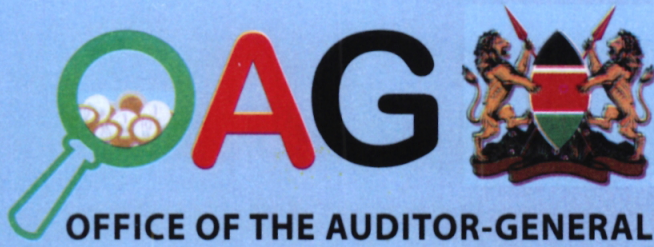
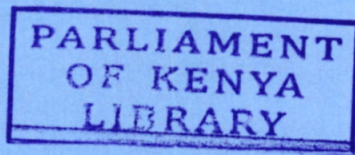


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

**NAVAKHOLO TECHNICAL AND VOCATIONAL
COLLEGE**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 JUN 2025	DAY: THUR
TABLED BY:	HON. GEORGE MURUGARA, MP ON BEHALF OF LEADER OF MAJORITY PARTY
CLERK AT THE TABLE:	VIVIAN WAMBUI



NAVAKHOLO 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)

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

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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
Navakholo TVC	Navakholo Technical and Vocational College
Fiduciary Management the college	Key management personnel who have financial responsibility in
OAG	Office of the Auditor General
NG-CDF	National government constituency development fund
TVET	Technical and vocational education training.
HOD	Head of department
GOV	Governor
FY	Financial year
MMUST	Masinde Muliro University of science and technology

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2. Key Entity Information and Management

(a) Background information

Navakholo Technical and vocational college was established under the TVET Act 2013 On 28th January 2021. The college is domiciled in Kenya and has NO branches. The college is under the ministry of Education, State department of TVET. The college is located at Chebuyusi village in Navakholo sub-county, Kakamega County. The construction of the college started in January 2016 on a 5.5- acre piece of land donated by Chebuyusi Boys high school. It was a joint effort of the Kenya Government and the NG-CDF Navakholo constituency. The government contributed Kshs 49,210,550 whereas the NG-CDF Navakholo constituency contributed Kshs 10,000,000. The college was mentored by Kisiwa technical training institute in Bungoma County. It was completed in September 2019 and the public service commission posted the first two staffs, the principal Mr Patrick Ngore and his deputy Mr Gilbert Ekhavi Wawire. The Government equipped the college with Building Technology machines and Training equipment making a centre of excellence in Building & civil engineering

(b) Principal Activities

The principal activity/mission/ mandate of the entity is to

VISION

To be a leading college in technical training and innovations for socioeconomic prosperity and global competitiveness

MISSION

To provide quality competency based technical training in science, engineering and technology and foster applied research and community outreach for innovative and sustainable development.

CORE VALUES

Professionalism

Good Governance

Integrity

Customer focus

Quality Training

Inclusivity

Sustainability

Community Engagement

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(c) Key Management

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

- Board of Governor.
- Accounting officer/ Principal
- Management.

(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. Gilbert Ekhavi
2.	Deputy principal.	Mrs Patricia Naliaka
4	Registrar	Mr. Amai Alfred
5	HOD Building	Mrs charity Jepkorir
6	Head of Finance	MR Asman Wangwe

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance & General Purposes Committee Activities

The Committee shall exercise all the powers of BOG in financial matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG.

Terms of Reference: The role of the Committee shall be to monitor the financial status of the Institute on behalf of the BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- (i) To monitor and facilitate the implementation of the college's Strategy with regard to financial matters.
- (ii) To receive reports from the Accounting Officer ensuring that financial statements are understandable, transparent and reliable.
- (iii) To consider the adequacy of the college estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new projects.
- (iv) To determine the fees and charges made for the college services and facilities.
- (v) To supervise the financial administration of the college and make recommendations to BOG where appropriate.
- (vi) To supervise the arrangements for safeguarding the college's assets.
- (vii) To ensure the proper financial evaluation and control of projects.
- (viii) To make recommendations to BOG on the financing of projects.
- (ix) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the college.

Audit Risk and Governance Committee Activities

The Committee shall exercise all the powers of BOG in Audit, Governance and Risk Management matters except in relation to items which are reserved for the BOG, on which the Committee shall advise the BOG. The Committee responsibilities shall include:

- (i) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud;
- (ii) Reviewing current and pending corporate governance related litigation or regulatory proceedings to which the college is party;
- (iii) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas;
- (iv) Ensuring the internal auditor's access to the audit committee, encouraging communication beyond scheduled committee meetings;
- (v) Reviewing internal audit plans, reports and significant findings; and

Navakholo Technical and Vocational College
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- (vi) Establishing a direct reporting relationship with the external auditors.

Education, Research and Human Resource Committee Activities

The Committee shall exercise all the powers of BOG in Education, Research and Human Resource matters except in relation to items which are reserved for the BOG, on which the Committee shall advise the BOG. The Committee's responsibilities shall include:

- (i) Drive the college's research agenda in line with the country's Vision.
- (ii) Encourage research culture in the college.
- (iii) Institutionalize networking, collaboration research and outreach in the college.
- (iv) Encourage innovation and handle issues to do with intellectual property rights.
- (v) Ensure dissemination of research findings;
- (vi) Advise the Board of Governors on the strategic direction of the college's academic activities, academic risks and the overall effectiveness of services in support of the academic endeavour.
- (vii) Responsible for providing assurance to the Board of Governors on the effectiveness of the college's academic governance arrangements, the student experience, and setting and maintaining standards;
- (viii) Support the development of HR policies, guidelines, procedures, regulations and standard; and
- (ix) Monitor labour administration in the college.

Senior Management Activities

The main purpose of the Senior Management team is to:

- i) Ensure that Navakholo TVC's BOG is able to take strategic decisions in relation to the college's activities.
- ii) Provide leadership in communicating Navakholo TVC's mission, vision, strategic goals, core values, plans and achievements effectively and consistently to BOG, Government, Staff, Clients, community members, the general public and other stakeholders;
- iii) Be accountable for the development and implementation of the college's strategic, corporate and business plans in line with the mission and vision; and take a strategic overview of performance in all areas of the college's activities.

