

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 28 MAY 2025

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REPORT

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BY:

Hon. Owen Bayo MP
Deputy Leader of the
majority party

CLERK-AT
THE-TABLE:

Ruth Ngunyo

THE AUDITOR-GENERAL

ON

**KAPCHEROP TECHNICAL AND VOCATIONAL
COLLEGE**

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



KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2023.

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

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
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1. Acronyms & Glossary of Terms

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

Provide a list of Acronyms and glossary of terms used in the financial report as per above example. The list to be exhaustive)

2. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

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

Vision

To be international leader in technical and vocational training.

Mission

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

Core Values

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

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

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

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

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

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

(c) Key Management

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

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

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(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	MR.ELIAS ROTICH
2	Deputy principal Academics	MR.PAUL SEUREY
3	Registrar (s)	MR.SAMUEL LAKTABAI
4	Dean of students	MR.ISSA MABUNDE
5	Head of Finance	MRS.GLADYS KEMBOI

(e) Fiduciary Oversight Arrangements

BOARD OF GOVERNORS COMMITTEES

Name of the Committee	Members
Audit and Risk management committee	1. Dr. Eliud Kipkoech Chelanga (Chairman) 2. Margret Murugi Mwangi (Member) 3. Zacharia k. Koech (Internal Auditor)
Academic, Human Resource & Welfare Committee	1. Rosemary Muvinya Muange (Chairlady) 2. Dr Hosea Kiplagat (Member) 3. Solomon Cheboi (Member) 4. Simion Cheplogoi (Secretary)
Finance and Infrastructure committee	1. Solomon Cheboi (Chairman) 2. Eng. Benjamin Mumia Wamukoya (Member) 3. Rosemary Muvinya Muange (Member) 4. Simion Cheplogoi (Secretary)

(f) Entity Headquarters

Kapcherop Technical and Vocational College
P.o Box 70-30204,
Kapcherop. Kenya.
Elgeyo Marakwet County
Marakwet West Constituency

(g) Entity Contacts

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

(h) Entity Bankers

- 1 -Access Bank fees -account no.0150100000237
-Access Bank cdf -account no.0150130001006
-Access Bank Development -account no.0150100000240

(Kitale Branch)

2. Kenya Commercial Banks –
1219806722 Eldoret Branch.)



(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3.The Board of Governors

Member's Name	Brief Description
 <p>Elias K Komen-Board chairman.</p>	<p>Elias K Komen was born in 1956.He studied at Kenya Science Teacher`s College and later to McGill University (CANADA). B.Ed. (Sci).</p> <p>He has a wealth of experience in the field of Education administration, he has worked in various institutions as Kabianga high school, Marakwet sec. school as deputy head teacher, Kapsowar Day sec. school as head teacher, also worked at saint Patrick High school Iten as a deputy head teacher and later on acting capacity head teacher.</p> <p>He then later on moved to Tambach Teachers' college as the principal in 1998.In 1999 he moved to Eldoret polytechnic as deputy principal. In June 1999 he went to Eregi Teachers College as the principal until 2005 where he became the Chief principal in the college. He is the B.O.G chair person</p>
 <p>Eng. Benjamin Mumia-Board Member.</p>	<p>Eng. Benjamin Mumia Wamukoya was born on 14th June 1984.He attained his Bachelor of Technology Degree, civil & structural Engineering from Moi University and later joined Kenya Institute of management to study and attained Diploma in Project Management.</p> <p>Eng. Mumia is experienced since he has worked for Malaba Keya and Partners, consulting Engineers and Planners as CAD Technician, Graduate engineer and project Engineer and later on in 2014/2017 being Resident Engineer during the construction of Moi University Pension Scheme, MUPS plaza, Eldoret. He is a finance committee chair.</p>

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Solomon Cheboi-Board Member.

Solomon Kimutai Cheboi was born on 22nd August 1984. He joined vision institute of professional studies and attained Accountants Technicians Certificate of Kenya (ATC(K) and later completed his CPA (K) Profession in the same institution. Mr. Solomon Cheboi pursued his Bachelor of commerce (Accounting option) in Kabarak University. He has a wide knowledge in accounting field since he has worked in the field for over 7 years. He worked for Marion Groups of Schools as a Financial Accountant before later on working as an Internal Auditor /Budget assistant at scripture Union of Kenya
In 2012 he worked at Sasini group ltd as Financial Accountant and later to date works at Regent Management Limited as Senior Project/Property Accountant.



Dr Hosea Kiplagat-Board Member.

Dr. Hosea Kiplagat was born in 16th January 1978. He is a PhD holder in Educational Technology in University of Eldoret. Currently working as the head of Department of Technology Education in University of Eldoret





Rosemary Muvinya Muange-Board Member.

