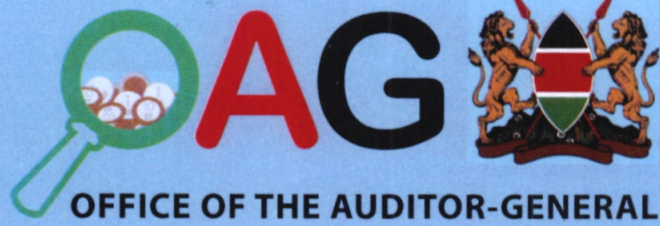


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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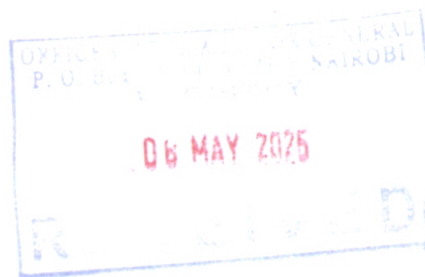
OF

THE AUDITOR-GENERAL

ON

**NORTH HERR TECHNICAL AND
VOCATIONAL COLLEGE**

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



NORTH HARR 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)

PRINCIPAL
NORTH HARR TECHNICAL AND
VOCATIONAL COLLEGE
7/5/2025 
P.O. BOX 200-60500
MARSABIT

Table of Contents

1	Acronyms & Glossary of Terms.....	ii
2	Key Entity Information and Management.....	iii
3	The Board of Governors	vii
4	Key Management Team	x
5	Chairman's Statement.....	xii
6	Report of the Principal.....	xiii
7	Statement of Performance against Predetermined Objectives.....	xv
8	Corporate Governance Statement	xvi
9	Management Discussion and Analysis.....	xvii
10	Environmental And Sustainability Reporting Statement	xviii
11	Report of the Board of Governors	xix
12	Statement of Board of Governors Responsibilities.....	xx
13	Report of the Independent Auditor	xxi
14	Statement of Financial Performance for the year ended 30 June 2023.....	1
15	Statement of Financial Position as at 30th June 2023.....	2
16	Statement of Changes in Net Asset for the year ended 30 June 2023	3
17	Statement of Cash Flows for the year ended 30 June 2023.....	4
18	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023.....	5
19	Notes to the Financial Statements	6
20	Appendices	33

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

2. Key Entity Information and Management

(a) Background information

North Horr Technical and Vocational College is strategically located in North Horr Constituency, Marsabit County, Kenya, a region known for its expansive, arid nature and vast, sparsely populated landscape. North Horr is situated in the northern part of Kenya, bordering Ethiopia, and spans a vast distance across an expansive arid terrain. Due to its remoteness, North Horr is approximately 200 kilometers from Marsabit town, the county's administrative headquarters, making access to educational and vocational training resources limited for local communities.

North Horr Technical and Vocational College was established in 2019 as part of Kenya government broader initiative to improve Technical and Vocational Education across rural and marginalized areas, North Horr TVC has become a beacon of opportunity for local youth and community members. The college's foundation lies in addressing critical educational and economic gaps within Marsabit County, where residents, mostly pastoralist, have limited access to vocational training and skill development resources. As such, North Horr TVC is a pioneer in providing access to vocational training in diverse fields, including agriculture, food technology, plumbing, welding and fabrication, electrical installation and ICT, equipping students with skills essential for local and regional development.

The institution's mission aligns with Kenya's Vision 2030 goals of transforming the nation into a middle-income economy through quality education and workforce development. Through its innovative programs and dedication to serving vulnerable communities, North Horr TVC plays a pivotal role in fostering sustainable economic development, social empowerment and wealth creation in the region.

