p> <p>PHD in strategic management</p>	<p>Dr. Jane Karambu was born on 28<sup>th</sup> March 1974. Dr. Jane Karambu holds a PHD in Strategic Management from Jomo Kenyatta University of Science and Technology. Dr. Jane Karambu is the CEO Kenya Cooperative Coffee exporters. Dr. Jane Karambu has over 15 years of experience in Strategic Management. Dr. Jane Karambu is a member of Academics and Research B.o.G Committee. She was appointed in B.o.G on 18<sup>th</sup> January 2023.</p>

**4. Key Management Team**


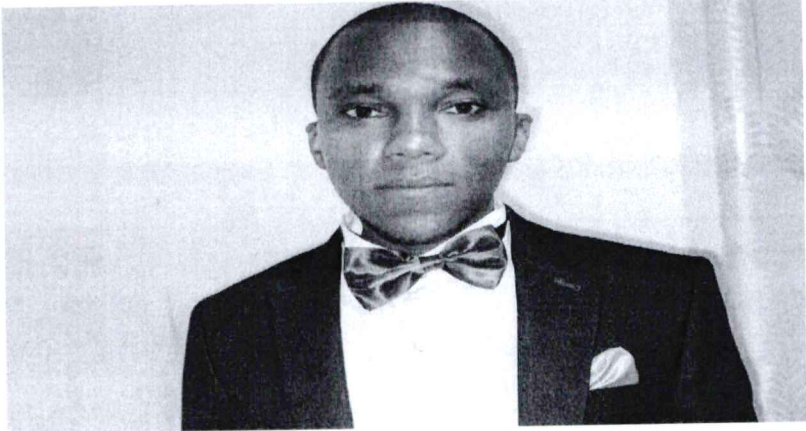
No.	Member/ Director	Details
1.	 Cecilia Mugito-BOG Secretary/Principal	<p>She was born on 13<sup>th</sup> August 1979. Mrs.Cecilia holds a bachelor of Education Science from Kenyatta University. Mrs.Cecilia has over 11 years of experience in management. She is the Secretary to the B.o.G and the Accounting Officer.</p>
2.	 Anthony Ndege-Deputy Principal Administration	<p>DOB 23/12/1975</p> <p>BSC Agriculture with Post graduate diploma in TVET. He has Over 23yrs of experience. 18yrs in agricultural sector and 5 year in public sector</p>

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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3.	 <p>Moses kainga-Finance Officer</p>	<p>DOB 30/06/1980</p> <p>Bachelors of Commerce Finance Option</p> <p>CPA (K) and a member of ICPAK</p> <p>More than 10years of experience</p>
4.	 <p>Mark Kajigi- Registrar</p>	<p>DOB 13/05/1989</p> <p>Bachelor of technology ICT. He has over 6years of work experience</p>

**Kaelo Technical and Vocational Training College**  
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		<p>DOB 10/04/87</p> <p>Bachelors of Technology in Mechanical Engineering</p> <p>Over 5 years of work experience</p>
<p>5. Julia Kageni- Dean of students</p>		<p>DOB 1993</p> <p>Bachelors of Commerce Procurement option and he is a member of KISM. He has Over 5 years of work Experience</p>
<p>6.</p>	<p>Kenneth Mwirigi- Procurement officer</p>	

## **5. Chairman's Statement**

It is with great pride that I present the financial statement for the year ended 30<sup>th</sup> June, 2025. I have all reasons to thank God. The Board has laid a strong foundation on which we are committed to build a vibrant Institution in line with our vision and mission. Throughout the year the Board has worked very hard and this is evidence by rapid growth in enrolment, infrastructure and quality of service. This has been possible due to the commitment of the Institutes management in day to day operations.

During the financial year 2024/2025 the Board undertook and completed several projects which include, Procurement of ERP system with three modules i.e. student management, Procurement and finance, Server installation and Procurement of 200 lecture seats. The ERP is important for automating integrating and improving core organization functions driving efficiency and better strategic oversight

I would like to acknowledge the opportunities that have been created by the Ministry of education through the State department for TVET by offering HELB loans and bursaries offered by political leadership to needy trainees who are now able to access quality education. Capitation and scholarship for trainees under new funding model who have been admitted through KUCCPS also goes a long way in alleviating the burden of trainees from parents, guardians and sponsors of trainees in the Institution.

The poor performance of the economy in the Country has had a negative impact on our operations, in that we have not been able to fully implement the projects as we had budgeted. It is my prayer and belief that despite the challenges posed by poor economic performance we shall excel in our core mandate of imparting skills and attitude to the trainees. Looking ahead, the future outlook for the Institution is promising.

We aim to deepen our engagement with industry, expand our research and innovation agenda and enhance student employability through practical exposure.

On behalf of the board, I extend my sincere gratitude to the management, Staff, trainees and all partners whose dedication and support have been instrumental in our continued success.



**Mf Patrick Muthee**  
**B.O.G Chair**  
**Kaelo Technical Vocational College**

**Kaelo Technical and Vocational Training College**  
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**6. Report of the Principal**

Kaelo Technical and Vocational College was established by the government of Kenya through TVET act 2013. The College opened its doors in September 2019 with six trainers and 14 trainees. 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 Kaelo Technical and Vocational College is located 0.5km away from Kaelo market and 2 km from Laare market. It is found in Antuambui location, Laare division of Igembe North Sub-County in Meru County. As we close the financial year I am pleased to present an overview of our Institutions progress achievements and financial performance.

This year has been marked by significant strides in our core activities, along with challenges that have tested our resilience and commitment to excellence.

We successfully implemented the new curriculum aligned with evolving Academic Standards resulting in improved students' performance across all levels.

We launched infrastructure project like ERP system, Server and additional trainees lecture seats.

