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**REPORT**

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TAPLED BY:	HON. NAOMI WAQO MP. DEP. MADAMABRITY WHIP.
CLERK-AT THE-TABLE:	Ms. MERCY CHUMO.

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KITUI EAST TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR EIGHTEEN (18) MONTHS' PERIOD  
ENDED 30 JUNE, 2024**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.  
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*KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR EIGHTEEN MONTHS PERIOD ENDED  
30<sup>TH</sup> JUNE 2024**

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

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**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June**  
**2024**

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**1. Acronyms & Glossary of Terms**

<b>BOG</b>	<b>Board of Governors</b>
<b>ICPAK</b>	<b>Institute of Certified Public Accountants of Kenya</b>
<b>IPSAS</b>	<b>International Public Sector Accounting Standards</b>
<b>PFM</b>	<b>Public Finance Management</b>
<b>PSASB</b>	<b>Public Sector Accounting Standards Board</b>
<b>TTI</b>	<b>Technical Training Institute</b>
<b>TTC</b>	<b>Teacher Training College</b>
<b>TVC</b>	<b>Technical Vocational College</b>
<b>Fiduciary Management</b>	<b>Key management personnel who have financial responsibility in the College</b>
<b>HELB</b>	<b>Higher Education Loans Board</b>
<b>NG-CDF</b>	<b>National Government- Constituency Development Fund</b>

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**2. Key College Information and Management**

**(a) Background information**

The Kitui East Technical and Vocational College (hereinafter known as the *College*) was registered under the TVET Act/ 2013 Act on 9<sup>th</sup> October 2023. The College is domiciled in Kenya, Kitui County, Kitui East Sub County, 200 meters from Zombe town and neighbours AIC Sombe Girls. The institute is under the Ministry of Education. State department for Vocational and Technical Training.

The college has six academic departments namely: Automotive/Mechanical Engineering, Electrical Engineering, Building and Civil Engineering, Hospitality and Institutional Management and Cosmetology, Business and ICT and 6 non-academic departments e.g Performance Contracting, Registrar, Dean of Students, Industrial Liaison, IQA and Sports

**(b) Principal Activities**

The principal mandate of the College is to provide technical training for knowledge and skills empowerment of trainees. The training function is conducted under established curriculum by KICD and TVET CDACC with strict observance of quality and standards relevant in technical and vocational training. The college ensures commensurate evaluation and certification through the relevant state agencies such as TVET-CDACC. The college advertises and recruits trainees through KUCCPS and directly as walk-ins. This is done in a manner to ensure access and equity in training and guided by the Kenya Constitution 2010 and Statues of Kenya, and mandated regulatory and supervisory bodies

**VISION**

To be a Centre of Excellence in Skill-based Education & Training in Science and Technology for Self-reliance

**MISSION**

To provide relevant skills and knowledge in Technical Education and Training in science and Technology

**MOTTO**

Technology is the way to go

**Core values:**

We are committed to:

1. Competence and Professionalism
2. Creativity and Innovation
3. Accountability and Transparency
4. Honesty and Integrity
5. Excellence and Meritocracy
6. Equity and Equality
7. Good Governance

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**(c) Key Management**

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

- Board of Governors
- Principal
- Registrar
- Deans of Students
- Finance Officer

**(d) Fiduciary Management**

The key management personnel who held office during the period of eighteen months ended 30th June 2024 and who had direct fiduciary responsibility were

1	Principal	<b>Teresia Mwikali Mbindya</b>
2	Registrar (s)	<b>Martin Ekamuran Orode</b>
3.	Dean of students	<b>Abraham Zachariah Musyoka</b>
4	Head of Finance	<b>Shadrack Maleve</b>

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

**(e) Fiduciary Oversight Arrangements**

*The college had not formed any fiduciary committee during that period*

**(f) College Headquarters**

KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE  
P.O. Box 1535-90200, KITUI  
ZOMBE  
KITUI EAST SUB-COUNTY,  
KITUI COUNTY, KENYA

**(g) College Contacts**

Telephone: (254) 742608981  
E-mail: [kituieasttechnical@gmail.com](mailto:kituieasttechnical@gmail.com)  
Website: N/A