Despite its significant role in providing vocational training and imparting skills to the communities of North Horr Constituency, North Horr TVC faces several challenges in expanding its infrastructure and fully exploring the educational potential in constituency, county, national and beyond. The institution's remote location in a sparsely populated, arid region presents unique hurdles, which hinder its growth and limit its capacity to meet the demands of the surrounding community. Geographically, North Horr TVC is located far from the urban centers presenting logistical challenges which limits access to essential services, constraining both day-to-day operations and developmental projects. Additionally, the college is situated in an arid environment experiencing harsh Climatic Conditions enduring high temperatures and extreme weather conditions that affect both students and staff. The scarcity of reliable water sources intensifies the challenges, making it difficult to meet the basic needs of students and staff, and limiting the establishment of supportive infrastructure. Last but not the least, the local economy is largely based on pastoralism, with limited exploration of other economic and social development opportunities. There remains untapped potential for expanding vocational education programs that could directly benefit the local economy, yet lack of sufficient infrastructure hinders the college's ability to develop relevant, high-quality training programs in fields like agriculture, food processing, construction, and ICT.

(b) Principal Activities

To provide technical education and training in appropriate and emerging technologies for employment and academic progress of our students through quality and demand driven training, community partnership, work experiences and inspiring students to be life-long learners and socially responsible.

(c) Key Management

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

- Board of Governors
- Institute Administration

(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:

No.	Designation	Name
1.	Principal	Mr. John K. Chumba
2.	Deputy Principal Administration	Mr. James K. Mwangi
3	Deputy Principal Academics	Mr. Sammy O. Malingu
4	Registrar	Mr. Abdub Adano
5	Dean of students	Mr. Sabdio Wario
6	Head of Finance	M/s. Judy Mugiira

Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Audit and risk committee

Gives checks and balances to ensure proper implementation of policies and adherence to rules and regulations in all areas of management.

ii. Finance and infrastructure committee

Ensures compliance in all matters finance and infrastructure developments of the institution.

iii. Academic and Human Resource Committee

Is involved with curriculum development and implementation to meet the required standards and also hires, disciplines and dismisses BOG staff members.

(f) Entity Headquarters

P.O. Box 200-60500
MARSABIT, KENYA

(g) Entity Contacts

Telephone: (254) 0714634023
E-mail:northhorrtvc@gmail.com
Website:northhorrtti.ac.ke

(h) Entity Bankers

Kenya Commercial Bank Marsabit
P.O. Box 83-60500
MARSABIT, KENYA

(i) Independent Auditors

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

Principal Legal Adviser




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

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

3. The Board of Governors

SN.	Member/ Director	Details
	 Name: Konchora Chepe Designation: Board Chair	DOB: 1961 Qualification: M.Ed Comperative Education: B. Ed Sci.,Dip. In SC Ed. Experience: Secondary Teacher, Deputy Principal, Principal, Education Officer, Deputy Director od Education, Senior Assistant Director of Education
	 Name: Wario Yattani Designation: Board Member	Qualifications: BCom. Procurement. Experience in Government and Private sector Worked as Procurement Officer of Marsabit County government
3	 Name: Wario Yattani Designation: Board Member	DOB: 1/7/1961 Education: PHD IT, MSc CBIS,B.SC Experience: Lecturer School of Computing and Informatics, Meru University, TOWA Project (Pastoralist's action For Development, Marsabit), Project Grant Mobilization (MUST Research, KENET Rasperry).

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

<p>4.</p>	 <p>Name: Diana Nabulu Designation: Board Member</p>	<p>DOB: 9/10195</p> <p>Qualifications: B.SC Geog and Natural Resources.</p> <p>Experience: Project Director Compassion International, Project Coordination, Budget development, Procurement management, Project planning, and planning</p>
<p>5.</p>	 <p>Name: Chuluke Jarso Designation: Board Member</p>	<p>DOB: 14/9/1993</p> <p>Qualification: B.SC. Food Nutrition and Dietetics</p> <p>Experience: Participatory Epidemiology Research assistant – Nawiri Project, Health and Nutrition internship, Participatory research on malnutrition</p>
<p>6.</p>	 <p>Name: Ann Ture Designation: Board Member.</p>	<p>DOB: 10/6/1995</p> <p>Qualifications: BA Business Administration, Dip. Project Mgmt.</p> <p>Experience: Communities and Corporate Projects and Financial management, Research Projects as well as undertaking organizational programming for government departments</p>