**Enrolment**

The student enrolment is at eight hundred and fifty three (853) distributed across seven (7) departments as shown in the table below:-

<b>Departments</b>	<b>Male</b>	<b>female</b>	<b>Total</b>
Building and Civil Engineering	98	43	141
Electrical and Electronics Engineering	112	16	128
Mechanical and Automotive Engineering	75	8	83
Computing and informatics	59	82	141
Institution Management	5	241	246
Agriculture and Environmental Studies	7	7	14
Business Studies	6	94	100
<b>Total</b>	<b>362</b>	<b>491</b>	<b>853</b>

**Co-curriculum activities**

During the year trainees participated in co-curriculum activities organized at the regional and National levels. This helps grow an all-round trainees

**Assessments**

The performance of exams has continued to improve which stand at 81.034% in the March 2025 KNEC examinations and 87.931% in TVET CDACC assessment.

**Staffing**

Service delivery of Kaelo Technical and Vocational College to all relevant stakeholders is supported by the following employees employed and paid by the Board of governors besides those employed by the government.

<b>Type of employees</b>	<b>Number</b>
Public Service trainers	22
B.o.G trainers	11
B.o.G non-teaching staff	4
Interns (Trainers)	3

### **Institution Policies**

A number of Policies were developed during the year which includes:-

1. Career progression Policy
2. Debt Management Policy
3. Procurement Policy
4. Finance Policy
5. Academic Policy
6. HR Manual policy
7. Admissions Policy
8. Communication Policy
9. Examination Policy
10. ICT Policy
11. Industrial attachment Policy
12. Quality Assurance Policy

During the period Kaelo TVC facilitated staff to attend trainings including the Finance Officer, Procurement Officer, administrators and trainers across the departments.

### **Challenges**

There were several challenges within the year which impacted the operations of the Institution especially on shortage of funds. The disbursement of funds from the parent Ministry at times delayed and to some extent affected the operations. The Public Service has continued to post trainers to the Institution through in small number and to keep up with growing enrolment. The Institution has hired eleven (11) trainers on B.o.G terms.

This takes a big proportion of the Institution budget which would be used to meet other needs in operations

The trainees also experienced challenges with payments of fees due to hard economic times.

Looking forward to future of imparting and impacting skills gap faced by the Country and that TVET Institution will be a major contributor of skills and innovations towards achievement of BETA and vision 2030.



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

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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

Kaelo TVC has five pillars within its strategic plan for financial years 2021 to 2025. These strategic pillars are as follows

1. College enrolment
2. Staff numbers
3. Improve teaching infrastructure
4. Quality management systems
5. Information systems

Kaelo TVC develops its annual work plan based on the above pillars. Assessment of the board performance against its annual work plan is done on quarterly basis. Kaelo TVC achieved its performance target set for the financial year 2024/2025 for its five strategic pillars as indicated in the diagram below.

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

## **8. Corporate Governance Statement**

### **Appointments of board of Governors**

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/law
- f). Engineering

The term of office is three years effective from the date of appointment. The act also explains how a board member can be removed from office the board signs a conflict of interest register before they hold a meeting in case there is need to declare conflict of interest. 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 development and Human resource**

1. Mrs Nancy Gitonga- Chairperson
2. Mrs Cecilia Mwongera- Principal
3. Mr Naftaly Kathurima Member
4. Mr Joachim Mbarua Member
5. Dr Andelina Mugure Member

### **Audit and risk management**

1. Mrs Ann Chellangat Chairperson
2. Mr Hillary Jumba Member
3. Dr joy Riungu Member

### **Academic Committee and research**

1. Dr joy Riungu Chair person
2. Dr jane Kathuku Member
3. Mrs Cecilia Mwongera Principal
4. Dr Andelina Mugure Member

### **Roles and functions of the board**

The following are Board functions as out lined in the TVECT Act. 2013

1. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVECT Act.
2. Promoting and maintaining standards quality and relevance in advocating and training in the institution in accordance with the act and any other written law.

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

3. Administering and managing the property of the institution
4. Developing and implementing the institutions strategic plan
5. Preparing annual estimates of the revenue and expenditure of the institution
6. Receiving on behalf of the institution fees, grants and other monies.
7. 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.

**Analysis of the board meetings within the financial year 2024/2025**

During the year 2024/2025 the table below shows the number of full board and committee meetings held.

S/No	DATE	ATTENDANCE	PURPOSE	NATURE
1	23/8/2024	3	Finance Development and HR Committee	Physical
2	31/8/2024	4	Academic and Research Committee	Physical
3	6/9/2024	3	Audit and Risk Committee	Physical
4	13/9/2024	6	Full B.o.G meeting	Physical
5	14/10/2024	4	Finance Development and HR Committee	Physical
6	30/11/2024	6	Full B.o.G meeting	Physical
7	10/1/2025	4	Finance Development and HR Committee	Physical
8	13/3/2025	3	Academic and Research Committee	Physical
9	13/3/2025	3	Audit and Risk Committee	Physical
10	28/3/2025	7	Full B.o.G meeting	Virtually
11	11/4/2025	3	Finance Development and HR Committee	Physical
12	10/6/2025	4	Audit and Risk Committee	Virtually
13	12/6/2025		Academic and Research Committee	Virtually
14	13/6/2025	4	Full B.o.G meeting	Physical

**9. Management Discussion and Analysis**

The following is the overview of performance of institution for the period ended 30<sup>th</sup> June 2025  
SECTION (A)

