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OF KENYA
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THE AUDITOR-GENERAL

ON

**NACHU TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2024**



NACHU TECHNICAL AND VOCATIONAL COLLEGE



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NACHU TECHNICAL AND VOCATIONAL COLLEGE

REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024



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



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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PPAD	Public Procurement and Asset Disposal
PSASB	Public Sector Accounting Standards Board
KASNEB	Kenya Accountants and Secretaries National Examination Body
TVC	Technical Vocational College
TVET	Technical and Vocational Education and Training
BOG	Board of Governors
FOCUS	Fellowship of Christian Unions
KATTI	Kenya Association Technical Training Institutes
CBET	Competency Based Education and Training
CCTV	Closed Circuit Television
CSR	Corporate Social Responsibility

B. Definition of Key Terms

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

Biodiversity-The variety of life on earth at all its level from genes to ecosystems.

2. Key Entity Information and Management

(a) Background Information

Nachu Technical and Vocational College was established under the TVET Act of 2013 and officially registered in 2017, with registration certificate number TVETA/PUBLIC/TVC/0009/2021. The college operates in Kenya under the Ministry of Education, with the Cabinet Secretary for Education providing general policy guidance and strategic direction.

(b) Principal Activities

The primary activity of Nachu Technical and Vocational College is to deliver high-quality technical and vocational training.

Vision:

To be a center of excellence in sustainable skills development.

Mission:

To provide and promote quality competency-based technical and vocational training for sustainable development in both local and global markets.

Strategic Objectives:

1. Achieve a student enrolment of at least 1,500 students by 30th June 2025.
2. Promote access and equity in competency-based training.
3. Achieve and maintain 90% adherence to approved policies and procedure manuals.

Strategic Destination:

To offer quality training that empowers youth with technical and vocational skills and the right attitudes, making them innovative and in demand both in Kenya and the global market.

Core Values:

- **Accountability:** Commitment to results, taking responsibility for our actions.
- **Responsiveness:** Listening, taking action, and being solution-oriented.
- **Innovation:** Creativity in all undertakings.
- **Integrity:** Honesty, fairness, and trustworthiness.
- **Safety:** Ensuring safety for ourselves and others

(c) Key Management

The day-to-day management of Nachu Technical and Vocational College (TVC) is overseen by the following key personnel:

I. Key Management Personnel as of 30th June 2024

1. **Magdalene Mwachofi** - Principal
2. **David Chege Githaiga** - Deputy Principal, Administration
3. **George Maina Mugo** - Deputy Principal, Academics
4. **Jeannette Kemunto Omurwa** - Dean of Students
5. **David Njoroge Kimani** - Registrar
6. **Mercy Nyakundi**-Finance officer (Outsourced from The Kiambu National Polytechnic)

II. Principal's Responsibilities

The Principal of Nachu TVC holds the overall responsibility for the day-to-day operations of the College on behalf of the Board of Governors (BOG). The key duties include:

- a) **Strategic Implementation:** Ensuring the execution of the strategic direction as approved by the BOG, aligning all activities with the institution's long-term goals.
- b) **Property Management:** Overseeing the management and safeguarding of the College's assets and properties, ensuring they are effectively utilized and maintained.
- c) **Enrollment Growth:** Developing and implementing strategies to increase student enrollment, thereby enhancing the institution's reach and impact.
- d) **Community and National Contribution:** Leading initiatives that add value to the local community and the country, fostering development and social responsibility.
- e) **Quality and Relevance in Training:** Ensuring that the College's training programs are of high quality and relevant, in alignment with Kenya's Vision 2030, thereby preparing students to contribute effectively to the workforce and society.

(d) Fiduciary Management

1. Board of Governors (BOG)

The Board of Governors (BOG) holds the ultimate responsibility for the governance and strategic oversight of Nachu Technical and Vocational College (TVC). The Board's key responsibilities include:

- i. **Providing Strategic Direction:** Setting the overall direction for the College, ensuring alignment with the institution's mission and vision.
- ii. **Developing and Implementing the Strategic Plan:** Crafting and executing the College's strategic plan, which outlines the goals and objectives for future growth and development.
- iii. **Managing the College's Property:** Overseeing the management, maintenance, and effective utilization of the College's assets and properties.
- iv. **Growing Enrollment:** Developing strategies to increase student enrollment, thereby improving access to technical and vocational education.
- v. **Creating Community Linkages:** Establishing and nurturing partnerships with the community to foster collaboration and support for the College's initiatives.
- vi. **Providing/Sourcing Resources and Support:** Securing the necessary financial and material resources to support the College's operations and growth.
- vii. **Adding Value to the Community and Country:** Leading initiatives that contribute positively to the community and the nation, aligning with broader societal goals.
- viii. **Enabling Government Agenda:** Supporting the Government in achieving its key policy objectives, as outlined in its manifesto.
- ix. **Ensuring Quality and Relevance in Training:** Maintaining high standards in training programs, ensuring that they are relevant to the current and future needs of the workforce, in line with Kenya's Vision 2030.

(e) Fiduciary oversight arrangements.

2. Board of Governors Committees

The BOG is comprised of several specialized committees, each focusing on key areas of governance:

Technical and Human Resource Committee

- **Mr. Daniel Njuguna Mworio** - Chairperson
- **Ms. Maryann Abdi Hassan** - Member/Regional County Director - TVET
- **Rev. David Ndungu Wakaba** - Member
- **Ms. Ann Tapeyia Lantey** - Member

Audit, Risk, and Compliance Committee

- **Ms. Jacinta Ngule Kinyili** - Chairperson
- **Mr. Daniel Njuguna Mworio** - Member
- **Eng. Eunice Wambui** - Member
- **CPA. Bedan Macharia Mwangi** - Internal Auditor(KINAP)/Secretary

Finance and Strategy Committee

- **Dr. David Wanyonyi Wanyama** - Chairperson
- **Eng. Job Ouma Ochola** - Member
- **Ms. Anne Tepeyia Lantey** - Member
- **Mrs. Magdalene Mwachofi** - Principal/Secretary BOG

These committees play a crucial role in ensuring the College operates efficiently and effectively, with robust oversight in financial management, risk assessment, compliance, human resource development, and technical training. The collaboration between these committees enables Nachu TVC to fulfill its mission while maintaining transparency, accountability, and high standards in all its operations.

(f) Entity Headquarters

Nachu Technical and Vocational College
P.O. Box 1455-00902
Kikuyu, Kenya

(g) Entity Contacts

Telephone: +254729444338, +254731219988
E-mail: nachutechnical@gmail.com
Website: www.nachutechnical.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Kikuyu Branch,
P.O BOX 148-00902
Kikuyu.

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. The Board of Governors

1.



Mr. Samuel Kibunja Watene –Chairperson

Born on 8th October 1975, Mr. Watene brings extensive expertise in leadership, business management, and organizational development to his role as Chairperson of the Board of Governors at Nachu Technical and Vocational College. Serving as an Independent board member his professional background is deeply rooted in strategic leadership, making him highly relevant to guiding the college's governance and strategic direction. Mr. Watene holds a Master's Degree in Business Administration from the University of Cape Town and a Bachelor of Commerce from the University of Nairobi. He is a Certified Public Accountant of Kenya (CPAK), a Certified Change Management Practitioner, a Certified Ken Blanchard Leadership Trainer, and a Certified Executive Leadership Coach. In addition to his role as Chairperson, Mr. Watene is an adjunct faculty member at Strathmore Business School, where he contributes to shaping future leaders. He is also a founder trustee of the Kikuyu Constituency Education Foundation (KICE), demonstrating his commitment to education and community development. Professionally, he serves as the Managing Director of Altima Africa Ltd and Stratostaff East Africa Ltd, where his leadership, Continues to drive organizational success.

2.



Ms. Anne Tepeiya Lantey -Member

Born on 14th July 1971, Ms. Anne Tepeiya Lantey brings a wealth of expertise in psychology, counselling, business management, and strategic human resource management to her role on the Board of Governors at Nachu Technical and Vocational College. Serving as an independent board member, her extensive experience is particularly relevant to her involvement in the college's Technical and Human Resources, Finance, and Strategy Committees. Ms. Lantey holds a Master in Psychology and Counselling, a Bachelor of Arts, and a Postgraduate Diploma in Business Management. She has earned certifications in Performance Development Planning (Unilever, Egypt), Strategic Human

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Resource Management (Witwatersrand, South Africa), New Labor Laws Of Kenya, and Competency-Based Recruitment (Marcus Evans, South Africa). In her professional career, she serves as the General Manager of Saurus Networks Kenya Ltd and as Principal Business Consultant at ATL Global Business Services. Her deep understanding of human resources and strategic planning makes her an invaluable asset to the college's governance, particularly in shaping and guiding its HR policies, financial oversight, and strategic initiatives.

3.



Eng. Job Ouma Ochola -Member

Born in 1969, Eng. Job Ouma Ochola brings substantial expertise in civil and structural engineering to his role on the Board of Governors at Nachu Technical and Vocational College. Serving as an independent board member, His technical knowledge and experience in large-scale infrastructure projects are invaluable assets to the college's governance, particularly in the Finance and Strategy Committee, where he contributes to the strategic planning and financial oversight of the institution. Eng. Ochola holds a Bachelor of Science in Civil Engineering and is a registered Engineer. He has an extensive background in the private sector, working as a Structural Engineer on a wide range of projects. His consultancy experience includes high-profile assignments such as the Standard Gauge Railway, and the construction of churches, hotels, roads, schools, office blocks, apartments, hospitals, and various other general construction projects.

4.



Mr. Daniel Njuguna Mworia –Member/Chair Technical and Human resources committee

Born on 05th June 1973, Mr. Mworia boasts over twenty years of experience in the learning and skills development sector within higher education institutions in Kenya. Serving as an independent board member, his extensive career is marked by a deep commitment to the strategic management and continuous quality improvement of educational programs, particularly in the realm of Information and Communication Technology. During his tenure at Egerton University, Mr. Mworia contributed significantly to the Research and Extension Division, where he played a Pivotal role in policy development, oversight, and performance contracting. His leadership in this capacity spanned six years, during which he enhanced the university's strategic direction and operational efficiency. In addition to his impactful work at Egerton University, Mr. Mworia has been a member of the management boards of two private colleges in Nakuru County. His role as a director at BitMax&Gauge, a logistics company, further underscores his expertise in strategic management and organizational development. His consultancy in youth empowerment programs through skills impartation reflects his dedication to fostering skill development and educational access. As Chair of the Technical and Human Resources Committee at Nachu TVC, Mr. Mworia leverages his extensive experience to drive innovation and sustainable practices in technical and vocational education. He is committed to enhancing educational quality and expanding access through strategic initiatives that align with the institution's goals and vision. Mr. Mworia holds a Bachelor of Science degree in Mathematics from Egerton University, a Master's degree in Planning and Management from the University of Nairobi, and a Master of Science degree in Computer Systems from Jomo Kenyatta University of Agriculture and Technology.

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5.



Ms. Jacinta Ngule Kinyili –Member/Chair Audit ,Risk and Compliance Committee

Ms. Kinyili brings extensive expertise in cash management, banking, and strategic planning to her role as Chair of the Audit, Risk, and Compliance Committee at Nachu Technical and Vocational College. Serving as an independent board member, her background in customer service and operations management complements her robust skill set in overseeing financial integrity and risk management within the institution. As a seasoned professional, Ms. Kinyili is renowned for her effective communication, exceptional leadership, and commitment to maintaining high standards of work, even Under pressure. Her ability to deliver strategic initiatives and navigate complex operational environments has been a significant asset to the Audit, Risk, and Compliance Committee. Her leadership is characterized by a proactive approach to risk assessment and compliance, ensuring that the college adheres to the highest standards of financial and operational governance. Ms. Kinyili role is pivotal in driving continuous improvement and upholding the integrity of the college’s financial and operational practices. In addition to her impressive professional background, Ms. Kinyili is a collaborative team player, known for consistently exceeding set goals and contributing to the overall success of the Board of Governors.

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6.



Ms. Maryan Abdi Hassan – Regional County Director-TVET (Member)

Born on 12th December 1977, Ms. Hassan is the Regional County Director for TVET and serves as the representative of the Principal Secretary, State Department for TVET, Ministry of Education. Serving as an executive committee member, with over 22 years of experience in education administration, she brings a deep understanding of educational policies and institutional management to her role as a member of the Board of Governors at Nachu Technical and Vocational College. Her extensive experience in education administration and strategic planning enhances her contributions to the Technical and Human Resources Committee. Ms. Hassan's expertise includes oversight of educational programs, human resources management, and policy development, making her a valuable asset in shaping the college's strategic direction and supporting its human resources initiatives. She holds a Master's degree in Education Administration and Planning from the Catholic University of Eastern Africa and a Bachelor's degree in Education (Science) from Kenyatta University. Her leadership and experience are instrumental in advancing the college's goals and ensuring effective management of Technical and Human resources.

7.



Dr. David Wanyonyi Wanyama, PhD –Member/Chair Finance and Strategy committee.

Born in 1978, Dr. Wanyama is a distinguished Finance, Accounting, Strategy, and Governance expert with over 20 years of commercial and consulting experience. Serving as an independent member, his extensive background makes him a key asset as Chair of the Finance and Strategy Committee at Nachu Technical and Vocational College. He holds a PhD in Finance, a Master's in Finance, a Bachelor of Commerce (Management), and a Diploma in Cooperative Management, an International Diploma in Insurance, and a Credit Management Diploma. Additionally, Dr. Wanyama is a CPA (K) and a practicing member of the Institute of Certified Public Accountants of Kenya and Australia. He is currently pursuing a Master of Laws degree at the University of East London. Dr. Wanyama academic contributions include serving as an Adjunct Lecturer in Management, Finance, and Accounting at the University of Nairobi, Riara University, and Jomo Kenyatta University of Agriculture and Technology. His leadership roles include being the Chief Executive Officer of Masters Consultants Ltd, Davella LLP, and Lead Consultants Ltd. His previous experience includes serving as the Chief Executive Officer of Takaful Insurance Company Ltd and the Branch Accountant at Toyota East Africa Ltd. In his role as Chair of the Finance and Strategy Committee, Dr. Wanyama leverages his extensive expertise to guide the financial strategy and governance of the college, ensuring robust financial management and strategic planning.

