

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



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DATE: 04 DEC 2025	DAY: THURSDAY
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REPORT

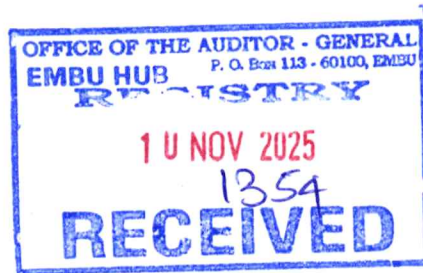
OF

THE AUDITOR-GENERAL

ON

**TIGANIA EAST TECHNICAL AND
VOCATIONAL COLLEGE**

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



TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

b.

2. Key Entity Information and Management

(a) Background information

Tigania East Technical and vocational College is a government sponsored College under the Ministry of Education, State Department of Vocational & Technical training. It was incorporated in the year 2020 under the TVET Act 2013. The institution is domiciled in Kenya and has its head office in Mikinduri Town, Tigania East Constituency, in Meru County.

The core mandate of the College is to equip young people with knowledge, skills and attitudes needed to secure employment in today's labour market. As a TVET institute, this is recognized as a driving vehicle towards achieving the Country's BIG4 agendas and the Vision 2030.

As a Centre of Excellence in Refrigeration and Air Conditioning, Tigania East Technical and Vocational College opened its doors on the 4th September 2020 and the first batch of 26 students was admitted on 26th October 2020.

The Institution sits on a 5-acre parcel of land not properly demarcated and in a serene environment conducive for learning and personal development. The institution is well equipped and adequately staffed to offer market driven skills and knowledge to its trainees through inspired innovation, creativity, reliability and responsiveness with utmost goal of releasing all rounded graduate.

(b) **Principal Activities**

The principal activities of Tigania East Technical and Vocational College is to offer skills technical and vocational education and training, the mission and vision are outlined as Follows;

Mission

To promote technical, vocational education and training (TVET) programs for self – Reliance and sustainability.

Vision

To be globally recognized institute in technical, vocational education, training, research and innovation.

(c) **Key Management**

Tigania East Technical and Vocational College's day-to-day management is under the following key organs:

- The Principal
- Deputy Principal
- Dean of students
- Registrar

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(a) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr George Kiunga
2.	Deputy Principal	Mrs Alice Ngunu
3	Registrar	Mr. Morris Munene
4	Dean of students	Mr Mark Nzioka
5	Finance Officer	Mr Denis Kamau Nkunja

(b) Fiduciary Oversight Arrangements

Provided in two categories

- Board of Governors

Provides overall oversight, supported by various board committees as outlined below;

Board committees

	Committee	Members
1	Finance, Operations and Development	Mr jurgen kaumbuthu-chairperson Mr. john k kanampiu- member Mrs Annah chelangat- member Mr Muhammad noor hassan –County Director
2	Audit Risk and Governance Committee	Mrs Faith kajuju- Chairperson Mrs Irene waeni– Member Muhammad noor hassan –County Director
3	Education, training, Research and Human Resources	Mrs. Irene waeni- Mrs Florence kajuju Mrs. Faith kajuju Mr Muhammad boor hassan– County Director

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- (c) **Tigania East Technical and Vocational College Headquarters**
P.O. Box 14, 60607
MIKINDURI, KENYA

- (d) **Tigania East Technical and Vocational College Contacts**
Telephone: (254) 745911518
E-mail: tiganiaeasttvc@gmail.com
Website: www.tiganiaeasttechnical.ac.ke

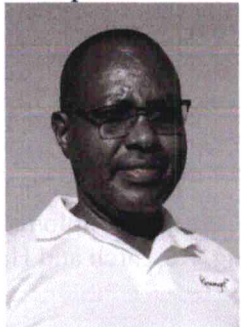


- (e) **Tigania East Technical and Vocational College Bankers**
Equity Bank (Kenya) Limited
Meru Makutano Branch

- (f) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya





- (g) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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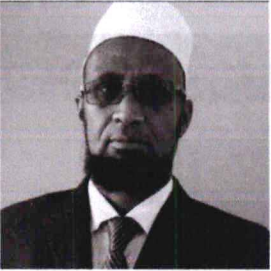

3. The Board of Governors

No	Member / Director	Details
1.	<p>John Kibara- Chairperson</p> 	<p>Date of Birth: 1966 Appointed in October 2023, He Holds a Master's degree in Strategic Management and a Bachelor of Science in Statistics and Applied Mathematics. He has over 30 years work experience and has worked for EABL, Sigma Feeds, National Oil Corporation and Coca-Cola</p>
2.	<p>Hon Florence Kajuju- Member</p> 	<p>Appointed in October 2023. She Holds , Bachelor of Laws, LLB\,Post graduate diploma in Law and Masters of arts, Leadership and Governance She is a member of Education, training, Research and Human Resources Committee</p>
3.	<p>Annah Chelangat- Member</p> 	<p>Annah Chelangat was appointed as a member BoG Tigania East TVC on 12th May, 2020 and re-appointed in October 2023. She holds a Bachelor of Business Management Accounting option from Moi University, CSIA Part 1, CPA (K) and Diploma in Business Management (KIM). She has worked as a factory accountant with KTDA Holdings Ltd, DL Group of Companies, Internal Auditor-Kapsabet Tea Factory and Audit and Accounts assistant – Kimalel Arap-Kirui CPA(K) Audit and Accountancy Firm. She is a member of Finance & Infrastructure Committee.</p>