Name: John K. Chumba
Designation: Board Secretary

Qualification: B.E.d Technology, Dip. Mechanical Technology, Dip. Technical education, Cert. Farm machinery maintenance and operation

Mr. John K. Chumba joined the institution in September 2024, as a principal. Previously, he has served in other institutions including Endeless and Turbo Technical and Vocational College's as the Deputy Principal and has been in charge of the Kenya- China TVET Equipping (Mechanical, Agricultural Mechanisation)

4. Key Management Team

SN.	Member/ Director	Details
1.	 Name: John K. Chumba Designation. Principal	Qualification: B.Ed Technology, Dip. Mechanical Technology, Dip. Technical education, Cert. Farm machinery maintenance and operation Mr. John K. Chumba joined the institution in September 2024, as a principal. Previously, he has served in other institutions including Endeless and Turbo Technical and Vocational College's as the Deputy Principal and has been in charge of the Kenya- China TVET Equipping (Mechanical, Agricultural Mechanisation)
2.	Name: James K. Mwangi Designation: Deputy Principal; Administration	Qualification: BSc Agricultural Engineering Mr. James K. Mwangi was among the pioneer members of the institution in September 2020 North Horr TVC posted by the Public Service Commission (PSC). His key responsibilities include; <ol style="list-style-type: none"> 1. Administrative. 2. Maintenance and inventory 3. Human Resource 4. And any other responsibilities bestowed upon him as per his terms of employment.
3.	 Name: Sammy O. Malingu Designation: Deputy Principal; Academics	Qualification: B. Tech Education, Dip: Electrical and Electronics Engineering, Cert: Solar Power Voltage (PV) Mr. Sammy O. Malingu joined North Horr TVC in March 2025 posted by the Public Service Commission (PSC) as Deputy Principal; Academics. Previously, he served as the Head of Department (HOD) in Endeless TVC since 2020 His key responsibilities include; Curriculum Implementation, Examination/Assessments Performance Contracting (Pc) Formulation and Implementation.

<p>4.</p>	 <p>Name: Abdub Adano Designation: Registrar</p>	<p>Qualification: BA Human Resource Mr. Abdub Adano joined North Horr TVC in September 2024 posted by the Public Service Commission (PSC) as a trainer in Human Resource. He previously served as the dean of students and currently the Registrar from February 2025. He served as a graduate intern in Kenya Commercial Bank (KCB) from January 2024 to August 2024 His key responsibilities include; Student admissions Examination and administration Maintain Student Register Performance Contracting Implementation Marketing</p>
<p>5.</p>	 <p>Name: Sabdio Wario Designation: Dean of Students</p>	<p>Qualification: Diploma in Social work and Community Development Ms. Sabdio Wario joined North Horr TVC in November 2023s posted by the Public Service Commission (PSC) as trainer in Social Work and community Development; She was previously the Deputy Dean of Students and Head of Department Social Work. She's the Dean of Students since January 2023 His key responsibilities include; Student Welfare Staff Welfare Career Guidance Non-Teaching Staff Management</p>
	 <p>Name: M/S Judy Mugiira Designation: Head of Finance</p>	<p>Qualification: BBA. Finance:</p>

5. Chairman's Statement

The world today is evolving very rapidly which calls for highly skilled workforce more than ever before. As a country, there is need to nurture and empower the youth with practical skills that will not only improve their lives but also spur economic growth of our country.

Technical and Vocational Education and Training (TVET) institutions play a critical role in ensuring talents and skills needed to meet the demands of both local and global market demands are enhanced. North Horr Technical and Vocational college is therefore in the front line in providing quality education and training to meet the market standards. Our training is geared towards equipping trainees with adaptable skill sets and mindsets to thrive in the current dynamic and evolving job market landscape which necessitate a major strategic shift in service delivery.