8.

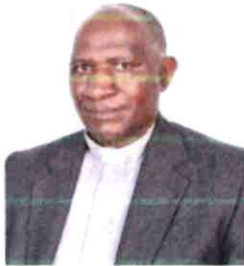


Eng. Eunice Wambui-Member

Born on 15th October 1983, Eng. Wambui brings a wealth of expertise in civil engineering and infrastructure management to her role as a member of both the Technical and Human Resources Committee and the Audit, Risk, and Compliance Committee at Nachu Technical and Vocational College. Serving as an independent board member Her current role at the Kenya National Highways Authority underscores her extensive

Experience in overseeing large-scale engineering projects and ensuring compliance with industry standards. Her involvement in the Technical and Human Resources Committee and the Audit, Risk, and Compliance Committee is informed by her in-depth understanding of technical and operational challenges, risk assessment, and compliance management. Eng. Wambui's contributions are instrumental in enhancing the college's strategic and operational frameworks. She holds a Master's degree in Civil Engineering and a Bachelor of Science degree in Civil Engineering, both from Jomo Kenyatta University of Agriculture and Technology. Additionally, she is a registered member of the Engineers Board of Kenya (EBK)

9.



Rev. David Wakaba Ndungu-Member

Born in 1965, Rev. David Wakaba Ndungu is a valued member of the Board of Governors at Nachu Technical and Vocational College, where he also serves as an executive committee member on the Technical and Human Resources Committee. As an ordained Anglican priest since 1990, Rev. Ndungu has extensive experience in pastoral mission evangelism and church administration, having worked in various locations including Kiambu, Nairobi, and Kajiado. His academic background includes a Master's and Bachelor's Degree from the Catholic University of Eastern Africa, with ongoing PhD studies. He also holds a Diploma in Theology and has pursued further education in Project Planning Management, Strategic Planning, and Leadership. Rev. Ndungu's expertise extends to educational governance, as he is a board member of Kihara High School, Kirangari High School, and Moi Girls High School Kamangu. His diverse experience and commitment to education and leadership enhance his contributions to the Technical and Human Resources Committee at Nachu Technical and Vocational College.

10.



Mrs. Magdalene Mwachofi-Principal/Secretary BOG

Mrs. Mwachofi serves as the Principal of Nachu Technical and Vocational College, a position she has held since January 2022. She also acts as the Secretary of the Board of Governors, playing a key role in both administrative and strategic functions of the college. Mrs. Mwachofi holds a Master of Science in Entrepreneurship, a Bachelor of Arts degree, and a Postgraduate Diploma in Education (PGDE). Her extensive career in education spans twenty-eight years, including sixteen years at The Eldoret National Polytechnic, where she held various roles such as Head of the Department of Research, Partnerships, and Networking Development for six years. As a certified Lead Auditor for ISO 9001:2018, Mrs. Mwachofi has conducted process audits for ten years, demonstrating her expertise in quality management systems. Her previous role as Secretary of Performance Contracting at The Eldoret National Polytechnic involved managing targets related to Research and Development and Corruption Prevention. Mrs. Mwachofi is highly experienced in organizing both national and international research conferences and graduation ceremonies. Her teaching and training experience includes subjects such as Accounting, Entrepreneurship, Business Planning, and Research, reflecting her broad expertise in Education and administration.

4. Key Management Team

a.



Mrs. Magdalene Mwachofi-Principal/Secretary BOG

Mrs. Mwachofi serves as the Principal of Nachu Technical and Vocational College, a position she has held since January 2022. She also acts as the Secretary of the Board of Governors, playing a key role in both administrative and strategic functions of the college. Mrs. Mwachofi holds a Master of Science in Entrepreneurship, a Bachelor of Arts degree, and a Postgraduate Diploma in Education (PGDE). Her extensive career in education spans twenty-eight years, including sixteen years at The Eldoret National Polytechnic, where she held various roles such as Head of the Department of Research, Partnerships, and Networking Development for six years. As a certified Lead Auditor for ISO 9001:2018, Mrs. Mwachofi has conducted process audits for ten years, demonstrating her expertise in quality management systems. Her previous role as Secretary of Performance Contracting at The Eldoret National Polytechnic involved managing targets related to Research and Development and Corruption Prevention. Mrs. Mwachofi is highly experienced in organizing both national and international research conferences and graduation ceremonies. Her teaching and training experience includes subjects such as Accounting, Entrepreneurship, Business Planning, and Research, reflecting her broad expertise in education and administration.

b.



Mr. David Chege Githaiga-Deputy Principal Administration

Mr. Githaiga is the Deputy Principal of Administration at Nachu Technical and Vocational College. He holds a Bachelor of Philosophy in Applied Biology from TUK, a Higher National Diploma (HND) in Applied Biology from Kenya National Polytechnic, and a Diploma in Applied Biology from Eldoret National Polytechnic. Additionally, he has earned diplomas in Pharmacy, Technical Education from KTTC, Education Management from Kenya Education Management Institute (KEMI), and completed Senior Management Course (SMC) and Strategic Leadership Management Course (SLMC) at the Kenya School of Government. Before joining Nachu Technical and Vocational College, Mr. Githaiga served as Deputy Registrar (Examination Officer) at Thika Technical Training Institute for eleven years. He was also a lecturer in the Department of Health and Applied Sciences at Thika Technical Training Institute from 2010 to July 2023. His prior experience includes working as a Campus and Centre Liaison Officer and University Timetable Coordinator at Mount Kenya University for three years. Mr. Githaiga has been an Examiner in Charge (EIC) for the Kenya National Examinations Council (KNEC) since 2008. He was honored with the Best Administrative Head of Department Award at Thika Technical Training Institute for the 2014-2015 academic period. In his role as Deputy Principal of Administration, Mr. Githaiga extensive experience in academic administration, examination management, and leadership significantly contributes to the effective operation of the college.

c.



Mr. George Maina Mugo – Deputy Principal Academics

Mr. Mugo serves as the Deputy Principal Academics at Nachu TVC. He brings a wealth of expertise in both business management and technical education, holding a Bachelor of Business Management degree (Entrepreneurship option) from Mt. Kenya University. Additionally, he has earned Diplomas in Automotive Engineering and Technical Education from the Kenya Technical Trainers College. In his role at Nachu TVC, Mr. Mugo is pivotal in shaping the academic landscape of the college. His responsibilities include overseeing academic programs, ensuring the quality of education, and spearheading the development of proposals for the acquisition of tools, equipment, and facilities essential for the college's operations. His diverse qualifications and hands-on experience in both business and technical fields significantly contribute to the growth and development of Nachu TVC.

d.



Ms Jeannette Kemunto Omurwa-Dean of students

Ms. Omurwa is an experienced educator and administrator with a strong background in institutional management and technical training. She holds a Bachelor of Technology in Institutional Catering and Accommodation Management, a Postgraduate Diploma in Technical Education, and a Diploma in Food and Beverage. Ms. Omurwa has been serving as the Dean of Students at Nachu Technical and Vocational College since January 2024. Prior to this role, she was the Head of Department for 11 years at Kamirithu Polytechnic, where she played a key role in departmental leadership and development. In addition, she has experience as an Industrial Liaison Officer for a period of three years, where she facilitated the link between the institution and the industry for student attachments and partnerships. Her contributions to the Kenya National Examinations Council (KNEC) span over eight years, where she has served as a technical assessor. She is also a tool developer, validator, and verifier for the Curriculum Development,

Assessment and Certification Council (CDACC), as well as a moderator for the National Industrial Training Authority (NITA) in trade tests for Food and Beverage for five years. Ms. Omurwa brings over twelve years of experience as a technical trainer, and her expertise in curriculum development and assessment has been pivotal in shaping vocational education at both the national and institutional levels.

e)



Mr. David Kimani Njoroge – Registrar

Mr. Kimani is the current Registrar of Nachu Technical and Vocational College, bringing a wealth of expertise and leadership to the role. He holds a Bachelor of Science in Electrical and Electronics Engineering from the Technical University of Mombasa and a Postgraduate Diploma in Education from KSTVET. Before joining the education sector, David spent seven years as an Instrumentation and Control Engineer in the gas mining industry. This hands-on experience has been instrumental in aligning the college's training programs with the practical needs of the workforce, ensuring that students receive both theoretical knowledge and relevant, market-driven skills. In addition to his role as Registrar, David oversees the college's Marketing and Admissions functions, playing a key role in student recruitment and expanding the institution's reach. His efforts are focused on ensuring that the college attracts a diverse range of students, while maintaining high standards of admission and promoting the institution's programs across various platforms. David's commitment to bridging the gap between industry standards and technical education ensures that graduates of Nachu Technical and Vocational College are equipped with the skills required to excel in the workforce. Under his guidance, the college continues to thrive as a leader in technical and vocational education, producing graduates who are ready to meet the Demands of the job market.

5. Chairperson's Statement

I am pleased to present the annual report for Nachu TVC for the year ended 30th June 2024. This year has been marked by significant achievements, noteworthy challenges, and substantial progress in various areas of our college. As we continue to grow and evolve, our focus remains steadfast on delivering high-quality Technical and Vocational education and training, enhancing student experiences, and positioning ourselves as a leader in vocational and technical education.

Key Activities and Achievements

1. Training, Learning, and Curriculum Adoption

One of the major milestones this year has been the successful training of our faculty and the gradual adoption of the new CBET curriculum. This transition is critical in ensuring that our programs remain relevant and aligned with the demands of the modern workforce. While phasing out the old curriculum, we have prioritized equipping our staff with the necessary skills and resources to deliver the new content effectively as well as equipping the different academic departments. This ongoing process is expected to enhance the learning outcomes of our students and better prepare them for the competitive job market.

2. Academic Excellence

Our college has continued to demonstrate academic excellence, as reflected in our growing student population and exam pass rates. The total student enrollment has increased to 1,316, comprising 832 male and 484 female students. We are proud to report a 74% exam pass rate, which is a testament to the hard work and dedication of both our students and faculty. This achievement reinforces our commitment to academic rigor and the continuous improvement of our educational programs.

3. Technological Advancements

This year, we have made significant strides in enhancing our technological infrastructure. The installation of Star link Wi-Fi across the college has provided free, high-speed internet access to our students and staff, facilitating better learning and research opportunities. The improved networking capabilities have also enabled more efficient communication and collaboration within the institution. Additionally a new computer lab was set up and is fully operation.

4. Financial Performance

Our financial performance this year has been robust, with several streams contributing to our revenue. We received a total capitation disbursement of Ksh 6,362,327.50, scholarships grants amounting to Ksh 5,865,599.80, operational grants of Ksh 1,000,000, and a development grant of Ksh 10,000,000 for the construction of a new block, which is recorded as deferred income in the financial statements. Additionally, HELB disbursed amounted to Ksh 16,582,586.85, while payments from parents and guardians totaled Ksh 12,005,510.10 These funds have been crucial in supporting our operations and expanding our infrastructure.

5. Student Experience

Our students have had an enriching year, with participation in various regional and national events. Notably, our students excelled in the TVET fairs and robotics competitions, regional ball games, and drama festivals. These activities not only enhance their skills and creativity but also promote teamwork and leadership among them. Such experiences are invaluable in shaping well-rounded individuals who are prepared for both professional and personal challenges.

Challenges Faced

Despite our successes, we have encountered several challenges that require attention:

1. Delayed Disbursement of Funds and Bureaucratic Hurdles

One of the significant challenges we faced this year was the delayed disbursement of funds, particularly from capitation and scholarship programs. These delays, coupled with the bureaucratic processes involved in applying for and receiving these funds, have created financial strain on both the institution and the students. Timely access to these funds is crucial for maintaining our operations and supporting our students.

2. Infrastructural Challenges Due to Growing Population

The rapid increase in our student population has put pressure on our existing infrastructure. While the construction of a new block is underway, there is still a need for additional facilities to accommodate the growing number of students. This includes not only classrooms but also laboratories, workshops, and recreational spaces that are essential for a holistic educational experience.

3. Inadequate Human Resources


As our institution grows, so does the need for more qualified trainers and support staff. Currently, we are facing a shortage of human resources, which affects our ability to deliver quality education and support services. Addressing this issue will be critical in ensuring that we can meet the needs of our students and maintain our standards of excellence.

The Way Forward

Looking ahead, we are committed to addressing these challenges and building on our successes. Our priorities for the coming year include:

- **Enhancing Financial Efficiency:** We will work towards streamlining our financial processes, ensuring timely application of funds, and reducing bureaucratic hurdles. This will involve close collaboration with relevant stakeholders, including HELB and scholarship bodies.
- **Expanding Infrastructure:** To accommodate our growing population, we will continue to invest in expanding our infrastructure. This includes completing the new block and planning for additional facilities to support our educational programs and student activities through donor funding.
- **Strengthening Human Resources:** We will focus on recruiting and retaining qualified trainers and support staff. This will involve providing competitive compensation, professional development opportunities, and creating a supportive work environment.
- **Leveraging Technology:** We will continue to harness the power of technology to enhance our teaching and learning processes. The integration of digital tools and resources will be a key focus as we adapt to the evolving educational landscape.

In conclusion, while we have faced some challenges, the year has been marked by significant achievements and progress. I would like to extend my heartfelt gratitude to the entire Nachu TVC community for their unwavering support and dedication. Together, we will continue to strive for excellence and ensure that our institution remains a leader in vocational and technical education.


.....
Name. Samuel Watene
Chairperson of the BOG

6. Report of the Principal

I am honored to present the annual report for Nachu TVC for the year ended 30th June 2024. This year has been one of transformation and growth, marked by significant achievements, noteworthy challenges, and substantial progress in various areas. Our commitment to delivering high-quality technical and vocational education, enhancing student experiences, and solidifying our position as a leader in vocational and technical education has remained steadfast.