**(h) College Bankers**

Kenya Commercial Bank  
Kitui  
P.O. Box 683-90200  
Kitui, Kenya

**(i) Independent Auditors**

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

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

**(j) Principal Legal Adviser**




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

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**3.The Council/Board of Governors**

Governor/ Member	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
1. Prof. Joseph Mwinzi	Chairman		Overall Management of the Board Activities.	<p><b><u>Key Qualifications</u></b>  <b>Professor Mwinzi</b>            Holds PhD in Philosophy of edu. University of South Africa). Masters Edu. Kenyatta University and a PGDE, KU, BA Philosophy of Edu. (Arbaniana University)  <b><u>Work experience-27 years</u></b>            Taught is Secondary schools from 2008-2011, Senior Lecturer, UoN.(from 2018 to date) Supervising students at Masters and Doctoral students of Philosophy of Edu.</p>
2. Mrs. Teresia M. Musiva	Principal		Overall in Charge of Institute Affairs	<p><b><u>Key Qualifications</u></b>            Bachelor of Business Procurement  <b><u>Work experience</u></b>            2024 to Date Principal Kitui East TVC            2023-2024 Deputy Principal Academics Kitui East TVC            2008 – 2023 Procurement Trainer At Kitale National Polytechnic and Kasarani TVC</p>
3. Mr. Mohammed Abdi	Member		Chair of The Audit and Risk Committee	<p><b><u>Key Qualifications</u></b>  <b>Masters of Business Administration (MBA) HRM</b> University of Nairobi, 2014 To Date  <b>Bachelor (Arts Hons, Moi University,</b> 1998 to 1991  <b><u>Work experience</u></b>            2012 to date, works as a <b>Certified Human Resource Professional (CHRP)</b>  <b>2009 - 2011 – Manager PM, I&amp;D Postal Cooperation of Kenya, NAIROBI</b>  <b>May 1992 – Nov 2009:</b> worked among other places at KPTC</p>

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4. Alfonce M. Mutinda	PS Alternate Member		Member of the Education Research and Human Resource Committee	<p><b>Key Qualifications</b>  BSC. Mech. Engineering,  <b>University of Nairobi</b>,  BSC. Engineering Science  Brucel University, London  PGDE. UoN</p> <p><b>Work experience</b>  2017 to date  Director, Vocational and Technical  Education</p>
5. Elizabeth N Muli Governor's Representative	Member		Member of the Education Research and Human Resource Committee	<p><b>Key Qualifications</b>  Masters in Business Administration,  <b>University of Nairobi</b>,  Bachelor of Business Information  Technology (BBIT) <b>Strathmore University</b>  (Dip. BIT) <b>Strathmore University</b></p> <p><b>Work experience</b>  2022 - Present County Minister of ICT,  Education &amp; Internship, Makeni County, in  charge of Department of ICT, Education and  Internship, implementation of County  Government policies in the department,  conveying County Executive committee  decisions to the relevant people among other  duties and responsibilities</p>
6. Eng. Jacinta W.Mwangi	Member		Member of Finance, Infrastructure and Development Committee	<p><b>Key Qualifications</b>  Master's in Business Administration ,  Kenyatta University ....Ongoing ,  Bsc in Civil Engineering –Jomo Kenyatta  University</p> <p><b>Work experience</b>  2009-2019 Regional Manager  2019 –Date -  Deputy Director, Kenya Urban Roads  Authority Kenya Urban Roads Authority  2003-2008 District Works Officer /District  Roads Engineer ,1998-2003 Designer in the  Roads Department ,Assistant Engineer  ,Mombasa Road</p>