North Horr TVC is passionate to provide students with not just the technical skills they need, but also the soft skills that will help them to thrive in any work environment. It is also important to note that in order to achieve these goals, there is need for prudent and efficient utilization of the scarce resources and this calls for prioritized, purposed and targeted strategies of resource mobilization. It is therefore, important that the institution engages various like-minded stake holders and partners in order to supplement the government's effort toward achieving this goal.

In conclusion we would like to register our commitments as the board of North Horr Technical and Vocation College in our oversight role and resource mobilization ensure quality service delivery and growth of the institution.

Mr Konchora Chepe Isako
Chairman Board of Governors

6. Report of the Principal

Infrastructure Development:

Infrastructural developments were limited due to low financial flow. However, following the government delivering a 630 KVA step-up transformer, it became necessary to construct a power house for the transformer which went to 80% completion.

Trainee Enrollment:

Trainee enrollment increased marginally from 163 to 208 which was a 27 % increase compared to the previous year.

Academic Milestone

The college presented the two sets of trainees for the June/July 2024 Series national examinations.

KNOC candidate were 65 which registered a pass rate of 80%

TVET/CDACC were 73 which registered a good competency performance.

New Programs Introduced:

Two new programs were launched namely, Artisan/Level 4 in Electrical Installation (4 trainees) and Artisan/ Level 4 in plumbing (3 trainees)

Emerging Issues

Funding Constraints:

The institution faced very serious financial constraints limiting its infrastructural expansion and other capital developments. This also limited enrollment due to lack of resources for marketing.

Technological Changes:

There is a serious need for continuous upgrade in the digital world due to the changing global trend. It is therefore necessary to improve on internet connectivity by installing fiber network which is faster, reliable and affordable.

Trainees Welfare:

North Horr is an extreme marginalized region with adverse climatic conditions. This makes most trainees to be vulnerable making them extremely needy. There is therefore high and genuine demand for scholarships and financial aid.

Staffing Challenges:

The hardship nature of North Horr caused by harsh climatic conditions, poor communication and lack of the basic amenities makes it difficult to attract specialized personnel curtailing service delivery and growth across the board due to shortage of staff.

Environmental Concerns:

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

North Horr enjoys strong sunshine and winds which makes it ideal for adoption of solar and wind energy. However, this requires heavy capital investments which if implemented could go a long way towards green energy adoption and sustainable utilization.

Name: John K. Chumba

Principal: NORTH HERR TVC

Date: 7/5/2025

Sign 

7. Statement of Performance against Predetermined Objectives

North Horr TVC developed a strategic plan for the period 2023-2027 which is the guideline towards effective service delivery. The strategic plan comprises of thirteen (13) objectives which is on course and are at different stages of implementation each of which carrying its own merits and challenges.

The objectives of North Horr TVC as per the strategic plan are as follows:

1. To integrate ICT in training
2. To recruit competent and qualified trainers
3. To strengthen and nurture industry collaborations
4. To enhance infrastructure and facilities to accommodate persons with disabilities
5. To upgrade the existing physical infrastructure
6. To develop new infrastructure facilities
7. To sensitize trainees on alcohol and drug abuse
8. To improve the health of trainees
9. To strengthen guidance & counselling services
10. To increase gross enrolment
11. To prudently manage financial resources
12. To offer competitive staff remuneration
13. To enhance IGA's

North Horr has managed to make stride in the following areas:

- Recruited Five (5) competent and qualified trainers in the field of agriculture, social work and Community Development, Building Technology and Human Resource.
- Increased trainee enrollment from 163 in 2023 to 208 in 2024
- Paid staff remunerations in time
- Enhanced IGA by selling purified water.

The college also has face challenges in implementing some of the objectives due to financial constraints and other exogenous factors.