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(f) Entity Headquarters

Navakholo Technical and Vocational College
P.O. Box 766-50100
Kakamega.
½ kms from Kakamega Bungoma via Nambacha road.
Navakholo Sub County,
Kakamega, KENYA.

(g) Entity Contacts

Navakholo Technical and vocational college
Telephone: (254)741596247
E-mail: navakholoTVC@gmail.com
Website: www.navakholoTVC.ac.ke.

(h) Entity Banker

Equity Bank -0500280066901
Kakamega Branch
Kakamega, Kenya.

(i) Independent Auditors





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

(j) Principal Legal Adviser





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

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3. The Board of Governors






SN.	Member	Details
1.	 PROF. VIOLET OPATA (BOARD CHAIR)	DOB:1966 Key Qualifications: PhD Work experience: Associate professor of communication technology, Open university of Kenya She Chairs the Full Board and the Ad hoc Committee of the Board.
2.	 GOV. EVANS W. BARASA (MEMBER)	DOB:1992 Key Qualifications: Holder of Bed Arts, MBA strategic management. Work experience: Operations supervisor EBKL He chairs finance committee.
3.	 GOV. DAVID SIKUKU (MEMBER)	DOB:1984 Key Qualification: MBA (finance option) Work experience: researcher parliamentary service commission. He chairs human resource, training committee
4.	 GOV. DANCAN MWANGI (MEMBER)	DOB:1965 Key Qualifications: holder bachelors of commerce Work experience: insurance industry, x-MCA He is a member of finance committee

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5.	 Dr Bernadette Sabuni (MEMBER)	<p>DOB: 1964 Key Qualification; PHD Work experience: dean elect, school of engineering and built environment MMUST She is a member of human resource committee.</p>
6.	 GOV. EUNICE RAPANDO (MEMBER)	<p>DOB:1978 Key Qualification: MSc human resource Work experience: administration duties She is a member of Finance committee</p>
7.	 GOV. JOSIAH MAAGA (MEMBER)	<p>DOB:1956 Key Qualification: holder of degree civil Eng. Work Experience: Road's construction He is a member of human resource committee.</p>
8.	 MR. GILBERT EKHAVI (BOARD SECRETARY)	<p>DOB:1966 Key Qualification: Bachelor of technology in civil Engineering He is the Secretary to the Board, Planning, Finance, Development and Enterprise Committee, Research, Training and Human Resource Committee and Ad hoc Committee of the Board</p>

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4. Key Management Team

SN.	Member	Details
1.	 MR. GILBERT EKHAVI PRINCIPAL	DOB:1966 Key qualifications: Degree in civil Engineering Work experience: Administrator Main area of responsibility: Accounting officer
2.	 MRS. NALIKA PATRICIA DEPUTY PRINCIPAL	DOB:1972 Key qualifications: Master's Degree in Work experience: deputy principal Main area of responsibility: in charge of administration and academic.
3.	 MR. AMAI ALFRED REGISTRAR	DOB:1984 Key qualification: Degree in survey Work experience deputy. Main area of responsibility: In charge of registry
4.	 MRS. CHARITY JEPKORIR HOD BUILDING	DOB:1989 Key qualification: Degree in Building technology Work experience Building Main area of responsibility: In charge of Building Department.
5.	 MR. ASMAN WANGWE ACCOUNTANT	DOB:1982 Key qualification: CPA Sec v Work experience: accountant Main area of responsibility: In charge of Finance

5. Chairperson’s Statement

The Navakholo Technical and Vocational College Board of Management was appointed on 12th day of May in 2020. In view of Mandate bestowed to us by the Cabinet Secretary I would announce, without any reservations that the Board has carried out its functions diligently and satisfactorily. On 21st day of July 2020 the Board was inaugurated. During the first meeting the Board formed the following committees to enhance efficiency in its functions. These included:

- a. Finance and Human Resources committee.
- b. Education, Training and Research committee.
- c. Risk and compliance committee.

Since then, the Board has held several meetings to ensure the college management fast tracks the necessary procedures for the smooth running of the college. During the meetings for 2022-2023, the following resolutions were made:

- a. The members agreed that all policies documents need to be fully discussed at the committee level before submission to the full board.
- b. The college was not doing well financially since trainees do not pay fees and that will only improve if the fees payment trend changes.
- c. The college received capitation funds totaling to Kshs 4,345,000 which represents 36% of the total capitation projected from the Government during the .
- d. Special appreciation goes to the county director for steering the handing over ceremony which was held on 6th January 2023.

Challenges

The College relies mainly on trainer recruited by the Board causing constrains on the meagre resources provided by the Ministry.

Way Forward

With activated and energetic marketing strategies and sensitizing the community on Government bursaries and loans, there is a lot of hope students’ population will increase greatly.

Board chairperson. Prof. Violet Oyata..... 

Date: 10/6/2025.....

Navakholo Technical and Vocational College
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6. Report of the Principal

Navakholo Technical and Vocational College is situated in Chebuyusi village, Bunyala Central Location, Navakholo Sub-County in Kakamega County. It is a public institution with registration TVETA/Public/TVC/0006/2021. The college was mentored by Kisiwa Technical Training Institute. The 5.5 (five) acre land has yet to be given land title deed; it was donated by Chebuyusi boy high school. The one storey building was constructed by Government in collaboration with NG-CDF. This comprises of two civil engineering workshops, 8 classrooms, staffroom, computer laboratory, land survey room, library space, office washrooms and administration offices.

In the current financial year, the budget performance against the actual was below average at 45% this was caused by inadequate Government funding and delays in funds disbursement.

THE HUMAN RESOURCE.