Key Activities and Achievements

1. Training, Learning, and Curriculum Adoption One of the most significant milestones this year was the successful training of our trainers and the strategic adoption of the new Competency-Based Education and Training (CBET) curriculum. This shift is crucial to ensure that our programs remain relevant, aligning with the evolving needs of the modern workforce.

- **Trainers and Staff Development:** We conducted extensive training sessions for our trainers, focusing on modern pedagogical techniques, digital literacy, and curriculum delivery methodologies. We also invested in the professional development of our support staff.
- **Curriculum Implementation:** The transition from the old curriculum to the CBET curriculum has been carefully managed, ensuring a smooth process for trainers and students. This integration is expected to improve learning outcomes and align more closely with industry needs.
- **Departmental Equipping:** Significant investments were made in equipping our academic departments with state-of-the-art tools and resources, facilitating hands-on learning and ensuring our workshops meet industry standards.

2. Academic Excellence Nachu TVC continues to uphold a strong tradition of academic excellence. This year, we have seen a substantial increase in our student population, now at 1,316 trainees (832 male and 484 female).

- **Exam Performance:** Our exam pass rate reached an impressive 74%, reflecting the dedication of both our students and faculty. This performance is a testament to the quality of education at Nachu TVC.
- **Student Short Course Programs:** We introduced several short courses, including tiling, CCTV installation, and painting, alongside incorporating dual training with industry players to enhance our students' skills and employability.

3. Technological Advancements: we made significant strides in enhancing our technological infrastructure, recognizing the critical role technology plays in modern education.

- **Star link Wi-Fi Installation:** We installed Star link Wi-Fi across the college, providing free, high-speed internet access, greatly enhancing our students' ability to conduct research and access online resources.

- **Computer Lab Development:** A new, fully operational computer lab was established, equipped with the latest hardware and software to prepare students for the technologically driven job market.
- **Digital Learning Platforms:** We integrated various digital learning platforms into our curriculum, enabling a blended learning approach that combines traditional instruction with online resources.

4. Financial Performance Our financial performance was robust, supported by diverse revenue streams that sustained and expanded our operations.

- **Government Grants:** We received Ksh 6,362,327.50 in capitation, Ksh 5,865,599.80 in scholarships, and Ksh 1,000,000 in operational grants, and Ksh 10,000,000 in development grants for constructing a new academic block.
- **HELB Disbursements:** HELB disbursed Ksh 16,582,586.85, providing crucial financial support to our students.
- **Parents/Guardians Payments:** Contributions from parents and guardians amounted to Ksh 12,005,510.10, highlighting the strong partnership between the college and the families we serve.
- **Internally Generated Revenue:** We generated Ksh 357,133.00 from short courses and other income-generating activities, reflecting our efforts to diversify income streams.

5. Student Experience Our students had an enriching year, participating in various regional and national events that contributed to their growth.

- **TVET Fairs and Robotics Competitions:** Our students excelled in regional TVET fairs, securing top positions in categories such as Clothing and Textile, Welding, and Restaurant Services. The Restaurant Services team advanced to the national level, where they secured 2nd place.
- **Regional Ball Games and Athletics:** Our students participated in regional athletics and indoor games, placing 13th in athletics and 15th in the Nairobi Region Season 2 ball games. These successes underscore our commitment to promoting physical education and teamwork.
- **Drama Festivals:** Our students excelled in drama festivals, demonstrating creativity, emotional intelligence, and communication skills, contributing to their personal growth and cultural awareness.

Challenges Faced

- 1. Delayed Disbursement of Funds and Bureaucratic Hurdles:** Delays in the disbursement of capitation and scholarship funds, coupled with bureaucratic processes, created financial strain on the institution and students, necessitating more efficient procedures to ensure timely access to funding.
- 2. Infrastructural Challenges Due to Growing Population:** The rapid increase in our student population has placed pressure on our existing infrastructure. Although a new block is under construction, additional facilities, including classrooms, workshops, and recreational spaces, are urgently needed.
- 3. Inadequate Human Resources:** The growth of Nachu TVC has highlighted the need for more qualified trainers and support staff. The current shortage affects our ability to deliver quality education and support services, making recruitment and retention of skilled personnel a priority.

The Way Forward

- 1. Enhancing Financial Efficiency:** We will streamline financial processes to ensure timely application and receipt of funds, reducing bureaucratic hurdles and improving financial management.
- 2. Expanding Infrastructure:** We will continue investing in infrastructure to accommodate our growing population, with a focus on completing the new academic block and planning additional facilities through donor funding and strategic partnerships.
- 3. Strengthening Human Resources:** Recruiting and retaining qualified trainers and support staff will be a key focus, with efforts to offer competitive compensation, professional development opportunities, and a supportive work environment.
- 4. Leveraging Technology:** We will continue integrating digital tools and resources into our curriculum to ensure our students are equipped with the skills needed for success in the 21st-century workforce.

Despite challenges, this year has been marked by significant achievements and progress. I extend my heartfelt gratitude to the entire Nachu TVC community for their unwavering support and dedication. Together, we will continue striving for excellence, ensuring our institution remains a leader in vocational and technical education as our motto say '*where skills meet innovation*'.

.....

Name. Magdalene Mwachofi
Secretary of the BOG/Principal

7. Statement of Performance against Predetermined Objectives

This statement outlines Nachu Technical and Vocational College's performance against the predetermined objectives for the financial year ending 30th June 2024. These objectives were established to ensure that the College remains aligned with its strategic goals and continues to deliver value to its stakeholders.

1. Achieve a Student Population of 2,500 with a 95% Course Completion Rate by 30th June 2026

FY 2023/2024 Target: Increase the student population to 1,500 with a 95% course completion rate.

Current Performance:

- The college has grown its student population to 1,316, comprising 832 male and 484 female students across all departments.

Initiatives Implemented:

- Expanded the Institutional Management department to include a Fashion and Design program.
- Established the Business and Liberal Studies department, offering several new courses.

Challenges:

Despite these initiatives, the college fell short of its population growth target due to unfavorable market conditions and shifting political support.

2. Achieve an 80% Student Employment/Enterprise Rate

FY 2023/2024 Target: Establish a strong student body and secure five industrial partnerships.

Current Performance:

- The college successfully instituted a strong and functional student body.
- Signed 10 industrial partnerships with various firms.

Initiatives Implemented:

- Trained student leaders through FOCUS, a program specializing in student leadership development.
- Hosted open days and other events to attract industry partners for attachments and linkages.

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Outcome:

The College's efforts have been fruitful, successfully meeting and exceeding the target for industrial partnerships.

3. Win an Innovation and Research Award Annually

FY 2023/2024 Target: Participate in at least one research and innovation competition and win an award.

Current Performance:

- Participated in the KATTI regional and national TVET fairs and robotics competitions. Additionally, the college participated in several innovation exhibitions and shows.

Initiatives Implemented:

- Active participation in annual TVET fairs and robotics competitions.
- Established a Research and Innovation unit with a dedicated coordinator to foster student involvement in research and innovation activities.

Outcome:

The College achieved significant success, securing second place in the Nairobi region TVET fairs and producing a national champion in the Restaurant Services category.

4. Achieve Annual Revenue of KES X, with 10% Earned from Income-Generating Activities

FY 2023/2024 Target: Launch three CBET short courses in key technical areas and increase student enrollment in computer packages.

Current Performance:

- Successfully launched and completed training for three short courses: Tiling and Ceramics, Painting, and CCTV Installation.
- Launched the Jitume training program with two successful cohorts.

Initiatives Implemented:

- Introduced CBET short courses with high market demand.
- Implemented cost reduction and savings plans to optimize financial performance.

Challenges:

Despite these efforts, the college did not fully meet its revenue target from income-generating activities. However, there was a noticeable improvement in revenue compared to the previous financial year.

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Nachu TVC has 5 strategic pillars within current Strategic Plan for the FY 2020/2021- FY 2025/2026. These strategic pillars are as follows:

Pillar 1: **Academic Excellence**- Offering market relevant courses using the latest delivery approaches and tools for an exceptional course completion rate.

Pillar 2: **Students experience**- Contribute to development of well-rounded individuals that excel professionally, in business and employment.

Pillar 3: **Innovation and research**- Foster a culture of innovation and research among students and Trainers.

Pillar 4: **Industry collaborations and skills Development** - Integrate work-based learning, industry partnerships, and hands-on education for practical skills

Pillar 5: **Community outreach**- Strengthen community engagement and social responsibility.

Nachu TVC develops its annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2023/2024 as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Academic Excellence	Offering market relevant courses using the latest delivery approaches and tools for an exceptional course completion rate.	<ul style="list-style-type: none"> Total student enrolment Course completion rate 	<ul style="list-style-type: none"> Expand academic programs to attract more students Implement targeted marketing and recruitment campaigns Enhance academic support services to improve course completion rates Collaborate with industry partners to offer relevant and in-demand courses 	<ul style="list-style-type: none"> Increased student population to 1,316 as of FY 2023-2024 Added new programs in Institutional Management (Fashion and Design) and Business and Liberal Studies

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<p>Students experience</p>	<p>Contribute to development of well-rounded individuals that excel professionally, in business and in employment.</p>	<ul style="list-style-type: none"> • Student satisfaction scores • Retention rates 	<ul style="list-style-type: none"> • Improve college facilities and amenities • Offer a diverse range of extracurricular activities and clubs • Provide comprehensive student support services, including counselling and career guidance • Formation of a student's leader body 	<ul style="list-style-type: none"> • Upgraded student facilities, including workshops, WIFI-FI installation and a student's canteen. • Increased participation in extracurricular activities • Institute and swear in a strong and functional students body
<p>Innovation and research</p>	<p>Create inquisitive minds and adopt a teaching approach that identifies creative solutions to real life problems.</p>	<ul style="list-style-type: none"> • Number of research projects initiated • Publications and research papers filed. • Participation in Research and innovation competitions and fairs. 	<ul style="list-style-type: none"> • Participate annually in the TVET trade and skills fair • Create innovation labs and research centers • Partner with industry and academic institutions for collaborative research 	<ul style="list-style-type: none"> • Increased the number of research projects and publications • Participated in the Regional and National TVET fairs in Ruiru and Nakuru
<p>Industry collaborations and skills Development</p>	<p>Integrate dual training programs to provide practical skills alongside theoretical knowledge.</p>	<ul style="list-style-type: none"> • Number of students enrolled in dual training programs. • Employment rates of graduates from dual training programs. 	<ul style="list-style-type: none"> • Develop partnerships with local businesses and industries for internship and apprenticeship opportunities. • Adopt a curriculum that balances classroom instruction with hands-on training. • Provide trainers with professional 	<ul style="list-style-type: none"> • Launched successful dual training programs across various disciplines. • Signed 10 partnerships with local businesses and industries for internship and apprenticeship opportunities.

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			development to support dual training programs	<ul style="list-style-type: none"> • Fully adopted the new Competency-Based Education and Training (CBET) curriculum, which incorporates dual training. • Conducted TVET-CDACC training to equip trainers with new pedagogical skills to effectively handle the new curriculum.
Community outreach	Strengthen community engagement and social responsibility.	<ul style="list-style-type: none"> • Number of community outreach programs conducted. • Participation rates in community service activities. 	<ul style="list-style-type: none"> • Organize community service projects and volunteer opportunities for students and staff • Collaborate with local organizations and government bodies for community development initiatives • Promote sustainability and environmental awareness through community projects 	<ul style="list-style-type: none"> • Partnered with local environmental groups to promote biodiversity through tree planting initiatives. • Enhanced green spaces on the community by donating tree seedlings.

8. Corporate Governance Statement

This Corporate Governance Statement outlines the governance framework and practices adopted by Nachu Technical and Vocational College and provides an overview of the key activities undertaken by the Board of Governors during the financial year ending 30th June 2024.

Governance Framework

Nachu Technical and Vocational College is committed to maintaining the highest standards of corporate governance. The Board of Governors is responsible for the overall governance of the College, ensuring that it operates in the best interests of all stakeholders.

BOG Composition

The Board of Governors comprises 10 members with a diverse set of skills and experience across various sectors, including finance, management, engineering, and education. The diverse perspectives on the Board are critical to the College's success. The roles and responsibilities of the Chairperson and the Principal are distinct and separate, ensuring a balance of power and authority.

BOG Responsibilities

The primary responsibilities of the Board of Governors include:

1. **Strategic Direction:** Setting and reviewing the strategic direction of the College and approving policies and budgets.
2. **Oversight and Monitoring:** Overseeing the performance of the College and its management, ensuring that robust systems of risk management and internal controls are in place.
3. **Governance and Compliance:** Ensuring compliance with legal and regulatory requirements and adherence to high standards of ethical conduct.
4. **Stakeholder Engagement:** Engaging with key stakeholders to understand their perspectives and address their concerns.

BOG Activities

During the financial year, the Board of Governors held the following meetings:

- **Full Board:** A total of 7 meetings.
- **Finance and Strategy Committee:** A total of 6 meetings.
- **Audit, Risk, and Compliance Committee:** A total of 5 meetings.
- **Technical and Human Resources Committee:** A total of 4 meetings.

Key activities and decisions included:

1. **Strategy and Planning:**
 - Conducted a mid-term strategy review, currently under consideration for the final version.
 - Reviewed and approved the annual budget and financial plans.
2. **Financial Performance:**
 - Monitored financial performance against the budget through quarterly financial reports.
 - Approved the annual financial statements and dividend declarations.
3. **Risk Management:**
 - Reviewed the College's risk management framework and policies.
 - Conducted a bi-annual risk assessment and implemented measures to mitigate key risks.
4. **Corporate Governance:**
 - Reviewed corporate governance practices and updated the governance framework as necessary.
 - Oversaw the performance and independence of internal auditors.
5. **Leadership and Succession Planning:**
 - Reviewed the performance of the Principal and senior management team.
 - Approved a leadership development and succession planning program.