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Governor/ Member	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
7. Isaac Nduvi	Member		Chair of the Finance and Development Committee	<p><b>Key Qualifications -22 years</b>  M.A in Economic Policy Management, University of Nairobi, B. Com(Accounting)-Hons, Kenyatta University</p> <p><b>Work experience -19 years</b>  2008-Date-Head, Risk Management &amp; Compliance 2004-2006, Credit bank LTD, Operations Officer, Equity Bank, 2002-2004 Assistant Accountant ,Bible Society of Kenya</p>
8. Ms Lucy Lau Bigham	Member		Member of the Education Research and Human Resource Committee	<p><b>Qualifications-</b>  <b>MA international Business Analysis</b> – University of Northampton, UK -2001  <b>BA in Design</b> – University of Nairobi – 1987</p> <p><b>Robert Smith Fellowship</b> – Fabric Workshop and Museum, Philadelphia 2003 – 2009</p> <p><b>Training for development(TFD) Technical Cooperation Program, USAID – USA – 1994</b></p> <p><b>Organization &amp; Management of Income Generating Projects</b> – Goldameir Institute, Israel 1992</p> <p><b>Program Management for Women in Sub Sahara – Eastern &amp; Southern Management Institute(ESAMI) – Tanzania – 1989</b></p> <p><b>Work experience -</b>  <b>Management Executive CEO/Director</b> – Highly qualified executive manager offering more than 20 years experience.</p>
9. David Sakawa Muruka	Member		Member of Finance, Infrastructure and Development Committee	<p><b>Key Qualifications</b>  Bsc in Civil and structural Engineering – Masinde Muliro University</p> <p><b>Work experience</b>  2016-2022 Senior Superintending Engineer(Roads) government of Makueni county. 2014-2016 – Assistant Engineer - H-Young &amp; Co.(E.A) Limited.  2009-2012 Engineer Trainee- EDCONS Company limited.</p>
10. Lilian C. Kosgey	Member		Member	<p><b>Key Qualifications</b>  Bachelor of Laws(LLB) –Moi University, Diploma in Law(Kenya School of Law) Master of Laws(LLB) in progress  Member of CPS(K) and a Certified Mediator</p> <p><b>Work experience</b>  Advocate of the High Court of Kenya with over 8 years, commissioner for Oaths and a Notary Public. Currently the legal officer ADC</p>

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**4. Key Management Team**

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <i>Teresia M. Mbindya BBM</i>	<i>Principal</i>
2.	 <i>Martin Ekamuran Orode, B Ed</i>	<i>Registrar</i>
3.	 <i>CPA Shadrack Maleve</i>	<i>Finance officer</i>
4.	 <i>Abraham Zachariah, Dip</i>	<i>Dean of Students</i>

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**5. Chairman's Statement**



I wish to take this opportunity to present the Kitui East Technical and Vocational College 2023/2024 annual financial report. The board has been active during the year under review in managing the affairs of the Institute. During the year under review, the board in consultation with the management continued with the review and the implementation of the institute strategic plan in line with the dynamics of the TVET sector.

The board however is aware of the existing challenges facing the Institution notably, the issue of lack of electricity connection, fewer trainers and training resources. Despite all these challenges, the Institution has been able to sustain a culture that blades technical and vocational training with mundane life. During the year under review, the board continued to play its financial strategic and oversight roles and made sure that the institute utilized the available financial resources prudently.

As a board, we have encouraged a change in the mind-set of our people as we leverage on the leaders to sensitize and educate our people to embrace the concept of technical and vocational training for our youth. The board has been and is committed to ensuring that the changing world around is sensitive to the needs of the future of our young men and women. We have continued to collaborate with a number of agencies both public and private sector in our endeavour to grow the Institution. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every other partner willing to work with us.

Our mandate is to grow the student population through a number of strategies including effective outreach programs geared to popularize the Institution from within and around the County. These outreaches have been first since our student population has grown from 0 in the last FY to about 230 during the year under review. During the year under review, the management has carried out an aggressive popularity campaign in the three Eastern Counties where our catchment is centred.

As a board, we endeavour to continually put in place governance systems to ensure that we not only comply with the PFM Act of 2012 but also engage in prudent leadership practices that create value for the Institute. Kitui East TVC has remained a good corporate institution that meets its obligations for its staff and students as well as the national obligations.

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The Institute registered remarkable development during the period under review in the realization of its mandate with financial support of the Ministry of Education, state Department of Vocational and Technical Training in form of grant. As a result, the Institute has now been able to steer its progress through market research, linkages, collaboration and partnerships. We continue to register an overall improvement in our performance due to enhanced resources, physical facilities and infrastructure.