Rosemary Muvinya Muange was born in 6th June, 1972. He is currently the board member of the Governing Council of the Kapcherop Technical & Vocational College. She has worked as a teacher in Kikima Secondary school and currently working as a lecture in University of Eldoret school of Human resource development and department of quantitative skills and development studies to date

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 <p>Dr. Eliud Kipkoech Chelanga-Board Member.</p>	<p>Dr. Eliud Kipkoech Chelanga was born in 10th October 1967. He is a PhD holder in Business administration.</p>
 <p>Margaret Mwangi Murugi-Board Member.</p>	<p>Ms. Margaret Mwangi Murugi was born on 5 February 1993. She is currently a member of the Board of Kapcherop Technical and Vocational College. She is a holder of a bachelor's degree in computer science. She has five years' experience having worked at ITEC S Systems Ltd for the last two years. She currently practices as a business development consultant. She is a graduate in computer science from University of Eldoret (2015).</p>
 <p>Simion Cheplogoi-Principal/B O G Secretary.</p>	<p>Simion Cheplogoi was born in 1973. He attained Diploma in science and technical education from Kenya Science Teachers College in 1995. He joined Moi University for Bed. Technology. He is currently on going with MPHIL in University of Eldoret.</p> <p>He has a wealth of experience in the field of education administration. He worked as lecturer in Aiyabo High school before joining Rift Valley Technical Training Institute as a senior lecture, deputy registrar, admission and marketing as well as teaching math's and mechanical. He moved to Baringo Technical College as deputy principal before joining Kapcherop Technical and vocational college as the principal to date. He is the secretary B.O.G.</p>

4.Key Management Team

NAME OF THE EMPLOYEE	BRIEF DESCRIPTION
 <p>Simion Cheplogoi Principal/B O G Secretary. He attained Diploma in science and technical education from Kenya Science Teachers College in 1995. He joined Moi University for Bed. Technology. He is currently on going with MPHIL in University of Eldoret. He has a wealth of experience in the field of education administration. He worked as lecturer in Aiyabo High school before joining Rift Valley Technical Training Institute as a senior lecture, deputy registrar, admission and marketing as well as teaching math's and mechanical. He moved to Baringo Technical College as deputy principal before joining Kapcherop Technical and vocational college as the principal to date. He is the secretary B.O.G.</p>	<ol style="list-style-type: none"> 1. In charge of day to day running of the institution. 2. In charge of Teaching and administration. 3. He is the accounting officer of the institution.
 <p>Paul Seurey Deputy Principal He attained Bachelor's degree in Education Science from Egerton University.</p>	<ol style="list-style-type: none"> 1. Assist the principal in running day to day activities of the Institution. 2. In charge of Academic and discipline. 3. Team leader of performance contracting.

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 <p>Samwel Laktabai Registrar. He attained Bachelors of Education Technology from Moi University.</p>	<ol style="list-style-type: none"> 1. Admission of Students. 2. In charge of Examination 3. In charge Marketing and performance contracting 4. In charge of Support staff
 <p>Issa Mabunde Dean of Students. He attained Bachelors of Science degree in Agricultural Engineering from University of Nairobi.</p>	<ol style="list-style-type: none"> 1. In charge of trainees' welfare. 2. In charge of guiding and counselling of trainees. 3. In charge of career guidance.
 <p>Gladys J Kemboi. Finance Officer. Pursuing Bachelor's degree in finance at Catholic University-Continuing She attained CPA (K) Certificate of professionals having completed CPA SECT. I, II & III. She is a graduate (ATC) Accounting Technician Certificate.</p>	<ol style="list-style-type: none"> 1. Head of Finance Department. 2. Preparation of financial policy. 3. Preparation of financial statements. 4. Budget preparation. 5. Advising the principal on financial matters of the school.

5. Chairman's Statement

KEY ACHIEVEMENTS

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

Growth in Student Enrolment

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

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

DEVELOPMENT AND INFRASTRUCTURE

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

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

CHALLENGES EXPERIENCED

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

FUTURE OUTLOOK

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



JOSEPH YATOR

BOARD CHAIRMAN.

6. Report of the Principal

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

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

Looking to the future, there is need to invest heavily in infrastructure to enable us manage the planned increase in the number of trainees reporting for training. Lecture halls and rooms is our immediate focus in the coming financial years as elucidated in our strategic plan 2020-2025.

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


ELIAS ROTICH

PRINCIPAL

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE.