The college opened its doors to students on January 2020 with the first intake. The college is managed by a Board of governors inaugurated on 21/7/2020. Currently there are 39 staff. This includes: 11 PSC trainers, 18 BOG Trainers 5 BOG non-teaching and 5 casuals for support services.

COURSES AND ENROLMENT

The college is a Centre of excellence in **BUILDING AND CIVIL ENGINEERING**. Other courses Include: ICT, Water Engineering, Plumbing and Masonry, Land Survey, Hospitality, Secretarial, Automotive and Mechanical. The total enrolment as at 30. June 2023 was 560 trainees spread across the courses.

PROJECTS

The college has constructed and initiate the following;

1. 6 door pit latrines for trainees
2. Gate (Medium) done in phases
3. Fabricated workshop.

STRENGTH.

The college is sited strategically 100m from existing colleges and therefore has a large catchment for Trainees.

It has a substantive Board of Governors.

CHALLENGES

The College is in dire need for;

1. Public service trainers to ease the burden of BOG trainers.
2. Hostels to attract trainees from a far.
3. Compound fencing
4. Tools and equipment for new courses
5. Transportation; double cabin and bus for mobility and training.
6. E-Library books, computers, library chairs and tables for research and training purposes.
7. Filling of administrative positions for effective operation of the college.

Principal: Rev. Patrick Shiyonga

Date: 10/6/2025



7. Statement of Performance against Predetermined Objectives

Navakholo Technical Training College develops its annual work plans based on the bellow Three (3) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Navakholo TVC achieved its performance targets set for the 2022/2023 period for its (Three) strategic pillars, as indicated in the diagram below:

Strategic pillar	objectives	Key performance indicators	activities	Achievements
Pillar / Theme / Issue 1: Enhancing Trainee Experience and Academic Excellence	Trainee Management and Focus	Enhance trainee enrollment, retention, and engagement.	<ul style="list-style-type: none"> - Strengthen trainee support services, including academic advising, counseling, academic tours, and mentorship - Improve trainee feedback systems and respond to identified issues effectively Conduct career talk in high schools - Introduce trainee engagement programs to promote extracurricular activities 	Three academic tours and several counseling, mentorship and career talk meeting was held.
	Marketing and Re-branding for Recognition	Improve the institution's visibility and brand recognition	<ul style="list-style-type: none"> - Develop and implement marketing campaigns targeting various stakeholders and industries - Re-brand institution materials, including promotional content and online presence - Establish partnerships with local media for brand promotion 	College marketing was done by TV, Roadshows and online/WhatsApp's groups.
	Quality Training and Competent Graduates	Deliver quality training and competency-based programs	<ul style="list-style-type: none"> - Review and update curriculum to align with industry needs - Incorporate competency-based training and assessments - Conduct regular training for trainers to enhance quality teaching 	Most of the trainers attended training workshops to sharpen their skills.
	Research, Science, Technology, and Innovation	Foster a culture of research, innovation, and learning	<ul style="list-style-type: none"> - Create platforms for trainers and trainees to showcase research projects 	Trainees participated in TVET fair with the guidance and training from trainers.

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			<ul style="list-style-type: none"> - Establish a research and innovation fund to support initiatives - Collaborate with industries for applied research and innovation projects 	
Pillar / Theme / Issue 2: Strengthening Institutional Infrastructure and Technology	Physical Infrastructure and Facilities	Develop and upgrade infrastructure to support effective training	<ul style="list-style-type: none"> - Construct and renovate classrooms, workshops, and laboratory - Improve and maintain trainee welfare facilities, such as sports facilities 	Fabricated plumbing and masonry workshop was made also trainees were allowed to participate in regional and national sports competitions to realize their talents
	Information and Communications Technology (ICT)	Integrate ICT in learning and administration	<ul style="list-style-type: none"> - Upgrade ICT infrastructure, including internet connectivity and hardware - Automate administrative workflows to improve efficiency 	The router was acquired to enable internet access within the college.
Pillar / Theme / Issue 3: Building Sustainable Partnerships and Financial Stability	Collaboration and Partnerships	Establish strong industry and community partnerships	<ul style="list-style-type: none"> - Engage with industries to provide internships and apprenticeships 	Trainees on industrial attachment were given priority by local industries i.e. milling factories through intervention by the college management.
	Income Generation and Resource Mobilization	Achieve financial sustainability through income generation	<ul style="list-style-type: none"> - Develop income-generating activities. - Mobilize funds from donors and development partners - Establish endowment funds to support infrastructure and trainee welfare Start a production unit for building. 	None was achieved
	Trainers Development and Trainees' Welfare	Enhance trainers' capacity and trainees' welfare	<ul style="list-style-type: none"> - Conduct regular trainers training and professional development programs - Develop a scholarship and bursary program for trainees 	

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			<ul style="list-style-type: none"> - Conduct regular trainers training and professional development programs - Develop a scholarship and bursary program for trainees - Improve trainee welfare services, including health and counseling support - Develop a scholarship and bursary program for trainees - Improve trainee welfare services, including health and counseling support - Improve trainee welfare services, including health and counseling support 	
	Greening initiatives	Objective: Promote environmental conservation	Enhance environmentally friendly activities. Start a tree nursery	One thousand trees were planted in the college compound

NB: The objectives and their accompanying activities in the table above were also targeted in the college's 2022/2023 Performance Contract. Consequently, their achievement is as indicated in the table above.

