

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 JUN 2025	DAY.
TABLED BY:	DEPUTY MAJORITY WHIP
CLERK-AT THE-TABLE:	CHRISTINE NDIRITU

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**LAGDERA TECHNICAL AND VOCATIONAL  
COLLEGE**

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

**GARISSA COUNTY**





11 APR 2023



---

**LAGDERA TECHNICAL AND VACATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

---

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

*(Leave page Blank)*

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

---

**Table of Contents**

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	The Council/Board of Governors.....	v
4.	Key Management Team.....	vii
5.	Chairman's Statement.....	viii
6.	Report of the Chief/Senior Principal.....	ix
7.	Statement of Performance against Predetermined Objectives..	ix
8.	Corporate Governance Statement.....	x
9.	Management Discussion and Analysis.....	xii
10.	Environmental And Sustainability Reporting Statement.....	xii
11.	Report of the Council/Board of Governors.....	xiv
12.	Statement of Board of Governors/ Council's Responsibilities.....	xv
13.	Report of the Independent Auditor ( <i>Office of the Auditor General</i> ).....	xvii
14.	Statement of Financial Performance For The Year Ended 30 June 2023.....	1
15.	Statement of Financial Position As At 30th June 2023 ..	2
16.	Statement of Changes in Net Asset For The Year Ended 30 June 2023.....	3
17.	Statement of Cash Flows For The Year Ended 30 June 2023.....	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023	5
19.	Notes to the Financial Statements.....	6
20.	Appendices.....	33

## **LAGDERA TVC**

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

---

#### **1. Acronyms and Definition of Key Terms**

##### **A. Acronyms**

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

##### **B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with Lagdera TVC's financial resources

**Comparative Year**- Means the prior period.

## LAGDERA TVC

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

---

#### 2. Key Entity Information and Management

##### (a) Background information

Construction and equipping of Technical Training Institutions in the country is a government initiative aimed to increase access and equity in Technical and Vocational training. The Government of Kenya (GoK) started the initiative in February 2019. The projects are fully funded by GoK in partnership with NGCDF providing seed capital of KES 50 million, land, water, and electricity.

Lagdera Technical and Vocational College was established on 2016 under the mentorship of North Eastern National Polytechnic and the project is now 100% complete. The institute is located in Modogashe Sub County.

##### (b) Principal Activities

The principal activity of is to make sure the Lagdera TVC is complete and operational anytime.

##### Vision

To be a center of excellence in technical and vocational training, empowering graduates with the skill and knowledge necessary to promote industrial growth and sustainable development

##### Mission

To provide high quality, industry focused and vocational education that encourages innovation, equips trainees with real world skills and advances social economic development in Lagdera and beyond

##### Key Management

Lagdera Technical and Vocational College day-to-day management is under the following key organs:

- The Board of Governors
- The Principal
- The fiduciary Management which comprises: The Principal, The Deputy Principals, and the Finance Officer

##### (c) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Saman Abdul Kahiya
2	Deputy principal	Mr. Ali Mustafa Abdullahi
3	Head of Finance	Mr. Vincent Ohana

**LAGDERA TVC**

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

---

**Key Entity Information and Management (Continued)**

**(d) Entity Headquarters**

Lagdera Technical and Vocational College  
P.O. Box 481-70100  
Garissa –Kenya  
Modogashe – Habaswein Highway  
Garissa –Kenya

**(e) Entity Contacts**

Telephone: (254) 712 845 334  
E-mail. lagderatvc@gmail.com

**(f) Entity Bankers**

Kenya Commercial Bank  
Garissa  
P.O. Box 143 - 70100  
Garissa, Kenya





**(g) Independent Auditors**

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




**(i) Principal Legal Adviser**

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



## 3.The Council/Board of Governors

SN.	Member/ Director	Details
1.	 Mohamed Gurhan Mohamud Board Chairmain	<b>Date of Birth:</b> 01/01/1983  <b>Education:</b> Master in Public Adminstration and Management  <b>Working experience:</b> Social security specialist
2.	 Saman Abdul Kahiya Board Secretary/ Principal	<b>Education</b> Bachelors of Economics and Business Management  <b>Experience</b> Former Economics trainer – North Eastern National Polytechnic
3.	 Amina Adan Board Member	<b>Date of Birth:</b> 01/01/1992  <b>Education:</b> Bachelor of business management  <b>Working experience:</b> Kenya power and lighting company
4.	 Feisal Abdi Dahir Board Member	<b>Date of Birth:</b> 06/07/1983  <b>Education:</b> BSC  <b>Working experience:</b> 15 years with Child Protection Services