7.Statement of Performance against Predetermined Objectives

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

Kapcherop Technical and Vocational College has 5 strategic pillars and objectives within current Strategic Plan for the FY 2020- FY 2024. These strategic pillars are as follows:

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

Kapcherop Technical and Vocational College develops its annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Kapcherop Technical and Vocational College achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below:

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

8. Corporate Governance Statement

The current Board of Governors was appointed into office on 2/7/2020 and upon appointment immediately took charge of their mandate to steer the college forward through application of best governance practices and standards.

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

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

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

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

BOARD CHARTER

1. PURPOSE

This charter sets out the key values and principles of the Board of governors of the Kapcherop Technical and Vocational College

It provides a concise overview of:

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

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

2. ROLE OF THE BOARD

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

3. MATTERS RESERVED FOR THE BOARD

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

4. DELEGATION OF AUTHORITY

- a) Effective governance of the College requires management to be involved in all significant decisions, and to be accountable to the Board. All delegated authorities must emanate from the Board.
- b) In establishing delegated authorities, whether for financial expenditure approval, or other approvals, both quantum and individuals to be granted authority must be presented to the Board.
- c) The Principal must raise with the Board any matter of significance affecting the College which requires the Board's attention, including any matters which exceed the delegated authority of the executive management.

5. COMPOSITION OF THE BOARD

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

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5.1. Appointment and Remuneration of Board members

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

6. BOARD INDEPENDENCE

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

7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE.

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

8. BOARD TRAINING

- a) Each Board member shall participate in an induction program that is tailored to effectively orient the member to the College's business, strategy, objectives, policies, procedures, operations, senior management and operating environment. The induction shall also include all the necessary information that shall be required by a member for effective performance on the Board. New Board members shall also be introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the College.
- b) Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the College.
- c) The Board shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the College and corporate governance environment.
- d) The Board shall conduct a bi-annual review to identify the training needs and facilitate up skilling as well as continuous development.

9. BOARD EVALUATION

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

10. ROLE OF THE CHAIR AND SECRETARY

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

The Role of the Chair shall be to:

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

The role of the Secretary shall be to:

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

vii) Any other duties as may be assigned by the Board from time to time.

11. DUTIES OF BOARD MEMBERS

Each Board member shall have the fiduciary duty to—

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

12. THE SECRETARY

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

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

13. BOARD COMMITTEES

- a) The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws.
- b) The Board has established the following committees:
 1. Audit & Risk Management Committee
 2. Finance & Human Resource Committee
 3. Academics & Research Committee
- c) The Board shall appoint the Chairpersons of the Committees and shall approve appropriate terms of reference for the Committees.
- d) Reporting obligations:
 - i) The Committees shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings,

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matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.

- ii) The committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.
- e) The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of committees annually.
- f) The Board may be required to establish other committees from time to time.

14. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

a) All Board members are required to:

- i) Declare any interests that may give rise to potential or perceived conflict e.g. business relationships or other circumstances that could interfere with exercise of objective judgment;
- ii) Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted Board member shall not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the provisions of the guiding laws rules & regulations of the College.

b) The Board shall evaluate all potential or perceived conflict of interest as declared and shall approve such transactions with the College as may be appropriate.

c) A register of declared Conflicts of Interest shall be maintained by the Secretary.

15. CODE OF CONDUCT

a) The Board shall adopt a Code of Conduct for all governors and employees that addresses, among other things, conflict of interest and which shall be reviewed and updated regularly. A summary of this code shall be made available on the College's website.

b) The College shall adopt effective whistle blowing mechanisms that encourage staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices.

c) The Board shall also adopt the Public Service Code of Conduct that will apply to all governors and staff.

16. RELATIONS WITH STAKEHOLDERS

a) The Board shall recognize, respect and protect the rights of stakeholders and shall ensure equitable treatment of all stakeholders.

b) The Board shall provide stakeholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with stakeholders.

c) The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the College's stakeholders in its deliberations, decisions and actions.

d) The Board shall establish effective communication with the College's stakeholders including the media as may be appropriate.

17. TERMS OF REFERENCE

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

9. Management Discussion and Analysis

The college operational and financial performance

The following table shows summary of total revenues collected and total expenditure for the year ending 30th June 2023.

DESCRIPTION	REVENUES	EXPENSES
Transfer from National Government	6,693,000	-
Rendering of Service	5,953,739	-
Sale of Goods-Maize	336,000	-
Use of Goods	0	10,945,761
Personal Emoluments	0	4,654,720
Board Remuneration	0	448,000
Repairs and Maintenance	0	234,552
TOTAL	12,982,739	16,283,033

College compliance with statutory requirement

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

Total exposure

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

Reporting framework

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

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

10. Environmental and Sustainability Reporting Statement

Kapcherop Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

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

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

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

Environmental performance

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

Employee welfare

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

Market place practices-

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

a) **Supplier prequalification**

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

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

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

Corporate Social Responsibility / Community Engagements

Kapcherop Technical and Vocational College was founded for public benefit, to promote

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

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

Technical Education and Knowledge and provide an institution open for all, irrespective of race,

Creed or political belief. It is pioneering institution of higher learning in making technical

Education available to the communities living in Elgeyo-Marakwet county and Kenya at large.