BOG Committees

To enhance the Board's oversight function, the following committees have been established:

1. **Audit, Risk, and Compliance Committee:**
Oversees financial reporting, internal controls, and the audit process.
2. **Finance and Strategy Committee:**
Monitors financial performance against the budget through quarterly financial reports.
3. **Technical and Human Resources Committee:**
Manages the hiring process for BOG employees and oversees remuneration policies.

Conclusion

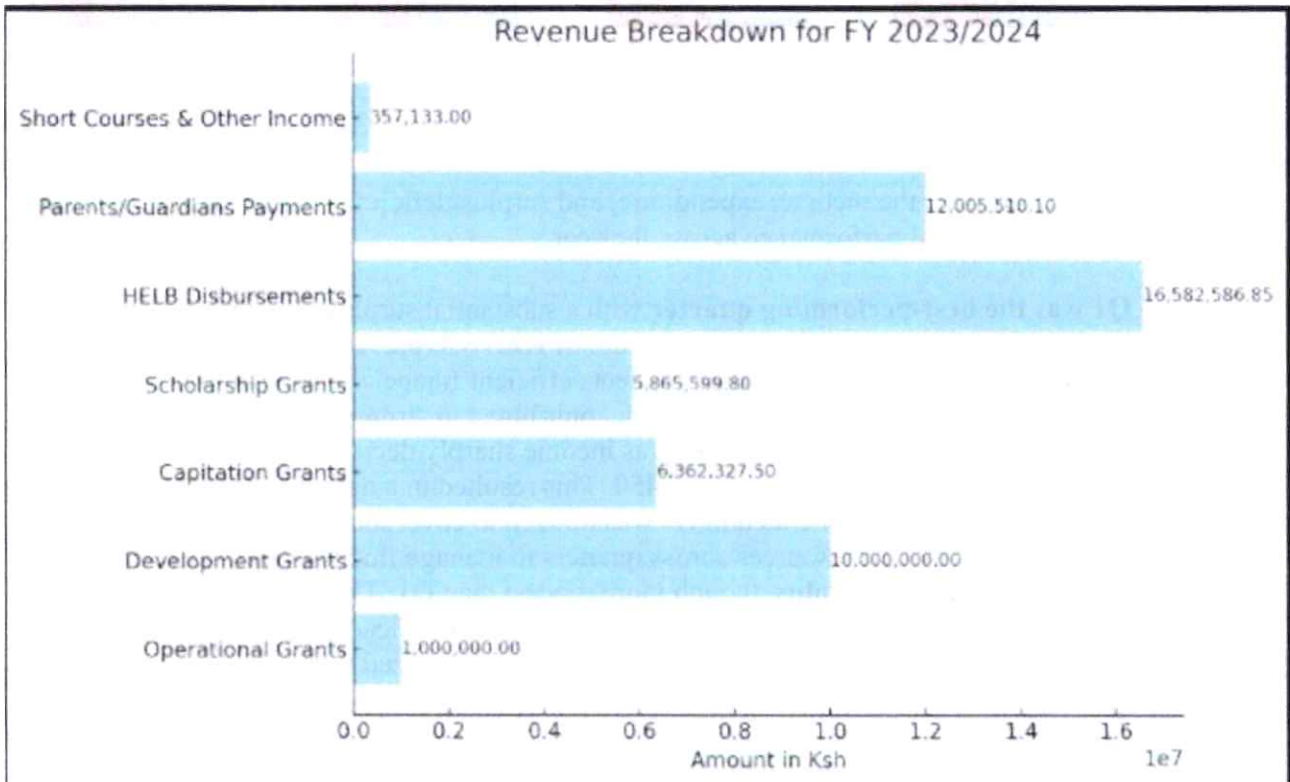
The Board of Governors is dedicated to upholding the principles of good corporate governance. The Board will continue to review and enhance governance practices to ensure they remain robust and effective, fostering long-term success and value creation for all stakeholders.

9. Management Discussion and Analysis

Section A
The entity’s operational and financial performance

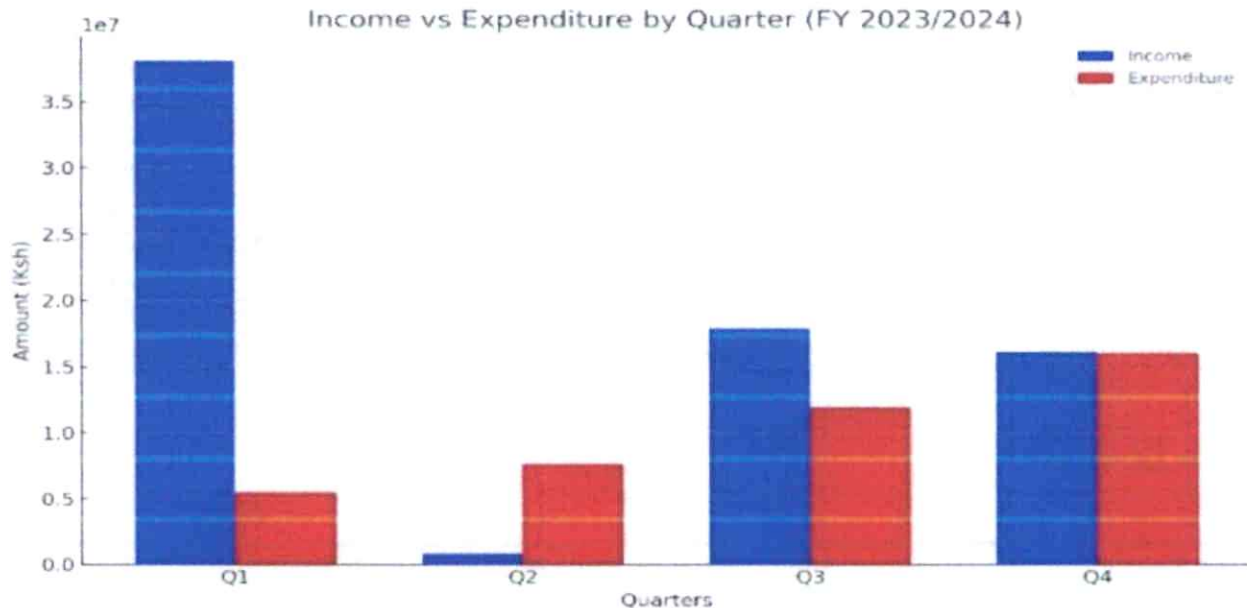
During the financial year 2023/2024, the College demonstrated a stable financial performance, driven primarily by a diverse mix of revenue sources. The total revenue for the period comprises fees charged for services rendered, along with substantial support from both government grants and income generating activities. The College's revenue for the period comprised a total of Ksh 23,227,927.30 from government grants, including Ksh 1,000,000.00 in operational grants, Ksh 10,000,000.00 in development grants, and Ksh 6,362,327.50 in capitation grants, and Ksh 5,865,599.80 in scholarship grants, underscoring strong public funding support. Additionally, student-sourced revenue included Ksh 16,582,586.85 from HELB disbursements and Ksh 12,005,510.10 in direct payments from parents and guardians, reflecting substantial contributions towards education costs. The College also generated Ksh 357,133.00 from short courses and other income-generating activities, showcasing efforts to diversify income streams.

Bar Graph 1.0



Analysis of revenue and expenditure per quarter for the financial year 2023/2024

Bar Graph 2.0



The bar graph illustrates the income, expenditure, and surplus/deficit for each quarter, providing insights into the financial performance across the year.

- **Q1 was the best-performing quarter** with a substantial surplus. The income of **KES 38,053,355.75** far exceeded the expenditure of **KES 5,496,292.50**, resulting in a surplus of **KES 32,557,063.25**. This surplus reflects efficient financial management and the successful September 2023 intake, which contributed to strong revenue generation.
- **Q2 experienced a significant deficit**, as income sharply decreased to **KES 801,120**, while expenditure rose to **KES 7,665,450**. This resulted in a deficit of **KES 6,864,330**. A portion of the surplus generated in Q1 was utilized to cover the shortfall in Q2, indicating strategic allocation of resources across quarters to manage fluctuations in cash flow.
- **Q3 saw a return to surplus**, though more modest than Q1. The income of **KES 17,908,627** exceeded the expenditure of **KES 11,908,110**, leading to a surplus of **KES 6,000,517**. This recovery after the Q2 deficit can be attributed to the January 2024 intake, although the surplus was not as substantial as in Q1.
- **Q4 ended the year with a smaller deficit**. Income stood at **KES 16,136,292**, while expenditure slightly exceeded this at **KES 16,017,326.50**, resulting in a marginal deficit of **KES 118,965.50**. This may have been due to the expenditure of remaining surplus from Q3 and earlier quarters to meet the financial obligations towards the end of the financial year.

Section B
Entity's Compliance with Statutory Requirements

As a government institution, Nachu Technical and Vocational College is responsible for the remittance and payment of statutory deductions, including NHIF, NSSF, PAYE, NITA Levy, and Housing Levy. There were no outstanding balances related to these statutory obligations at the end of the financial period.

Section C:
Key Projects and Investment Decisions

The College is currently undertaking the construction of a tuition block, which includes a ground floor and two additional floors. The project is set to be completed in two phases. The first phase involves the construction of the ground floor and the first floor. The second phase will complete the second floor and include finishing touches such as electrical fittings, doors, and windows. The procurement process for Phase 1 is underway, with contract signing and the commencement of construction expected at the beginning of the next financial year.

Additionally, the College has plans and proposals for several projects aimed at enhancing its capacity to fulfill its mandate. These projects include:

1. **Construction of a Washroom Block:** To accommodate the growing student population, the College plans to construct a washroom block, pending the availability of funds.
2. **Acquisition of ERP Software:** The College plans to acquire Enterprise Resource Planning (ERP) software to streamline operations.
3. **Ground Levelling and Landscaping:** The College aims to level the ground and undertake landscaping efforts to enhance the college's appearance and ensure optimal use of available land resources.
4. **Construction of a Water Tower and Storage Infrastructure:** The College plans to construct a water tower and storage facilities, contingent on the availability of a usable borehole and sufficient funding.
5. **Equipping Workshops:** The College plans to equip both new and existing workshops with state-of-the-art equipment to ensure high-quality training.

Section D
Major Risks Facing the Entity

a) Credit Risk

The College faces credit risk from unpaid student fees and from government sources such as capitation, HELB, and scholarship allocations. Efforts are being made to encourage students to register through KUCCPS to benefit from government capitation and scholarships, as well as to apply for NG-CDF bursaries and HELB loans. The credit risk on the College's bank balance is limited, as its banker is government-owned and has a high credit rating assigned by the banking regulatory authority. The carrying amount that represents exposure to credit risk is as follows:

b) Liquidity Risk

The College is highly dependent on government-generated resources such as capitation, HELB, and scholarships. This risk can be mitigated by encouraging students to apply for funding from the National Government Constituency Development Fund (NG-CDF), county funds, and other organizations that offer educational support. This will lead to more effective cash flow projections and expenditure management.

c) Market Risk

The College faces competition from older and larger institutions that have strong recruitment bases and are well-established. Nachu TVC, being relatively new, is working to create its own reputation. To address this risk, the College is expanding its recruitment efforts beyond Kikuyu Constituency to other constituencies within Kiambu County and beyond, which has significantly increased the student population. The College plans to continue implementing this strategy to maintain growth in student enrollment. Additionally, the College is seeking partnerships with various industries to enhance practical training, student attachments, internship opportunities, and dual training programs.

Section E

Material Arrears in Statutory/Financial Obligations

The College has one financial obligation, which is a soft loan from its mentor institution, The Kiambu National Polytechnic.

Section F

The Entity's Financial Probity and Governance Issues

The Board of Governors of Nachu Technical and Vocational College recognizes the importance of corporate governance and is committed to carrying out its mandate with honesty, transparency, and integrity. The Board is responsible for overseeing the management of the College and provides guidance and direction to achieve corporate objectives.

10. Environmental and Sustainability Reporting Statement

At Nachu Technical and Vocational College (TVC), sustainability is a cornerstone of our strategic vision, driven by the unwavering commitment of our top management and Principal. We recognize that political and macroeconomic trends, including regulatory changes, economic fluctuations, and evolving consumer expectations, significantly shape our sustainability priorities. Our strategy is aligned with international best practices, including adherence to the UN Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) standards. Despite this alignment, we acknowledge the challenges in fully engaging all stakeholders and achieving consistent sustainability metrics across diverse markets. Our ongoing efforts are focused on enhancing transparency, stakeholder engagement, and continuous improvement to meet our long-term sustainability goals.

A. ENVIRONMENTAL PERFORMANCE REPORT

Policy Statement:

Nachu TVC is committed to sustainable development and minimizing its environmental footprint. We aim to comply with all relevant environmental legislation and continuously improve our environmental performance through proactive measures and innovative practices.

Key Policy Guidelines:

1. **Compliance and Monitoring:** Adhere to all applicable environmental laws and regulations and regularly monitor compliance.
2. **Tree planting and Landscaping:** Establish a tree nursery and initiate a landscaping project to enhance the institution's environment for trainees, staff, and visitors.
3. **Stakeholder Engagement:** Engage with stakeholders, including trainers, support staff, trainees, and the community, to promote environmental awareness and responsibility.
4. **Resource Efficiency:** Optimize the use of resources, including energy, water, and training materials, to minimize waste.

Successes:

1. **Energy Conservation Initiatives:**
 - **LED Lighting Upgrade:** Replaced traditional lighting with energy-efficient LED lights, resulting in a 20% reduction in energy consumption.
2. **Water Conservation Measures:**
 - **Rainwater Harvesting:** Implemented a rainwater harvesting system to collect and utilize rainwater for irrigation and other uses within the college.
3. **Biodiversity and Green Spaces:**
 - **Enhanced Green Spaces:** Improved campus green spaces by planting native trees and creating garden areas.
 - **Biodiversity Projects:** Partnered with local environmental groups for habitat restoration and biodiversity enhancement projects.
 - **Student Involvement:** Encouraged student participation in maintaining and developing campus green spaces through a volunteer program.

Challenges and Future Goals:

Challenges:

- **Funding Limitations:** Securing adequate funding for large-scale sustainability projects remains a significant challenge.
- **Behavioral Change:** Promoting long-term behavioral change among students and staff requires ongoing effort and engagement.