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4.	<p>Mr John Kanampiu- Member</p> 	<p>Mr John Kanampiu was appointed as a member BoG Tigania East TVC on 12th May, 2020 and re-appointed for the second term in October 2023. He holds a Bachelor of Science in Electrical Engineering. He is a member of EBK. He has a wealth of experience working with Kenya Power and Lighting Company. A member of Finance & Infrastructure Committee</p>
5.	<p>Irene Waeni – Member</p> 	<p>She was appointed in October 2023 and Holds a Bachelor of Commerce (Human Resource Management & Diploma in Law. She is the Chairperson Education, training, Research and Human Resources</p>
6.	<p>Faith Kajuju</p> 	<p>She was appointed in October 2023 and Holds a Bachelor of Business Management (Human Resource Option) Advanced Diploma in Microfinance and diploma in Business Management</p>
7.	<p>Jurgen Kaumbuthu</p> 	<p>Appointed as a Member of the Board in October 2023. He has over 15 years work experience in Auditing, taxation, and strategic business management advisory services. He has a wealth of experience working with the De la Rue International Limited, Price house water Coopers amongst others.</p>
8.	<p>County Director</p>	<p>Appointed as a Member of the Board in October 2023</p>

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	<p>Muhammad noor hassan</p> 	<p>He is the county director in charge of TVETS</p>
<p>9.</p>	<p>Secretary to the Board / Principal</p>  <p>George kiunga</p>	<p>He joined the institution in September 2024 as the principal.</p>

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4. Key Management Team

No.	Member/ Director	Details
1.	Secretary to the Board / Principal  Mr. George Kiunga	Principal
2.	Alice Ngunu  Masters of Arts, Fashion and Design and Marketing	Deputy Principal Academics
3.	Peter Kamau  MBA (Finance)	Deputy Principal Administration
4.	Morris Munene  Bachelor degree in Business Information Technology	Registrar (Ag)

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5.	 Mark Nzioka Higher Diploma in civil engineering and building	Dean of students
6.	 Kamau Denis Nkunja	Finance Officer BBM, Finance and banking option CPAK

5. Chairman's Statement

I am writing this statement on behalf of the Board of Governors of Tigania East Technical and Vocational College to provide an overview of our institution's financial situation and challenges. We understand the importance of transparency and accountability in our operations, and we appreciate your diligent oversight.

During the year under review, one of the primary challenges we faced during the fiscal year under review was the non-receipt of expected capitation funds from relevant government authorities. This shortfall in funding significantly affected our ability to meet our financial obligations, including staff salaries, maintenance, and academic resources.

Another noteworthy challenge has been the absence of significant development projects during the reporting period. The limited capital investment in infrastructure and facilities has hindered our efforts to enhance the learning environment and expand our academic programs to meet the growing demand.

Despite the aforementioned financial challenges, we are pleased to report a notable increase in student enrolment during the period under review. This positive development underscores the demand for vocational education in our region and the trust that our community places in Tigania East Vocational College. While this is encouraging, it also places added strain on our resources and infrastructure.

In light of these challenges, the Board of Directors and the College Management have been diligently working to implement cost-effective measures to ensure the sustainability of our institution. These measures include exploring alternative funding sources, optimizing existing resources, and prioritizing critical infrastructure projects.

We remain committed to upholding the highest standards of transparency and accountability. We will continue to work closely with relevant government bodies, our stakeholders, and the local community to address these challenges and improve the overall quality of education and vocational training provided by Tigania East Vocational College.

We appreciate the opportunity to work with your office in addressing these issues and ensuring the prudent management of public funds.

God bless you all, God Bless Tigania East TVC



Board of Governors

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6. Report of the Chief/Senior Principal

I am pleased to present this report on behalf of Tigania East Technical and Vocational College for the fiscal year ending 30th June 2025. This report aims to provide a comprehensive overview of our institution's financial performance, successes, challenges, and our commitment to the prudent use of public finances

We are proud to report significant academic achievements during this fiscal year. Our students have demonstrated excellence in various technical and vocational programs, with a commendable pass rate and improved learning outcomes.

Tigania East Technical and Vocational College have experienced a substantial increase in student enrolment over the past year. This success is a testament to our institution's reputation for quality education and vocational training within the region.

We have also fostered strong partnerships with local industries and businesses, leading to increased support for our students' practical training and job placement opportunities. These partnerships have been instrumental in enhancing our students' employability.

Over the past year, we have had several challenges. Our institution faced significant financial challenges during this fiscal year. We encountered delays in the disbursement of capitation funds, which affected our ability to meet operational expenses, maintain infrastructure, and provide essential resources for teaching and learning.

The rapid increase in student enrolments has put pressure on our existing infrastructure. We urgently require additional classrooms, laboratories, and workshops to accommodate the growing student population adequately.

Efficient resource allocation remains a challenge; especially concerning optimizing our limited resources to meet the diverse needs of our programs and students effectively

Despite the challenges we faced, we have been committed to the prudent use of public finances. We have implemented cost-saving measures, improved financial reporting, and enhanced internal controls to ensure transparency and accountability. We continue to work closely with relevant government agencies to address funding issues and optimize resource allocation.

In conclusion, Tigania East Technical and Vocational College has achieved notable successes in the fiscal year 2024 2025, with increased enrolments and academic achievements. However, we recognize the financial challenges that have impacted our operations and infrastructure development. We remain steadfast in our commitment to prudent financial management and are actively addressing these challenges to ensure the continued delivery of quality technical and vocational education

We appreciate the oversight and guidance provided by your office, and we are open to any or assistance to further enhance our financial management practices.