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

(a) The institute’s performance

**Revenue**

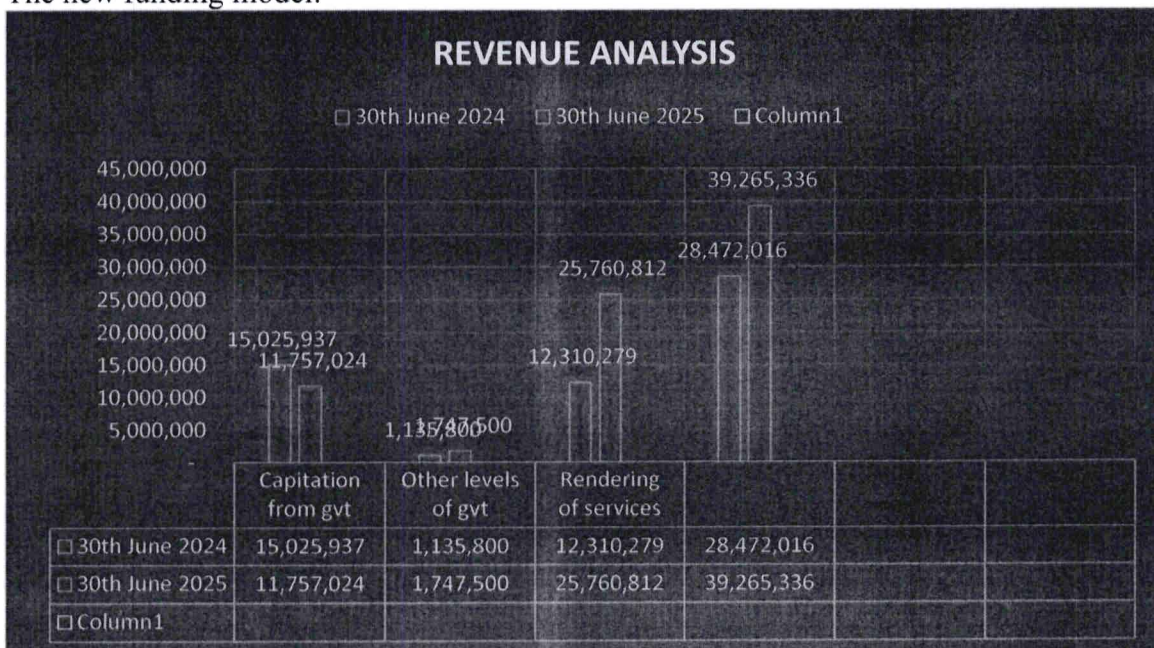
The institute is a public institution whose mandate is to provide quality and relevant technical training for skills for achievement of vision 2030

Kaelo technical Sources of funds for financial year 2024/2025 includes

- i. Government capitation-Capitation
- ii. Internally generated funds- Fees from students

During the year, revenue of Ksh 11,757,024 was received from the national government as capitation. Ksh 25,760,812 from rendering of services, and Ksh1, 747,500 from other levels of government. Kaelo TVC total revenue increased by 36.9% to Kshs 39,265,336 from 28,472,016. The variance was attributed to increased student enrolment and increased fees due to changes in

The new funding model.

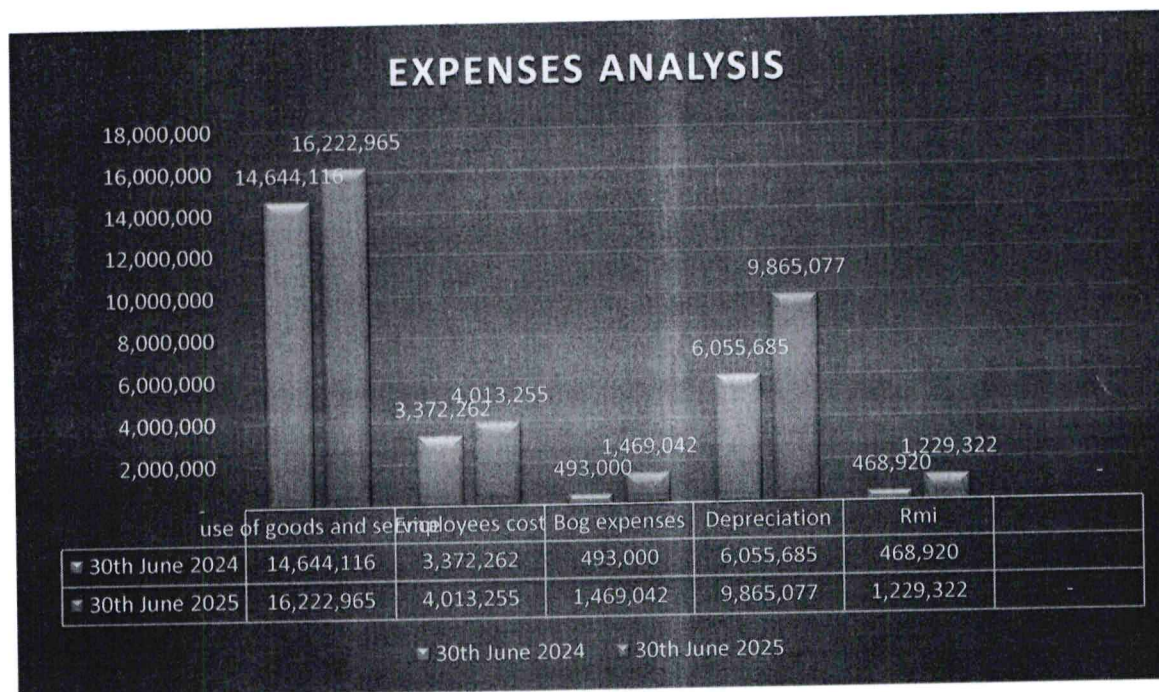


**Expenditure**

The institute’s expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governors costs and general expenses.

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

The overall expenditure for the period increased by 26.13% from Ksh 25,033,983 Ksh to Ksh 32,799,661



**Major Challenges and risk facing Kaelo TVC**

The following are major challenges facing Kaelo TVC

No	Challenges	Mitigation
1	Delayed disbursement of capitation funds from national government	Making follow ups including , writing letters and visiting the ministry of education
2	Inadequate water supply	Increasing water tank to harvest rain water
3	Inadequate infrastructure	Partitioning big rooms to accommodate more Trainees
4	Shortage of PSC trainers in relation to growth in trainees enrollment	Employment of B.o.G Trainers to bridge the gap

**Material arrears in Statutory or Financial Obligations**

Kaelo TVC does not have any loan default, pending bills, tax default, and outstanding staff arrears

**Compliance with Statutory Requirements**

Kaelo TVC has complied with statutory requirements and has remitted all statutory deductions in the financial year 2024/2025

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

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 organization 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 workshop has been key in staff development

### **Environmental performance**

The institution is committed to reduce in carbon footprint by the continuous planting of trees within and without the institution in corporation with other partners.