Future Goals:

- **Increased Recycling Rates:** Aim to achieve a 60% recycling rate by initiating a comprehensive recycling program and enhancing participation.
- **Sustainable Partnerships:** Strengthen collaborations with local and national organizations to support and expand our sustainability initiatives.

Nachu TVC has made notable progress in implementing environmental sustainability programs. While challenges persist, our dedication to fostering a sustainable college is evident through our various initiatives and their positive impact on the college community. Continued efforts and strategic planning will further advance our sustainability goals and contribute to a greener future.

B. EMPLOYEE WELFARE REPORT

This report outlines the employee welfare initiatives and programs undertaken by Nachu TVC in compliance with the Occupational Safety and Health Act (OSHA) 2007 for the financial year ending 30th June 2024. The college is committed to ensuring the health, safety, and well-being of its employees by adhering to OSHA standards and implementing robust welfare programs.

Hiring Policies

Nachu TVC is committed to maintaining a fair and inclusive hiring process. Our hiring policies are designed to ensure equal opportunity for all candidates, regardless of gender, race, or background. We actively strive to achieve a balanced gender ratio by implementing specific recruitment strategies aimed at attracting diverse talent. Stakeholder engagement is integral to our hiring process; we regularly consult with internal and external stakeholders to align our hiring practices with the needs and expectations of the organization and the community. These policies are regularly reviewed to reflect best practices and to adapt to the evolving job market.

Skills Development and Career Management

We prioritize the continuous development of our employees' skills and the effective management of their careers. Our comprehensive training programs, professional development workshops, and mentorship opportunities are designed to enhance employees' competencies and prepare them for future roles within the organization. We provide clear career progression pathways and regular feedback to help employees achieve their career goals.

Appraisal and Reward Systems

Our appraisal system is robust and transparent, aimed at objectively assessing employee performance. Regular performance reviews are conducted to provide constructive feedback and identify areas for improvement. Our reward system is designed to recognize and incentivize high performance, with a range of rewards including promotions, and other recognition programs to motivate and retain top talent.

Safety and Compliance with OSHA Act of 2007

Nachu TVC is fully committed to maintaining a safe and healthy work environment in compliance with the Occupational Safety and Health Act of 2007 (OSHA). We conduct regular safety audits and risk assessments to identify and mitigate potential hazards. Comprehensive safety training programs are provided to all employees to ensure they are aware of and adhere to safety protocols. Our safety committee meets regularly to review safety practices and update policies as necessary. Through these efforts, we strive to minimize workplace accidents and ensure the well-being of our employees.

Conclusion

Nachu TVC is dedicated to fostering a safe, healthy, and supportive work environment in compliance with OSHA Act 2007. The welfare programs implemented during the financial year have significantly contributed to employee well-being, satisfaction, and safety. Moving forward, the company will continue to enhance its employee welfare initiatives, ensuring a positive and productive workplace for all.

C. MARKET PLACE PRACTICES REPORT

a) Responsible Competition Practice

Nachu TVC is dedicated to ensuring responsible competition by adhering to strict ethical standards and legal requirements. Our anti-corruption policy is robust, encompassing clear guidelines to prevent and address any form of corruption or bribery. We maintain responsible political involvement by refraining from using corporate resources for political purposes and ensuring that any individual political activities do not conflict with college interests. Fair competition is a cornerstone of our operations; we comply with all antitrust laws and regulations, avoid unfair business practices, and respect our competitors by engaging in transparent and ethical conduct.

b) Responsible Supply Chain and Supplier Relations

Nachu TVC values integrity and fairness in its supply chain operations. We are committed to maintaining good business practices by fostering strong, respectful, and transparent relationships with our suppliers. Our procurement policies ensure that contracts are honored, and payments are made promptly, in accordance with agreed terms. We strive to select suppliers who share our commitment to ethical standards, sustainability, and social responsibility. Regular audits and assessments are conducted to ensure compliance with these standards, promoting a responsible and trustworthy supply chain.

c) Responsible Marketing and Advertisement

Nachu TVC adheres to ethical marketing practices, ensuring that all advertising and promotional activities are honest, transparent, and respectful of consumer rights. Our marketing materials are designed to provide clear, accurate, and truthful information about our services. We avoid deceptive practices and ensure that all claims are substantiated and verifiable. Our commitment to responsible marketing also includes respecting consumer privacy and adhering to data protection regulations.

d) Promoting Education, Sports, Healthcare, and Community Initiatives

- **Education:** Nachu TVC supports educational initiatives by partnering with local secondary schools to enhance educational opportunities for young people through career guidance.
- **Sports:** We promote physical fitness and team spirit by organizing community sports events, and providing facilities for recreational activities.
- **Healthcare:** Our healthcare initiatives include wellness programs for students and supporting local healthcare facilities and health education campaigns.
- **Labor Relations:** We maintain positive labor relations through fair employment practices, open communication channels, and active engagement with employee representatives and unions.
- **Staff Training and Development:** Continuous professional development is a priority, with a range of training programs and opportunities for career advancement provided to all employees.
- **Water and Sanitation Initiatives:** Nachu TVC is committed to improving water and sanitation conditions in the communities we serve by funding clean water projects, promoting water conservation, and supporting sanitation infrastructure development

In conclusion, Nachu TVC is dedicated to upholding ethical marketplace practices, fostering responsible competition, maintaining strong supplier relationships, ensuring ethical marketing, and safeguarding consumer interests. Our community initiatives in education, sports, healthcare, labor relations, staff training, and water and sanitation further demonstrate our commitment to social responsibility and sustainable development

D. CORPORATE SOCIAL RESPONSIBILITY

Nachu TVC is committed to creating a positive societal impact through its comprehensive CSR initiatives, focusing on education, healthcare, environmental sustainability, and social welfare. In education, we assisted 100 underprivileged students to acquire bursaries from local constituency offices significantly reducing financial burdens and improving attendance and performance. Our healthcare efforts included partnering with our local hospital to provide health assistance to our students and local community. Our environmental sustainability initiatives involved donating 3,000 seedlings to our local primary and secondary schools in collaboration with local environment champions. Social welfare activities included procuring our goods, services and manual labor from member our local community.

These CSR activities have had a profound impact, improving educational opportunities, healthcare accessibility, environmental conservation, and social welfare. Our efforts in corporate social investment have fostered community development and economic empowerment. We have provided material support to local NGOs and community groups, ensuring transparency and accountability. Participation in community events and partnerships with local leaders have helped us address pressing social issues and align our initiatives with community needs. Through these diverse and strategic efforts, Nachu TVC continues to enhance the quality of life for the communities we serve, promoting sustainable development and social responsibility.

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11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended **June 30, 2024** which show the state of the college's affairs.

Principal activities

The principal activities of the entity continue to be focused on providing quality education and training to students by providing excellent academic programs and fostering conducive environment for learning and personal development.

Results


The results of the entity for the year ended **June 30, 2024**, are detailed in the financial statements set out on pages 1 to 8. These statements provide a comprehensive overview of the financial performance and position of the college, reflecting our operational successes and financial health over the past year.

Board of Governors

The members of the Board of Governors who served during the year are listed on pages *viii to xiv*. During the year Rev David Wakaba Ndungu was appointed with effect from **1st September 2023** the BOG extends warm welcomes to the new BOG member and look forward to their valuable contributions.

Auditor's Report

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015. For the year ended June 30, 2023, the Auditor General was to nominate an auditor to carry out the audit of the entity in accordance with Section 23 of the Public Audit Act, 2015, which empowers the Auditor General to appoint an auditor to audit on their behalf. However, the external audit for the financial year 2022/2023 had not been completed by the time of preparation and approval of this report


.....
Secretary of the BOG
Magdalene Mwachofi
Date: 19/4/2025

12. Statement of Board of Governors Responsibilities

Section 83 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require members of the Board of Governors (BOG) to prepare financial statements in respect of Nachu TVC, which give a true and fair view of the state of affairs of the entity at the end of the financial period and the operating results of the college for that period. The BOG members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The board members are also responsible for safeguarding the assets of the college.

The board members are responsible for the preparation and presentation of the college financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial period year on **30th June 2024**. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the 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 college 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, and the TVET Act. The board members are of the opinion that the college financial statements give a true and fair view of the state of college transactions during the period ended **30th June 2024**, and of the college 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 financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The College financial statements were approved by the Board on **21ST SEPTEMBER 2024** and signed on its behalf by:

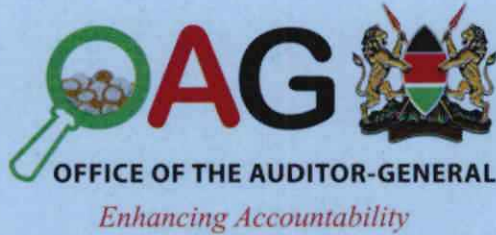

.....

Name. Samuel Watene
Chairperson of the BOG


.....

Name. Magdalene Mwachofi
Secretary of the BOG/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 NACHU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

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 Nachu Technical and Vocational College set out on pages 1 to 44, which comprise the statement of financial position as at 30 June, 2024 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 the Nachu Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Inconsistencies in Rendering of Services – Fees from Students

The statement of financial performance reflects an amount of Kshs.47,240,703 as rendering of services - fees from student's as disclosed under Note 6 to the financial statements. Review of records provided revealed the following;

1.1.1 Unsupported School Fee Collection

It was noted that the student enrollment database contains errors and duplication of students and therefore, it could not be relied upon and the amount was not supported by receipt vouchers, invoices and receipt registers. Further, records provided revealed that, the Institution charged an extra Kshs.5,900 per student which had not been approved by the Ministry of Education.

In addition, there were no records of how much was collected per vote as analysed below and the amount has not been accounted for in the financial statements.

Other Charges	Amount (Kshs.)
School ID	400
KUCCPS Placement	1,500
Registration	500
Caution Fee	500
TVETA Quality Assurance	500
Students Council/Welfare	600
Totals	5,900

1.1.2 Unremitted Fee to Technical and Vocational Education and Training Authority and Kenya Universities and Colleges Placement Service

Technical and Vocational Education and Training Authority (TVETA) requires that every student be charged Kshs.500 for quality assurance and have it remitted to the Authority. However, there were no records of how much the College collected from students and records of remittances to TVETA over the years. Further, every walk-in student admitted to the Institution is placed after having paid Kenya Universities and Colleges Placement Service (KUCCPS) validation fee of Kshs.1500 which was to be remitted to the KUCCPS. However, there were no records to show how much was collected from the students.

In addition, the amounts payable to the respective Institutions has not been disclosed in the financial statements as a liability, therefore understating the payables.

1.2 Unsupported Short Courses

The statement of financial performance reflects sale of goods and services amount of Kshs.313,093 as disclosed in Note 7 to the financial statements which includes income from short courses totalling Kshs.186,300. Review of records provided revealed that the Institution offers in-house short courses ranging from two (2) weeks to six (6) months for various levels or categories. However, the income for short courses was not supported by the list of students and costs of their respective courses.

1.3 Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.57,660,473 as disclosed in Note 18 to the financial statements. However, the value of land where the Institution sits was not included under property, plant and equipment and the ownership documents were not provided for audit review.

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

2.0. Long Outstanding Student Debtors

The statement of financial position and Note 16 to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.49,402,302 relating to student debtors. Evaluation of the records provided revealed that Kshs.38,895,250 or 79% of the debts were outstanding for more than 360 days. Further, the Institution policy on the provision of bad and doubtful debt was not provided and it was not possible to ascertain the measures put in place to ensure fee is 100% collected.

In the circumstances, the accuracy and completeness of the receivables balance of Kshs.49,402,3202 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nachu Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.40,531,204 and Kshs.60,791,484 respectively resulting to an over funding of Kshs.20,260,280 or 50% of the budget. Similarly, the statement reflects final expenditure of Kshs.38,899,199 against actual receipts of Kshs.60,791,484 resulting to an under expenditure of Kshs.21,892,285 or 36% of actual receipts.

The 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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls. However, Management had not resolved the issues as at 30 June, 2024.

Other Information

The Management is responsible for the other information set out on page iii to xliii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Principal, statement of Performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and the 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 Nachu Technical and Vocational 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 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. Irregular Use of Low Value Procurement in Purchase of Clean Water

The statement of financial performance reflects use of goods and services payments totalling Kshs.21,842,177 as disclosed in Note 9 to the financial statements which includes utilities expenditure of Kshs.542,336. The utilities expenditure further includes an amount of Kshs.120,500 for frequent purchase of clean water. The method of procurement used for the purchase was low value procurement contrary to Section 107 of the Public Procurement and Assets Disposal Act, 2015 which requires that low value procurement can only be used if the items are not procured on a regular or frequent basis and the estimated value of goods do not exceed the prescribed amount of Kshs.50,000 per financial year. The purchases of the clean water exceeded the maximum limit of Kshs.50,000 set out in the procurement regulations. Management explained that the method was as a result of not being able to get a supplier, however, there was no documentary evidence of the procurement process to support the explanation.

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

2. Non - Compliance with Minimum Requirement on Employee Ethnic Balance

Review of employee records for the College reviewed that out of the twenty (20) Public Service Commission (PSC) staff deployed in the College, eleven (11) or 55% of the PSC staff and out of the thirty-one (31) employed by the Board, 21 or 68% of the staff are from the dominant ethnic community. Further, out of the eleven (11) newly employed staff, six (6) by Public Service Commission and five (5) by the Board, eight (8) or 73% are from the dominant ethnic community. This is above the provision of National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Lack of Trainers Accreditations

The College has a population of nineteen (19) contracted trainers and resource persons by the governing Board. Of this population, five (5) tutors were recruited during the financial year under review. However, there were no records or reports to show that the trainers are registered and licensed by TVETA.

In the circumstances, salaries paid to trainers during the year could not be validated and hence the Institution is in contravention of the TVET Act, 2013.