Principal / Secretary to the Board

Tigania East Technical and Vocational College
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7. Statement of Performance against Predetermined Objectives

Tigania East Technical and Vocational College has 5 strategic pillars /issues/ themes and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars are as follows:

- (i) Infrastructure development
- (ii) Enrolment
- (iii) Institutional governance
- (iv) Collaboration and linkages
- (v) ICT Development

Tigania East 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 Tigania East TVC achieved its performance targets set for the FY 2024/2025 period for its (5 No.) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure development	Improving and increasing physical facilities	<ul style="list-style-type: none"> • Completion of the building under renovation • Fencing the lower side of the compound 	Develop a framework for improving and increasing physical facilities	Completed building Completed fence
Enrolment	Increase enrolment from 512 to 850 trainees	Enrolled trainees	Develop intensive marketing strategies	Increased enrolment
Institutional governance	Improving Institutional Cooperative Governance	<ul style="list-style-type: none"> • Constant review of courses to incorporate CBET • Improve results • Improve budget accuracy 	<ul style="list-style-type: none"> • Develop & implement policies, programmes, and strategies • Embrace result-based management 	Established monitoring and evaluation strategies
Collaboration and linkages	Enhance collaboration with garages at the market	Enter into MOU with partners	Established collaboration linkages	MOU written and signed
ICT Development	Use of modern technologies	Complete internet	Develop adequate ICT	Improved ICT infrastructure

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		connectivity	capacity	
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8. Corporate Governance Statement

(a) Board meetings, attendance, and remuneration

During the financial year 2024/2025, the full Board met 4 times and each committee met once every quarter. The meetings were all well attended as shown below.

S/n	Date of meeting	Nature of Board Meeting	Attendance	Remuneration
	18/02/2025	Q3 education and HR committee meeting	4	
	19/02/2025	Risk and audit committee	4	
	20/02/2025	Finance committee meeting	4	
	28/2/2025	Q3 full board meeting	8	
	11/4/2025	Finance q4 meeting	4	
	16/05/2025	Education and HR committee meeting	7	
	21/5/2025	Q4 risk and audit meeting	6	
	23/4/2025	Full board meeting	8	

(b) Board Charter, Succession plan, Induction and Training

Board charter was developed, induction of the board was carried out and succession plan is according to TVETA Act, 2013 which guides those members of the board should be appointed in a manner that guarantees continuity.

(c) Appointment and removal of Board members

The appointment and removal of the Board members is provided for in the TVETA Act, 2013.

Appointment - On expiry of the term of Board members, the Secretary to the Board, County Commissioner, area M.P in consultation with the County director TVET nominate names to be presented to the Cabinet Secretary, Ministry of Education. For each position, 3 names are proposed for consideration.

Removal – Ground for removal of the member of the Board is provided for in TVETA Act, 2013. The year under review, there was no member that was removed but the term of the Board expired on 12th May 2023.

(d) Role of the Board of Governors

The roles of the board are oversight and management of the college activities. Members have been able to provide any and every assistance that has been asked of them by the Management team and are also able to advice on policies and growth strategies for the betterment of the Institution.

In December 2021, members of the Board took part in an induction exercise organized by the Kenya Association of Technical Training Institutes (KATTI) where they were able to undergo proper training in areas of policy making, oversight roles, and their expected contribution to the growth of the Institution. The induction was a success as it brought about a change in accountability measures especially where management of the institution's funds are concerned.

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The board is also keen on enhancing the growth of the college and through meetings several strategies were passed which included marketing the college extensively via media sources as well as introducing various courses in the institution and enabling funding to buy equipment for these courses to be able to thrive and attract more students especially hospitality courses that are in demand from the myriad of inquiries that were recorded at the college. So far there have been no cases of conflict of interest or ethical misconduct as the board remained united in delivering its mandate of ensuring Tigania East Technical and Vocational College grows to be one of the leading Technical Institutions in the country.

8. Management Discussion and Analysis

During the Year under review the Tigania East Technical and Vocational College has been able to achieve the following operational and financial objectives.

- ✓ The institution has engaged in Performance Contracting
- ✓ Fencing of the institution has been done
- ✓ Compliance with statutory requirements; Tigania East Technical and Vocational College has been up to date in its statutory submissions and payment obligations, namely, PAYE (Pay as you earn), employee defined contribution retirement scheme and medical scheme namely NSSF (National social security fund) and NHIF (National hospital insurance fund) and National Industrial Training Authority (NITA)

Major risks

Some of the major external risks which may impede the Technical in its quest towards a sustainable learning environment and operationalization include:

	Risk	Impact	Mitigation action
1.	Slow development	Insufficient funds, for infrastructural development like building of more a bigger tuition block to accommodate the anticipated increase in students' population	Liaison with Ministry to facilitate projects.
2.	Inflation	This has affected both students and employees. Leading to low work morale	Encouraging people to do side-hassle jobs
3.	Poor payment of Fees from students	There is low collection of fees from students especially from those who have been promised full sponsorship from politicians who in return have not	Encouraging the parents/guardians to take responsibility and ensure that students have applied for HELB Loans and have also paid the balances

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		honoured their promises. Government capitation is not also timely and enough	

9. Environmental And Sustainability Reporting Statement

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

Sustainability strategy and profile

The institution is geared towards increasing enrolment and offering quality training to the trainers. In regard to this, the institution has employed different marketing strategies in order to ensure that even the neediest students can afford to pay for their tuition fees. The institution has encouraged students to take the most marketable courses that will enable them secure jobs in the market without much struggle and ones that can lead to self-employment

Environmental performance

During the period under review the institution with the assistance of NG_CDF has banked on tree planting around the compound. The institution has also maintained good environmental practices by ensuring that wastes materials are properly disposed and the environment is clean all the time

Employee welfare

Tigania East Technical and Vocational College is a young TVET institution that has grown from scratch to a level of over 1,572 students currently. Due to this rising number of students, the number of employees continues to increase. Being very a young institution were are trying to come up with various policies that will safe guard all the interested parties including the employees welfare that is stipulated in the draft Human Resource Manual awaiting approval by the Board of Governors.