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8. Corporate Governance Statement

a) Introduction

Navakholo Technical and vocational college is committed to upholding high standards of corporate governance, ensuring transparency, accountability, and integrity in all its operations. This statement outlines the governance framework, processes, and practices that guide the Board of Governors (the Board) in discharging its duties.

b) Board Meetings and Attendance

The Board held 9 meetings during the financial year. Attendance by each member was as follows:

S/NO.	NAME	POSITION	FULL BOARD	SPECIAL	PFDE	RTHR	AUDIT
1.	Prof. Violet Opata	Board Chair	4	1	-	-	-
2.	Gov. Evans W. Barasa	Member	4	1	-	2	-
3.	Gov. David Sikuku	Member	4	1		2	-
4.	Gov. Duncan Mwangi	Member	2	1	2		
5.	Dr. Bernadette Sabuni	Member	4	-	-	1	-
6.	Gov. Eunice Rapando	Member	4	1	2	-	-
7.	Gov. Josiah Maaga	Member	1	-	1	-	-
8.	Mr. Gilbert Ekhavi	Secretary	4	1	2	2	-

The high level of attendance reflects the commitment of the Board members to their governance responsibilities.

c) Succession Planning

Navakholo TVC has a robust succession plan in place to ensure the continuity of leadership and governance. The succession plan identifies potential internal and external candidates for key roles, focusing on skills, experience, and leadership capabilities. The plan is reviewed annually by the Board to ensure it aligns with the strategic objectives of the Institute.

d) Board Charter

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The Charter was enacted by the Board in 30th June, 2022 and it clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

(i) Board Appointment and Composition

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term.

The membership of the Board of Governors comprises of:

- (a) The Chairperson;
- (b) The principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education
- (d) State Department of TVET
- (e) Representative of the Governor of the County Government of
- (f) Kakamega.
- (g) Five other members appointed on the basis of their knowledge and
- (h) Experience in Leadership and Management, Financial Management, Technology, Industry, Engineering and Information Communication Technology.

Some of the roles of the Board of Governors include:

- (a) Approve the policies of the Institute
 - (b) Employ staff
 - (c) Approve the Annual Budget
 - (d) Cause the Accounts to be kept and financial statement to be prepared and presented
- For audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

(ii) Board Diversity

The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the college's mandate. The college endeavors to and remains compliant with the one third (1/3) gender balance.

(iii) Separation of Powers

The Chairman of the Board's responsibilities include the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. The Institute Principal's roles and responsibilities include the day-to-day management of the Institute's business and overseeing the implementation of strategies and policies approved by the Board.

(iv) Board's Effectiveness

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In order to ensure that the Board members are effective in their contribution to the management of the Institute, the members undergo regular training to enable them to fulfill their responsibilities. The Board members undergo a comprehensive induction and capacity building program upon their inauguration.

(v) Board Evaluation

The Board has put in place an evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2025/2026.

(vi) Sitting Allowances of the Board

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairman and members. In addition, sitting allowances may be payable when on official duty in and outside the country.

(vii) Conflict of Interest

The Institute conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the board. A register of interests is maintained and declarations of any conflicts of interests are made at the start of each committee and Board meetings.

(viii) Committees of the Board

The college has a total of three committees which are:

1. The Audit and Risk Management Committee
2. Planning, Finance, Development and Enterprise Committee
3. Research, Training and Human Resource Committee.

9. Management Discussions and Analysis

a) The college's Performance Revenue

The college's sources of funds during the year under review includes;

- (i) Government Grants – Capitation
- (ii) Internally generated funds – Tuition and other related charges

During the year, revenue of Kshs.6, 345,000 was received from the National Government as capitation and recurrent grant, Kshs. 7,376,125 from Tuition and other fees for rendering of services and Kshs.60, 000 from Rental revenue from facilities and equipment.

b) Expenditure

The college's expenditure comprises of the use of goods and services, employee costs, repairs and maintenance; the Board of Governors' costs, and general expenses.

The overall expenditure for the period increased from Kshs. 28,364,787 to Kshs. 29,606,113.

The college's Compliance with Statutory Requirements

The college complies with statutory requirements and has remitted payroll statutory deductions in the year.

- (i) Material Arrears in Statutory/Financial Obligations
- (ii) The college does not have any loan default, tax default, outstanding staff and pension obligation/actuarial deficit.
- (iii) Key Projects and Investment Decisions the college undertook

During the year under review the college had NO any project.

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(iv) Major Challenges and Risks Facing the college

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
2	Inadequate infrastructure	Constructed temporary lecture halls, writing and submitting proposals to the Ministry of Education for Development Grants and encouraging the locals to construct accommodation facilities for the trainees.
3	Inadequate staff	Contracting more Board employees.

The college's Financial Probity and serious Governance Issues

There were no financial probity and serious governance issues during the year under review.

10. Environmental and Sustainability Reporting Statement

Navakholo technical and vocational college exists to transform lives. This is our purpose and 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 organization’s strategic objectives.

Sustainability strategy and profile

The triple Bottom Line concepts analyze the sustainability of an organization based on three concept which are profit, People (Social) and Planet (Environment).

Profit: The College has laid a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The college has expanded her capacity for internally generated income from production units.

Social: The College has developed a Succession Management Policy to address the welfare of employees in the future.

Environment: The Board of Governance has plans to undertake an environmental sustainability audit and develop an environmental policy to address the issues of environmental sustainability.

Environmental Performance

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk Board thereby reducing dust and related effects.

Employee Welfare

The college values her employees and the many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our college through community consultation process. Capacity building/ trainings were conducted during the year to improve on the staff competence and planning for retirement.

We integrate the principles of social responsibility into our core mandate internally by exhibiting well Corporate governance, ethical decision making and providing our personnel with opportunities to develop and excel. We also integrate the principles of social responsibility into our training activities.

Activity	Description
Better training	<ul style="list-style-type: none"> • Optimizing training operations to meet ongoing social and sustainability objectives. • Providing opportunities for growth at the college by becoming involved in our local community.
Enhanced community	Focusing on empowering members of the community.

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Supported Staff	<ul style="list-style-type: none"> • Promoting initiatives that support staff and their families, beyond the period of employment. • Promoting initiatives that recognize the contribution of the staff to the community.
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Policies guiding the college's Hiring Process

S/N	Title	Period	Remark
1.	Human Resource Policy and Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
2.	Internship Policy and Guidelines	Regularly	Intern positions are filled competitively and without discrimination
3.	Gender Mainstreaming	Regularly	The college observes equal employment opportunities during staff recruitment across all genders
4.	Disability Mainstreaming	Regularly	<p>The college offers equal employment opportunities to officers living with disability.</p> <p>The college also offers rights and privileges as provided in the PWDs Act and Board employment policies</p>

Market Place Practices

Responsible Supply Chain and Supplier Relations

The college has maintained good business practice by complying with the Government Policy on Public Procurement and Section 227 of The Constitution of Kenya, 2010.