8. Corporate Governance Statement

North Horr Technical and Vocational college is a government Institution under Ministry of Education, State Department of TVET. It's managed by the Board of Governance appointed by the cabinet secretary who oversees the operations of the institution.

The Board of Governors constitute seven members headed by the chairman and is composed of three committees that include; Finance and Infrastructure, Education and Human Resource, Risk and Audit.

The Institution is committed to ensuring compliance with the principles of corporate governance as it is in the Constitution of Kenya 2010, and the Mwongozo Code of Conduct. The Board of Governors is responsible for the governance of the institution on how it conducts its operations in adherence to the principles of Corporate Governance that transparency, accountability, risk management, internal controls, ethical leadership and good corporate citizenship.

The day to day running of the institution is done by the top management constituting the Principal, Deputy Principal administration, Deputy Principal Academics, Registrar, Dean of Students. The institution continuously assesses its governance operating model to ensure that robust internal governing systems and practices are in place to support the Board and Management in delivering on its mandate.

9. Management Discussion and Analysis

North Horr Technical and Vocational College opened its doors in the year 2020 but its operations were cut short by the outbreak of Covid-19 which stalled it briefly. It resumed in the year 2022 and was depending on recurrent grants from the government and later started getting capitation as the students' population increased. The college has been able to meet its basic financial obligations though it has not been possible to undertake any development projects.

Environmental And Sustainability Reporting Statement

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

North Horr is a public institution established to offer relevant and sustainable training in order to improve the livelihoods of the citizens and spur economic growth. The infrastructural development, human resource and government support ensures that the institution is sustainable over a long period.

Environmental performance

The institution is at its formative stages and will work towards adhering to all environmental sustainability best practices

Employee welfare

The training staff are hired as per the Public Service Guidelines while the non-teaching staff are hired by the Board of Governors as per the human resource policy

Market place practices-

The college meets its obligations in paying its suppliers in time.

Corporate Social Responsibility / Community Engagements

The institution supplies clean drinking water to the community at affordable rates (Kshs 100 per 20 liters)

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

To provide technical education and training in appropriate and emerging technologies for employment and academic progress of our students through quality and demand driven training, community partnership, work experiences and inspiring students to be life-long learners and socially responsible.

Results

The results of the entity for the year ended June 30 are set out on page 1- 5.

Board of Governors

The members of the Board /Council who served during the year are shown on page vii to ix

Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....

Secretary of the Board

Nairobi

Date

12. Statement of Board of Governors Responsibilities

The Accounting Officer in charge of the North Horr Technical and Vocational College is 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 (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Accounting Officer in charge of the North Horr Technical and Vocational College accepts responsibility for the entity's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer in charge of the North Horr Technical and Vocational College further confirms 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.

The Accounting Officer in charge of the North Horr Technical and Vocational College confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Nothing has come to the attention of the Directors to indicate that the North Horr Technical & Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved and signed by the Accounting Officer on 20th February 2024.

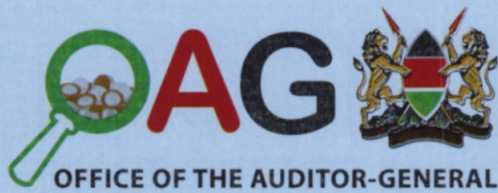
.....
Name Chepe Konchora

Chairperson of the Board

.....
Name John K. Chumba

Principal

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

HEADQUARTERS
Anniversary Towers
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REPORT OF THE AUDITOR-GENERAL ON NORTH HERR TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

FOREWORD

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of North Horr 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, the statement

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

of changes in net assets, the statement of cash flows, and the 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 North Horr 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 the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unaudited Comparative Balances

The financial statements for the year ended 30 June, 2023 reflects comparative balances for financial year 2021-2022. However, the College did not prepare and submit the financial statements for audit as required by Section 68(2)(k) of Public Finance Management Act 2012.

In the circumstances, the accuracy and completeness of the comparatives amounts and balances could not be confirmed.