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

5.	 <p>Lusaka Msamali Board Member</p>	<p><b>Date of Birth:</b> 01/06/1980</p> <p><b>Education:</b></p> <ul style="list-style-type: none"><li>- Bachelor of Business Management (Banking and Finance option)</li><li>- Higher National Diploma in Entrepreneurship Development</li><li>- Diploma in Technical Education</li><li>- Diploma in Accountancy.</li></ul> <p><b>Working experience:</b></p> <ul style="list-style-type: none"><li>- Trainer at Webuye West Technical and Vocational college</li><li>- Lecturer Garissa University</li><li>- Lecturer at Umma University</li></ul>
6.	 <p>Ahmed Hussein Maalim Board Member</p>	<p><b>Date of Birth:</b> 27/12/1988</p> <p><b>Education:</b> Bachelor of Arts focused in sociology and political science at university of Nairobi (2009 -2011)</p> <p><b>Working experience:</b></p> <ul style="list-style-type: none"><li>- Clerical officers Ministry of Provincial Administration and Internal Security</li><li>- Member of county Assembly Maalimin Ward, Garissa County</li></ul>
7.	 <p>Jaafar Aden Kosar Board Member</p>	<p><b>Date of Birth:</b> 19/08/1987</p> <p><b>Education:</b> BSC Electronics and Computer Engineering</p> <p><b>Working experience:</b></p> <ul style="list-style-type: none"><li>- Accounts Manager American Tower Corporation (ATC) Kenya</li></ul>
8.	Basra Aden Bashir	

## 4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Saman Abdul Kahiya Board Secretary/ Principal	<p><b>Education</b> Bachelors of Economics and Business Management</p> <p><b>Experience</b> Former Economics trainer – North Eastern National Polytechnic</p>
2.	 Ali Mustafa Abdullahi Deputy Principal	<p><b>Education</b> Bachelors of Agriculture Economics</p> <p><b>Experience</b> Former Agrivet Trainer – Wajir South TVC</p>

## **LAGDERA TVC**

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

---

#### **5. Chairman's Statement**

At Lagdera Technical and Vocational College, we recognize our responsibility to provide strong leadership in formulating and implementing strategies that drive sustainable socio-economic development. Our commitment is to ensure that all institutional projects, training programs, and infrastructure development align with national priorities and meet the highest standards.

We are dedicated to ensuring that our college delivers quality technical and vocational training that equips students with practical skills relevant to industry demands. It is our duty to diligently perform our roles in governance, oversight, and resource mobilization to support the realization of our performance targets

Our primary challenge is to identify and address the needs of our communities by integrating modern technologies and industry-driven competencies into our training programs. This will enhance employability, entrepreneurship, and overall economic growth.

The successful implementation of our strategic plan requires close collaboration with all key stakeholders, including the national and county governments, development partners, and the private sector. This plan outlines strategies for fostering stronger partnerships to enhance resource mobilization, funding, and governance.

The Lagdera Technical and Vocational College Strategic Plan serves as our corporate blueprint, guiding the development of Annual Work Plans and aligning with the Ministerial Strategic Plan, Medium-Term Plans, and Kenya Vision 2030. Its objectives include:

1. Defining key milestones in the institution's TVET programs.
2. Aligning training initiatives with Kenya's strategic priorities and the national development agenda.
3. Providing a framework for engagement with government entities, stakeholders, and collaborators to secure sustainable financing for TVET.
4. Establishing a foundation for targeted resource allocation.
5. Creating a mechanism for program implementation, monitoring, and performance evaluation.

With collective effort, commitment, and strategic direction, we are confident that Lagdera TVC will continue to grow into a center of excellence in technical and vocational education, contributing to the transformation of our community and the nation at large.

**MR. MOHAMED GURHAN MOHAMUD**  
For **CHAIRMAN, BOARD OF GOVERNORS**

## **LAGDERA TVC**

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

---

#### **6. Report of the Chief/Senior Principal**

In the modern world, Science, Technology, and Innovation (ST&I) played a crucial role in economic growth, social development, and problem-solving for global challenges. Recognizing this, the Government of Kenya, through the Ministry of Education, continued to strengthen policies that emphasized Technical and Vocational Education and Training (TVET) as a key driver of the nation's industrialization and economic transformation

The government's National Development Agenda as outlined in Kenya Vision 2030, the Medium-Term Plans, and other key policy documents. A core focus of this agenda is enhancing TVET institutions to equip youth with industry-relevant skills that foster self-employment, innovation, and industrial growth. In response, Lagdera Technical and Vocational College (Lagdera TVC) aligned itself with these national priorities by offering competency-based education that met the evolving demands of local and global labor markets

As an institution committed to technical training and skills development, Lagdera TVC developed a Strategic Plan to guide its growth and operational direction over the next five years. The plan outlined the college's vision and mission and was informed by a comprehensive environmental analysis using SWOT (Strengths, Weaknesses, Opportunities, and Threats) and PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) frameworks. It also detailed key stakeholder roles, institutional priorities, and strategies for achieving sustainable growth.