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 effects of the matter 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

Engaging of Casual Laborers Without Policies

The statement of financial performance reflects use of goods and services expenditure totalling Kshs.21,842,177 as disclosed in Note 9 to the financial statements. This includes performance contracting expenditure amount of Kshs.2,095,612 which further includes a total expenditure of Kshs.594,660 being payment of labor for landscaping and beautification of the College. However, the College did not have contracts with the casuals engaged and there was no policy for engaging casuals.

In the circumstances, the procedures and policies of hiring the casuals 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 the Management and Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

8 May, 2025

Nachu Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

	Notes	30 th June 2024	30 th June 2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	4	13,193,648	2,000,000
Transfers from other levels of government	4	-	2,167,000
Public Contributions and Donations	5	12,800,000	
		25,993,648	4,167,000.00
Revenue from Exchange transactions			
Rendering of services- fees from students	6	47,240,703	28,444,341
Sale of goods and services	7	313,093	8,000
Rental revenue from facilities and equipment	8	44,040	-
Miscellaneous income(Income from repair of items)	7		10,300
		47,597,836	28,462,641
Total Revenue		73,591,484	32,629,641
Expenses			
Use of goods and services	9	21,842,177	6,879,367
Employee costs	10	6,632,238	3,431,938
BOG Expenses	11	3,413,604	1,510,078
Depreciation and amortization expense	12	6,894,421	2,546,102
Repairs and maintenance expense	13	1,847,657	1,150
Finance cost	14	43,172	17,570
Total Expenses		40,673,269	14,386,205.00
Net surplus/(deficit) for the year		32,918,215	18,243,436.00

The notes set out on pages 8 to 40 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed by:



Chairperson of BOG.
Samuel Watene

Date: 22/04/2025



Principal.
Magdalene Mwachofi

Date: 19/4/2025



Finance Officer.
Mercy Nyakundi

ICPAK No: 24992
Date: 22/4/2025

Nachu Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position as at 30th June 2024

Description	Notes	30 th June 2024	30 th June 2023
		Kshs	Kshs
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	15	14,716,130	918,610.10
Current portion of receivables from exchange transaction	16	49,402,302	20,487,841
Receivables from non-exchange transaction	16		7,956,500
Inventories	17	3,033,137	-
Total Current Assets		67,151,569.00	29,362,951.10
<u>Non-Current Assets</u>			
Property, plant, and equipment	18	57,660,473	46,634,553
Total Non-Current Assets		57,660,473.00	46,634,553
Total Assets (A)		<u>124,812,042.00</u>	<u>75,997,504.10</u>
LIABILITIES			
<u>Current Liabilities</u>			
Trade and other payables	19	544,372	558,990
Refundable deposits	20	406,000	406,000
Deferred income	21	10,000,000	-
Payments received in advance	22	86,573	-
Total Current Liabilities		11,036,945.00	964,990.00
<u>Non-Current Liabilities</u>			
Non- Current Borrowings	23	680,000.00	680,000
Total non- current liabilities		11,716,945.00	680,000.00
Total Liabilities (B)			1,644,990.00
NET ASSETS(A-B)	16		
Revenue Reserves		57,540,744	24,622,529
Accumulated Surplus		4,649,469	4,649,469
Capital Fund		50,904,884	45,080,516.10
Total Net Assets		113,095,097.00	74,352,514.10
Total Net Assets and Liabilities		<u>124,812,042.00</u>	<u>75,997,504.10</u>

**Nachu Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024**

The Financial Statements set out on pages 1 to 6 were signed by:


.....

**Chairperson of BOG.
Samuel Watene**

Date: 22/04/2025


.....

**Principal
Magdalene Mwachofi**

Date: 19/4/2025


.....

**Finance Officer
Mercy Nyakundi**

ICPAK No: 24992
Date: 22/4/2025

16. Statement of Changes in Net Asset for the Year Ended 30th June 2024

Description	Revenue reserve	Accumulated Fund	Capital Fund	Total
At 1st July 2022	-	4,649,469.00	51,697,048.00	56,346,517.00
Fair value adjustment on capital	6,379,093	-	(4,070,429.90)	2,308,663.10
Surplus/(deficit) for the year	18,243,436	-	-	18,243,436
Transfer of depreciation/amortization from capital fund to Retained earnings	-	-	(2,546,102)	(2,546,102)
At 30th June 2023	24,622,529.00	4,649,469.00	45,080,516.10	74,352,514.10
At 1st July 2023	24,622,529.00	4,649,469.00	45,080,516.10	74,352,514.10
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	32,918,215	-	-	32,918,215
Retained earnings during the year	-	-	5,824,368	5,824,368
At 30th June 2024	57,540,744.00	4,649,469.00	50,904,884.00	113,095,097.00

Nachu Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

17. Statement of Cash Flows for the Year Ended 30th June 2024

Description		30 th June 2024	30 th June 2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from National Government entities	4	23,227,927.30	2,000,000
Transfers from other levels of government.	4	-	2,167,000
Rendering of services- Fees from students	5	28,568,046.95	8,319,029
Sale of goods and services	6	313,093	18,300
Hire of facilities	7	44,040	-
Total Receipts		52,153,107.25	12,504,329.00
Payments			
Use of goods and services	8	21,472,206.00	6,879,367
Employee cost	9	6,527,137.00	3,431,938
Remuneration of BOG members	10	3,344,304.00	1,510,078
Repairs and maintenance	11	1,847,657.00	1,150
Finance cost	12	43,172.25	17,570
Total Payments		33,234,476.25	11,840,103.00
Net cash flows from operating activities		18,918,631.00	664,226
Add: working capital adjustments	25	240	210,379.10
Total cash flows from operating activities	25	18,918,871.00	874,605.10
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	-	(5,120,351.00)	-
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(5,120,351.00)	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		13,797,520	874,605
Cash and cash equivalents at beginning of the period		918,610.10	44,005.00
Cash and cash equivalents at the end of the period		14,716,130.10	918,610.10

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	a	b	c=a+b	d	e=c-d	f=e/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from National Government and entities	8,793,667	3,000,000	11,793,667	13,193,648	(1,399,981)	+112%
Rendering of services- Fees from students	28,460,500	187,037	28,647,537	47,240,703	(18,593,166)	+65%
Sale of goods and services	-	-	-	313,093	313,093.0	+100%
Hire of facilities and equipment	-	90,000	90,000	44,040	45,960.0	-51%
Total Revenue	37,254,167.00	3,277,037.00	40,531,204.00	60,791,484.00		
Expenditure						
Use of goods and services	26,344,167	(3,405,558)	22,938,609	21,842,177	1,096,432.0	-5%
Employee costs	4,940,000	1,809,169	6,749,169	6,632,238	116,931.0	-2%
Remuneration of BOG members	4,102,000	(622,000)	3,480,000	3,413,604	66,396.0	-2%
Repairs and maintenance	1,548,000	362,352	1,910,352	1,847,657	62,695.0	-3%
Finance costs	20,000	24,000	44,000	43,172	827.8	-2%
Total Expenses	37,254,167.00		35,122,130.00	33,778,848.00		
Capital Expenditure	-	-	5,409,074.00	5,120,351.00	288,723.0	-5%



Budget Notes:

• **Basis of Accounting:**

Nachu TVC prepares its budget on a cash basis, while the financial performance is reported on an accrual basis. This results in variances between budgeted and actual figures, particularly due to the inclusion of non-cash items in the financial reports that are excluded in the budget.

• **Transfers from National Government and Entities:**

The substantial increase in actual revenue compared to the final budget was due to higher student enrolment, rising from 777 to 1,316 students during the year. This led to an increase in capitation funding under the Higher Education Funding Model, where the fee per student was revised to Kshs 67,189. Consequently, actual receipts exceeded budget expectations.

• **Rendering of Services – Fees from Students:**

Actual revenue from student fees significantly exceeded the final budget, driven by the increased student population and timely payments. This positive variance also reflects improved billing and collection practices.

• **Sale of Goods and Services:**

This revenue was not included in the original or adjusted budget, as it represented a newly initiated income stream. The funds were realized from entrepreneurial activities and strategic diversification efforts during the financial year.

• **Hire of Facilities and Equipment:**

The budgeted revenue for this item was underachieved due to the non-rental of key spaces, such as the cafeteria, during the reporting period. As a result, the income fell below expectations.

• **Use of Goods and Services:**

There was an underutilization of the budgeted funds in this category, mainly attributed to cost-saving strategies, efficient procurement processes, and reliance on internal resources to execute planned activities.

• **Employee Costs:**

The slight underspend in this category was a result of controlled staff recruitment and optimized staffing levels, which led to savings in salaries and benefits.

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- **Remuneration of Board of Governors (BOG) Members:**

The variance in this expenditure item arose from fewer board sittings than anticipated and reduced travel reimbursements, largely due to the adoption of virtual meetings.

- **Repairs and Maintenance:**

The under-expenditure was due to the deferral of non-essential repairs and effective utilization of internal maintenance personnel, which reduced the need for outsourced services.

- **Finance Costs:**

Lower than budgeted finance costs were achieved through the use of cost-efficient banking solutions, including online banking, which minimized traditional transaction fees.

- **Capital Expenditure:**

The capital budget was not originally included but was later adjusted during the year. However, actual capital spending was slightly below the adjusted amount due to the procurement of only critical assets and postponement of non-essential projects to the next fiscal year

19. Notes to the Financial Statements

1. General Information

Nachu Technical and Vocational College is established by and derives its authority and accountability from the 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 provide quality technical and vocational training.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards in the year ended 30th June 2024

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Expected Impact:</p> <p style="text-align: center;">I. Recognition of Heritage Assets:</p> <ul style="list-style-type: none"> • Inclusion Criteria: Heritage assets, previously excluded under IPSAS 17, will now be recognized as assets if they meet the criteria in IPSAS 45. This will require the Entity to identify and evaluate heritage assets for recognition on the balance sheet. • Valuation and Measurement: The recognition of heritage assets will involve determining their fair value or another appropriate valuation basis. This may necessitate appraisals or the development of valuation models, potentially increasing administrative and compliance costs. <p style="text-align: center;">II. Enhanced Reporting for Infrastructure Assets:</p> <ul style="list-style-type: none"> • Application Guidance: IPSAS 45 provides additional guidance for the recognition and measurement of infrastructure assets. The Entity will need to apply this guidance to accurately report infrastructure assets, which may include roads, bridges, water supply systems, and other public works. • Valuation of Land: The standard clarifies the valuation of land over or under infrastructure assets, requiring more detailed and accurate valuation processes. This may impact the reported values of such assets and require adjustments to existing records. <p style="text-align: center;">III. Impact on Financial Statements:</p> <ul style="list-style-type: none"> • Increased Asset Base: The recognition of previously unrecorded heritage and infrastructure assets will increase the total asset base of the Entity. This will affect the balance sheet, potentially enhancing the perceived value and financial strength of the Entity.

	<ul style="list-style-type: none"> • Depreciation and Maintenance: The inclusion of these assets will also introduce additional depreciation charges and maintenance cost reporting, affecting the income statement and long-term financial planning. <p style="text-align: center;">IV. Compliance and Implementation Efforts:</p> <ul style="list-style-type: none"> • Policy Updates: The Entity will need to update its accounting policies and procedures to comply with IPSAS 45. This may involve revising asset management policies, internal controls, and financial reporting processes. • Training and Capacity Building: Staff will require training on the new standard to ensure accurate implementation and compliance. This includes understanding the criteria for recognizing heritage and infrastructure assets and applying the new measurement guidance.
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. The expected impacts on the Entity are as follows:</p> <ol style="list-style-type: none"> Enhanced Measurement Guidance: <ul style="list-style-type: none"> ○ Detailed Implementation Guidance: The standard provides comprehensive guidance on the implementation of measurement bases such as fair value, historical cost, and current operational value. This will improve the accuracy and consistency of asset and liability measurements in the Entity's financial statements. ○ Circumstantial Application: Clear guidelines on when to use different measurement bases will help the Entity make informed decisions, ensuring that the most appropriate basis is used for various transactions and circumstances. Consistency in Transaction Costs Guidance: <ul style="list-style-type: none"> ○ Clarified Guidance: The standard clarifies how to account for transaction costs across different IPSAS standards. This will enhance consistency in recognizing and measuring transaction costs, reducing discrepancies and improving the comparability of financial information. ○ Uniform Application: Consistent application of transaction costs guidance will lead to more reliable financial reporting, as all transaction costs will be treated similarly across different types of transactions. Measurement at Recognition and Subsequent Measurement: <ul style="list-style-type: none"> ○ Initial Recognition: The standard provides updated guidance on measurement at initial recognition, ensuring that assets and liabilities