### **Employee welfare**

The Institution has put in place the HR manual that gives guidelines on the hiring process for employees. The Hr Manual considers the various aspects of employee's wellbeing within the Institution including remuneration.

This has enabled employees to understand the various processes involved in terms of appointments, dismisses and any other aspect of employees and employer relationship within the Institute. The HR manual is reviewed at intervals of three (3) years.

Employees in the Institution are required to fill Performance appraisals in this case they set targets they would want to achieve within the year in consultation with their immediate supervisors. This enables the supervisor to gauge an employee performance with regards to set targets and achievements within the year

**Market place practices-**

**a. Responsible competition practice**

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.

**b. Responsible supply chain and supplier relation**

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.

**c. Responsible marketing and advertisement or responsible engagement with the citizens**

The Institute gives true information on all advertisements and publicity done. This has provided confidence on the services offered by the Institution.

**d. Product stewardship or awareness creation**

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

**Corporate Social Responsibility / Community Engagements**

Kaelo technical and vocational college has participated in education days and mentorship organized within the region and also supported the less fortunate and needy children in the community.

**11. Report of the Board of Governors**

The Board members submit their financial statements report for the year ended 30<sup>th</sup> June 2025, which show the state of the *Kaelo TVC* affairs.

**Principle activities**

The principle activities of Kaelo TVC:

- 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<sup>th</sup> 2025 are set out on page 1-32....

**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 *Kaelo TVC* 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 Kaelo TVC for the year/period ended June 30<sup>th</sup>, 2025, 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



.....

**Cecilia Mugito Mwangera**

**Secretary of the Board**

**Date: 13/11/2025**

**12. Statement of Board of Governors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, require the board members to prepare financial statements in respect of Kaelo TVC, 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 Kaelo TVC for that year/period. The board members are also required to ensure that Kaelo TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Kaelo TVC. The board members are also responsible for safeguarding the assets of the Kaelo TVC.

The board members are responsible for the preparation and presentation of Kaelo TVC 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 30th, 2025 this responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Kaelo TVC;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safe guarding the assets of Kaelo TVC;
- (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 judgments 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 Kaelo TVC financial statements give a true and fair view of the state of Kaelo TVC transactions during the financial year ended 30<sup>th</sup> June, 2025 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 Kaelo TVC financial statements as well as the adequacy of the systems of internal financial control.

In preparing financial statement the principal has assessed Kaelo TVC ability to continue as going concern.

Nothing has come to the attention of the board members to indicate that Kaelo TVC will not remain as 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 13th Nov 2025 and signed on its behalf by:



**Name Patrick muthee**  
**Chairperson of the Board**



**Name Cecilia mwongera**  
**Accounting Officer/Principal**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KAELO TECHNICAL AND VOCATIONAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

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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 Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose; 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.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

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

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

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

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Property, Plant and Equipment**

As previously reported, the statement of financial position reflects property, plant and equipment net book value of Kshs.85,250,177 which includes land, buildings and computers net book values of Kshs.15,000,000, Kshs.50,610,291 and Kshs.3,389,747 respectively as disclosed in Note 17 to the financial statements. However, valuation certificate for the college land was not provided for audit. Further, documentation on the historical cost of the main building hosting administration, classes and computer lab were also not provided for audit.

In addition, the property, plant and equipment balance of Kshs.85,250,177 further includes computers amounting to Kshs.3,389,747 donated during the previous year. However, Management did not provide any document on the donated computers, including purchase price and installation cost. Additionally, there was no evidence of market survey on which the Management relied to value the computers.

In the circumstances, the accuracy and completeness of the property, plant and equipment net book value of Kshs.85,250,177 could not be confirmed.

#### **2. Unsupported Revaluation Reserve Balance**

The statement of financial position reflects revaluation reserve balance of Kshs.112,903,268 which includes additional assets balances of Kshs.57,545,883 and Kshs.2,304,599 for the years ended 30 June, 2024 and 2025 respectively. However, valuation certificates were not provided for audit.

In the circumstances, the accuracy and completeness of the revaluation reserve balance of Kshs.112,903,268 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kaelo Technical and Vocational Training College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled

other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.52,890,488 and Kshs.25,523,091 respectively resulting to under - funding of Kshs.27,367,397 or 52% of the final receipt budget. Similarly, the college spent Kshs.22,934,584 against actual receipts of Kshs.25,523,091 leading to under-utilization of Kshs.2,588,507 or 10% 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 the above matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there were no key audit matters to report in the year under review.

### **Other Matter**

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

Review of the progress on follow up on prior year auditor's recommendations reveal that, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding. However, the issues recurred and have been reiterated as substantial paragraphs.

### **Other Information**

The Management is responsible for the Other Information set out on page ii to xxvi which comprise of Key Entity Information and Management, the Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Governors, Statement of Board of Governors Responsibilities, Directors Responsibilities, Statement of Performance Against

Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-Compliance with Law on Staff Ethnic Composition**

As previously reported, review of staff records reveals that during the year under review, fifteen (15) or 71% out of the twenty-one (21) BOG staff which includes teaching and non-teaching belonged to the dominant ethnic community in the County. This is contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of people of Kenya in employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

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

### **Conclusion**

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

### **Basis of Conclusion**

#### **1. Lack of Internal Audit Function**

As previously reported, audit revealed that the College had not established an Internal Audit Department to carry out internal audit functions contrary to Section 73(1)(a) of the Public Finance Management Act, 2012. The College was at the time of audit outsourcing internal audit services. However, the Management did not provide a Memorandum of Understanding or contract with the outsourced internal auditor.

In the circumstances, the Institute may not benefit from assurance on the existence and effectiveness of its internal Control Systems.

#### **2. Failure to Stagger Appointment and Re-appointment of Members of Board of Governors**

As previously reported, review of file for the Members of Board of Governors revealed that Cabinet Secretary's appointment of Members of the Board of Governors was done on the same date of 18 January, 2023, the appointment of Members of the Board of Governors was not staggered.