Through this plan, Lagdera TVC focused on:

1. Expanding and improving infrastructure to provide a conducive learning environment.
2. Integrating digital learning and emerging technologies into training programs.
3. Enhancing environmental sustainability through green initiatives such as tree planting and waste management.
4. Improving research, innovation, and entrepreneurship to empower trainees with practical problem-solving skills.
5. Strengthening governance, financial management, and accountability to ensure effective service delivery.

As we report on the 2023/2024 financial year, Lagdera TVC remained committed to delivering high-quality technical training that empowered youth with practical skills for self-reliance and employment. The successful implementation of our strategic objectives required collaboration between the government, development partners, the private sector, and the community. Together, we ensured that Lagdera TVC played a pivotal role in Kenya's TVET transformation and contributed to national development.

**IDDI MOHAMMED MWASINA**

**Principal, Lagdera Technical and Vocational College**

#### **7. Statement of Performance against Predetermined Objectives**

## LAGDERA TVC

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

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

Lagdera Technical and Vocational College has identified **two strategic pillars** within its **Strategic Plan for FY 2021 – FY 2026**, which serve as the foundation for institutional growth and development:

- **Pillar 1:** Infrastructure Development and Expansion
- **Pillar 2:** Sustainable Environmental Management

The college develops its **annual work plans** based on these pillars, with **quarterly performance assessments** conducted to ensure alignment with strategic goals. For the **FY 2021 – FY 2026** period, Lagdera TVC has made significant progress in achieving the set targets for these strategic pillars, as outlined below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure Development and Expansion	To enhance physical facilities and expand infrastructure for improved learning and training	Collaboration between the College and Ministry of Education, State Department for TVET	<ul style="list-style-type: none"><li>✓ Qualify needs</li><li>✓ Identify Implementation stages</li><li>✓ Quantify financial requirements</li><li>✓ Identify sources of funding</li><li>✓ Tender</li><li>✓ Select Contractor</li><li>✓ Certify</li><li>✓ Commission</li></ul>	Ministry of Education state department for TVET develop new workshop
Sustainable Environmental Management	To promote environmental sustainability and conservation in line with national policies	Environmental impact assessment for new projects	<ul style="list-style-type: none"><li>• Landscape and beautify the compound</li><li>• Participate in environmental conservation days</li></ul>	<ul style="list-style-type: none"><li>- Tree planting around the institution</li><li>- Greening and landscaping initiatives</li></ul>

#### 8. Corporate Governance Statement

## **LAGDERA TVC**

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

---

The College affirms that good corporate governance is simply good business. The College commits to ensure that we comply with the statutory and all the legal requirements as well as meeting the set deadlines.

The core mandate of the institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees.

Senior staff during the year underwent several capacity building sessions in Naivasha and Machakos to increase their management skills.

## **LAGDERA TVC**

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

---

#### **9. Management Discussion and Analysis**

The College's operational and financial performance

The Insecurity in our area has heavily impacted on our revenue as there was no students coming from outside this County.

- 1) The Board commits to ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation and responsibility.
- 2) The Board has a commitment to monitor and evaluate the implementation of strategies, policies, and management criteria and plans of Lagdera Technical and Vocational College.
- 3) The Board constantly reviews the viability and financial sustainability of the College once every year.
- 4) The Board commits to ensure that Lagdera Technical and Vocational College complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

#### **Challenges**

- Lack of transport to the institution has hindered enrolment as there is no means to access the institution easily
- Lack of electricity has been a huge challenge for growth in an institution marked as centre of ICT in the region
- In Security in the region has hindered growth in the College and this has contributed to Low enrolment in the College.

#### **10. Environmental And Sustainability Reporting Statement**

Lagdera Technical and Vocational College affirms that good corporate governance is essential for institutional growth and service excellence. The college is committed to full compliance with all legal and regulatory requirements, while ensuring timely execution of its responsibilities. We strive to provide a conducive learning environment that supports the success of our students, who remain our primary focus.

#### **Sustainability strategy and profile**

As a TVET institution, Lagdera TVC's core mandate is training. The college imparts Competency-Based Education and Training (CBET) skills, knowledge, and attitudes to trainees, ensuring they are equipped with industry-relevant competencies. Additionally, the institution collaborates with stakeholders to enhance skill development and innovation in line with national and global trends.

## **LAGDERA TVC**

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

---

#### **Environmental performance**

Recognizing the importance of sustainability, Lagdera TVC has undertaken afforestation initiatives by planting drought-resistant trees across the compound. These trees will provide shade for students, staff, and visitors, while improving air quality by filtering dust. Despite being located in an arid region, the management has prioritized maintenance of a green and healthy learning environment.

#### **Employee welfare**

Lagdera TVC values its dedicated and qualified staff, comprising both training and support personnel. To motivate and enhance productivity, the college ensures employees have access to continuous professional development, attending workshops and training sessions organized by the institution and key stakeholders such as the Kenya Association of Technical Training Institutions (KATTI).