Despite the myriad challenges and the financial constraints, the college has managed to register with TVETA for training, Accreditation of courses by TVETA, KUCCPS, HELB and KATTI. I'm happy to report despite the numerous challenges that the Institution has managed to provide quality training to the trainees.

I would like to thank all our stakeholders especially the Ministry of Education, the County Government of Kitui and all other development partners for the support they continue to accord the Institution, without which our achievements would not have been realized. Finally, I wish to appreciate my fellow board members and the management staff for their efforts in supporting the realization of the Institute mandate.



Prof. Joseph M. Mwinzi  
**Chairman/Board of Governors**  
Date: 9/04/2025

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**6. Report of the Principal**



I am pleased to present the Annual Financial Report and Statements for Kitui East TVC for the financial year 2023/2024 in accordance to Section 81 of the Public Finance Management Act, 2012. This report is a testament to our commitment to financial accountability, transparency, and prudent resource management in line with the Public Finance Management Act, 2012.

The financial year 2023/2024 has been a period of both growth and challenges. Despite financial constraints and economic uncertainties, we have successfully managed our resources to ensure continuous service delivery and institutional development. The financial statements presented herein reflect our adherence to best accounting practices, ensuring that all funds received have been utilized effectively to support our core mandate of providing quality technical and vocational education.

**Key highlights of this financial year include:**

- Registration with professional bodies like TVETA - licensing for training and accreditation of courses, KATTI, KUCCPS.
- Effective budget execution and fiscal discipline.
- Significant improvements in revenue generation through fees collection.
- Strategic cost management measures that enhanced operational efficiency.
- Infrastructure developments aimed at improving learning facilities and student welfare.

**Challenges**

1. Low enrollment of trainees has made the institution struggle to meet the operational cost of the institution
2. Delayed funding disbursements and increased operational costs have necessitated innovative financial strategies to maintain stability.
3. The institution is not connected to national grid making operations of office and conducting practical's a challenge. We resolved to use a hired generator to power the Institution which is very expensive to maintain.

Despite the many challenges the institute the institute faced during the year, I'm glad to report that the college managed to stay afloat financially. I therefore express my sincere gratitude to the parent

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ministry through the state department of vocational and technical training for the recurrent funding we have continued to receive.

I extend my sincere appreciation to the Board of Governors Wote TTI for mentoring our College, staff, students, and stakeholders for their unwavering support and collaboration in ensuring financial prudence. As we embark on the next financial year, we remain committed to financial integrity and institutional growth.



Teresia M. Musiva  
**Principal/Secretary BOG**  
Kitui East Technical and Vocational College  
**Date: 9/04/2025**

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**7. Corporate Governance Statement**

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

**i. Appointment of BOG Members**

The Cabinet Secretary, MOE appoints members of the Board following recommendations from the B.O.G nominating committee. The board consists of nine members. The Board of Governors for Wote Technical Training Institute serves for three years and mentors our Institution. The Board may set up sub-committees and assign them responsibilities as it may deem fit.

As stipulated by the Ministry of Education through the TVET Act (January, 2013), responsibilities of the Board of Governors include recruitment of support staff, overseeing financial management, upholding of staff and student discipline, maintenance of infrastructure & other assets, and sourcing for finances.

**ii. Major roles and Functions of Board of Governors**

The functions of the organs set out under section 28 (1) shall include —

- a) Overseeing the conduct of education and training in the Institutions in accordance with the provisions of this TVET Act and any other written law;
- b) Promoting and maintaining standards, quality and relevance in education and training in the Institutions in accordance with this TVET Act and any other written law;
- c) Administering and managing the property of the Institution;
- d) Developing and implementing the Institutions' strategic plan;
- e) Preparing annual estimates of revenue and expenditure for the Institution and incurring expenditure on behalf of the Institutions;
- f) Receiving, on behalf of the Institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the Institution or other bodies or persons;
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act 2013 Technical and Vocational Education and Training No. 29
- h) Mobilizing resources for the Institutions;
- i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- j) Regulating the admission and exclusion of students from the Institutions, subject to a qualifications framework and the provisions of this Act;
- k) Approving collaboration or association with other Institutions and industries in and outside Kenya
- l) Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Institutions, in consultation with the TVET Authority;

## **KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**

### **Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

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- n) Making regulations governing organization, conduct and discipline of the staff and students;
- o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- p) Providing for the welfare of the students and staff of the Institutions;
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institutions; and
- r) Discharging all other functions conferred upon it by this Act or any other written law.