	<p>are recorded at appropriate values when first recognized. This will impact the Entity's balance sheet, potentially leading to more accurate initial valuations.</p> <ul style="list-style-type: none"> ○ Subsequent Measurement: Clear guidance on subsequent measurement will ensure that assets and liabilities are re-measured correctly over time, reflecting their current values and usage. This will improve the relevance and reliability of the Entity's financial statements. <p>4. Measurement-Related Disclosures:</p> <ul style="list-style-type: none"> ○ Enhanced Disclosures: The standard requires detailed disclosures related to measurement bases, assumptions, and methodologies used. This will increase transparency and provide users of the financial statements with better insights into how values are determined. ○ User Confidence: Enhanced disclosures will boost user confidence in the Entity's financial reporting, as stakeholders will have a clearer understanding of the measurement processes and the rationale behind them. <p>5. Introduction of Current Operational Value:</p> <ul style="list-style-type: none"> ○ Public Sector Specific Basis: The introduction of the current operational value provides a measurement basis tailored to the public sector, reflecting the value of assets in their current operational state. This will be particularly relevant for assets that are not held for sale but are used for service delivery. ○ Impact on Asset Valuation: Using the current operational value may result in different valuations for certain assets compared to traditional bases like historical cost or fair value. This will impact the reported values of such assets and provide a more relevant measure of their utility to the Entity. <p>6. Operational and System Changes:</p> <ul style="list-style-type: none"> ○ System Updates: Implementing the new measurement standard will require updates to accounting systems and processes to capture and report measurements according to the new guidance. This may involve changes to asset management systems, valuation processes, and financial reporting software. ○ Training and Capacity Building: Staff will need training to understand and apply the new measurement principles. This ensures accurate and consistent application across the Entity. <p>7. Strategic and Financial Planning:</p> <ul style="list-style-type: none"> ○ Budgeting and Forecasting: The new measurement guidance will impact budgeting and forecasting processes, as asset and liability values may change. This requires adjustments to financial planning and performance measurement systems. ○ Impact on Key Metrics: Changes in measurement bases can affect key financial metrics, such as asset turnover, return on assets, and net asset values. The Entity must assess and communicate these impacts to stakeholders. <p>8. Compliance and Reporting:</p> <ul style="list-style-type: none"> ○ Regulatory Compliance: Adopting the new standard ensures compliance with updated IPSAS requirements, demonstrating the Entity's commitment to high-quality financial reporting and transparency.
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	<ul style="list-style-type: none"> ○ Financial Reporting Quality: Improved measurement guidance will enhance the overall quality of the Entity's financial reporting, making it more reliable, relevant, and useful for decision-making.
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Expected impact: By consolidating all revenue guidance into one standard, it establishes principles for reporting useful information about revenue transactions. The key expected impacts on the Entity are as follows:</p> <ol style="list-style-type: none"> 1. Consolidated Revenue Reporting: <ul style="list-style-type: none"> ○ Unified Framework: The standard provides a single framework for revenue recognition, simplifying the accounting process. This consolidation will streamline the Entity's financial reporting by reducing the complexity associated with multiple standards. ○ Consistency and Comparability: With one comprehensive standard, the Entity will achieve greater consistency and comparability in revenue reporting across different types of transactions. 2. Recognition and Measurement Principles: <ul style="list-style-type: none"> ○ Revenue Recognition: The Entity will apply new principles to determine the timing and amount of revenue recognition. This involves recognizing revenue when control of goods or services is transferred to the customer, which may differ from the current practices. ○ Measurement of Revenue: The standard emphasizes measuring revenue based on the transaction price, considering any variable consideration, significant financing components, and non-cash considerations. This could impact the reported revenue amounts, especially in complex contracts or arrangements. 3. Enhanced Disclosures: <ul style="list-style-type: none"> ○ Detailed Reporting: The standard requires detailed disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows. This includes information about significant judgments made in applying the standard, contract balances, and performance obligations. ○ Transparency: Enhanced disclosures will improve transparency, providing stakeholders with a clearer understanding of the Entity's revenue streams and financial performance. 4. Impact on Financial Statements: <ul style="list-style-type: none"> ○ Revenue Streams: Different types of revenue, such as exchange transactions, construction contracts, and non-exchange transactions, will now be reported under the same framework. This might affect

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	<p>the timing and recognition of revenue, impacting the income statement and financial position.</p> <ul style="list-style-type: none">○ Comparative Periods: The transition to the new standard will require restating comparative periods, which may reveal significant changes in revenue recognition patterns and necessitate detailed explanations to stakeholders
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iii. Early adoption of standards

The College did not early adopt any new or amended standards in year 2024.

3 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.

b) Budget information

The original budget for **FY 2023/2024** was approved by the Board on **24th June 2023**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals in order to conclude the final budget. Accordingly, the college recorded additional appropriations of **Ksh 3,277,037.00** on the **FY 2023/2024** budget following the Board's approval. 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 a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 4 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period 1 year. 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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

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

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

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.

I. Financial assets

Classification of financial assets

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.

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.

Summary of Significant Accounting Policies (Continued)

Trade and other receivables

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

Impairment

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

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.

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Nachu Technical and Vocational College maintains its reserves in form of accumulated earnings.

Summary of Significant Accounting Policies (Continued)

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

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

p) Foreign currency transactions

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

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

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

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

The subsequent events that have a significant impact on the financial statements have considered and amended appropriately.

4 Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, 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 16

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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4. Transfers from National Government entities

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Unconditional Grants		
Transfer from other National government entities - Capitation Grants	6,362,328	2,167,000
Transfers from other government levels-Operational Grant	1,000,000	2,000,000
Scholarship Grants	5,831,320	-
Total unconditional Grants	13,193,648	4,167,000.00
Conditional Grants (deferred)		
Administration Block Grant	10,000,000	-
Total Government Grants and Subsidies	23,193,648	4,167,000.00

(a) Transfers from Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	30 th June 2023
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Technical Vocational Education and Training.	13,193,648	10,000,000.00	-	23,193,648	2,000,000
Ministry of education.	-	-	-	-	2,167,000
Total	13,193,648	10,000,000	-	23,193,648	4,167,000.00

Detailed reconciliation of these amounts is included in Appendix II

5. Public Contributions and Donations

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Public Donations	12,800,000.00	-
Donations from Local Leadership	-	-
Donations from Religious Institutions	-	-
Donations from Alumni	-	-
Other Donations	-	-
Total Donations and Contributions	12,800,000	-

The Public Contributions consist primarily of a donation of 100 New Huawei Desktop computers. These computers have been capitalized as assets in accordance with IPSAS 17 accounting policies. Although no actual cash donations were received, the value of the donated assets has been recognized, and depreciation charges have been applied accordingly.

6. Rendering of Services

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Fees from students	47,240,703	-
Tuition fee-realized	-	8,319,029
Tuition fee-unrealized(Accrued)	-	20,125,312
Total Revenue from The Rendering of Services	47,240,703	28,444,341

The Rendering of Services primarily consists of fees charged to students for training under both the new and old funding models in TVET institutions. The significant increase in revenue is attributed to a higher student enrolment and an upward revision of fees under the new financing model. These factors have contributed to the substantial growth in revenue from the rendering of services compared to the previous year.

7. Sale of Goods and Services.

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Sale of Tender documents	12,000	8,000
Payment for short courses	186,300	-
Cafeteria Sales	114,793	-
Repair of items		10,300
Total Revenue from Sale of Goods	313,093.00	18,300.00

There has been a notable increase in revenue compared to the previous year, largely due to the higher uptake of short courses and the introduction of income from cafeteria sales, which were not present in the prior period. The sale of tender documents also contributed to the revenue, reflecting a steady demand for procurement opportunities at the institution.

8. Rental revenue from facilities and equipment.

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Hire of Facilities and Equipment	44,040	-
Total	44,040.00	-

This is a new revenue stream, as the college has begun offering its facilities and equipment for rental to external parties, contributing to its overall financial performance. This initiative aligns with the institution's strategy to optimize resource utilization, enhance revenue generation, and support the sustainability of college operations.

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9. Use of Goods and Services

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Insurance services	58,508	16,112
Security	-	39,000
Professional and consultancy services	-	35,000
Local transport and travel	1,575,660	621,861
Performance contracting expenditure	2,095,612	97,000
Printing and stationery expenses	1,173,994	519,031
Postage	-	3,134
Project expenses	1,798,605	1,503,740
Recruitment expenses	259,100	92,000
Training and learning materials	1,339,779	377,817
Tree planting	-	1,930
Entertainment	-	119,250
Tea and refreshments	-	248,330
Advertising and marketing expenses	936,830	432,830
Telephone and postage expenditure	276,804	77,700
Training ,seminars and workshops expenditure	2,258,570	824,250
Water	-	49,970
Electricity	-	73,065
Utilities expenditure	542,336	-
Internet expenditures	125,079	105,000
Web hosting	-	28,999
Welfare expenditures	756,825	36,320
Cleaning and other office consumables	380,265	25,167
Dues ,subscriptions and charges	2,219,900	120,000
Asset Establishment	-	203,660
Examination expenditures	4,121,806	1,131,741
Examination fees	-	69,500
Industrial attachment and dual training	347,840	20,000
College activities expenditure	1,574,664	-
Inspection services	-	6,960
Bank charges	-	17,450
Repair and maintenance	-	1,150
Total use of good and services	21,842,177.00	6,897,967.00

The Use of Goods and Services encompasses various expenditures incurred. The significant increase in total expenditures compared to the previous year is primarily attributed to the increased enrolment of students, which has led to higher costs across several categories. This rise in costs reflects the college's expanded operational scope and enhanced service delivery to accommodate the growing student body.

10. Employee Costs

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Salaries and wages	6,632,238	3,431,938
Total employee Costs	6,632,238.00	3,431,938.00

Employee Costs for the year ending reflect expenditures related to salaries and wages. The increase in total employee costs compared to the previous year is primarily due to the increased enrollment of students, which necessitated a larger workforce to support the expanded operations. Additionally, there was an upward review of salaries, contributing to the higher total costs. This increase in employee costs aligns with the college's efforts to enhance service delivery and effectively manage the growing number of student.

11. BOG Expenses

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
BOG members Sitting allowance	2,470,214	1,510,078
BOG members Transport allowance	851,180	-
BOG members meal provisions	92,210	-
Total	3,413,604.00	1,510,078.00

The increase in total BOG expenses compared to the previous year is primarily due to several factors, including a higher number of meetings, such as a significant retreat to review the strategic plan. Additionally, a new honorarium was introduced for the Chairperson, and the State Department of TVET revised transport allowances, contributing to the higher costs. These changes underscore the college's commitment to effective governance and strategic planning while ensuring compliance with updated regulations.

12. Depreciation and Amortization expense

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Property, plant and equipment	6,894,421	2,546,102
Total depreciation and amortization	6,894,421.00	2,546,102.00

The significant increase in depreciation and amortization expenses compared to the previous year is attributable to the acquisition of additional assets and the capitalization of the donated Huawei desktop computers. This rise in expenses represents the allocation of the cost of these assets over their useful lives, in accordance with the institution's accounting policies.

13. Repairs and Maintenance

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Property, plant and equipment	1,847,657.00	1,150
Total Repairs and Maintenance	1,847,657.00	1,150.00

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The significant increase in these expenses compared to the previous year is primarily due to comprehensive maintenance activities, including the painting of the entire college and the maintenance of various equipment. These expenditures reflect the institution's commitment to maintaining its facilities in optimal condition and ensuring the longevity of its assets.

14. Finance Costs

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Bank charges-Current account	42,930.75	17,570.00
Bank charges-Development account	241.50	-
Total Finance Costs	43,172.00	17,570.00

15. Cash and Cash Equivalents

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Current account	4,687,139.25	912,141.75
Development account	10,005,172.85	5,174.35
Petty cash account	23,818	1,294.00
Total cash and cash equivalents	14,716,130.00	918,610.10

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

Financial institution	Account number	30 th June 2024	30 th June 2023
		Kshs	Kshs
a) Current account			
Kenya Commercial bank	1232794767	4,687,139.25	912,141.75
Sub- total		4,687,139.25	912,141.75
b) Development account			
Kenya Commercial bank	1232795151	10,005,172.85	5,174.35
Sub- total		10,005,172.85	5,174.35
c) Petty cash account			
Cash in hand		23,818	1,294
Sub- total		23,818.00	1,294.00
Grand total		14,716,130.00	918,610.00

16. Receivables

16 (a) Current portion of Receivables

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Current Receivables		
Student Debtors	49,402,302	20,487,841
Less: Impairment Allowance	-	-
Total Current Receivables	49,402,302.00	20,487,841.00

16 (b) Receivables from non-exchange transaction

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Current Receivables		
Capitation grants	-	7,956,500
Less: Impairment Allowance	-	-
Total Current Receivables	-	7,956,500.00

16 (c) Ageing Analysis of Receivables from exchange transactions.

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
	30 th June 2024	% of total	30 th June 2023	% of total
Less than 1 year	20,957,961.07	42.42%	18,834,171	92%
Between 1- 2 years	18,834,171	38.12%	1,653,670	8%
Between 2-3 years	9,610,170	19.46%	-	-
Total (a+b)	49,402,302.00	100%	20,487,841.00	100%

16 (d) Ageing Analysis of Receivables from non-exchange transactions.

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
	30 th June 2024	% of total	30 th June 2023	% of total
Less than 1 year	-	-	7,956,500	100%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Total (a+b)	-	-	7,956,500.00	100%

17. Inventories

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Consumable and supplies stores	3,033,137.00	-
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	3,033,137.00	-

As of 30th June 2024, the total inventories amounted to Kshs 3,033,137.00, consisting of consumables and supplies stores. No impairment allowance has been recognized for the period. The inventories have been valued at the lower of cost and net realizable value, in accordance with applicable accounting standards.

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18. (a) Property, Plant and Equipment

Cost	Land	Buildings 5%	Motor vehicles 25%	Furniture and fittings 12.5%	Computers 30%	Plant and Equipment 10%	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost as at 1 st July 2022	-	58,336,611	-	223,160	-	2,074,934	-	60,634,705.00
Additions	-	-	-	-	-	-	-	-
Accumulated depreciation		(10,821,078)		(70,665)		(562,307)		(11,454,050)
Disposals	-	-	-	-	-	-	-	-
Depreciation and impairment.	-	(2,375,777)	-	(19,062)	-	(151,263)	-	(2,546,102)
Net Book Values as at 30th June 2023	-	45,139,746	-	133,433	-	1,361,364	-	46,634,543.00
Cost as at 1 st July 2023	-	58,336,611	-	223,160	-	2,074,934	-	60,634,705.00
Additions	-	1,712,926	-	753,170	13,797,000	1,657,255	-	17,920,351.00
Accumulated depreciation		(13,196,855)	-	(89,727)	-	(713,570)		(14,000,152)
Disposals	-	-	-	-	-	-	-	-
Depreciation and impairment	-	(2,342,634)	-	(110,825)	(4,139,100.)	(301,862)		(6,894,421.00)
Net book values as 30th June 2024	-		-					
As at 30th June 2024	-	44,510,038.00	-	775,778.00	9,657,900.00	2,716,757.00		57,660,473.00

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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).