#### **Market place practices-**

The college adheres to all relevant legislation and statutory requirements, including:

- The TVET Act – Ensuring compliance with training and accreditation standards.
- The Public Finance Management (PFM) Act, 2015 – Governing financial accountability and transparency.
- The Public Procurement and Disposal Act, 2015 – Ensuring fair and transparent procurement processes.

Lagdera TVC is fully committed to statutory compliance, ensuring timely submission of financial reports and deductions, including PAYE, NSSF, and NHIF remittances. We uphold the highest standards of accountability, transparency, and efficiency in financial and administrative processes.

Through these commitments, Lagdera TVC continues to enhance training quality, promote sustainability, and uphold good governance for the benefit of students, staff, and the wider community.

#### **Corporate Social Responsibility / Community Engagements**

Lagdera Technical and Vocational College is committed to giving back to the community through various Corporate Social Responsibility (CSR) initiatives aimed at empowering the local population, promoting environmental sustainability, and supporting socio-economic development. Through structured community engagement programs, the college actively contributes to improving livelihoods and fostering development in Lagdera and beyond.

**LAGDERA TVC**

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

---

**11. Report of the Council/Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Lagdera Technical and Vocational College affairs.

**Principal activities**

The principal activities of the Lagdera Technical and Vocational College are to provide quality technical Education

**Results**

The results of Lagdera TVC for the year ended June 30 are set out on page ....

**Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page 7.

**Auditors**

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

By Order of the Board



.....  
**Secretary of the Board/Council**

**Date:**

## **LAGDERA TVC**

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

---

#### **12. Statement of Board of Governors/ Council's Responsibilities**

Section 81 of the Public Finance Management (PFM) Act, 2012, Section 14 of the State Corporations Act, and Section 29 of Schedule 2 of the Technical and Vocational Education and Training (TVET) Act, 2013 require the Board of Governors to prepare financial statements for Lagdera Technical and Vocational College that accurately reflect its financial position at the end of each financial year. These financial statements must present a true and fair view of the college's financial affairs and operational results for the respective period.

The Board is responsible for ensuring that Lagdera TVC maintains proper accounting records that accurately disclose its financial position. Additionally, the Board has a fiduciary duty to safeguard the institution's assets and resources while promoting transparency, accountability, and sustainability.

The Board of Governors accepts the responsibility for the preparation and presentation of Lagdera TVC's financial statements for the financial year ending June 30, 2023. This responsibility includes:

1. Ensuring effective financial management systems are maintained throughout the reporting period
2. Keeping proper accounting records that accurately reflect the institution's financial position.
3. Designing, implementing, and maintaining internal controls to ensure financial statements are free from material misstatements, whether due to error or fraud.
4. Protecting the assets of Lagdera TVC from misuse or misappropriation.
5. Selecting and applying appropriate accounting policies in line with best practices
6. Making reasonable and prudent accounting estimates to ensure fair financial reporting.

The Board members confirm that the financial statements of Lagdera TVC have been prepared in compliance with International Public Sector Accounting Standards (IPSAS), the PFM Act, 2012, and the TVET Act, 2013. In their opinion, these statements provide a true and fair view of the college's financial transactions during the financial year ending June 30, 2023, and its financial position as of that date.

Furthermore, the Board affirms the completeness of accounting records relied upon in preparing the financial statements and the adequacy of internal financial controls implemented within the institution.

In assessing the financial sustainability of the institution, the Principal has evaluated Lagdera TVC's ability to continue operating as a going concern. Nothing has come to the attention of the Board to suggest that Lagdera Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement

**LAGDERA TVC**

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

---

The Board remains committed to sound financial management, accountability, and continuous improvement to ensure the college achieves its mandate of providing quality technical and vocational education and training.

**Approval of the financial statements**

Lagera TVC financial statements were approved by the Board on and signed on its behalf by:



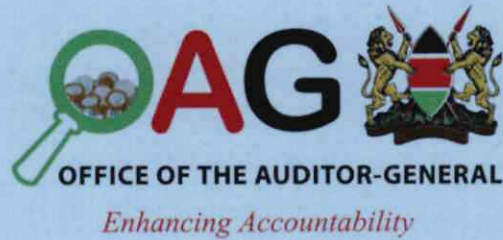
.....  
**Mohamed Gurhan Mohamud**  
**Chairperson of the Board/Council**



.....  
**Mohammed Iddi Mwasina**  
**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 LAGDERA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023**

---

### **PREAMBLE**

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

### **Adverse Opinion**

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Lagdera Technical and Vocational College as at 30 June, 2023 and of its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Failure to Prepare and Submit Financial Statements for Prior Years**

The Management of the College did not prepare and submit financial statements for financial year 2021/2022. Management did not provide satisfactory explanation for the failure to prepare and submit the financial statements to Auditor-General. This was contrary to Section 68(1)(K) of the Public Finance Management Act, 2012 which requires the accounting officer to prepare annual financial statements for each financial year within three (3) months after the end of the financial year and submit them to the Controller of Budget and the Auditor-General for audit and in the case of a national government entity, forward a copy to the National Treasury.