2. Undisclosed of Property, Plant and Equipment

The statement of financial position reflects Nil balance on property plant and equipment for the year under review and as disclosed in Note 15 to the financial statements. However, physical verification carried out in the College revealed that the College has assets including land, buildings, machinery and equipment, furniture and fittings which have not been valued and disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the Nil balance on property, plant and equipment could not be confirmed.

3. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position and as disclosed in Note 13 to the financial statements reflects cash and cash equivalent balance of Kshs.841,015 held in two (2) bank accounts. However, the certificates of bank balances were not provided to support the bank reconciliation statements.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.841,015 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the North Horr Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled my ethical responsibilities in accordance with the ISSAI and in accordance with other technical 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 Performance and Control

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.5,022,356 and Kshs.4,890,950 respectively resulting to an under-funding of Kshs.131,406 of the budget. However, the College spent Kshs.4,089,105 against actual receipts of Kshs.4,890,950 resulting to an under-utilization of Kshs.801,845 or 16% of actual receipts.

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

My opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

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

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements

The Financial Statements of North Horr Technical and Vocational College for the year ended 30 June, 2023 were submitted on 9 April, 2025 which is six (6) months after the statutory requirement. This was contrary Section 47(1) of the Public Audit Act, 2015 which provides for submission of financial statements to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Failure to Deduct and Remit Statutory Deductions

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects employee costs amount of Kshs.1,710,600. However, statutory deductions including National Health Insurance Fund (NHIF) and National Social Security Fund (NSSF) were not deducted and submitted as required. This was contrary to Section 16 of the NHIF Act and Section 22 of the NSSF Act.

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

3. Opening Bank Account without Approval from The National Treasury

The College operates two (2) bank accounts in a Commercial Bank. However, there no approval for opening accounts by The National Treasury was provided for audit. This was contrary to Section 28(1) of the Public Finance Management Act, 2012 which states that the National Treasury shall authorize the opening, operating and closing of bank accounts and sub accounts for all national government entities in accordance with regulations made under this Act.

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

4. Un-utilized Machineries and Equipment

The College received milk and meat processing equipment in financial year 2018-2019 which has remained unutilized.

In the circumstances, value for money for the idle machines could not be confirmed. The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

out whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weakness of Internal Audit Function and Audit Committee

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

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

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

Responsibilities of the Management and Board of Governors

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

In preparing the financial statements, the Management is responsible for assessing the College's ability to continue to sustain 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 close the College or cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 June, 2025

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

Statement of Financial Performance for the year ended 30 June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,920,000	3,445,060
		2,920,000	3,445,060
Revenue from Exchange transactions			
Rendering of services- fees from students	7	3,612,160	105,726
Sale of goods	8	35,850	300
Total revenue from facilities and equipment	9	278,800	-
Revenue from Exchange transactions		3,926,810	106,026
Total Revenue		6,846,810	3,551,086
Expenses			
Cost of goods and services	10	2,076,505	3,086,193
Employee costs	11	1,710,600	581,805
Depreciation Expenses	12	302,000	0
Total Expenses		4,089,105	3,667,998
Surplus for the year		2,757,705	(116,912)


(The notes set out on pages 6 to 32 form an integral part of the Annual Financial Statements).

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


Chepe Konchora.....
Chairman of Council/Board

7/5/2025

Date


Judy C. Mugiira
Finance Officer

ICPAK No

Date

7/5/2025


John K. Chumba.....
Principal

Date

7/5/2025

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


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

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	841,015	39,170
Receivables from exchange transactions	14	1,955,860	-
		2,796,875	39,170
Non-Current Assets			
Property, plant, and equipment	15	-	-
Total Assets		2,796,875	39,170
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	16	-	-
		-	-
Non-Current Liabilities			
Finance lease obligation		-	-
Total Liabilities			
Net Assets		2,796,875	39,170
Reserves		-	-
Accumulated Surplus		2,796,875	39,170
Capital Fund			-
Total Net Assets and Liabilities		2,796,875	39,170