All procurement activities have continuously been carried out when there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The college has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to her procurement needs.

Navakholo Technical and vocational college has at all-time ensured responsible treatment of suppliers in various ways as featured below:

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

Ensuring proper communication channels where telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the Procurement Department and the suppliers.

i) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.

i) When doing procurement planning the college has complied with preference and reservation requirements.

ii) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works are completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.

iii) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

Corporate Social Responsibility / Community Engagements

During the year under review, the college carried out various CSR activities to impact the society such as, road safety awareness and helping the less fortunate in our community.

11. Report of the Board of Governors

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

Principal activities

The principal activities of Navakholo Technical and vocational college are to provide high quality Technical and vocational Education and Training and Research that promote creativity and innovations to meet global challenges.

Results

The results of Navakholo Technical and vocational college for the year ended 30th June, 2023 are set out on pages 1 to 8.

Board of Governors

The members of the Board who served during the year are shown on page x and xi

Auditors

The Auditor General is responsible for the statutory audit of Navakholo Technical and vocational college in accordance with Article 229 of the Constitution of Kenya.

By Order of the Board



.....
Secretary of the Board

Nairobi

Date: 10/6/2025

12. Statement of the Board of Governors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of Navakholo technical and vocational college, which give a true and fair view of the state of affairs of Navakholo technical and vocational college at the end of the financial year/period and the operating results of Navakholo technical and vocational college for that year/period. The Board members are also required to ensure that Navakholo technical and vocational college keeps proper accounting records which disclose with reasonable accuracy the financial position of Navakholo technical and vocational college. The Board members are also responsible for safeguarding the assets of Navakholo technical and vocational college.


The Board members are responsible for the preparation and presentation of Navakholo technical and vocational college financial statements, which give a true and fair view of the state of affairs of Navakholo technical and vocational college for and as at the end of the financial year 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 college, (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 college, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

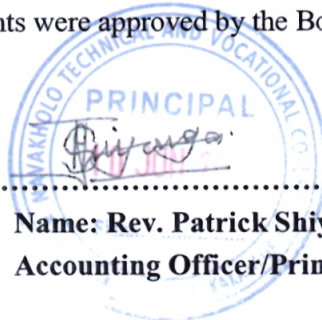
Nothing has come to the attention of the Board members to indicate that Navakholo technical and vocational college will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Navakholo technical and vocational college financial statements were approved by the Board on 4/8/2023 and signed on its behalf by:



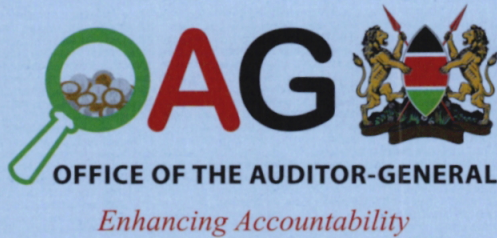
.....
Name: Prof Violet Opata
Chairperson of the Board



.....
Name: Rev. Patrick Shiyonga
Accounting Officer/Principal

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 NAVAKHOLO 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 Navakholo Technical Vocational College set out on pages 1 to 32, which comprise 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 Navakholo Technical Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

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

- i. The statement of cash flows reflects cash and cash equivalents balance of Kshs.995,779 and Kshs.94,541 for the current and previous financial years respectively. However, the investing activities indicates increase in receivables from exchange transactions of Kshs.5,433,494 which was at variance with the amount of Kshs.5,498,011 reflected in the statement of financial position. Further, Note 23 to the financial statements in respect to cash generated from operations has failed to reconcile the net deficit amount for the year of Kshs.13,565,231 with net cashflow from operating activities of Kshs.5,053,875.
- ii. The statement of financial performance and Note 6 to the financial statements reflect transfers from other National Government entities amounting to Kshs.6,345,000. However, the supporting general ledgers indicate a total amount of Kshs.4,370,000 resulting in an unreconciled variance of Kshs.1,975,000.
- iii. Further, the statement of financial performance and Note 7 to the financial statements reflect rendering of services-fees from students amounting to Kshs.9,635,881. However, the supporting general ledgers indicate a total amount of Kshs.9,992,330 resulting in unreconciled variance of Kshs.356,449.
- iv. In addition, the statement of financial performance and Note 11 to the financial statements reflect employee costs amounting to Kshs.3,511,646. However, the supporting general ledgers indicate a total amount of Kshs.4,445,200 resulting in an unexplained variance of Kshs.933,445.

In the circumstances, the accuracy and completeness of the respective financial statements' balances could not be confirmed.

2. Unsupported Balances

The statement of financial position and Note 17 to the financial statements reflect current portion of receivables from exchange transactions balance of Kshs.7,563,005 in respect to student debtors. However, the supporting ledgers and ageing analysis for the receivables were not provided for audit. Further, the College has not developed a debt management policy to provide guidelines and controls in debt management.

Further, the statement reflects trade and other payables from exchange transactions balance of Kshs.735,234 as disclosed in Note 21 to the financial statements. The balance comprise of trade payables and salary of Kshs.355,610 and Kshs.379,624 respectively. However, the supporting general and subsidiary ledgers for salary amounting to Kshs.379,624 were not provided for audit.