In the circumstances, the accuracy, completeness and validity of comparative balances presented in the financial statements for the financial year ended 30 June, 2023 could not be confirmed.

#### **2. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.70,549,122 as disclosed in Note 14 to the financial statement. Included in the balance was the College's land which is valued at Kshs.8,820,000. However, review of the asset register provided for audit revealed that the land is of size twenty-two point zero five (22.05) acres. However, land ownership documents and land valuation reports were not provided for audit. Further, the land remains unfenced on two (2) sides, thus exposing it to encroachment.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.70,549,122 as at 30 June, 2024 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lagdera Technical and Vocational College Management in accordance with ISSAI 130 on 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.

### **Key Audit Matters**

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

### **Other Information**

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

In connection with my audit on the Colleges' 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. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of

Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Late Submission of Financial Statements**

Management submitted financial statements for the financial year ended 30 June, 2023 on 7 February, 2025, One (1) year and five (5) months after the stipulated deadline of 30 September, 2023. This was contrary to the requirement of section 68(2k) of the Public Finance Management Act, 2012 which requires the accounting officer prepare annual financial statements for each financial year within three months after the end of the financial year and submit them to the Controller of Budget and the Auditor-General for audit, and in the case of a national government entity, forward a copy to the National Treasury.

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

### **2. Non-Compliance with the Financial Reporting Template**

The Institute of Certified Public Accountants of Kenya (ICPAK) membership number for the accountant who signed the financial statements was not disclosed contrary to requirements of the Annual Financial Reporting Template. Noncompliance with provision of Annual Financial Reporting Template issued by the Public Sector Accounting Standards Board contravene Section 81(1) of the Public Finance Management Act, 2012 which requires the accounting officer for a national government entity to prepare financial statements in respect of the entity in formats prescribed by the Accounting Standards Board.

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

### **3. Failure to Prepare Estimates of Income and Expenditure**

The Management of the College failed to prepare estimates of revenue and expenditure for the period under review which contravenes Section 22(1) of the Technical and Vocational Education and Training Act, 2013 which requires a Board of Governors of a public institution shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe.

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

### **4. Unutilized Completed Building Structures at the College**

Review of documents provided for audit revealed that Garissa County Government had constructed an administration block worth Kshs.50,000,000 for the College. The World Bank Group constructed a workshop block worth Kshs.3,000,000, a dining hall worth

Kshs.9,000,000 and bought two plastic tanks of 20,000 litres capacity each. However, the buildings and the water tanks remain unutilized since the Management has failed to ensure optimum utilization of the institution through mounting short/tailor made training courses that is key to equipping the Kenyan youths with skills contrary to paragraph 2 of the circular dated 16 June, 2022, referenced DTE/ADM.1/107 from the Principal Secretary, State Department of Vocational and Technical Training.

In the circumstance, the value for money for the non-utilized assets could not be confirmed.

## **5. Non-Operationalization of Lagdera Technical and Vocational College**

During the year under review, it was observed that the College was not operational as it lacked relevant trainers for various programs that can be offered in the institution and no students have been posted to the College through the Kenya Universities and Colleges Central Placement Service (KUCCPS). This has rendered the College buildings inhabited and unutilized. In addition, the College lacked a viable water source and was not connected to electricity and lacked solar power system.

In the circumstance, the value for money incurred on putting up College's facilities could not be confirmed.

The audit was conducted in accordance with ISSAIs 3000 and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and Audit Committee**

The College did not have an audit committee. This was contrary to Section 73(5) of the Public Finance Management, 2012 which provides that each National Government public entity shall establish an audit committee. In addition, the College did not have an internal audit unit. This was contrary to Section 73(1) of the Public Finance Management

Act, 2012 which provides that a national government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of governance systems, checks and balances in the College could not be confirmed.

## **2. Lack of Key Management Policies**

The College had not put in place key policies including human resource policy manual, credit management policy, finance manual, risk management policy and business continuity plan during the year under review.

Lack of key policies and manuals may result to the College deviating from its goals and overall strategic objectives which may affect overall governance of the College.