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


 Chepe Komchora
 Chairman of Board

Date 7/5/2025


 Judy C. Mugira
 Finance Officer
 ICPAK No

Date 7/5/2025


 John K. Chumba
 Principal

Date 7/5/2025

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

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


Description	Fair value adjustment reserve	Retained earnings	Total
July 1, 2021	-	156,082	156,082
Surplus/deficit		(116,912)	(116,912)
June 30, 2022	-	39,170	39,170
July 1, 2022	-	39,170	39,170
Surplus/deficit	-	2,757,705	2,757,705
June 30, 2023	-	2,796,875	2,796,875



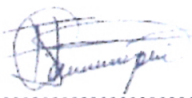
North Horr Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	2,920,000	3,445,060
Public contributions and donations		0	-
Rendering of services- fees from students	7	1,099,600	105,726
Sale of water	8	35,850	300
Rental revenue from facilities and equipment	9	278,800	-
Other income		556,700	-
Total Receipts		4,890,950	3,551,086
Payments			
Use of goods and services	10	2,076,505	3,086,193
Employee costs	11	1,710,600	581,805
Board Expenses	12	302,000	
Other payments		0	-
Total Payments		4,089,105	3,667,998
Net Cash Flows from operating activities		801,845	(116,912)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(-)	(-)
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Net cash flows used in financing activities		(-)	(-)
Net Increase/(Decrease) in Cash and Cash equivalents		801,845	(116,912)
Cash and Cash equivalents at 1 JULY		39,170	156,082
Cash and Cash equivalents at 30 JUNE	13	841,015	39,170



 Chepe Konchora
 Chairman of Board

Date 7/5/2025


 Judy C. Mugira
 Finance Officer

ICPAK No

Date 7/5/2025


 John K. Chumba
 Principal

Date 7/5/2025

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities	5,022,356	-	5,022,356	2,920,000	2,102,356	42%
Revenue from Exchange transactions	-	-	-	1,970,950	(1,970,950)	100%
Total Income	5,022,356	-	5,022,356	4,890,950	(131,406)	
Expenses						
Use of goods and services	3,439,584	-	3,439,584	2,076,505	1,363,079	40%
Employee costs	4,629,526	-	4,629,526	1,710,600	2,918,926	63%
Board Expenses	28,373	-	28,373	302,000	(273,627)	964%
Repairs and maintenance	470,418	-	470,418	0	470,418	100%
Total Expenditure	8,567,901	-	8,567,901	4,089,105	4,478,796	52%
Surplus For the Period	(3,545,545)	-	(3,545,545)	801,845		
Capital Expenditure	17,280,606	-	17,280,606	-	-	100%

19. Notes to the Financial Statements

1. General Information

North Horr Technical & Vocational College is established by and derives its authority and accountability from Technical and Vocational Education and Training Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide technical education and training in appropriate and emerging technologies for employment and academic progress of our students through quality and demand driven training, community partnership, work experiences and inspiring students to be life-long learners and socially responsible.

2. Statement of Compliance and Basis of Preparation

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

Notes to the Financial Statements (Continued)

Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*
There are no new standards in the year ended 30th June 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: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property, Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. *Early adoption of standards*

North Horr Technical & Vocational College did not early adopt any new or amended standards in year 2023.

Summary of Significant Accounting Policies

Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5.

c) 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.

Investment property

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

e) Property, plant and equipment

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 for property, 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.

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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value 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 asset where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

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.

Social Benefits

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

m) Nature and purpose of reserves

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) 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.

p) 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.

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.

Comparative figures

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

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.

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 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.