In the circumstances, the accuracy and completeness of current portion of receivables and trade and other payables from exchange transactions balances of Kshs.7,563,005 and Kshs.735,234 respectively, could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Navakholo 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 Performance and Control

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounts of Kshs.24,568,000 and Kshs.13,721,125 respectively resulting to under-collection of Kshs.10,846,875 or 44% of the budget. Similarly, the College spent Kshs.10,987,006 against an approved budget of Kshs.24,568,000 resulting to an under-expenditure of Kshs.13,580,994 or 56% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Audit Matters

In the previous year's audit, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risks Management and Governance. However, Management has indicated under Appendix 1 in respect to implementation of Auditor-General's recommendations section issues which do not relate to those reported by the Auditor-General in previous audit report for the year ended 30 June, 2022.

Other Information

Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, the Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governors 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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters 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

1. Non-Compliance with Staff Ethnic Diversity Requirement

Review of the College payroll for the month of June, 2023 revealed that all the twenty-six (26) staff or 100% were from one dominant community. In addition, during the year under review, the College employed a total of eleven (11) staff, all from the dominant community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 States 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 law.

2. Late Submission of the Budget for Approval

During the year under review, the College budget was approved by the Board of Governors on 24 March, 2022 followed by Ministry of Education on 30 March, 2022. This contradicts Section 11(1) of the State Corporations Act, Cap 446 which states that every state corporation shall cause to be prepared and shall, not later than the end of February in every year, submit to the Minister and to the Treasury for approval, estimates of the state corporation's revenue and expenditure for the following financial year accompanied by proposals for funding all projects to be undertaken by the state corporation, or the implementation of which will continue during the financial year to which those estimates relate.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Internal Audit Function and Audit Committee

During the year review, the College did not have an Internal Audit Function and an Audit Committee in place. As a result, there was lack of oversight and risk assessment of the internal controls of the College. This was contrary to Regulation 166(2) of the Public Finance Management (National Government) Regulations, 2015 which states that each year the Audit Committee shall carry out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report.

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

2. Ineffective Information and Communication Technology (ICT) Management

During the year under review, the College did not have a disaster management and recovery policy, a business and ICT continuity plan, and ICT strategy, ICT steering committee and an ICT officer. In addition, Management had not fully utilized Abno-Uni solutions which was acquired in January, 2023. Further, the staff do not have adequate training and internet connectivity to use the system.

In the circumstances, the effectiveness of the ICT management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and 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

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

11 June, 2025

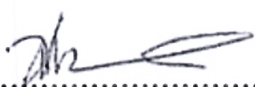
Navakholo Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-Exchange transactions			
Transfers from other National Government entities	6	6,345,000	1,000,000
		6,345,000	1,000,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	9,635,881	6,059,044
Rental revenue from facilities and equipment	8	60,000	-
Other incomes	9	-	2,000
Revenue from Exchange transactions		9,695,881	6,061,044
Total Revenue		16,040,881	7,061,044
Expenses			
Use of goods and services	10	6,107,510	6,640,602
Employee costs	11	3,511,646	2,747,733
Board Expenses	12	775,454	644,020
Depreciation and amortization expense	13	18,619,106	17,853,402
Repairs and maintenance	14	304,396	28,830
Contracted services	15	288,000	450,200
Total Expenses		29,606,112	28,364,787
Net surplus/(deficit) for the year		(13,565,231)	(21,303,743)

(The notes set out on pages 6 to 34 form an integral part of the Annual Financial Statements).

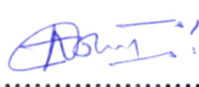
The Financial Statements set out on pages 1 to 5 were signed by:

.....


Board Chairperson

Date

10/6/2023

.....


Finance Officer

ICPAK No

Date

10/6/2023

.....

Principal

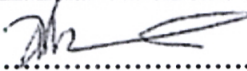
Date 10/6/2023

Navakholo Technical and 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	16	995,779	94,541
Current portion of receivables from exchange transactions	17	7,563,005	2,064,994
Receivables from non-exchange transactions	18	-	1,000,000
Inventories	19	46,300	240,360
Total Current Assets		8,605,084	3,399,895
Non-Current Assets			
Property, plant, and equipment	20	142,980,809	162,409,770
Total Non-Current Assets		142,980,809	165,809,665
Total Assets		151,585,893	168,969,211
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	21	735,234	1,324,366
Payments received in advance	22	736,467	-
Total Liabilities		1,471,701	1,324,366
Net Assets		150,114,192	164,485,299
Revaluation Reserves		-	
Accumulated Surplus		8,124,429	2,387,374
Capital Fund		141,989,763	162,097,925
Total Equity and Liabilities		151,585,893	164,485,299

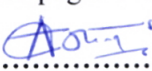
The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Council/Board

Date

10/6/2025

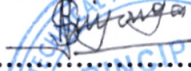


Finance Officer

ICPAK No

Date

10/6/2025



Principal

Date



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

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1,	-	5,837,715	179,145,451	184,983,166
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(21,303,743)		(21,303,743)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	18,536,582	(18,536,582)	-
At June 30, 2022		3,070,554	160,608,869	163,679,423
At July 1, 2022	-	3,070,554	160,608,869	163,679,423
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(13,565,231)	-	(13,565,231)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	18,619,106	(18,619,106)	-
At June 30, 2023	-	8,124,429	141,989,763	150,114,192

Navakholo 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		2022/2023	2021/2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	6,345,000	1,000,000
Rendering of services- fees from students	7	9,635,881	6,059,044
Rental revenue from facilities and equipment	8	60,000	-
Other income	9	-	2,000
Total Receipts		16,040,881	7,061,044
Payments			
Use of goods and services	10	6,107,510	6,640,602
Employee costs	11	3,511,646	2,747,733
Board Expenses	12	775,454	644,020
Prior year adjustment			-1,210,234
Repairs and maintenance	14	304,396	28,830
Contracted services	15	288,000	450,200
Total Payments		10,987,006	9,301,151
Net Cash Flows from operating activities	23	5,053,875	(2,240,107)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(530,395)	(822,560)
Net cash flows used in investing activities		(530,395)	(822,560)
Changes in current Assets/Liabilities			
Decrease/increase in receivables from exchange transactions		(5,433,494)	1,647,355
Increase/Decrease in receivables from non-exchange transactions		(1,000,000)	(500,000)
Decrease in payables from exchange transactions		(589,132)	(193,179)
Increase/Decrease in inventory		194,060	(129,747)
Net change in working capital			
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		901,238	2,238,238
Cash and Cash equivalents at 1 JULY		94,541	2,332,779
Cash and Cash equivalents at 30 JUNE	16	995,779	94,541