#### **iii. Board of Governors Allowances**

The board approved allowances to board members to cater for their transport and sitting allowances while attending meetings and other seminars or capacity building conferences called by the PS office.

#### **iv. Meetings**

- a. Full Board Meetings - are held once every term, but if there is an urgent need, a meeting can be convened.
- b. Board Committee Meetings or working committees are held once every term. The board working committee includes the following:
  - Academic, Research and Human Resource Management Board Committee - meetings once every term.
  - Finance Infrastructure and development Committee – meeting once every term
  - Risk and Audit Committee – meeting once every term

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**8. Management Discussion and Analysis**

**Operational Performance;**

During the financial year 2023/2024 the Institute undertook the following projects

- a. Construction of school gate.
- b. Installation of piped water,
- c. Purchase of furniture for both staff and students
- d. Equipped beauty therapy workshop
- e. Landscaping, greening and planting of trees.
- f. Digging of 2 pit latrines

**Institute's compliance with statutory requirements**

The Institute has no arrears on statutory deductions.

**Major risks facing Kitui East TVC**

Low student's enrolment Student's unrest-, delayed disbursement of grants by GoK, unfulfilled bursary disbursement by the Area MP.

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**9. Environmental And Sustainability Reporting Statement**

Kitui East TVC top management underscores the importance of sustainable efforts as key to ensuring that those living today do not interfere with operations of those who will come tomorrow. We have ensured strict adherence to the college Kenya Constitution 2010 especially the bill of rights, rules and regulations of the college and other legal and ethical standards to ensure that social and economic sustainability. We stick to our Core Values i.e. Integrity, Professionalism, Transparency and Accountability, good governance, etc.

**Sustainability strategy and profile**

We recognize the shared responsibility to protect our planet. Although our facilities and operations have a small ecological footprint, we reduce the environmental impact of our business through preservation, conservation, and waste reduction practices. Garbage has been well managed by providing dustbins and washing points at strategic points, Bins for female Trainees have been provided to manage sanitary pads.

**Environmental performance**

Kitui East TVC works with students and staff to ensure good preservation of our environment. The college has put in place measures to control soil erosion within the compound, air and water pollution and waste management. These measures include hired staff dedicated specifically to environmental management, budgetary allocation on matters tree planting and management, etc. KETVC employs a holistic approach to manage the natural resources and ecological processes that serve our social, economic and cultural values. We are in the process of developing an environmental policy to guide the college on such matters concerning environment.

**Employee welfare**

**i) Policies guiding the hiring process:**

The college has in place a Human Resources Management Policy and Procedures Manual which guides on the following process: - terms and conditions of service for all cadres, code of conduct for staff, job positions and qualification. The policy has been aligned to the Public Service Human Resource Management Policy and Procedures manual and takes into account the gender ratio and stakeholder engagement. The board which plays the oversight role, is involved in all matters of staff welfare including at the point of recruitment.

**ii) Improving of skills and managing careers**

Training needs assessment is conducted as well as staff appraisal to ascertain the levels of need among both the teaching and non-teaching staff. The management supports staff to undertake skills upgrading and or re-skilling to align with the new technological trends.

**iii) Safety and compliance with OSHA**

Kitui East TVC is compliant with the OSHA Act of 2007. We have installed firefighting equipment in all relevant and risk areas, designated a place for fire assembly and guarded all

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powered machines to safeguard the users. We are in the process of developing an environmental policy to guide the college on such matters

**Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations - This is achieved by adhering to procurement contracts, giving uniform specifications and respecting payment practices.
- c) Responsible marketing and advertisement. The institution provides accurate information, use not using valgure language and ensure fair competition
- d) Product stewardship - Consumer rights and interests are achieved through:
  - i) Not overpricing our consumers
  - ii) Promotion of local products by the policy of Buy Kenya Build Kenya
  - iii) Fair remuneration of the employees
- e) Healthcare – Provide healthcare talks to the trainees and trainers through the college calendar of events e.g. on HIV/AIDS, drugs and substance abuse.
- f) Sports –Participate in local tournaments and friendly matches in football and volleyball.