In the circumstances, since terms of all the appointed members are bound to expire at the same time, this may significantly endanger continuity in the affairs of the Board.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and 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 Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

18 November, 2025

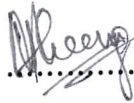
**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

**14. Statement of Financial Performance for the Year Ended 30 June 2025**

	Notes	30th June 2025	30th June 2024
		Kshs	
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	11,757,024	15,025,937
Transfers from other levels of government	7	1,747,500	1,135,800
<b>TOTAL</b>		<b>13,504,524</b>	<b>16,161,737</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	8	25,760,812	12,310,279
<b>Revenue from Exchange transactions</b>		<b>25,760,812</b>	<b>12,310,279</b>
<b>Total Revenue</b>		<b>39,265,336</b>	<b>28,472,016</b>
<b>Expenses</b>			
Use of goods and services	9	16,222,965	14,644,116
Employee costs	10	4,013,255	3,372,262
Board of governors	11	1,469,042	493,000
Depreciation and amortization expense	12	9,865,077	6,055,685
Repairs and maintenance	13	1,229,322	468,920
<b>Total Expenses</b>		<b>32,799,661</b>	<b>25,033,983</b>
<b>Net surplus/(deficit) for the year</b>		<b>6,465,675.45</b>	<b>3,438,033</b>

*(The notes set out on pages 1 to 32 form an integral part of the Annual Financial Statements).*

The Financial Statements set out on pages 1 to 32 were signed by:



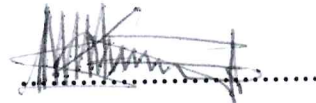
.....  
**Chairman of Council/Board**

**Date 13/11/2025**



.....  
**Principal**

**Date 13/11/2025**



.....  
**Finance Officer**

**ICPAK No 26984**



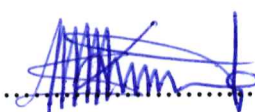
**Date 13/11/2025**

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

**15. Statement of Financial Position as At 30th June 2025**

Description	Notes	30th June 2025	30th June 2024
		Kshs	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14(a)	3,055,702	6,123,101
Current receivables from exchange transactions	15(a)	25,304,006	9,791,001
Inventories	16	275,924	77,414
<b>Total Current Assets</b>		<b>28,635,632</b>	<b>15,991,516</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	17	85,250,177	92,810,657
Biological Assets	18	2,268,200	2,111,300
<b>Total Non-Current Assets</b>		<b>87,518,377</b>	<b>94,921,957</b>
<b>Total Assets (A)</b>		<b>116,154,010</b>	<b>110,913,473</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	19	3,322,089	3,862,636
Refundable deposits from customers	20	649,700	460,000
<b>Total Current Liabilities</b>		<b>3,971,789</b>	<b>4,322,636</b>
<b>Total Liabilities (B)</b>		<b>3,971,789</b>	<b>4,322,636</b>
<b>Net Assets (A-B)</b>		<b>112,182,221</b>	<b>106,590,837</b>
<b>Represented By:</b>			
Revaluation Reserves		112,903,268	110,598,669
Accumulated Surplus		(721,047)	(4,007,833)
<b>Net Assets</b>		<b>112,182,221</b>	<b>106,590,836</b>

The Financial Statements set out on pages 1 to 58 were signed by:

		
.....	.....	.....
<b>Chairman of Council/Board</b>	<b>Principal</b>	<b>Finance Officer</b>
		<b>ICPAK No 26984</b>
<b>Date 13/11/2025</b>	<b>Date 13/11/2025</b>	<b>Date 13/11/2025</b>

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

**16. Statement of Changes in Net Asset for the Year Ended 30 June 2025**

Description	Revaluation reserve	Accumulated Fund	Total
<b>At July 1, 2023 (previous year)</b>	<b>53,052,786</b>	<b>(7,445,866)</b>	<b>45,606,920</b>
Additional Asset	57,545,883	-	57,545,883
Surplus/(deficit) for the year	-	3,438,033	3,438,033
<b>At June 30, 2024</b>	<b>110,598,669</b>	<b>(4,007,833)</b>	<b>106,590,836</b>
<b>At July 1, 2024 (current year)</b>	<b>110,598,669</b>	<b>(7,445,866)</b>	<b>103,152,803</b>
Additional Asset	2,304,599	259,144	2,563,743
Surplus/(deficit) for the year		6,465,675	6,465,675
<b>At 30th June , 2025</b>	<b>112,903,268</b>	<b>(721,047)</b>	<b>112,182,221</b>

**17. Statement of Cash Flows for the Year Ended 30 June 2025**

Description	Note	30th June 2025	30th June 2024
		Kshs	
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from National Government entities	6	11,757,024	15,025,937
Transfers from other levels of government	7	1,747,500	1,135,800
Rendering of services- fees from students	8	25,760,812	12,459,621
<b>Total Receipts</b>		<b>39,265,336</b>	<b>28,621,358</b>
<b>Payments</b>			
Use of goods and services	9	16,222,965	14,644,116
Employee costs	10	4,013,255	3,372,262
Board of governors	11	1,469,042	493,000
Repairs and maintenance	12	1,229,322	468,920
<b>Total Payments</b>		<b>22,934,584</b>	<b>18,978,298</b>
<b>Net Cash Flows from operating activities</b>		<b>16,330,752</b>	<b>9,643,060</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(2,234,599)	4,489,955
Increase in Inventory		(275,924)	
Increase in Receivables		16,326,120	
Increase/(decrease) in Payables		(540,547)	
<b>Net cash flows used in investing activities</b>		<b>13,275,050</b>	<b>4,489,955</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>3,055,702</b>	<b>5,153,106</b>
Cash and Cash equivalents at 31st March 2025		5,191,856	969,995
<b>Cash and Cash equivalents at 30<sup>th</sup> June 2025</b>		<b>3,055,702</b>	<b>6,123,101</b>