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

18. Statement of Comparison 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	14,000,000	-	14,000,000	6,345,000	(7,655,000)	55%	a
Rendering of services- fees from students	10,568,000	-	10,568,000	7,376,125	(3,191,875)	30%	b
Total Income	24,568,000	-	24,568,000	13,721,125	(10,846,875)	44%	
Expenses							
Use of goods and services	16,248,800	-	16,248,800	6,107,510	(10,141,290)	63%	c
Employee costs	4,800,000	-	4,800,000	3,511,646	(1,288,354)	27%	d
Board Expenses	983,200	-	983,200	775,454	(207,746)	21%	e
Repairs and maintenance	1,960,000	-	1,960,000	304,396	(1,655,604)	84%	f
Contracted services	576,000	-	576,000	288,000	(288,000)	50%	g
Total Expenditure	24,568,000	-	24,568,000	10,987,006	(13,580,994)	56%	
Surplus For the Period	-	-	-	2,734,119	-	-	

Budget note for variations over/under 10%

- a) Non disbursement of funds by the Government in full.
- b) Decrease in Fee payment by Trainees.
- c) Non availability of funds hence some activities were not undertaken.
- d) No recruitment of staff was done due to lack of funds.
- e) Board Retreat was post due to lack of funds.
- f) No major repairs were done due to lack of funds
- g) Security personnel numbers was not increased due to lack of funds.

19. Notes to the Financial Statements

1. General Information

Navakholo TVC is established by and derives its authority and accountability from TVET Act 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to: offer competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

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 college'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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the college. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an 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.

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"> • <i>IPSAS 22</i> Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023

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 cash flows 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 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 2022/2023 was approved by the Board on February 2022. Subsequent revisions or additional appropriations were not made to the approved budget. The college'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.

c) Taxes

Current income tax

The college is exempt from paying taxes as per schedule 5 of the income tax Act.

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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. 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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made 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.

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.

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 college.

k) Provisions

Provisions are recognized when the college 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 college 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 college 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 college 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 college 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 college is yet to create and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

The college 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 college is yet to provide 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.

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.

p) 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.

q) Related parties

The college 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.

r) Service concession arrangements

The college 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 college 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 college also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Comparative figures

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

u) 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 college'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. Additional disclosure of these estimates of provisions is included in Note xxx.

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	2022/2023	2021/2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	4,345,000	-
Operational Grant	2,000,000	1,000,000
Total unconditional Grants	6,345,000	1,000,000
Total Government Grants and Subsidies	6,345,000	1,000,000

7. Rendering of Services

Description	2022/2023	2021/2022
	Kshs	Kshs
TUITION	3,993,571	3,132,952
PERSONAL EMOLUMENT	1,608,390	1,106,420
ROBOTIC&TVET FAIRS	124,350	81,000
ADM	824,510	356,252
LT&T	269,575	318,100
RMI	487,420	189,780
EWC	361,990	311,320
MEDICAL	106,460	18,060
LIBRARY	114,380	20,400
ACTIVITY	289,370	162,260
PRACTICAL		3,000
ATTACHMENT	85,550	172,550
DEVELOPMENT	132,000	165,350
STUDENT COUNCIL	43,600	21,600
EXAM	1,194,715	
Total Revenue from The Rendering of Services	9,635,881	6,059,044

8. Rental revenue from facilities and equipment

Description	2022/2023	2021/2022
	Kshs	Kshs
Contingent Rentals (class rooms hire)	60,000	-
Total	60,000	-

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9. Other Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Income from sale of tender	-	2,000
Total other income	-	2,000

10. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
SES	-	1,089,933
Industrial attachment costs	61,150	116,346
Electricity/power bill	236,694	304,512
Administration	1,172,824	1,465,185
Landscaping and beautification	-	49,730
Pit latrine materials	-	141,446
Internet Subscriptions/expenses	110,798	34,000
Advertising/marketing	249,250	349,950
Examination fees	437,250	888,000
Workers uniforms	-	2,450
Activities	718,195	172,325
Travelling and accommodation	1,473,175	1,172,050
Chairs materials	-	103,140
Insurance	22,264	-
Gate materials	-	258,350
Printing and stationery	254,705	-
Student council	67,810	-
Training materials		84,250
Networking material		30,000
College fencing		20,000
Hire charges		70,400
TVET and Robotic		61,200
Wiring material		227,335
Teaching and learning materials	1,278,420	
Others- Bank charges	24,975	
Total good and services	6,107,510	6,640,602

11. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	3,511,646	2,747,733
Employee Costs	3,511,646	2,747,733

12. Board Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	30,000	
BOG Emoluments	745,454	644,020
Total	775,454	644,020

13. Depreciation and Amortization expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	18,619,106	17,853,402
Total depreciation and amortization	18,619,106	17,853,402

14. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
General repairs	304,396	28,830
Total Repairs and Maintenance	304,396	28,830

15. Contracted Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Security services	288,000	450,200
Total contracted services	288,000	450,200

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16. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	990,061	94,541
Others (cash in hand)	5,718	
Total Cash and Cash Equivalents	995,779	94,541

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

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
a) Current Account			
Equity Bank	0500280066901	990,061	25,078
Sub- Total		990,061	25,078
b) Cash at hand			
Sub- Total		5,718	69,463
Grand Total		995,779	94,541

17. Receivables from Exchange transactions

17 (a) Current Receivables from Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables		
Student Debtors	7,563,005	2,065,005
Total Current Receivables	7,563,005	2,065,005