18 (b) Property, Plant and Equipment at Cost

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

Description	Cost as 1 st July 2023	Additions during the year	Depreciation	NBV as at 30 th June 2024
	Kshs		Kshs	Kshs
Buildings	58,336,611	1,712,926	15,539,489	44,510,038.00
Furniture and fittings	223,160	753,170	200,552	775,778.00
Computers	-	13,797,000	4,139,100	9,657,900.00
Plant , Machinery and Equipment	2,074,934	1,657,255	1,015,432	2,716,757.00
Total	60,634,705.00	17,920,351.00	20,894,573.00	57,660,473.00

19. Trade and Other Payables

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
Trade payables	287,723		406,000	
Statutory payables and tax liabilities	256,649		-	
Fees paid in advance	-		558,990	
Total Trade and Other Payables	544,372.00		964,990.00	
Ageing analysis:	30th June 2024	% of the Total	30th June 2023	% of the Total
Under one year	544,372.00	100%	964,990	100%
1-2 years	-	-		
2-3 years	-	-		
Over 3 years	-	-		
Total (to tie to totals above)	544,372.00	100%	964,990.00	100%

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20. Refundable Deposits from Students

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
Caution money	406,000		-	
Other refundable deposits	-		-	
Total Deposits	406,000.00		-	
Ageing analysis:	30th June 2024	% of the Total	30th June 2023	% of the Total
Under one year	406,000	100%	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	406,000.00	100%	-	-

21. Deferred Income

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
National Government	10,000,000		-	
International Funding Bodies	-		-	
Public Contributions and Donations	-		-	
Total Deferred Income	10,000,000.00		-	

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	10,000,000.00	-	-	10,000,000
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	10,000,000.00	-	-	10,000,000.00

Analyzed as:

Description	Amount
	Kshs
Current	10,000,000.00
Non- Current	-
Total	10,000,000.00

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22. Payments received in advance.

Description	30 th June 2024		30 th June 2023	
	Kshs		Kshs	
Fees received in advance	86,573		558,990.00	
Others (Specify)	-		-	
Total	86,573.00		558,990.00	
Ageing analysis:	30th June 2024	% of the Total	30th June 2023	% of the Total
Under one year	86,573	100%	558,990	100%
1-2 years	-	-		
2-3 years	-	-		
Over 3 years	-	-		
Total	86,573.00	100%	558,990.00	100%

23. Borrowings

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Balance at beginning of the year	680,000	680,000
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	680,000.00	680,000.00

23 a) Analysis of External and Domestic Borrowings

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
External borrowings		
Dollar denominated loan	-	-
Sterling pound denominated loan	-	-
Euro denominated loan	-	-
Domestic borrowings		
Kenya shilling loan	680,000	680,000
Total balance at end of the year	680,000.00	680,000.00

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23 b) Breakdown of Long and Short-Term Borrowings

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	680,000	680,000
Total	680,000.00	680,000.00

24. Working capital adjustments:

Surplus for the year before tax	30 th June 2024	30 th June 2023
	Kshs	Kshs
Profit	31,812,215.50	18,243,436.00
Working Capital Adjustments		
Increase in Inventory	(3,033,137)	-
Increase in Receivables	(40,326,561.35)	(18,439,056.90)
Increase in Deferred Income	10,000,000	-
Increase in Payables	343,222.85	-
Increase in Payments refundable deposits	1,204,500	406,000
Net Cash Flow from capital adjustments	240.00	210,379.10

25. Financial Risk Management

The college's activities expose it to a variety of financial risks including credit and liquidity risks and effects of inflation. The college's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

(i) Credit risk management

Credit risk refers to the possibility that a counterparty will fail to meet its obligations, causing financial loss to the college. This risk is inherent in various financial assets, including cash and cash equivalents, trade receivables, and other receivables. The college's management is responsible for evaluating and mitigating credit risk. This is achieved through:

- **Credit Quality Assessment:** Management assesses the credit quality of counterparties based on their financial positions, historical payment behavior, and other relevant factors. This assessment is crucial in determining the likelihood of timely payments.
- **Risk Limits:** Individual credit risk limits are established by the college's Board of Governors (BOG) based on internal evaluations or external assessments. These limits help ensure that the exposure to any single counterparty remains within acceptable bounds

The table below summarizes the college's exposure to credit risk, broken down by the type of financial asset and its credit status (fully performing, past due, or impaired). The amounts listed represent the maximum exposure to credit risk, excluding any collateral that might have been obtained.

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30th June 2023				
Receivables from exchange transactions	20,487,841	-	-	-
Receivables from non-exchange transaction	7,956,500	-	-	-
Bank balances	918,610.10	-	-	-
Total	29,362,951.10	-	-	-
At 30th June 2024				
Receivables from exchange transactions	49,402,302.07	49,402,302.07	-	-
Bank balances	14,716,130.10	14,716,130.10	-	-
Total	64,118,432.17	64,118,432.17	-	-

Analysis of Credit Risk Exposure

- **Receivables from Exchange Transactions:** All receivables are fully performing, reflecting an improvement in credit management. This progress is attributed to the resolution of issues with the HELB (Higher Education Loans Board), which has streamlined the application process. The college has also implemented effective measures to ensure timely payment of fees, enhancing the management of these receivables.
- **Bank Balances:** The institution's liquidity position has strengthened, with fully performing bank balances reflecting effective cash management. This improvement highlights the college's stronger financial standing and prudent management of its financial resources

(ii) Liquidity risk management

Liquidity risk refers to the risk that the college will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due. The primary responsibility for managing this risk lies with the Board of Governors (BOG). The BOG has established a comprehensive liquidity risk management framework designed to ensure the entity can meet its short-term, medium-term, and long-term funding needs.

Key Strategies in Liquidity Risk Management:

- **Continuous Monitoring:** The entity continuously monitors its forecasts and actual cash flows, allowing it to anticipate potential liquidity shortfalls and take corrective action promptly.
- **Maintaining Cash Reserves:** The entity ensures that it maintains adequate cash reserves and access to funding to cover operational needs and unforeseen financial requirements.
- **Diversifying Funding Sources:** By diversifying its funding sources, the entity mitigates the risk of dependency on a single source of funds

The table below presents the cash flows payable by the entity under non-derivative financial liabilities based on their remaining contractual maturities at the reporting date. The amounts disclosed are the contractual undiscounted cash flows. For balances due within 12 months, the carrying amounts are assumed to equal the contractual amounts, as the impact of discounting is insignificant

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	680,000.00	680,000.00
Deferred Income	-	-	-	-
Total	-	-	680,000.00	680,000.00
At 30th June 2024				
Trade Payables	544,372	-	-	544,372
Current Portion Of Borrowings	-	-	680,000.00	680,000
Provisions	-	-	-	-
Deferred Income	-	-	10,000,000.00	10,000,000
Employee Benefit Obligation	-	-	-	-
Total	544,372.00	-	10,680,000.00	11,904,372.00

Analysis of Liquidity Position:

- **Trade Payables:** As of 30th June 2024, the institution has trade payables due within less than one month. This reflects the institution's ability to manage its short-term liabilities and meet its obligations promptly.
- **Current Portion of Borrowings:** The current portion of borrowings remains stable, with an amount due in over five months. The consistent borrowing level between 2023 and 2024 highlights a manageable debt position, indicating prudent financial management.
- **Deferred Income:** Deferred income has significantly increased as of 30th June 2024. This represents funds received for future periods, reflecting strong cash flow prospects and financial stability in the coming periods.

iii) Capital Risk Management

The objective of the college's capital risk management is to safeguard its ability to continue as a going concern while managing financial stability and flexibility. The college's capital structure consists of various funds and debt elements, which are crucial for understanding its financial health and risk exposure. The gearing ratio measures the proportion of net debt relative to the total equity and provides insight into the financial leverage of the college

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Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Retained earnings	56,434,744.50	24,622,529
Revaluation reserve	4,649,469.00	4,649,469
Capital Reserve	51,086,195.82	45,080,516.10
Total Funds	112,170,409.30	74,352,514.10
Total Borrowings	680,000	680,000
Less: Cash and Bank Balances	(14,716,130.10)	(913,435.75)
Net Debt/(Excess Cash and Cash Equivalents)	14,036,130.10	(233,435.75)
Gearing ratio	0.61%	0.91%

Analysis and Implications

1. **Increased Capital Funds:** The capital fund has grown significantly, indicating a solid accumulation of resources. This increase strengthens the college's financial position, allowing for greater financial flexibility and investment in future projects.
2. **Improved Liquidity Position:** The College's cash and bank balances have increased substantially, reducing the net debt compared to the previous year. This improvement signifies enhanced liquidity and a stronger ability to meet liabilities and financial obligations, reflecting prudent cash management.
3. **Gearing Ratio Decrease:** The gearing ratio has decreased from 0.91% to 0.61%. This reduction reflects a lower net debt relative to the total equity, indicating improved financial stability and low reliance on external borrowing.

26. Related Party Balances

Nature of related party relationships

Related parties include entities or individuals that have the ability to exercise control or significant influence over the college's operating and financial decisions. These parties include:

- **Government of Kenya:** The principal shareholder, holding 100% equity interest in the college. The Government of Kenya provides full guarantees to all long-term lenders of the college, both domestic and external.
- **National Government**
- **Parent Ministry**
- **State Department**
- **Board of Governors (BOG)**
- **Senior Management**

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The table below outlines the transactions and balances with related parties for the year ended 30th June 2024, compared to the previous financial year:

Description	30 th June 2024	30 th June 2023
	Kshs	Kshs
Transactions with Related Parties		
A) Purchases from related parties		
Purchases of electricity from Kplc.	301,011	73,065
Training and conference fees paid to govt	519,800	120,000
Subscriptions, dues, charges and penalties paid to govt agencies	2,183,000	-
Purchase of water from gov't service providers		49,970
Total	3,003,811.00	243,045.00
B) Grants /Transfers from the Government		
Grants from National Govt	13,227,927.30	4,167,000.00
Total	13,227,927.30	4,167,000.00

These related party transactions and balances highlight the college's financial interactions with entities and individuals in positions of control or significant influence. The variations from the previous financial year underscore changes in funding, expenditures, and compensation, which are crucial for assessing the college's financial management and related party dealings.

27. Capital Commitments

Capital commitments represent the college's obligations to spend resources on capital projects that have been approved and are either contracted for or authorized. These commitments are crucial for understanding the college's future financial obligations and planned investments in infrastructure or other capital assets.

Capital Commitments	30 th June 2024	30 th June 2023
	Kshs	Kshs
Authorized for	-	-
Authorized and Contracted for	10,000,000	-
Total	10,000,000.00	-

The capital commitment of Ksh 10,000,000, earmarked for the construction of a tuition block, represents a future outflow of funds. This amount has been treated as deferred income and set aside specifically for that development. The college must ensure sufficient liquidity or funding arrangements are in place to meet this obligation without straining its financial resources. This strategic investment highlights a shift in development priorities compared to the previous year, when no such commitments were made.

28. Events After The Reporting Period

At the end of the reporting period, the following events occurred that have been evaluated and considered for their impact on the financial statements:

1. Adjusting Events:

- **Accounting entries for Deferred income**

On 29th June 2024, a grant of Ksh 10,000,000 initially recorded as recurrent revenue in Q3 was reclassified as a development grant for the construction of a tuition block. The accounting entries included debiting the Recurrent Revenue Account and crediting the Development Grant Account to reflect the shift to capital expenditure. Subsequently, the Development Grant Account was debited and the Deferred Income Account was credited to properly defer the grant, ensuring it is recognized as income in alignment with the construction progress. This approach ensures accurate financial reporting under the accrual basis of accounting

2. Non-Adjusting Events

- **Receipt of operational Grant**

On 15th July 2024, the Entity received a grant of **Ksh 499,827.50** from the government for as operational grant for Quarter 4 FY 23-24. As the grant was approved and received after the reporting date of June 30, 2024, and there were no indications of this grant being probable before the reporting date, it is considered a non-adjusting event. The grant will be recognized in the financial statements for the year ending June 30, 2025.

29. Ultimate And Holding Entity

The college is an Agency under the Ministry of Education: State Department of Vocational and Technical training. Its ultimate parent is the Government of Kenya.

30. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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

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Magdalene Mwachofi
 Accounting Officer
 Principal/Secretary BOG
 Date : 19/4/2025

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Appendix II- Inter-Entity Confirmation Letter

Name of transferring entity: State Department of Vocational and Technical training.

Name of beneficiary entity: Nachu Technical and Vocational College.


Confirmation of amounts received by Nachu Technical and Vocational College as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1913	11 th July 2023	500,000.00	-	500,000.00	Operational grant in Q1 FY 2023/2024.
2186	02 nd October 2023	500,000.00	-	500,000.00	Operational grant in Q2 FY 2023/2024.
2185	02 nd October 2023	1,393,000.00	-	1,393,000.00	Capitation grant in Q 1 FY 2023/2024
3743	18 th January 2024	1,872,500.00	-	1,872,500.00	Capitation grant in Q 2 FY 2023/2024
3744	05 th February 2024	2,140,000.00	-	2,140,000.00	Capitation grant in Q 3 FY 2023/2024
3735	27 th February 2024	705,484.50	-	705,484.50	Scholarship grant in the FY 2023/2024
3736	27 th February 2024	1,935,043.20	-	1,935,043.20	Scholarship grant in the FY 2023/2024
3738	27 th February 2024	1,612,536.00	-	1,612,536.00	Scholarship grant in the FY 2023/2024
3739	27 th February 2024	1,451,282.40	-	1,451,282.40	Scholarship grant in the FY 2023/2024

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3740	27 th February 2024	20,156.70	-	20,156.70	Scholarship grant in the FY 2023/2024
3833	06 th March 2024	40,313.50	-	40,313.50	Scholarship grant in the FY 2023/2024
3834	06 th March 2024	100,783.50	-	100,783.50	Scholarship grant in the FY 2023/2024
3864	12 th March 2024	-	10,000,000.00	10,000,000.00	Administration block grant received in Q3 FY 2023/2024
4423	31 st May 2024	956,827.50	-	956,827.50	Capitation grant in Q 4 FY 2023/2024
Total				23,227,927.30	

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

Head of Accounts Department - Beneficiary Entity:

Name Dennis Mwanuzi Sign  Date 19/04/25