**Kaelo Technical and Vocational Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Rendering of services- fees from students	48,956,850	(6,718,900)	42,237,950	18,435,272	23,802,678	56
Transfers National Government entities and	6,000,000	-	6,000,000	5,390,647	609,353	10
Operational grants	-	-	-	499,827	(499,827)	
Income from our school farm	150,000	-	150,000	21,400	128,600	86
Dairy management	1,000,000	(800,000)	200,000	226,640	(26,640)	(13)
Poultry Farming	500,000	(500,000)			-	
Income from student registration and kuccps	2,210,000	(510,000)	1,700,000	73,200	1,626,800	96
Income from short courses	995,000	(548,000)	447,000	141,900	305,100	68
Income from exam fee	2,400,000	(244,462)	2,155,538	734,205	1,421,333	66
Other income- insurance recovery					-	
<b>Total Income</b>	<b>62,211,850</b>	<b>(9,321,362)</b>	<b>52,890,488</b>	<b>25,523,091</b>	<b>27,367,397</b>	<b>52</b>
<b>Expenses</b>						
Use of goods and services	52,196,738	(9,388,291)	42,808,447	16,222,965	26,585,482	62
Employee costs	5,235,392	28,848	5,264,240	4,013,255	1,250,985	24
Board of governors expenses	3,269,720	(551,919)	2,717,801	1,469,042	1,248,759	46
Repairs and maintenance	1,510,000	590,000	2,100,000	1,229,322	870,678	41
<b>Total Expenditure</b>	<b>62,211,850</b>	<b>(9,321,362)</b>	<b>52,890,488</b>	<b>22,934,584</b>	<b>29,955,904</b>	<b>57</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,588,507</b>	<b>(2,588,507)</b>	

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**Budget notes**

1. The institution did not receive full capitation of Ksh 30,000 per trainee
2. Depreciation of asset by Ksh 9,865,077 is not included in the budget
3. Scholarship under new funding model were not fully disbursed to the institution
4. The institution did not enrol the targeted number of students during that financial year
5. Inadequate funds to finance the budgeted projects due to under funding from the state department for TVET.

**19. Notes to the Financial Statements**

**1. General Information**

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

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

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

**3. Adoption of New and Revised Standards**

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There are no new and amended standards issued in the financial year.

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

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<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b>  The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ul>

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	<ul style="list-style-type: none"> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>
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**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

### **Sale of goods**

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

### **Interest income**

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

### **Rental income**

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

## **b) Budget information**

The original budget for FY 2024/2025 was approved by the Council or Board on 14/05/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of zero on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented.

## **c) Taxes**

### ***Current income tax***

The entity is exempt from paying taxes as per schedule

### ***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

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

**e) Property, plant and equipment**

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

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are

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recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**h) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) 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.

**j) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

***Financial assets***

***Classification***

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

**Subsequent measurement**

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

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

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through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**k) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

**Inventories (Continued)**

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

**l) 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 Kaelo TVC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

The *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

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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.

**m) Social Benefits**

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

**n) Nature and purpose of reserves**

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

**o) 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.

**p) 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.

**q) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are

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translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**r) 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.

**s) Related parties**

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

**t) Service concession arrangements**

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

**u) 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.

**v) Comparative figures**

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

**w) 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 30th, 2025.

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

Description	30th June 2025	30th June 2024
	Kshs	
<b>Unconditional Grants</b>		
Capitation From national government	5,866,550	8,525,937
Operational Grant	499,827	1,500,000
Scholarship	5,390,647	
Other Grants		5,000,000
<b>Total unconditional Grants</b>	<b>11,757,024</b>	<b>15,025,937</b>

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

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	31st March 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of technical training	11,757,024	-		11,757,024	15,025,937
<b>Total</b>	11,757,024	-	-	11,757,024	15,025,937

The details of the reconciliation have been included under appendix iii

**7. Transfers from Other Levels of Government**

Description	30th June 2025	30th June 2024
	Kshs	
Transfer from County government and other bursaries	1,747,500	1,135,800
<b>Total Transfers</b>	<b>1,747,500</b>	<b>1,135,800</b>

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**8. Rendering of Services**

Description	30th June 2025	30th June 2024
	Kshs	
Tuition Fees	13,259,836	10,572,304
Personal emoluments	3,062,574	
E,W,C	950,881	
LT&T	936,693	
R,M, I	784,203	
Activity fee	1,077,950	86,800
Medical & insurance	442,221	
Students Welfare	117,800	
Development	170,000	
students council	197,900	
Industrial Attachment Fees	158,000	87,000
Examination Fees	3,317,714	951,230
Computer packages	161,700	58,800
KUCCPS	318,000	178,500
Students Id	197,800	59,500
Practical fee	119,200	97,800
Registration Fees	190,300	60,000
Income from farm,	21,400	48,345
Income from Dairy	226,640	-
Phone repair(short courses)	50,000	110,000
<b>Total Revenue from The Rendering of Services</b>	<b>25,760,812</b>	<b>12,310,279</b>

**9. Use of Goods and Services**

Description	30th June 2025	30th June 2024
	Kshs	
<b>Training materials</b>	1,103,323	2,055,717
<b>Local travel</b>	2,488,405	1,778,632
<b>Exam</b>	3,200,010	1,911,710
<b>Security</b>	566,892	768,000
<b>Administration expense</b>	1,208,642	1,403,985
<b>Training and workshop</b>	870,198	314,075
<b>Staff meals</b>	670,475	518,699
<b>Stationary</b>	588,178	784,810
<b>Sport activities</b>	2,064,545	1,296,865
<b>E,W,C</b>	461,452	316,751
<b>Internet and networking</b>	542,139	514,675
<b>Airtime</b>	210,000	127,700
<b>Subscriptions and registration</b>	271,200	395,700
<b>Farm expense</b>	24,710	63,255

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Dairy expense	9,800	
Advertising Marketing	1,356,100	418,261
Students welfare	269,030	228,535
Auditing services	76,000	61,000
Attachment expense	64,000	111,253
Bank charges	64,359	45,911
Withholding vat	105,782	
Students id		52,500
Delivery and postage	7,725	8,391
Jitume la		1,425,191
Registration expenses		42,500
<b>Total good and services</b>	<b>16,222,965</b>	<b>14,644,116</b>