During the financial year ended 30th June 2023, Kapcherop Technical and Vocational College

did not engage in any corporate social responsibility. However, the college is committed in

implementing community engagements in the next financial year.

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the entity's affairs.

Principal activities

The principal activities of the entity are training.

Results

The results of the entity for the year ended June 30 2023 are set out on page 1,2,3,4 and 5.


Council/Board of Governors

The members of the Board /Council who served during the year are shown on page vi, vii, viii.

Auditors

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

By Order of the Board



Elias Rotich



Principal/ Secretary of the Board

Kapcherop Technical and Vocational College.

12. Statement of Board of Governors Responsibilities

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

The Board are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on 30 June 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and Technical Vocational Education and Training (TVET) Act, 2013. The board members are of the opinion that the College's financial statements give a true and fair view of the state of Kapcherop Technical College transactions during the financial year ended 30 June 2021 and of the entity's financial position as at that date. The board, further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

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

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

Approval of the financial statements.

Kapcherop Technical and Vocational College financial statements were approved by the Board on 15th Sept 2023 and signed on its behalf by the Chairman of the Board and the Principal.



Joseph Yator

Chairman of the Board



Elias Rotich

Principal/Secretary to the Board

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kapcherop Technical and Vocational College set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapcherop Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Unsupported Current Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.8,855,636 as disclosed in Note 16 to the financial statements. However, an ageing analysis report to determine the period from which the amounts have been outstanding was not provided for audit.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.8,855,636 could not be confirmed.

2. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.2,207,245 as disclosed in Note 19 to the financial statements. However, the College

did not maintain an updated asset register for both donated and acquired assets. Further, the College owned land, building, donated plants and equipment including motor vehicles of unknown values which were not disclosed in the financial statements.

In addition, the land title deeds and motor vehicle log books were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.2,207,245 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the College received revenue amounting to Kshs.12,994,739 against a budget of Kshs.39,994,000 resulting to unrealized revenue of Kshs.26,999,261 or 68% of the budget. Similarly, the College had an approved expenditure budget of Kshs.34,069,900 and actual expenditure of Kshs.16,295,033 resulting in under-absorption of Kshs.17,774,867 or 52% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iii to xxix which comprise of Key Information and Management, Council/Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief/Senior Principal, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Council/Board of Governors and Statement of Board of Governors/ Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with the Law on Ethnic Composition of Staff

Review of the master payrolls revealed that out of the forty-three (43) College employees, thirty-six (36) were from the dominant ethnic community making 89% of the staff. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act 2008

which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in the 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 the International Standards of Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

The audit revealed that the Management had not established an internal audit department to carry out internal audit functions. It was also noted that the College did not have an Audit Committee of the Board.

In the circumstances, the effectiveness of the internal controls and oversight services in the College could not be confirmed.

2. Lack of Disaster Recovery Plan

The College does not have a disaster recovery plan or business continuity plan to ensure that the College recovers its functionality in case of an unplanned incident or disaster. The College is exposed to possible loss in case of a disaster.

In the circumstances, the preparedness of the College in mitigating loss in case of disasters could not be confirmed.

3. Ineffective Board

Review of documents revealed that the Board held only one (1) full Board meeting within the financial year contrary to the provisions of a minimum of four (4) and a maximum of six (6) for each financial year in law. Further, the Board failed to prepare an annual Board ALMANAC and submit to State Corporations Advisory Committee (SCAC) detailing the organization's annual work plan, statutory obligations of the Board and available budget.

In the circumstances, the effectiveness of the Board in governance of the College could not be confirmed.

4. Lack of Approved Staff Establishment

The College operated without an authorized staff establishment to guide on staffing, posting, training, skills retention, and succession plans. It was therefore not possible to determine the criteria used by the Board to fill positions within the College.