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

### **Responsibilities of the Management and Board of Governors**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

**09 April, 2025**

**Lagdera TVC****Annual Report and Financial Statements for the year ended 30th June 2023****14. Statement of Financial Performance For The Year Ended 30 June 2023**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	2,200,000	0
Other revenue	7	70,820,000	0
<b>Total Revenue</b>		<b>73,020,000</b>	<b>0</b>
<b>Expenses</b>			
Use of goods and services	8	770,960	0
Employee costs	9	240,000	0
Board /Council Expenses	10	200,000	0
Depreciation and amortization expense	11	1,259,778	0
Repairs and maintenance	12	0	0
<b>Total Expenses</b>		<b>2,470,738</b>	<b>0</b>
<b>Net surplus/(deficit) for the year</b>		<b>70,549,262</b>	<b>0</b>

The notes set out on pages 8 to 39 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 7 were signed by:

.....  
Chairman of Council/Board

Mohamed Mohamud

06/02/2025

.....  
Principal

Saman Abdul

06/02/2025

.....  
Finance Officer

Mohammed Iddi

Date: 06/02/2025

**LAGDERA TVC****Annual Report and Financial Statements for the year ended 30th June 2023****15. Statement of Financial Position As At 30th June 2023**

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	181	0
<b>Total Current Assets</b>		<b>181</b>	<b>0</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	14	70,549,122	0
Intangible assets	15	0	0
Investment property	16	0	0
<b>Total Non-Current Assets</b>		<b>70,549,122</b>	<b>0</b>
<b>Total Assets (A)</b>		<b>70,549,303</b>	<b>0</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Total Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Non-Current Liabilities</b>			
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>0</b>	<b>0</b>
<b>Net Assets (A-B)</b>		<b>70,549,303</b>	<b>0</b>
<b>Represented By:</b>			
Revaluation Reserves		0	0
Accumulated Surplus		70,549,303	0
Capital Fund		0	0
<b>Net Assets</b>		<b>70,549,303</b>	<b>0</b>

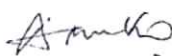
The Financial Statements set out on pages 1 to 7 were signed by:



.....  
Chairman of Council/Board

Mohamed Mohamud

06/02/2025



.....  
Principal

Saman Abdul

06/02/2025



.....  
Finance Officer

Mohammed Iddi

Date: 06/02/2025

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

16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022 (previous year)	-	41	-	41
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	70,549,262	-	70,549,262
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	-	70,549,303	-	70,549,303

Note:

1. For items that are not common in the financial statements, Lagdera TVC should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

**Lagdera TVC**

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

**17. Statement of Cash Flows For The Year Ended 30 June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	2,200,000	0
<b>Total Receipts</b>		<b>2,200,000</b>	<b>0</b>
<b>Payments</b>			
Use of goods and services	8	770,960	0
Employee costs	9	240,000	0
Board /Council Expenses	10	200,000	0
Repairs and maintenance		0	0
<b>Total Payments</b>		<b>1,210,960</b>	<b>0</b>
<b>Net Cash Flows from operating activities</b>		<b>989,040</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	14	(988,900)	(0)
Proceeds from sale of property, plant and equipment		0	0
<b>Net cash flows used in investing activities</b>		<b>(988,900)</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		0	0
Repayment Of Borrowings		(0)	(0)
<b>Net cash flows used in financing activities</b>		<b>(0)</b>	<b>(0)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>140</b>	<b>0</b>
Cash and Cash equivalents at 1 JULY	13	41	0
<b>Cash and Cash equivalents at 30 JUNE</b>	13	<b>181</b>	<b>0</b>

Lagdera TVC

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Transfers from other National Government entities	2,200,000	0	2,200,000	2,200,000	(0)	100%
<b>Total Income</b>	<b>2,200,000</b>	<b>0</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>(0)</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	770,960	-	770,960	770,960	0	100%
Employee costs	240,000	-	240,000	240,000	0	100%
Board /Council Expenses	200,000	-	200,000	200,000	0	100%
Repairs and maintenance	0	-	0	0	0	100%
<b>Total Expenditure</b>	<b>1,210,960</b>	<b>-</b>	<b>1,210,960</b>	<b>1,210,960</b>	<b>0</b>	<b>100%</b>
<b>Surplus For the Period</b>				<b>989,040</b>		
Capital Expenditure	1,000,000	0	1,000,000	988,900	11,100	99%

(Budget notes)

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**19. Notes to the Financial Statements**

**1. General Information**

Lagdera Technical and Vocational College is established by and derives its authority and accountability from PFM Act. The Lagdera Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The Lagdera Technical and Vocational College principal activity is providing Technical Education

**2. Statement of Compliance and Basis of Preparation**

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

## 3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

There are no new standards in the year ended 30th June 2023

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

Standard	Effective date and impact:
<b>IPSAS 41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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 a Lagdera Technical and Vocational College 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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between Lagdera Technical and Vocational College risk management strategy and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><b>Significance to the financial statements</b> The standard had no impact in preparation of financial statements</p>
<b>IPSAS 42: Social Benefits</b>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that Lagdera TVC provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Lagdera Technical and Vocational College.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Lagdera Technical and Vocational College financial performance, financial position and cash flows.</li> </ol> <p><b>Significance to the financial statements</b></p>

Lagdera TVC

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

Standard	Effective date and impact:
	The standard had no impact in preparation of financial statements
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>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.</li> </ul>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <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).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

iii. *Early adoption of standards*

Lagdera TVC did not early adopt any new or amended standards in year 2022/2023.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

Lagdera TVC 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 Lagdera TVC.