Market place practices-

The institution has employed several marketing strategies in order to achieve its objectives. These include posters, brochures, and use of banners during TVETs fairs and exhibitions, games and Sports events. Lastly but not the least using constructive Networking by using individual outsiders as marketers in return for Marketing commission.

Corporate Social Responsibility / Community Engagements

The institution is in the process of engaging the community by giving free scholarship to needy students. They will undertake courses like fashion and design, artisan in agriculture /

Tigania East Technical and Vocational College
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agri-business and so on. This arrangement will be done via the area Chief and any other person who can advertise for these openings for us.

10. Report of the Board/Board of Governors

The Board/Board members submit their report for the year ended June 30, 2025 which show the state of the *entity's* affairs.

Principal activities

The principal activities of Tigania East Technical and Vocational College are providing world class technical and vocational education and training, for the people of Kenya

Results

The results of the entity for the year ended June 30th 2025 are set out on page 2 to 6


Board/Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of Tigania East Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30th June, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on her behalf.

By Order of the Board



.....
Secretary of the Board

Date: 06/11/2025

10. Statement of Board of Governors

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) - require the Board members to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board members are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Board members are also responsible for safeguarding the assets of the *entity*.

The Board members are responsible for the preparation and presentation of Tigania East TVC financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the *Tigania East TVC* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The Board members are of the opinion that Tigania East TVC financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Tigania EAST, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed Tigania East TVC ability to continue as a going concern *and* Nothing has come to the attention of the Board members to indicate that the *Tigania East TVC* will not remain a going concern for at least the next twelve months from the date of this statement.

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Approval of the financial statements

Tigania East TVC financial statements were approved by the Board on 21/12/25



.....
Name: JOHN K KIBARA
Chairperson of the Board/Board



.....
Name: GEORGE KIUNGA
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TIGANIA EAST TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

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 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 Tigania East Technical and Vocational College set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2025 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tigania East Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables from the Government

The statement of financial position and as disclosed in Note 15 to the financial statements reflects receivables from exchange transactions amount of Kshs.42,274,881. Audit review of the accounts receivable records revealed that as at 30 June, 2025, the Institution was owed a total balance of Kshs.42,274,881 by the Government in respect of unpaid capitation and related obligations out of which an amount of Kshs.13,125,823.79 has been outstanding for more than three hundred and sixty (360) days.

No evidence was provided to demonstrate that the Institution had adequate follow-up mechanisms or correspondence with the Ministry of Education to recover the outstanding amounts.

In the circumstances, the recoverability of the receivables balance of Kshs.13,125,823.79 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tigania East 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 revenue budget and actual total revenue of Kshs.82,101,550 and Kshs.44,934,960 respectively, resulting to under-funding of Kshs.37,166,589 or (45%) of the total revenue budget. Similarly, the

College spent an amount of Kshs.28,546,090 against actual receipts of Kshs.44,934,960, resulting to an under-utilization of Kshs.16,388,870 or (36%) of the actual receipts.

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

My opinion is not modified in respect of 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 effects of the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Tigania East Technical and Vocational College in 2024/2025 revealed that the following matters remained unresolved as attached in Appendix.

Other Information

The Board of Management is responsible for the Other Information set out on page iii to xxi which comprise of the College's Information and Overall Performance, Statement of Performance Against the College's Predetermined Objectives, Environmental and Sustainability Reporting and The Statement of College's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Underfunding of the TVET Institution Based on Capitation Entitlement per Student

The statement of financial performance and as disclosed in Note 6a to the financial statements reflects capitation/scholarship amount of Kshs.15,792,434. Review of student enrolment data and Government disbursement records revealed that the Institution had a total enrolment of one thousand, six hundred and sixty-nine (1,169) trainees under new model, each one is entitled to an allocation amount of Kshs.47,032 per year during the financial year under review and a total enrolment of eight hundred and three (803) trainees under the old model, each is entitled to an allocation amount of Kshs.30,000 per year. Based on the approved Government capitation entitlement amount of Kshs.47,032 per student per year in the new model and an amount of Kshs.30,000 per student per year in the old model, the Institution was entitled to receive an amount of Kshs.79,070,759. However, only Kshs.15,792,434 was disbursed, resulting in a shortfall amount of Kshs.63,278,325. No official justification or communication explaining the shortfall was provided to the institution.

In the circumstances, the College was unable to implement its budget due to the inadequate resources received which might have impacted negatively on the operations of the institution.

2. Transfer of Funds to Kenya Association of Technical Training Institutions (KATTI)

The statement of financial performance for the year under review and as disclosed in Note 9 to the financial statements reflects use of goods and services payments amounting to Kshs.13,877,870. Included in the expenditure is an amount of Kshs.79,460 transferred to Kenya Association of Technical Training Institutions (KATTI). However, KATTI is a welfare organization that draws its membership from Technical Training Institutions only. This Organization is not defined in Government of Kenya funding and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

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

3. Failure to Deduct and Remit Public Procurement Capacity Building Levy

The Public Procurement Capacity Building Levy of 0.03% was not deducted and remitted to the Public Procurement Regulatory Authority (PPRA) effective on 1 September, 2024. This was contrary to circular No. 01/2024 referenced PPRA/6/5 VOL II (224) dated 30 August, 2024 which requires that all procuring entities should collect the levy from all suppliers on all procurement contracts signed between the supplier and a procuring entity. The amount should be remitted through e- citizen platform and file monthly returns to the Authority by 20th day of the subsequent month.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Expired Institutional Registration Certificate

Audit review of the institution's registration documents revealed that the registration certificate issued by the TVET Authority - Certificate No. TVETA/PUBLIC/TVC0021/2020 - expired on 15 April, 2025 and had not been renewed as at the time of audit. Despite the expiry, the Institution continued to operate and offer training programmes to students without a valid registration certificate.