In the circumstances, in the absence of staff establishment and recruitment plans, the College may not effectively plan for its staffing needs.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 April, 2025

14. Statement of Financial Performance for the Year Ended 30 June 2023

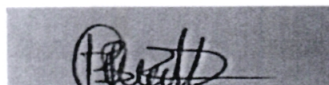
	Notes	Current FY2022-2023	Comparative FY2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	13,920,000	14,370,000
Recurrent grants	6	500,000	-
		14,420,000	14,370,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	12,258,880	12,655,180
Sale of goods	8	336,000	161,000
		12,594,880	12,816,180
Total Revenue		27,014,880	27,186,180
Expenses			
Use of goods and services	9	10,945,761	17,236,000
Employee costs	10	4,654,720	4,389,660
Board /Council Expenses	11	448,000	766,000
Depreciation and amortization expense	12	2,111,966	2,111,966
Repairs and maintenance	13	234,552	1,225,281
Finance costs	14	0	46,914
Total Expenses		18,394,999	25,775,821
Total Other Gains/(Losses)			
Net surplus/(deficit) for the year		8,619,881	1,410,359

The notes set out on pages 6 to 31 form an integral part of the Annual Financial Statements.
 The Financial Statements set out on pages 1 to 5 were signed by:

Joseph Yator

Nicholas K. Kosgei

Elias Rotich


Chairman of Board of Governors

Finance Officer

Principal/BOG Secretary

Date: 24/03/2025

Date: 24/03/2025

Date: 24/03/2025

15. Statement of Financial Position as as 30th June 2023.

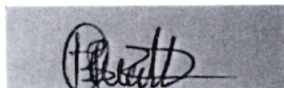
Description	Notes	Current FY2022-2023	Comparative FY2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	2,643,986	5,944,280
Current portion of receivables from exchange transactions	16	9,279,095	2,973,954
Receivables from non-exchange transactions	17	17,551,250	9,824,250
Inventories	18	0	343,242
Total Current Assets		29,474,331	19,085,726
Non-Current Assets			
Long term receivables from exchange transactions		-	-
Property, plant, and equipment	19	2,207,245	4,319,211
Intangible assets		0	-
Total Non-Current Assets		2,207,245	4,319,211
Total Assets		31,681,576	23,404,937
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	20	1,457,714	935,466
Payments received in advance	21	1,095,647	1,961,136
Total Current Liabilities		2,553,361	(2,896,602)
Net Assets		29,128,215	20,508,334
Accumulated fund		29,128,215	20,508,334
Total Net Assets and Liabilities		29,128,215	20,508,334

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

Joseph Yator

Nicholas K Kosgei

Elias Rotich


Chairman of Board of Governors

Finance Officer

Principal/BOG secretary

Date: 24/03/2025

Date: 24/03/2025

Date: 24/03/2025

16. Statement of Changes in Net Assets For the Year Ended 30th June 2023

Description	Accumulated Retained Earnings	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021				
Accumulated Retained Earnings	-	19,097,975	-	19,097,975
Surplus/(deficit) for the year	-	1,410,359	-	1,410,359
Capital grants received during the year	-	-	-	-
At June 30, 2022	-	20,508,334	-	20,508,334
At July 1, 2022	-	20,508,334	-	20,508,334
Revaluation gain	-		-	
Surplus/(deficit) for the year	-	8,619,881	-	8,619,881
Capital grants received during the year	-	-	-	-
At June 30, 2023	-	29,128,215	-	29,128,215

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

17. Statement of Cash Flows for the Year Ended 30 June 2023

Description		Current FY2022-2023	Comparative FY2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from National Government		6,693,000	10,402,500
Rendering of services- fees from students		5,953,739	12,655,180
Sale of goods	8	336,000	161,000
Finance income		0	-
Total Receipts		12,982,739	23,218,680
Payments			
Use of goods and services	9	10,945,761	17,236,000
Employee costs	10	4,654,720	4,389,660
Board /Council Expenses	11	448,000	766,000
Repairs and maintenance	13	234,552	1,225,281
Bank Charges	14	0	46,914
Total Payments		16,283,033	23,663,855
Net Cash Flows from operating activities		(3,300,294)	(445,175)
Adjustment for working Capital			
Increase/Decrease in Debtors		-	(337,581)
Increase/Decrease in Inventories		-	(343,242)
Increase/Decrease in creditors		-	935,466
Increase/Decrease in payables		-	1,961,136
Net cash flows from Working Capital			2,215,779
Cash flows from investing activities			
Purchase of property, plant, equipment		-	(939,630)
Net cash flows used in investing activities			(939,630)
Net Increase/(Decrease) in Cash and Cash equivalents		(3,300,294)	830,974
Cash and Cash equivalents at 1 JULY 2022	15	5,944,280	5,113,306
Cash and Cash equivalents at 30 JUNE 2023	15	2,643,986	5,944,280

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

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE**Annual Report and Financial Statements for the year ended 30th June 2023****18. Statement of Comparison of Budget and Actual amounts For Year Ended 30 June 2023**