**10. Employee Costs**

Description	30th June 2025	30th June 2024
	Kshs	
Salaries and wages	3,160,596	2,699,581
SHA	99,942	102,200
Casuals	110,900	
NSSF	335,601	362,447
PAYE	176,382	63,206
Housing levy	66,391	17,970
HELB remittance	60,243	124,558
NITA levy	3,200	2,300
<b>Employee Costs</b>	<b>4,013,255</b>	<b>3,372,262</b>

**11. Board Of Governors Expenses**

Description	30th June 2025	30th June 2024
	Kshs	
Chairman's honoraria		
Directors Emoluments	1,469,042	493,000
<b>Total</b>	<b>1,469,042</b>	<b>493,000</b>

**12. Depreciation and Amortization expense**

Description	30th June 2025	30th June 2024
	Kshs	
Property, plant and equipment	9,865,077	6,055,685
<b>Total depreciation and amortization</b>	<b>9,865,077</b>	<b>6,055,685</b>

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**13. Repairs and Maintenance**

Description	30th June 2025	31st March 2024
	Kshs	
General repairs and improvement	1,229,322	468,920
<b>Total Repairs and Maintenance</b>	<b>1,229,322</b>	<b>468,920</b>

**14. Cash and Cash Equivalents**

Description	30th June 2025	30th June 2024
	Kshs	
Current Account	2,889,211	3,949,152
development account	162,252	2,161,084
cash at hand	4,239	12,865
<b>Total Cash and Cash Equivalents</b>	<b>3,055,702</b>	<b>6,123,101</b>

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

Financial Institution	Account number	30th June 2025	30th June 2024
		Kshs	
<b>a) Current Account</b>			
Equity development account	1040279526436	162,252	2,161,084
Equity Bank, etc.	1040278877247	2,889,211	3,949,152
<b>Sub- Total</b>		<b>3,051,463</b>	6,110,236
Cash in Hand		4,239	<b>12,865</b>
<b>Sub- Total</b>		<b>4,239</b>	<b>12,865</b>
<b>Grand Total</b>		<b>3,055,702</b>	<b>6,123,101</b>

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**15. Receivables from Exchange transactions**

**15 (a) Current Receivables from Exchange transactions**

Description	30th June 2025	30th June 2024
	Kshs	
<b>Current Receivables</b>		
Student Debtors	25,304,007	9,791,001
<b>Total Current Receivables</b>	<b>25,304,007</b>	<b>9,791,001</b>

**16. Inventories**

Description	30th June 2025	30th June 2024
	Ksh	
Consumable stores	275,924	77,414
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>275,924</b>	<b>77,414</b>

**17. Property, Plant and Equipment**

Cost	Land	Buildings	Mot or vehicles	Furniture and fittings	Computers/accessories	Plant and equipment	Water Tank	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
		2.50%		12.50%	30%	8.00%	8%	
<b>At 1 July 2023 (previous year)</b>		136,233	-	901,917	513,916	44,954,077	76,176	46,582,319
Additions	15,000,000	52,865,916			6,960,000	25,000		74,850,916
Disposals								-
Transfers/Adjustments								-
Revaluation								
<b>At 30<sup>th</sup> June 2024 (previous FY)</b>	<b>15,000,000</b>	<b>53,002,149</b>	-	<b>901,917</b>	<b>7,473,916</b>	<b>44,979,077</b>	<b>76,176</b>	<b>121,433,235</b>
Additions				700,000	1,534,599	70,000		2,304,599
Disposals		-	-					-
Transfer/Adjustments								-

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Revaluation								
<b>At 30<sup>th</sup> June 2025</b> <i>(current year)</i>	15,000,000	53,002,149	-	1,601,917	9,008,515	45,049,077	76,176	123,737,834
<b>Depreciation And Impairment</b>								-
<b>At 1 July 2023</b> <i>(previous year)</i>	-	6,899		245,928	962,913	21,331,236	19,918	22,566,894
Depreciation	-	1,059,905		81,999	1,953,301	2,955,980	4,501	6,055,686
Disposals	-	-	-	-		-	-	-
Impairment	-	-	-	-		-	-	-
<b>At 30<sup>th</sup> June 2024</b> <i>(previous year)</i>		1,066,804.0	-	327,927	2,916,214	24,287,216	24,419	28,622,580
Depreciation	0	1,325,054		200,240	2,702,555	5,631,135	6,094.08	9,865,077
Disposals	-	-	-	-				-
Impairment	-		-	-				-
Transfer/Adjustment	-							-
<b>At 30<sup>th</sup> June 2025</b> <i>(current year)</i>	-	2,391,858	-	528,167	5,618,769	29,918,351	30,513	38,487,657
<b>Net Book Values</b>	15,000,000	50,610,291	-	1,073,750	3,389,747	15,130,726	45,663	85,250,177
<b>At 30<sup>th</sup> Jun 2024</b> <i>(previous year)</i>	15,000,000	53,002,149	-	901,917	7,473,916	44,979,077	76,176	121,433,235
<b>At 30<sup>th</sup> June 2025</b> <i>(current year)</i>	15,000,000	50,610,291	-	1,073,750	3,389,747	15,130,726	45,663	85,250,177

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

**Valuation**

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

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**17 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	15,000,000	-	15,000,000
Buildings	53,002,149	2,391,858	50,610,291
Plant And Machinery	45,049,077	29,918,351	15,130,726
Computers and Related Equipment	9,008,515	5,618,769	3,389,747
Office Equipment, Furniture, And Fittings	1,601,917	528,167	1,073,750
Water tanks	76,176	30,513	45,663
<b>Total</b>	<b>123,737,834</b>	<b>38,487,657</b>	<b>85,250,190</b>

**18. Biological Assets**

Description	30th June 2025	
	Ksh	30th June 2024
Cattle	160,000	<b>60,000</b>
Trees	2,108,200	2,051,300
Others (Specify)		
<b>Total</b>	<b>2,268,200</b>	<b>2,111,300</b>