**Corporate Social Responsibility / Community Engagements**

The college has been participating in national events held within the sub-county. We encourage the community to embrace education as a leeway out of poverty.

**10. 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, 2024, which show the state of the Kitui East TVC's affairs.

**Principal activities**

The principal activities of the College are to provide for coordinated assessment, examination and certification; to institute a mechanism for promoting access and equity in training; to assure standards, quality and relevance in technical and vocational education and training and for connected purposes as guided by the Constitution and Statutes of Kenya, and mandated regulatory and supervisory bodies.

**Results**

The results of the Institution for the year ended June 30 2024 are set out on page 1 to 7

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**Board of Governors**

The members of the Board who served during the year are shown on pages' vii – viii. During the year ended June 30, 2024 no member retired/ resigned and none was appointed.

**Auditors**

The Auditor General is responsible for the statutory audit of **KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE** in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Secretary of the Board  
Nairobi  
**Date: 9/4/2025**

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**11. Statement of Board of Governors/ Council's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require BOG members to prepare financial statements in respect of Kitui East Technical and Vocational College. The statements give a true and fair view of the state of affairs of the Institute at the end of the financial 2023/2024 and the operating results of Kitui East Technical and Vocational College for the period 2023/2024. Board members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Kitui East TVC. The BOG members are also responsible for safeguarding the assets of the College.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the College;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The BOG members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act). The board members are of the opinion that the College's financial statements give a true and fair view of the state of institute's transactions during the financial year ended 30<sup>th</sup> June 2024 and of the Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

Kitui East TVC Financial Statements were approved by the Board on 21<sup>st</sup> September 2024 and signed on its behalf by:

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June**  
**2024**

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Name: Prof. Joseph M. Mwinzi

Signature.....

Chairperson of the Board/Council

Date: 9/04/2025

Name: Teresia M. Musiva

Signature.....

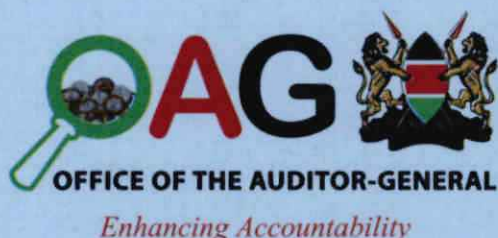
Accounting Officer/Principal

Date: 9/04/2025

**THE PRINCIPAL**  
**KITUI EAST TECHNICAL**  
**VOCATIONAL COLLEGE**  
P. O. Box 1535 - 90200, KITUI  
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# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE FOR EIGHTEEN (18) MONTHS' PERIOD ENDED 30 JUNE, 2024

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### 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 funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kitui East Technical and Vocational College set out on pages 1 to 31, which comprise of the statement of financial

position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the eighteen months period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kitui East Technical and Vocational College as at 30 June, 2024, and of its financial performance and its cash flows for the eighteen (18) months' period then ended in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.138,274,768 which as disclosed in Note 17 to the financial statements includes land valued at Kshs.80,000,000 whose ownership documents were not provided for audit review. Further, review of documents revealed that the College maintained an incomplete fixed assets register which did not disclose the date of acquisition, valuation, location and their current status. In addition, the assets were not tagged for ease of identification.

In the circumstances, the accuracy, ownership and existence of property, plant and equipment balance of Kshs.138,274,768 could not be confirmed.

#### **2. Unsupported Trade and Other Payables from Exchange Transactions**

The statement of financial position and as disclosed in Note 18 to the financial statements, reflects trade and other payables from exchange transaction balance of Kshs.1,213,990. However, review of documents revealed that the balance was not supported by transactional records such as procurement records, invoices and delivery notes.

In the circumstances, the validity, accuracy and completeness of the trade and other payables balance of Kshs.1,213,990 could not be confirmed.