Description	Original budget	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	%
Transfers from National Government entities	21,000,000	21,000,000	6,693,000	14,307,000	32%
Rendering of services- fees from students	18,494,000	18,494,000	5,953,739	12,540,261	34%
Sale of goods	500,000	500,000	336,000	164,000	67.2%
Total Income	39,994,000	39,994,000	12,982,739	27,011,261	
Expenses					
Use of goods and services	25,317,100	25,317,100	10,945,761	14,371,339	43%
Employee costs	6,854,400	6,854,400	4,654,720	2,199,680	68%
Board /Council Expenses	919,800	919,800	448,000	471,800	49%
Repairs and maintenance	978,600	978,600	234,552	744,048	24%
Total Expenditure	34,069,900	34,069,900	16,283,033	17,786,867	
Surplus For the Period	5,924,100	5,924,100	-3,300,294	9,224,394	

(Budget notes)

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

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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

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

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

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on **24 June 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities Statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the 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.

j) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

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

n) 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.

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

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

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

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.

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.

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	Current FY 2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	13,920,000	14,370,000
Recurrent grants	500,000	-
Total unconditional Grants	14,420,000	14,370,000
Conditional Grants amortised/ recognised in revenue		
Library Grant		
Hostels Grant		
Administration Block Grant		
Laboratory Grant		
Learning Facilities Grant		
Other Organizational Grants		
Total Government Grants and Subsidies	14,420,000	14,370,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department Ministry of Education	14,420,000				14,370,000
XX Ministry					
Total	14,420,000				14,370,000

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Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	Current FY 2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Tuition Fees	5,647,080	4,555,865
Activity Fees	617,941	1,138,966
Industrial Attachment Fees	260,734	1,392,070
Personal Emoluments	1,998,966	2,531,036
Electricity, Water & Conservancy	657,486	1,012,414
Local Transport and Travels	499,524	1,265,518
Repairs and Maintenance	303,756	506,207
Medical and Insurance	0	253,104
Board Allowances	434,557	0
Development projects	1,838,836	0
Total Revenue from The Rendering of Services	12,258,880	12,655,180

This are Revenue paid by Trainees and Parents in form of school fees.

8. Sale of Goods

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Sale of maize	336,000	161,000
Sale of Publications		
Sale of Farm Produce		
Cafeteria sales		
Other sales (specify)		
Total Revenue from Sale of Goods	336,000	161,000

Revenue received from sale of maize produced by the institution

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9. Use of Goods and Services

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Activity	402,240	1,123,800.00
Administration costs	1,439,185	547,141.00
Airtime	53,150	95,000.00
Capacity building	0	510,293.00
Cleaning materials	1,500	116,435.00
Construction spray booth	0	200,000.00
Covid-19	0	292,000.00
Electricity	189,234	305,564
Farming costs	201,800	194,450.00
Fire extinguisher	168,617	48,600.00
Hardware materials	0	1,036,652.00
Industrial attachment	0	247,000.00
Internet subscription	302,042	562,000.00
KATTI expenses	20,800	559,320.00
Kitchen expenses	227,430	597,536.00
Knec examination	1,144,610	1,969,345.00
KUCCPs subscription	0	6,000.00
Maintenance of MIS system	251,940	251,940.00
Marketing	305,410	426,400.00
Medical expenses	10,000	8,200.00
MOE Workshop	0	37,000.00
Performance Contracting	534,700	575,300.00
Petrol and Allied Products	109,948	105,237.00
Refund of money wrongly banked	185,000	1,035,000.00
Stationaries & Printing	162,189	441,470.00
Strategic Plan	0	167,099.00
Student Ids	0	68,800.00
Student union	1,186	114,525.00
Toners	0	208,500.00
Training Materials	2,974,245	2,336,663.00
Local Transport & Travelling	2,229,610	1,971,660.00
TVET Fairs	0	940,610.00
TVETA	0	128,000.00
Website	0	8,460.00
Bank charges	30,925	-
Labour Pit Latrine	0	
Total good and services	10,945,761	17,236,000

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Notes to the Financial Statements (Continued)

10. Employee Costs

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Salaries and wages	4,654,720	4,389,660.00
Employee related costs - contributions to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Social contributions	-	-
Employee Costs	4,654,720	4,389,660.00

11. Board/Council Expenses

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Chairman's Honoraria	448,000	766,000
Directors Emoluments		
Other Allowances		
Other Board/Council Expenses		
Total	448,000	766,000

12. Depreciation and Amortization expense

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Property, plant and equipment	2,111,966	2,111,966
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	2,111,966	2,111,966

13. Repairs and Maintenance

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
General Repairs	234,552	1,225,281
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Total Repairs and Maintenance	234,552	1,225,281