In the circumstances, the College has not been operating within law.

2. Lack of an Approved Staff Establishment

During the year under review the College did not have in place an approved staff establishment as required by the Guidelines. Therefore, there is no structured framework to guide optimal staffing levels based on workload, core functions, or financial implications. Further, no staffing norms or justifications for existing positions have been documented or approved.

In the circumstances, the College did not have a structured guide on how to handle issues of the human resources.

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

Responsibilities of Management and the Board of Management

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.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

17 November, 2025

Appendices. Unresolved Prior Year Matters

	Description	Amount Kshs.
1	Unsupported Trade and Other Payables	9,787,429
2	Unsupported Property, Plant and Equipment	52,783,431
3	Long Outstanding Current Portion of Receivable	6,605,653
4	Unapproved Budget	
5	Irregular Transfer of Funds to Kenya Association of Technical Training Institutions	453,802
6	Lack of Trainer Licensing for College Trainers	

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11. Report of the Independent Auditor on Tigania East Technical and Vocational College for the Year Ended 30th June 2025

12. Statement of Financial Performance For The Year Ended 30 June 2025



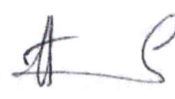
	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Unconditional Grants			
Capitation/Scholarship	6a	15,792,434	13,275,514
Recurrent Grant	6b	-	5,000,000
		15,792,434	18,275,514
Revenue from Exchange Transactions			
Rendering of Services- fees from students	7	29,017,337	51,741,735
Sale of goods & Other Incomes	8	125,190	176,365
		29,142,527	51,918,100
Total revenue		44,934,961	70,193,614
Expenses			
Use of goods and services	9	15,974,965	16,994,298
Employees Costs	10	6,252,051	5,031,655
Board/Board Expenses	11	1,400,700	1,295,500
Depreciation Expense	12	20,760,288	23,999,885
Repairs and Maintenance and Improvements	13	3,328,065	1,424,369
Total expenses		47,716,068	48,745,707
Surplus for the year			

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	(2,781,107)	21,447,907
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(The notes set out on pages 7 to 36 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 36 were signed by:

		
.....
Chairman of Board/Board	Finance Officer	Principal
	ICPAK No 800610	
Date 6/11/25	Date 6/11/25	Date 6/11/25

Tigania East Technical and Vocational College
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13. Statement of Financial Position as At 30th June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	3,240,566	4,816,600
Current Portion of receivables from exchange transactions	15	38,496,765	39,560,719
Inventories	16	294,324	168,686
Total Current Assets		42,031,655	44,546,005
Non-current assets			
Property, Plant and Equipment	17	213,077,170	227,858,714
ERP		500,000	500,000
		213,577,170	228,358,714
Total Assets		255,608,825	272,904,719
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	16,423,687	9,787,429
Total Liabilities		16,423,687	9,787,429
Represented by:			
Represented by:			
Accumulated surplus		21,447,907	2,885,228
Revaluation Reserve		254,582,091	254,582,091

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retained earnings		(36,844,860)	(171,812)
Total capital and reserves		239,185,138	263,117,291
Total liabilities and capital reserves		255,608,825	272,904,720

The Financial Statements set out on pages 1 to 36 were signed by:



.....
Chairman of Board/Board

Date 6/11/25



.....
Finance Officer

ICPAK No 34610

Date 6/11/25



.....
Principal

Date 6/11/25

Tigania East Technical and Vocational College
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14. Statement of Changes in Net Asset for the Year Ended 30 June 2025

	Revaluation Reserve	Retained earnings	Accumulated Funds	Total
	Ksh.	Ksh.	Ksh.	Ksh.
Balance b/f as at July 1, 2024	260,403,875	21,447,907	21,447,907	303,299,689
	(5,821,784)	1,638,543	-	(4,183,241)
Accumulated surplus	-	-	-	-
Balance c/d as at 30th June 2025	254,582,091	23,086,450	21,447,907	299,116,448

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

	2024/2025	2023/2024
Cash flows from operating activities		
Receipts		
Receipts from exchange non of transactions	15,792,434	18,275,514
Receipts from exchange of transactions	14,288,857	14,729,544
Other incomes	125,190	176,365
Government Grant	-	-
Total Receipts	30,206,481	33,181,423
Payments		
Use of Goods and Services	15,974,965	16,994,298
Employees costs	6,252,051	5,031,655
Repairs Maintenance and Improvements	3,328,065	1,424,369

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BOG allowances	1,400,700	1,295,500
Total Payments	26,955,780	24,745,822
Net cash out flow flows from operating activities	3,250,701	8,435,601
Cashflow from investing activities		
Purchase of Computers and printers	324,000	773,000
class room construction	1,424,349	
Net cash flows used in investing activities	1,748,349	773,000
Cash flows from financing activities	-	-
increase in deposits	(3,078,386)	(3,403,088)
Net increase/(decrease) in cash and cash equivalents	(1,576,034)	4,259,512
Cash and cash equivalents at the beginning of the Period	4,816,600	557,088
Cash and cash equivalents at the end of the Period	3,240,566	4,816,600

The Financial Statements set out on pages 1 to 37 were signed by:



.....
Chairman of Board/Board

Date: 21/1/25



.....
Finance Officer

ICPAK No 34610

Date: 21/1/25



.....
Principal

Date: 21/1/25

Tigania East Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

16. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2025

	Original annual Budget	Adj ust men ts	Final Annual Budget	Actual Cumulat ive to date	perfor mance differen ce	% of Utiliz ation
	a	b	c=a+b	d		e=g/e %
Revenue	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers from other Govt entities Govt grants	25,150,000.00	-	25,150,000.00	15,792,433.70	9,357,566	37%
Rendering of services- Fees from students	56,711,550.00	-	56,711,550.00	29,017,337.00	27,694,213	49%
Other Income	240,000.00	-	240,000.00	125,190.00	114,810	48%
Exam fees						
Total income	82,101,550.00	-	82,101,550.00	44,934,960.70	37,166,589	45%
Expenses						
Compensation of employees	8,792,265.00	-	8,792,265.00	6,252,050.50	2,540,215	29%
Use of Goods and services	25,945,979.00	-	25,945,979.00	15,974,964.50	9,971,015	38%
Exam fees	4,000,000.00	-	4,000,000.00	1,590,310.00	2,409,690	60%
repairs and maintenance	2,808,000.00	-	2,808,000.00	3,328,065.00	(520,065)	-19%
board/board expenses	4,880,000.00	-	4,880,000.00	1,400,700.00	3,479,300	71%
pending bills	3,773,106.00	-	3,773,106.00	998,203.00	2,774,903	74%

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developments	14,938,000.00	-	14,938,000.00	-	14,938,000	100%
machines and training equipments	10,717,600.00	-	10,717,600.00	324,000.00	10,393,600	97%
students welfare	182,000.00	-	182,000.00	56,600.00	125,400	69%
student activities	2,811,600.00	-	2,811,600.00	105,980.00	2,705,620	96%
human resource and strategic plan validation	3,253,000.00	-	3,253,000.00	-	3,253,000	100%
Total expenditure	82,101,550.00	-	82,101,550.00	28,546,090.00	53,555,460	65%
Surplus for the period				16,388,870.70	(16,388,871)	0%

Notes to the statement of budget comparison

1. Transfers from non-exchange transactions were not fully meet due to government failure to remit the capitation and scholarships funds in full.
2. Rendering of services fees target not meet due failure to meet intended recruitment target of students enrolment.
3. Other incomes from income generating activities target due to reduced uptake of short courses i.e computer packages and plumbing
4. Failure to meet revenue targets affected the planned expenditure and hence many targeted expenditure items were not executed.

17. Notes to the Financial Statements Tigania East TVC

1. General Information

Tigania East Technical and Vocational College is established by and derives its authority and accountability from TVETA Act 2013. Tigania East Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. Tigania East Technical and Vocational College's principal activity is to offer technical and vocational education and 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

Tigania East Technical and Vocational College
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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 Tigania East TVC.

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 45: Property,plant and equipment	IPSAS 45 replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value mode
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management

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Standard	Effective date and impact:
	strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>So far the institution has not engaged in social benefit activities.</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/2025 was approved by the Board or Board on **28/7/2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 of these financial statements.

c) Taxes

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Current income tax

The entity is exempt from paying taxes

Sales tax/ Value Added Tax

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

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

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

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

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.

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. *(the College has so far not created any reserves for a specific objective)*

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 year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(The college has so far not registered with any defined pension fund)*

p) Foreign currency transactions

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

q) Borrowing costs

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

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

r) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

(During the year under review no provisions for bad debts have been made

6. Transfers from other National Government entities

Description	2024/2025	2023/2024
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	Kshs	Kshs
Unconditional Grants		
Capitation	13,555,000	13,275,514
Scholarships-new funding model	2,237,434	-
Total revenue from the rendering of services	15,792,434	13,275,514

Government Grants

Description	2024/2025	2023/2024
	Kshs	Kshs
	-	5,000,000
Total	-	5,000,000

7. Rendering of services

Description	2024/2025	2023/2024
	Kshs	Kshs
Tuition	19,740,798	25,606,515
Personal emolument	1,870,910	10,288,435
Electricity & Water Consumption	1,259,187	3,256,560
Repairs Maintenance & Improvements	1,127,042	2,894,500
Local Travel and Presentation	614,000	2,590,200
Activities	3,347,300	3,088,800
Industrial attachment/medical/insurance	372,500	1,976,625
Registration	9,000	577,400
Student council fees		

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	263,600	290,400
TVETA Fees	127,000	113,000
Student ID card	127,000	118,800
KUCCPS	159,000	940,500
Admin costs	10,500	-
ict infrastructure and internet	592,200	-
TOTAL REVENUE FROM RENDERING OF SERVICES	29,017,337	51,741,735

8. Sales of Goods/other income

Description	2024/2025	2023/2024
	Kshs	Kshs
miscelenous	-	10,340
short courses-plumbing	39,000	-
Sale of Farm Produce	11,190	25,125
Jitume programme training	-	3,000
Computer Packages	75,000	137,900
Total	125,190	176,365

9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
office and staff stationeris	426,980	
iga personnel remuneration	20,175	80,195
training-electrical	19,700	126,983
building and civil engineering	43,220	32,000
cosmotology	115,820	-
Mechanical Engineering Department	203,880	275,233
Training- Agriculture department	1,000	183,880
Training- Fashion and design	330,110	35,323
Beautification of College	21,500	82,900