**19. Trade and Other Payables**

Description	30th June 2025		30th June 2024	
	Kshs	% of the Total	Kshs	% of the Total
Trade payables	2,812,789		2,629,393	
Fees paid in advance	509,300		767,403	
Salary advance			5,840	
caution money			460,000	
<b>Total Trade and Other Payables</b>	<b>3,322,089</b>		<b>3,862,636</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	3,322,089	100%	3,862,636	100%
<b>Total (to tie to totals above)</b>	<b>3,322,089</b>		<b>3,862,636</b>	

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**20. Refundable Deposits from Trainees**

Description	30th June 2025		30th June 2024	
	Kshs		Kshs	
Caution money	649,700		460,000	
<b>Total Deposits</b>	<b>649,700</b>		<b>460,000</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>31st March 2024</b>	
Under one year	649,700	100%	460,000	1
<b>Total (to tie to totals deposits above)</b>	<b>649,700</b>	<b>%</b>	<b>460,000</b>	

**Financial risk management (continued)**

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

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

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

**(ii) Liquidity risk management**

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

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

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control

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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.

**21. Events After The Reporting Period**

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

**22. 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.

**23. Currency**

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

**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	The statement of financial position reflects property, plant and equipment balance of Kshs.91,548,485 which includes land, buildings and computers balances of Kshs.15,000,000, Kshs.50,000,000	We have title deed in place	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and Kshs.4,268,828 respectively as disclosed in note 17 to the financial statements. However, valuation certificate for the college land was not provided for audit. In addition, However, as at the time of audit, the management had not acquired the title deed for the land on which the college is built and operates contrary to the requirement of Section 4.9 of the National Treasury policy on Asset and Liability Management in the Public Sector, 2020.</p>			
2	<p>The statements of changes in net asset reflect revaluation gain of balance of Ksh 57,545,883. However valuation certificate was not provided for audit</p>	<p>We have made arrangement with the ministry of lands to do valuation</p>	<p>Not resolved</p>	<p>By September 30<sup>th</sup> 2025</p>
3	<p>The statements of of comparison of budget and actual amounts reflects</p>	<p>Institutions under received government capitation as opposed to 7500.</p>	<p>Not resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>final receipts budget and actual on comparable basis amount of Ksh 51,966,600 and 28,621,358 respectively resulting to under-funding of Ksh 23,345,242 or 45% of the budget similarly the college spent Ksh 18,978,298 against actual receipts amount of Ksh 28,621,358 resulting into underutilization of 9,643,060 or 34%of the actual receipt.</p>	<p>Scholarship under new funding model were not fully disbursed to the institution</p> <p>We didn't enrol the targeted number of students during that financial year</p> <p>Inadequate funds to finance the budgeted projects due to under funding from the state department for edution</p>		
4	<p>Review of payroll records revealed that fifteen (15) or 71% of the twenty-one (21) PSC staff belonged to the dominant ethnic community in the county as shown in the table below. This is contrary to section 7 (1) and (2) of the national cohesion and integration Act, 2008 which states that all public offices shall seek to represent the diversity of people of Kenya in employment of staff and that no</p>	<p><b>We are committed to addressing this issue and enhancing diversity and inclusion within our institution however during the application process most of the applicants come from the dominant ethnic community depending on the location of the institution and thereafter find themselves in the shortlisted list and finally to the recruited list.</b></p>	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	public establishment shall have more than one third of its staff from the same ethnic community.			
5	<p>Audit revealed that Kaelo Technical and Vocational College had not established an internal audit department to carry out internal audit functions contrary to Section 73(1)(a) of the Public Finance Management Act, 2012. The College was at the time of audit outsourcing internal audit services. However, the management did not provide a memorandum of understanding or contract with the outsourced internal auditor.</p> <p>In the circumstances, audit could not verify the validity of internal audit reports on the institution processes.</p>	<p><b>We did not have the capacity to recruit an internal auditor but the institute had outsourced the service of internal auditor from Jeremiah Nyaga for conducting internal audit for it's allowed in the policy directives on management of technical and vocational training institution issued on 06/09/2021.</b></p> <p><b>The memorandum of understanding is also available</b></p>	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6	<p>The statement of financial performance, as disclosed in note 11 to the financial statements, reflects Kshs.493,000 in respect of board of governors' remuneration. However, review of file of Members of Board of Governors revealed that Cabinet Secretary's appointment of members of the Board of Governors was done on the same date of 18 January, 2023, the appointment of members of Board of Governors was in contravention of Section 7(2) of the Technical and Vocational Education and Training Act, 2013.</p>	<p>The first Board of governor's appointments was 18<sup>th</sup> September 2023 for all the members and so the expiry date was also the same. The second board was also appointed the same time in future the management will request for staggering and initiate process of board nomination six months before expiry date to enhance continuity.</p>	Resolved	

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**Name Cecilia Mugito**  
**Accounting Officer**  
**Kaelo TVC**  
**Date 13/11/2025**

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

Name of transferring entity...State department for education.

Name of beneficiary entity Kaelo Technical and vocation training college

**Confirmation of amounts received by Kaelo TVC as at 30<sup>th</sup> June 2025**


Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
5625	15/07/2024	499,827		499,827	grant
5738	23/09/2024	1,668,125		1,668,125	capitation
<b>5735</b>	<b>30/09/2024</b>	<b>1,202,108</b>		<b>1,202,108</b>	scholarship
<b>5736</b>	<b>30/09/2024</b>	<b>570,934</b>		<b>570,934</b>	scholarship
<b>5737</b>	<b>30/09/2024</b>	<b>866,565</b>		<b>866,565</b>	scholarship
<b>5739</b>	<b>30/09/2024</b>	<b>1,524,615</b>		<b>1,524,615</b>	scholarship
<b>5740</b>	<b>30/09/2024</b>	<b>1,226,425</b>		<b>1,226,425</b>	scholarship
350	17/3/2025	4,198,425		4,198,425	capitation
Total				<b>11,757,024</b>	

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

**Head of Accounts Department - Disbursing Entity:**

Name..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name Moses kainga Sign  ..... Date...13/11/2025...

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