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Notes to the Financial Statements (Continued)

14. Finance Costs

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Bank charges	-	46,914
Finance Leases (Amortized Cost)	-	-
Unwinding of Discount from lease liabilities	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
Total Finance Costs	-	46,914

(*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

15. Cash and Cash Equivalents

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Current Account	2,643,986	5,944,280.37
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Others (Specify)	-	-
Total Cash and Cash Equivalents	2,643,986	5,944,280.37

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

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

Financial Institution	Account number	Current FY2022-2023	Comparative FY 2021-2022
		Kshs	Kshs
a) Current Account			
Kcb account	1219806722	2,036,018	2,292,801.70
Access bank fees	0150100000237	606,138.45	3,649,288.67
Access bank project	0150130001006	1,733	1,733
b) Access bank CDF	0150100000240	97.06	457
Sub- Total		2,643,986	5,944,280

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16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	9,279,095	2,973,954
Rent Debtors	-	-
Consultancy Debtors	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	9,279,095	2,973,954

17. Receivables from Non-Exchange transactions

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Current Receivables		
Capitation Grants*	17,551,250	9,824,250
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	17,551,250	9,824,250

18. Inventories

Description	Insert Current FY2022-2023	Insert Comparative FY2021-2022
	Kshs	Kshs
Consumable stores	-	50,000
Stationary	-	211,242
Health Unit stores	-	-
Electrical stores	-	50,000
Cleaning Materials stores	-	32,000
Catering stores	-	-
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	-	343,242

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Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Assets	Land	Buildings	Motor vehicles	Computers	Furniture and equipment	Text Books	Total
Dep Rates		0.025	0.250	0.330	0.125	0.25	
Cost/valuation							
As at 1 July 2019	-		-	128,000.00	2,343,964.00		2,471,964.00
Additions					1,422,523.00		1,422,523.00
As at 30 June 2020	-		-	128,000.00	3,766,487.00	-	3,894,487.00
As at 1 July 2020	-		-	128,000.00	3,766,487.00	-	3,894,487.00
Additions				3,786,574.00	537,262		4,323,836.00
As at 30 June 2021	-		-	3,914,574.00	4,303,749.00	-	8,218,323.00
As at 1st July 2021				3,914,574.00	4,303,749.00	-	8,218,323.00
Additions				591,000.00		348,630.00	939,630.00
As at 30 June 2022				4,505,574.00	4,303,749.00	348,630.00	9,157,953.00
As at 1st July 2022				4,505,574.00	4,303,749.00	348,630.00	9,157,953.00
Additions							
As at 30 June 2023				4,505,574.00	4,303,749.00	348,630.00	9,157,953.00
Depreciation							
As at 1 July 2019	-		-	42,240.00	341,708.00	-	383,948.00
Depreciation	-		-	42,240.00	470,810.88	-	513,050.88
As at 30 June 2020	-		-	84,480.00	812,518.88	-	896,998.88
As at 1 July 2020	-		-	84,480.00	812,518.88	-	896,998.88
Depreciation	-		-	1,291,809.42	537,968.63	-	1,829,778.05
As at 30 June 2021	-		-	1,376,289.42	1,350,487.50	-	2,726,776.92
As at 1st July 2021				1,376,289.42	1,350,487.50		2,726,776.92
Depreciation				1,486,839.42	537,968.63	87,157.50	2,111,965.55
As at 30 June 2022				2,863,128.84	1,888,456.13	87,157.50	4,838,742.47
As at 1st July 2022				2,863,128.84	1,888,456.13	87,157.50	4,838,742.47
Depreciation				1,486,839.42	537,968.63	87,157.50	2,111,965.55
As at 30 June 2023				4,349,968.26	2,426,424.76	174,315.00	6,950,708.02
NBK Value							
As at 30 June 2023	-		-	155,605.74	1,877,324.24	174,315.00	2,207,244.98
As at 30 June 2022				1,642,445.16	2,415,292.88	261,472.50	4,319,210.54

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The annual depreciation applied on Straight-line basis are:

Motor vehicle	25%
Furniture and fittings	12.5%
Computers	33%
Library books	25%
Plant & Equipment	12.5%
Intangible asset	30%
Buildings	2.5%

In addition, financial year ended 30 June 2023; the college had the following Assets which had not been valued

Land 10 hectares

- i) Donated Plant and Equipment from Ministry.
- ii) Motor Vehicle
- iii) Land not depreciated

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20. Trade and Other Payables

Description	Current FY2022-2023	Comparative FY2021-2022
	Kshs	Kshs
Trade payables	1,457,714	935,466
Fees paid in advance	-	-
Salary deductions	-	-
Third-Party Payments	-	-
Other Payables	-	-
Total Trade and Other Payables	1,457,714	935,466