#### **3. Unsupported Local Travel, Transport and Accommodation**

The statement of financial performance reflects use of goods and services amounting to Kshs.2,274,977 which as disclosed in Note 9 to the financial statements includes local travel, transport and accommodation allowances totalling Kshs.691,200. However, the payment vouchers were not supported by travel documents which include invitation letters and vehicle work tickets.

In the circumstances, the accuracy and completeness of local travel, transport and accommodation amounting to Kshs.691,200 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kitui East Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Information**

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

In connection with my audit on the College financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **Non-Deduction and Remission of Statutory Deductions**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs amount of Kshs.1,113,930. However, Management did not remit statutory deductions for National Health Insurance Fund (NHIF) and National Social Security Fund (NSSF) from employees for the whole period under review. This is contrary to Section 22 of the NSSF Act, 2013 which requires the employer to make NSSF deductions from the employees and also Section 16(1) of NHIF Act which also requires the employer to deduct and remit NHIF deductions.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Adequate Critical Training Infrastructure**

Review of the College training infrastructure and human resource revealed that the College has been missing critical functions necessary for its proper operation as a vocational college. The missing information includes a well-equipped library and a workshop, reliable water source, electricity connection and a fence for safety. Further, the College does not have a human resource department and lacks adequately skilled staff in the finance department. The current head of finance is trained on automotive engineering and is therefore not trained to handle finance and accountancy role.

This is also contrary to the requirement of Section 18 of Technical and Vocational Training Act, 2013 which requires the Institution to ensure it has adequate infrastructure before it is granted the Charter to operate as a Technical and Vocational Education Institution.

In the circumstances, the Institution's capacity to deliver on its mandate could not be confirmed.

## **2. Lack of Risk Management Policy and Strategy**

The College Management had not put in place a risk management policy, strategies and a risk register to mitigate against risk. It was therefore not clear how Management manages risk exposures. This is in contravention of Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and the County Government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of effective risk management measures could not be confirmed.

## **3. Lack of an Audit Committee**

The College has not established an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of an Audit Committee. As such the College did not benefit from the oversight from the Audit Committee.

In the circumstances, the existence of an effective system of internal controls could not be confirmed.

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

## **Responsibilities of Management and The Board of Directors**

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

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

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

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

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

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


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

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

22 May, 2025

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

**13. Statement of Financial Performance for Eighteen Months period Ended 30 June 2024**

	Notes	2022-2024
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the National Government Entities	6	2,985,420.00
Rendering of services- Fees from students	7	6,079,254.00
Miscellaneous Income	8	2,000.00
<b>Total revenue</b>		<b>9,066,674.00</b>
<b>Expenses</b>		
Use of goods and services	9	2,274,977.00
Employee costs	10	1,113,930.00
Repairs and Maintenance	11	66,020.00
Depreciation	12	1,520,409.00
Board Expenses	13	87,000.00
<b>Total expenses</b>		<b>5,062,336.00</b>
<b>Net Surplus/ (Deficit) for the year</b>		<b>4,004,337.00</b>


(The notes set out on pages 8 to 36 form an integral part of the Annual Financial Statements).

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




.....  
**Chairman of Council/Board**

**Date: 9/04/2025**



.....  
**Finance Officer**  
**ICPAK No: ASSOC/3580**

**Date: 9/04/2025**



.....  
**Principal**

**Date: 9/04/2025**

**THE PRINCIPAL**  
**KITUI EAST TECHNICAL & VOCATIONAL COLLEGE**  
P. O. Box 1535 - 91170, KITUI  
Email: kituieasttechnical@gmail.com

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

14. **Statement of Financial Position As At 30th June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			-
Cash and cash equivalents	14	270,204.00	-
Current portion of receivables from exchange transactions	15	5,664,233.00	-
Current portion of receivables from non-exchange transactions	16	500,000.00	-
		<b>6,434,437.00</b>	-
<b>Non-current assets</b>			-
Property, plant and equipment	17	138,274,769.00	-
<b>Total assets</b>		<b>144,709,206.00</b>	-
<b>Liabilities</b>			-
<b>Current liabilities</b>			-
Trade and other payables from exchange transactions	18	1,213,990.00	-
<b>Total liabilities</b>		1,213,990.00	-
<b>Net assets</b>			-
<b>Revaluation reserves</b>		-	-
Accumulated surplus	15	4,004,338.00	-
Capital Fund	15	139,490,878.00	-
<b>Total net assets and liabilities</b>		<b>143,495,216.00</b>	-