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Games and Sports	661,800	1,251,240
Electricity and water consumption	542,467	558,748
Publicity and Advertising	1,141,700	888,500
Catering, Conference and delegations	671,414	494,850
Local travel and transport expenses	1,999,950	1,539,710
Innovations and Robotics	-	437,100
Telephone Expenses	218,250	182,766
Internet expenses	-	43,196
General Office administration	2,044,450	1,997,359
Bank charges	62,178	45,807
ICT and consumables	8,000	904,210
Security	412,500	300,000
Housekeeping	24,670	62,395
Examination fees paid to Examination Bodies	1,590,310	1,670,530
Meetings and Seminars (KATTI and Other Trainings)	1,662,136	2,583,377
Audit Fees	34,000	110,957
Examination Materials	1,221,282	656,985
Performance Contracting	200,280	487,400
Subscription to Professional bodies	16,000	21,200
Examination management	-	-
Insurance	8,250	39,216
Fencing	-	-
KATTI	79,460	-
Industrial Attachment	109,000	140,000
ICT complex /classrooms committee expenses	-	62,000
KUCCPS registration for students	-	141,000
Presidential Directive (planting of trees)	22,200	54,350
Presidential visit Expenses	-	593,205
Students Council Expenses	105,980	94,920
students welfare	56,600	1,500

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TVET Centenary Celebrations	119,000	229,785
strategic plan validation costs	8,000	-
licence renewals	21,500	-
staff team building	20,000	-
partitioning of hall	102,000	-
TVETA Fees	250,000	-
academic trips	57,000	165,800
machines and training equipments	324,000	
trade and other payables	998,203	
Total Use of Goods and Services	15,974,965	16,994,298

10. Employee costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	6,002,779	4,708,068
Affordable Housing Levy	59,272	122,535
NITA	7,100	29,422
NSSF employer's contribution	182,900	171,630
Total employees cost	6,252,051	5,031,655

11. Board expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Board allowances/ Expenses	1,400,700	1,295,500
Total board allowances	1,400,700	1,295,500

12. Depreciation expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Depreciation expenses	20,760,288	25,012,191
Total Depreciation Expense	20,760,288	25,012,191

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13. Repairs and maintenance.

Description	2024/2025	2023/2024
	Kshs	Kshs
Repairs Maintenance and Improvements	3,328,065	1,424,369
Total repairs and maintenance	3,328,065	1,424,369

14. Cash and cash equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	kshs
Equity Bank, operations account (reconciled)	1040279548571	3,216,990	4,795,114
Cash in Hand	Cash Box	23,576	21,486
Sub- Total		3,240,566	4,816,600

15. Receivables from Exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Balance b/f	39,560,719	39,560,719
Current Receivables	29,017,337	
TOTAL	68,578,056	-
Less Capitation/Scholarship grants	15,792,434	-
Less fees paid by students	14,288,857	-
Total receipts	30,081,291	
Total Current Receivables	38,496,765	39,560,719

Ageing analysis		
days	amount	percentage

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0-90	4,595,088	11.94
91-180	7,262,770	18.87
181-270	15,794,230	41.03
271-360	69,049	0.18
above 360	10,775,628	27.99

16. Inventories

Description	2024/2024	2023/2024
	Kshs	Kshs
Catering and Hospitality	-	7,770
Housekeeping and cleaning materials	-	85,865
Office Stationeries/catering/house keeping	294,324	75,051
Total Inventories	294,324	168,686

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Cost	Furniture and fittings	Computers	Plant and equipment	Land	BUILDING	Total
	Kshs	Kshs	Kshs			Kshs
Depreciation rate	13	30	12.5		2.50	
At 1 July 2022	760,750	451,150	264,731	-	-	1,476,631
Additions	-	356,000	125,000	-	-	481,000
Total Assets	760,750	807,150	389,731	-	-	1,957,631
Depreciation Charge During the year	-	-	-	-	-	-
At 1 Jun 30th 2023	760,750	807,150	389,731	-	-	1,957,631
Restated	-	-	168,805,000	35,000,000	56,098,875	259,903,875
Additions	-	-	-	-	-	-

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Adjustments	-	-	-	-	-	-
Total Assets	760,750	807,150	-	35,000,000	56,098,875	92,666,775
Depreciation Charge During the year	95,094	242,145	-	-	1,682,966	2,020,205
Net book value as at 30th June 2023	665,656	565,005	-	35,000,000	54,415,909	90,646,570
At 1 July 2023	665,656	565,005	148,045,389	35,000,000	54,415,909	238,691,960
Additions	393,640	12,773,000	-	-	-	13,166,640
Total Assets	1,059,296	13,338,005	148,045,389	35,000,000	54,415,909	251,858,599
Depreciation Charge During the year	132,412	4,001,402	18,505,673	-	1,360,398	23,999,885
At Jun 30th 2024	926,884	9,336,604	129,539,715	35,000,000	53,055,511	227,858,714
1st July 2024	926,884	9,336,604	129,539,715	35,000,000	53,055,511	227,858,714
Restated	3,963,700	-	121,473,230	20,000,000	76,600,000	222,036,930
additions	2,139,924	324,000	-	-	-	-
Total Assets	6,103,624	9,660,604	121,473,230	20,000,000	76,600,000	233,837,458
Depreciation	762,953	2,898,181	15,184,153	-	1,915,000	20760287
At 30th June 2025	5,340,671	6,762,422	106,289,076	20,000,000	74,685,000	213,077,170

Notes to the Financial Statements (Continued)