**North Horr Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
Notes to the Financial Statements (Continued)**

Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capital Grants	920,000	1,215,000
Operational Grant	2,000,000	1,000,000
Other Grants	-	1,230,060
Total Government Grants and Subsidies	2,920,000	3,445,060

North Horr Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	2,985,460	105,726
Activity Fees	-	-
Industrial Attachment Fees	70,000	-
Examination Fees	556,700	-
Total Revenue from The Rendering of Services	3,612,160	105,726

(Tuition fees and Examinations fees were from HELB and CDF respectively)

8. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Purified Water	35,850	300
Total Revenue from Sale of Goods	35,850	300

9. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	Kshs	Kshs
Hire of Facilities and Equipment	278,800	-
Total	278,800	-

(This was revenue raised from the hiring out of training room, chairs and the provision of catering services to IEBC trainees during the electioneering period)

North Horr Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023
 Notes To the Financial Statements (Continued)

Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	76,285	42,575
Communication	24,700	-
Electricity	0	-
Water	0	-
Security	0	-
Professional and consultancy services	0	-
Training Expenses	578,405	279,410
Hospitality Supplies and Services	334,285	-
Office General Supplies	50,240	-
Bank charges	0	-
Printing, conferences, and delegations	0	47,300
Travel and accommodation	891,800	154,700
Fuel and oil	0	-
Insurance	0	-
Legal expenses	0	-
Licenses and permits	0	-
Postage	0	-
Printing and stationery	21,500	33,320
Telephone charges	0	-
Post expenses	0	-
State development levies	0	-
Specialized plant and Materials	47,500	-
Other Operating Expenses	51,792	24,500
Training expenses	0	-
Other	0	2,504,388
Total good and services	2,076,505	3,086,193

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

Notes to the Financial Statements (Continued)

11. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	1,710,600	581,805
Employee Costs	1,710,600	581,805

12. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors Emoluments	264,000	
Other Allowances	37,000	
Other Board/Council Expenses	1,000	-
Total	302,000	0

North Horr Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023
Notes to the Financial Statements (Continued)

Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	841,015	39,170
Total Cash and Cash Equivalents	841,015	39,170

North Horr Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023
 Notes To the Financial Statements (Continued)

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

		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		841,015	39,170
			-
Grand Total		841,015	39,170



North Horr Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023
 Notes to the Financial Statements (Continued)

Receivables from Exchange transactions

1 a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	1,955,860	0
Total Current Receivables	1,955,860	0

(Student debtors of Kshs. 1,955,860 were as a result of the outstanding fee balance of Kshs 26,420 for 113 students totalling Kshs. 2,985,460 not paid by HELB of Kshs 1,029,600)

Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	-	-	-	-	-
Depreciation And Impairment								
At 1 July 2022	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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

	Land and Buildings	Motor Vehicles	Furniture and fittings	Computers	(Specify)	equipment	Capital progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-	-	-	-
Net Book Values								
At 30 th June 2022	-	-	-	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-	-	-	-

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

Notes to the Financial Statements (Continued)

16. Trade and Other Payables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	-	-
Total Trade and Other Payables	0	0

Notes to the Financial Statements (Continued)

Financial Risk Management

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

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

(i) Credit risk

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

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

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

Notes to the Financial Statements (Continued)

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	0			
Total				
At 30 June 2023				
Receivables from exchange transactions	1,955,860			
Bank balances	841,015			
Total	2,796,875			

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

(iii) Market risk

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

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

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

Government of Kenya

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

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

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

Notes to the Financial Statements (Continued)

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transactions with Related Parties		
a) Key Management Compensation		
Directors' emoluments	302,000	0
Compensation to Key Management	1,710,600	581,805
Total	2,012,600	581,805

18. Events After the Reporting Period

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

19. Ultimate And Holding Entity

North Horr Technical and Training college is under the Ministry of Education. Its ultimate parent is the Government of Kenya.

20. Currency

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

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)

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.

..... *Chumba*
 John K. Chumba
 Name
 Accounting Officer North Horr and Technical College
 Date **7/5/2025.**

Appendix II: Projects Implemented by North Horr 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						

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

Appendix III: Reporting of Climate Relevant Expenditures

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

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

Appendix IV: Reporting on Disaster Management Expenditure

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