21. Payments received in advance.

Description	Current FY2022-2023	Comparative FY 2021-2022
	Kshs	Kshs
Fees received in advance	1,095,647	1,961,136
Others (Specify)	-	-
Total	1,095,647	1,961,136

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
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Notes to the Financial Statements (Continued)

22. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022 (previous year)				
Receivables from exchange transactions	2,973,954	-	-	-
Receivables from non-exchange transactions	9,824,250	-	-	-
Bank balances	5,944,280	-	-	-
Total	18,742,484	-	-	-
At 30 June 2023 (current year)				
Receivables from exchange transactions	9,279,095	-	-	-
Receivables from non-exchange transactions	17,551,250	-	-	-
Bank balances	2,643,986	-	-	-
Total	29,474,331	-	-	-

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

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

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

The entity has significant concentration of credit risk on amounts due from students and the ministry.

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.

Financial risk management (continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid 30 days after the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying

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amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

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

iv) Capital Risk Management

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

23. Related Party Balances

Nature of related party relationships

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

1 Government of Kenya

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

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

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

Description	Insert Current FY2022-2023	Insert Comparative FY2021-2022
	Kshs	Kshs
Transactions with Related Parties		
a) Grants /Transfers from the Government		
Grants from National Govt	6,693,000	14,370,000
Grants from County Government	-	-
Donations in Kind	-	-
Total	6,693,000	14,370,000
b) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for BOG Employees	4,654,720	4,389,660
Payments for Goods and Services	10,945,761	17,236,000
Total	15,600,481	21,625,660
c) Key Management Compensation		
Directors' emoluments	448,000	766,000
Compensation to Key Management	-	-
Total	448,000	766,000

24. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

Notes to the Financial Statements (Continued)

25. Contingent Assets and Contingent Liabilities

26. Events After The Reporting Period

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

27. Ultimate And Holding Entity

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

28. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Board of Governors report photographs and other details of the principal are missing in the board of governor's statement.	During printing the documents were not arranged properly.	Resolved	6 months
1.2	Corporate Governance Statement do not indicate the attendance of board meetings, existence of board charter, process of appointment and removal of council members.	The college is in the process of developing board charter which will answer all the queries raised by auditor general.	Resolved	6 months
2	Unsupported Board Expenses do not have developed board annual work plan.	The observation it true the college is in the process of developing work plan in the next financial year.	Resolved	6 months
3	Inaccuracy of Property, Plant & Equipment most assets of the institution are not valued.	The institution is in the process of conducting valuation exercise as soon as they receive some funds from the ministry.	Not Resolved	1 year

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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)
1	Budgetary Control and Performance over budgeting of revenues and expenditure.	The observation is true and the institution are now caution in budget preparation process.	Not Resolved	1 year

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



ELIAS ROTICH
ACCOUNTING OFFICER.
KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE.
DATE: 24/03/2025.

Appendix II: Projects Implemented by Kapcherop Technical and Vocational College.

Projects

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

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

Status of Projects completion

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

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

1. Kapcherop Technical College doesn't have any ongoing project.
2. Kapcherop Technical College do not have any Projects implemented by the State Corporation/ SAGA Funded by development partners

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Appendix III- Inter-Entity Confirmation Letter



KAPCHEROP TECHNICAL & VOCATIONAL COLLEGE
 P.O Box 70-30204, Kapcherop
 Phone No. 0792 638 668
 Email: kapcheroptechnical@gmail.com

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

Confirmation of amounts received by Kapcherop Technical and Vocational College as at 30th June 2023						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023			Amount Received by [Beneficiary Entity] (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)= (D-E)
		Recurrent (A)	Development (B)	Total (D)=(A+B+C)		
Ref.No.MOE/DTE/CAP9/35(33)	24/10/2022	500,000	-	500,000	500,000	-
Ref.No.DTE/CAP9/34/(45)	24/10/2022	2,145,000	-	2,145,000	2,145,000	-
Ref.No.DTE/CAP9/34(45)	24/01/2023	2,024,000	-	2,024,000	2,024,000	-
Ref.No.DTE/CAP9/34(45)	29/06/2023	<u>2,024,000</u>	-	<u>2,024,000</u>	<u>2,024,000</u>	-
Total		<u>6,693,000</u>		<u>6,693,000</u>	<u>6,693,000</u>	-

In confirm that the amounts shown above are correct as of the date indicated.
Head of Accountants department of beneficiary Entity:

Name: **NICHOLAS K. KOSGEI** Sign: _____ Date: 24/03/2025. 