18. Trade and Other Payables

Description	2024/2025	2023/2024
	Kshs	Kshs
KNEC	432,680	

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CDACC	989,000	-
ksg	67,136	
TVETA	672,000	
Joseph kimathi gichunge	19,600	
famous steel	34,450	
milk for the month of june	11,760	
first step	64,500	
lora investment	29,400	-
abilyand	84,970	-
amaree general suppliers	51,680	-
ideal security	37,500	-
optimum	100,000	-
jadeon general merchandise	82,500	-
mevally contractors	74,966	-
Total Trade and Other Payables	2,752,142	-
	2024/2025	
B/D		9,787,429
Trade payables		2,752,142
Fees paid in advance		13,671,545
Salary Arrears		-
Total Trade and Other Payables		16,423,687

Notes to the Financial Statements (Continued)

19. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions	39,560,719	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Cash and Cash equivalents	4,816,600	-	-	-
Total	44,377,319	-	-	-
At 30 June 2025	38,496,765	-	-	-
Receivables from exchange transactions	-	-	-	-
Cash and cash equivalents	3,240,566	-	-	-
Total	41,737,331	-	-	-

Financial risk management (continued)

(iii) Market risk

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

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

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

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

Financial risk management (continued)

iii) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation Reserve	254,582,091	260,403,875
Retained Earnings	(36,844,860)	(22,553,083)
Capital Reserve		
Total Funds	217,737,231	237,850,792
Total Borrowings		
		(4,816,600)
Less: Cash and Bank Balances	(3,240,566)	
Net Debt/(Excess Cash and Cash Equivalents)	3,240,566	4,816,600
Gearing	68%	70%

18. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

Notes to the Financial Statements (Continued)

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with Related Parties		
A) Purchases from related parties		
Purchases of electricity from KPLC	542,467	558,748
Total	542,467	558,748
b) Grants /Transfers from the Government		
Grants from National Government	15,792,434	18,275,514
Total	15,792,434	18,275,514
c) Key Management Compensation		
Directors' emoluments	1,400,700	1,295,500
Total	1,400,700	1,295,500

19. Events after the Reporting Period

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

20. Ultimate and Holding Entity

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

21. Currency

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

Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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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)
	Unsupported and inaccurate cash and cash equivalents	The cash certificate and bank confirmation of balances has been provided	Resolved	Q3 FY 2024/2025
	Inaccuracies in the statement changes in net assets	The statement has been amended accordingly	Resolved	Q4 FY 2024/2025
	Variations between financial statements and corresponding notes Depreciation charge of kes 23,999,885 is at variance with the amount kes 25,012,191 in note 12 to the financial statements	The depreciation rate was adjusted under the property, plant and equipment but not adjusted under the depreciation note.	Resolved	Q3 FY2024/2025
	Unsupported trade and other payables	The management has provided necessary available information to support the payables. The payables were treated as a first charge the next financial year.	Resolved	Q3 FY2024/2025
	Unsupported and Unaccounted for imp rest	The management has provided the available documents to	Not resolved	Ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		support the expenditure		
	Unsupported board allowances	Board attendance registers and minutes have been provided to support the allowances	Resolved	Q3 FY2024/2025
	Unsupported property, plant and equipment	Asset valuation has been done. Asset tagging has been done. The assets are captured in the assets register. The institution in the process of securing the ownership documents and insuring the assets	Partially resolved	Q4 FY 2025/2026
	Long outstanding current portion of receivables	The majority of students at Tigania east TVC depend on the government for capitation and scholarships to support the tuition. Government failure to remit funds has led to increased receivables. The management is in the process of formulating	Not resolved.	Ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		a debt recovery policy to help manage the debts.		
	Budgetary control and performance	The underutilization is as a result of failure to raise the targeted income. This is attributed to failure by government to remit the capitation and scholarships funds. Going forward the institution will be preparing a lean and realistic budget.	resolved	Q3 FY 2024/2025
	Unapproved budget	The budget is approved and forwarded to the national treasury. It's the responsibility of the board to approve the budget.	resolved	Q3 FY 2024/2025
	Noncompliance with psasb financial reporting template	The institutional has complied with the reporting template. Errors have been eliminated	Resolved	Q3 FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Irregular transfer of funds to Kenya association technical training institutions (KATTI)	KATTI is the organisation to organize activities in TVETS, these include ball games, drama and music festivals and other activities. Failure to remit the subscriptions would lead to Students of Tigania East tvc being locked out of the above activities. Liaise with ministry of education to provide guidance on the remittances	Not resolved	Ongoing, the institution has no control over KATTI activities
	Lack of training licence for college trainers	The trainers have applied for the licences but they have not received them from the authority	Not resolved	Ongoing, the institution has no control over issuance.
	Lack of functional internal audit department	The institution has very limited financial resources to have a fully functional	Not resolved	Q4 FY 2025 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		internal audit department. The internal audit activities are carried out by outsourced auditors from other TVETS		
	Weak information technology (IT) internal controls	The institution is in the process of establishing IT strategic committee and IT steering committee. The school is creating a robust ICT policy. The offsite back up plan is also on going	Not resolved	Ongoing
	Lack of an approved staff establishment	There is an approved staff establishment	resolved	Q3 FY 2024/2025
	Ineffective board	The institution has been writing to the county government for appointed of a representative to no avail. For the FY2024 2025 the board has been meeting consistently every quarter	resolved	Q4 FY 2024/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Weak internal controls in payment processing	This has been resolved. The institution hired an accounts clerk to enable segregation of duties in the finance department.	resolved	Q3 FY 2024/2025



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Name: George kiunga
Accounting Officer

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Appendix II: Projects Implemented by (Tigania East technical and vocational college)

Projects

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Classroom construction	1,499,315	-	100%	1,500,000	1,499,315	From government through non exchange transactions

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity.....

Name of beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign
 Date.....

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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

Appendix V: Reporting on Disaster Management Expenditure

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