**Interest income**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Council or Board on *May 2023*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Lagdera TVC upon receiving the respective approvals to conclude the final budget. Lagdera TVC'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 under section 5 of these financial statements.

**c) Taxes**

*Current income tax*

The Lagdera Technical and Vocational College is exempt from paying taxes under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10)

*Sales tax/ Value Added Tax*

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

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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, Lagdera TVC 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 Lagdera TVC. 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. Lagdera TVC 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 Lagdera TVC 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 Lagdera TVC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

*Financial assets*

*Classification*

The Lagdera Technical and Vocational College 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 Lagdera TVC'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 Lagdera Technical and Vocational College 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, Lagdera TVC 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.

## **Lagdera TVC**

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

---

#### **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 Lagdera TVC manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

#### **Trade and other receivables**

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

#### **Impairment**

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

#### ***Financial liabilities***

#### ***Classification***

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

#### **j) Inventories**

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

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

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

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

**Inventories (Continued)**

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 Lagdera TVC.

**k) Provisions**

Provisions are recognized when Lagdera TVC 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 Lagdera TVC 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***

Lagdera TVC 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***

Lagdera TVC 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 Lagdera TVC 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. Lagdera TVC recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that Lagdera TVC will incur in fulfilling the present obligations represented by the liability.

**m) Nature and purpose of reserves**

Lagdera TVC creates and maintains reserves in terms of specific requirements.

**n) Changes in accounting policies and estimates**

Lagdera TVC 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**

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

**p) Foreign currency transactions**

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

**q) Borrowing costs**

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

**r) Related parties**

Lagdera TVC 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 Lagdera TVC, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

## **Lagdera TVC**

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

---

#### **s) Service concession arrangements**

Lagdera TVC 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, Lagdera TVC 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, Lagdera TVC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

#### **t) Cash and cash equivalents**

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

#### **u) Comparative figures**

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

#### **v) Subsequent events**

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

## 5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Lagdera TVC 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. Lagdera TVC 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 Lagdera TVC. 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 Lagdera TVC.
- 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.

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.

## 6. Transfers from other National Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	2,200,000	0
<b>Total unconditional Grants</b>	<b>2,200,000</b>	<b>0</b>
<b>Total Government Grants and Subsidies</b>	<b>2,200,000</b>	<b>0</b>

## (a) Transfers from other Government entities (Categorized)

Name of Lagdera TVC Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	0	0	0	0	0
Education Ministry	2,200,000	0	0	2,200,000	0
<b>Total</b>	<b>2,200,000</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>0</b>

## 7. Other revenues from non-exchange transaction

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from other government entities	70,820,000	-
Others (indicate and specify)	-	-
<b>Total</b>	<b>70,820,000</b>	<b>-</b>

The TVC received a donation of land and buildings with a fair value of Kshs. 20,820,000. The donation was made by County Government of Garissa, Ministry of education and other donors and is classified as a non-exchange transaction in accordance with IPSAS 23 – Revenue from Non-Exchange Transactions.

## 8. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Enrolment cohort I	363,000	0
Training expenses	311,000	0
Administrative costs	96,000	0
Bank Charges	960	0

## Lagdera TVC

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

Total good and services	770,960	0
-------------------------	---------	---

## 9. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	240,000	0
<b>Employee Costs</b>	<b>240,000</b>	<b>0</b>

## 10. Board/Council Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Other Board/Council Expenses	200,000	0
<b>Total</b>	<b>200,000</b>	<b>0</b>

## 11. Depreciation and Amortization expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	1,259,778	0
<b>Total depreciation and amortization</b>	<b>1,259,778</b>	<b>0</b>

## 12. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property	0	0
<b>Total Repairs and Maintenance</b>	<b>0</b>	<b>0</b>

## 13. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	181	41
<b>Total Cash and Cash Equivalents</b>	<b>181</b>	<b>41</b>

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

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
a) <b>Current Account</b>			
Kenya Commercial Bank	1181498295	181	41
<b>Sub- Total</b>		<b>181</b>	<b>41</b>
<b>Grand Total</b>		<b>181</b>	<b>41</b>

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

14. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computer s	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2022 (previous FY)	-	-	-	-	-	-	-	-	-
Additions	8,820,000	62,988,900	-	-	-	-	-	-	71,808,900
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2023 (current year)	8,820,000	62,988,900	-	-	-	-	-	-	71,808,900
<b>Depreciation And Impairment</b>									
At 1 Jun 2021 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 Jun 2022 (Previous year)	-	-	-	-	-	-	-	-	-
Depreciation	-	1,259,778	-	-	-	-	-	-	1,259,778
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2023 (current year)	-	1,259,778	-	-	-	-	-	-	1,259,778
<b>Net Book Values</b>									
At 30 <sup>th</sup> Jun 2022 (previous year)	-	-	-	-	-	-	-	-	-