17(b) Ageing Analysis of Receivables from Exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	6,585,301	87%	2,065,005	100%
Between 1- 2 years	977,704	13%	-	-
Total (a+b)	7,563,005	100%	2,065,005	

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18. Receivables from non-Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables		
Recurrent Grants	-	1,000,000
Total Current Receivables	-	1,000,000

18 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs	% of the total	Kshs	% of the total
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	-	%	1,000,000	%
Total	-	%	1,000,000	%

19. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable stores	46,300	240,360
Total Inventories at lower of Cost and Net Realizable Value	46,300	240,360

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost	Land	Buildings	Furniture and fittings	Computers	Machinery and Equipment	Plant and equipment	Total
	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
		2%	12.5%	33.3%	12.5%	12.5%	
At 1 July 2021	2,500,000	59,210,550	2,344,400	1,200,000	0	131,891,946	197,146,746
Additions			141,140	338,500	342,920		822,560
At 30th June 2022	2,500,000	59,210,550	2,485,540	1,538,500	342,920	131,891,946	197,969,306
Additions			181,195	78,000	271,200		530,395
At 30th June 2023	2,500,000	59,210,550	2,666,735	1,616,500	614,120	131,891,946	198,499,701
Depreciation And Impairment							
At 1 July 2021	-	1,184,211	293,050	399,600		16,486,493	18,363,354
Depreciation	-	1,184,211	310,693	512,320	42,865	16,486,493	18,536,582
At 30 Jun 2022		2,368,422	603,743	911,920	42,865	32,972,986	36,899,936
Depreciation	-	1,184,211	333,342	538,295	76,765	16,486,493	18,619,106
At 30th Jun 2023	-	3,552,633	937,085	1,450,215	119,630	49,459,479	55,519,042
Net Book Values							
At 30th Jun 2022	2,500,000	56,842,128	1,881,797	626,580	300,055	98,918,960	161,069,520
At 30th Jun 2023	2,500,000	55,657,917	1,729,650	166,285	494,490	82,432,467	142,980,809

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 30/06/2023.

20 (a) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	2,500,000	-	2,500,000
Buildings	59,210,550	3,552,633	55,657,917
Machinery and Equipment	614,120	937,085	1,729,650
Computers and Related Equipment	1,616,500	1,450,215	166,285
Office Equipment, Furniture, And Fittings	2,666,735	119,630	494,490
Plant and equipment	131,891,946	49,459,479	82,432,467
Total	198,499,701	55,519,042	142,980,809

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Notes to the Financial Statements (Continued)

21. Trade and Other Payables

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade payables	355,610	742,645
Fees paid in advance	-	581,721
Other payables(salary)	379,624	-
Total Trade and Other Payables	735,234	1,324,366

Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	735,234	100%	1,324,366	100%
Total (to tie to totals above)	735,234	100%	1,324,366	100%

22. Payments received in advance.

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Fees received in advance	736,467		-	
Others (Specify)	-		-	
Total	736,467		-	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	736,467	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	736,467	%	-	%

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23. Cash generated from operations.

Surplus for the year before tax	2022/2023	2021/2022
	Kshs	Kshs
Adjusted for:		
Depreciation		
Non-Cash grants received		
Contributed assets		
Impairment		
Gains and Losses on Disposal of Assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance Income		
Finance Cost		
Working Capital Adjustments		
Decrease in Inventory	194,060	
Increase in Receivables	(5,433,494)	
Increase in Deferred Income		
Decrease in Payables	(589,132)	
Increase in Payments received in advance	774,691	
Net Cash Flow from Operating Activities	(5,053,875)	

24. Financial Risk Management

The college'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 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	2,065,005	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	25,078	-	-	-
Total	2,090,083	-	-	-
At 30 June 2023				
Receivables from exchange transactions	7,498,499			
Receivables from non-exchange transactions	-			
Bank balances	990,061			
Total	8,488,560			

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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 college has significant concentration of credit risk on amounts due.

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.

(iii) Market risk

The college 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 after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

25. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the college, holding 100% of the college's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the college, 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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26. Events After the Reporting Period

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

27. Ultimate And Holding Entity

Navakholo TVC is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of 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.

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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:	Timeframe:
1	Execution of an Unapproved Budget	The budget was approved by the board of governors but not submitted to the controller of budget. Of which late submission was done.	Resolved.	
2	Failure to maintain annual board work plan and board charter	The annual board work plan and board charter are maintained for the subsequent financial years.	Resolved	
3	Failure to Adhere to National Cohesion and Integration Act, 2008	The management has put in place mechanism to ensure that subsequent recruitments shall comply with the National Cohesion and Integration Act of 2008.	Not Resolved	30 th June, 2026



Name: Rev Patrick Shiyonga
 Accounting Officer/principal

Date 10/6/2025

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Appendix III- Inter-Entity Confirmation Letter



MINISTRY OF EDUCATION STATE DEPARTMENT FOR TECHNICAL &
VOCATIONAL EDUCATION AND TRAINING
NAVAKHOLO TECHNICAL AND VOCATIONAL COLLEGE



Competence in skills for employment
P.O BOX 766-50100 KAKAMEGA (KENYA)
Email: navakholoTVC@gmail.com Phone NO. 0741596247

Navakholo TVC wishes to confirm the amounts disbursed 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 [Navakholo TVC] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [Ministry of education] (Kshs) as at 30th June 2023				Amount Received by Navakholo TVC (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		(A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	6/07/2022	500,000			500,000		
	6/07/2022	500,000			500,000		
	26/10/2022	500,000			500,000		
	26/10/2022	825,000			825,000		
	16/01/2023	500,000			500,000		
	26/01/2023	1,760,000			1,760,000		
	27/06/2023	1,760,000			1,760,000		
Total		<u>6,345,000</u>			<u>6,345,000</u>		

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

Head of Accountants department of beneficiary Entity:

Name Asman Wanywa Sign [Signature] Date 10/6/2023

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