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

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 <sup>th</sup> Jun 2023 (current year)	8,820,000	61,729,122	-	-	-	-	-	-	70,549,122

[Include Brief Description Of WIP As A Footer]

**Lagdera TVC****Annual Report and Financial Statements for the year ended 30th June 2023****Notes to the Financial Statements (Continued)****Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

**32 (b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	8,820,000	-	8,820,000
Buildings	62,988,900	-	62,988,900
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
<b>Total</b>	<b>71,808,900</b>	<b>-</b>	<b>71,808,900</b>

**15. Intangible Assets**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
<b>At end of the year</b>	-	-
Additions–internal development	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	<b>-</b>	<b>-</b>

**Lagdera TVC****Annual Report and Financial Statements for the year ended 30th June 2023****16. Investment Property**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>At beginning of the year</b>	<b>0</b>	<b>0</b>
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain or loss on fair value- if fair value is elected	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>

**17. Cash generated from operations.**

Surplus for the year before tax	2022/2023	2021/2022
	Kshs	Kshs
<b>Adjusted for:</b>		
Depreciation	0	0
Non-Cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and Losses on Disposal of Assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance Income	0	0
Finance Cost	0	0
<b>Working Capital Adjustments</b>		
Increase in Inventory	0	0
Increase in Receivables	0	0
Increase in Deferred Income	0	0
Increase in Payables	0	0
Increase in Payments received in advance	0	0
<b>Net Cash Flow from Operating Activities</b>	<b>0</b>	<b>0</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**18. Financial Risk Management**

Lagdera TVC activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The college overall risk management programme focuses on unpredictability of changes in the business environment and seeks to

## Lagdera TVC

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

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.

Lagdera TVC's financial risk management objectives and policies are detailed below:

#### (i) Credit risk

Lagdera TVC 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 Lagdera TVC'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
<b>At 30 June 2022 (previous year)</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023 (current year)</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

#### Financial risk management (continued)

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

Lagdera TVC has significant concentration of credit risk.

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

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with Lagdera TVC's directors, who have built an appropriate liquidity risk management framework for the management of Lagdera TVC's short, medium and long-term funding and liquidity management requirements. Lagdera TVC manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022(previous year)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023 (current year)</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Lagdera TVC

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

#### (iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect Lagdera TVC'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.

Lagdera TVC'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 Lagdera TVC's exposure to market risks or the manner in which it manages and measures the risk.

#### a) Foreign currency risk

Lagdera TVC has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of Lagdera TVC's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Lagdera TVC manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

#### Foreign currency sensitivity analysis

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

**Lagdera TVC**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2022</b>			
Euro	10%	0	0
Usd	10%	0	0
<b>2023</b>			
Euro	10%	0	0
Usd	10%	0	0

**b) Interest rate risk**

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

*Management of interest rate risk*

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

*Sensitivity analysis*

Lagdera TVC analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2023 – Kshs 0)

**iv) Capital Risk Management**

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
<b>Total Funds</b>	<b>0</b>	<b>0</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	0	0

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

Net Debt/(Excess Cash and Cash Equivalents)	0	0
<b>Gearing</b>	0%	0%

**19. Related Party Balances****Nature of related party relationships**

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

**Government of Kenya**

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

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

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

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others ( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others ( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	2,200,000	0
Grants from County Government	0	0
Donations in Kind	0	0
<b>Total</b>	<b>2,200,000</b>	<b>0</b>
<b>c) Expenses incurred on behalf of related parties</b>		

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Payments of Salaries and Wages for 2 Employees	240,000	0
Payments for Goods and Services	770,960	0
<b>Total</b>		
<b>d) Key Management Compensation</b>		
Directors' emoluments	200,000	0
Compensation to Key Management	0	0
<b>Total</b>	<b>1,210,960</b>	<b>0</b>

**20. Segment Information**

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

**Lagdera TVC****Annual Report and Financial Statements for the year ended 30th June 2023****21. Contingent Assets and Contingent Liabilities****Contingent Assets**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	0	0
Assets arising from determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Contingent Liabilities**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Contingent Liabilities</b>	0	0
Court Case Xxx against Lagdera TVC	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from Contracts including PPPs	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(Give details)***22. Capital Commitments**

Capital Commitments	2022/2023	2021/2022
	Kshs	Kshs
Authorised for	0	0
Authorised and Contracted for	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by Lagdera TVC but at the end of the year had not been contracted or those already contracted for and ongoing)*

**23. Events After The Reporting Period**

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

**24. Ultimate And Holding Entity**

Lagdera TVC is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

**25. Currency**

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

Mohammed Mwasha  
Lagdera TVC  
06/02/2025

.....

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

*Guidance Notes:*

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)

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

**Appendix I: Implementation Status of Auditor-General Recommendations**

20. Appendices

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