The Financial Statements set out on pages 2 to 35 were signed by:



Chairman of Council/Board

Date: 9/04/2025



Finance Officer

ICPAK No: ASSOC/3580

Date: 9/04/2025



Principal

Date: 9/04/2025

**THE PRINCIPAL**  
**KITUI EAST TECHNICAL & VOCATIONAL COLLEGE**  
P. O. Box 1535 - 90200, KITUI  
Email: kitueasttechnical@gmail.com

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****15. Statement of Changes in Net Asset for The Eighteen months period Ended 30 June 2024**

	Revaluation reserve	Accumulated Surplus	Capital Reserves	
<b>At July 1, 2023</b>	-	0	0	0
Surplus (deficit) for the Year	-	4,004,338.00	-	4,004,338.00
Capital/Development grants received during the period	-	-	139,490,878.00	139,490,878.00
<b>At June 30, 2024</b>	-	4,004,338.00	139,490,878.00	<b>143,495,216.00</b>

**Note:**

1. For items that are not common in the financial statements, the College 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).

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

**16. Statement of Cash Flows For The Eighteen month period Ended 30 June 2024**

		<b>2023-2024</b>	<b>2022-2023</b>
	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities		2,485,420.00	-
Rendering of services- Fees from students		415,021.00	-
Miscellaneous Income		2,000.00	-
<b>Total Receipts</b>		<b>2,902,441.00</b>	-
<b>Payments</b>			
Use of goods and services		1,983,387.00	-
Employees Costs		374,530.00	-
Repairs and Maintenance		57,020.00	-
Board Expenses		87,000.00	-
<b>Total Payments</b>		<b>2,501,937.00</b>	-
<b>Net cash flows from operating activities</b>		<b>400,504.00</b>	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		130,300.00	-
Capital Grants		-	-
<b>Net cash flows used in investing activities</b>		<b>130,300.00</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Other adjustments</b>			
Changes in Working Capital		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>270,204.00</b>	-
Cash and cash equivalents at 1 July 2022		-	-
<b>Cash and cash equivalents at 30 JUNE 2023</b>		<b>270,204.00</b>	-

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**

**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

**17. Statement of Comparison of Budget & Actual amounts For Eighteen Months Period Ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
	a	b	c=a+b	d	e =c-d	f=e/d %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other Govt entities	3,000,000.00	-	3,000,000.00	2,485,420.00	514,580.00	17.15
Rendering of services- Fees from students	10,437,800.00	-	10,437,800.00	415,021.00	10,022,779.00	96.02
Miscellaneous Income	-	-	-	2,000.00	(2,000)	100
<b>Total income</b>	<b>13,437,800.00</b>	<b>-</b>	<b>13,437,800.00</b>	<b>2,902,441.00</b>	<b>5,094,446.00</b>	
<b>Expenses</b>						
Use of Goods and services	5,178,000.00	-	5,178,000.00	1,983,387.00	3,334,613.00	38.30
Employees Costs	844,800.00	-	844,800.00	374,530.00	470,270.00	55.67
Repairs and Maintenance	144,000.00	-	144,000.00	57,020.00	86,980.00	39.60
Board Expenses	150,000.00	-	150,000.00	87,000.00	87,000.00	58
<b>Total expenditure</b>	<b>6,316,800.00</b>	<b>-</b>	<b>6,316,800.00</b>	<b>2,462,581.00</b>	<b>3,854,219.00</b>	
<b>Surplus for the period</b>	<b>7,121,000.00</b>	<b>-</b>	<b>7,121,000.00</b>	<b>5,880,773.00</b>	<b>1,240,227.00</b>	
<b>Capital Expenditure</b>	<b>7,121,000.00</b>		<b>7,121,000.00</b>	<b>130,300.00</b>	<b>6,990,700.00</b>	98.17

The under-absorption was caused by students being unable to apply for Government funding because the College had not completed registration process with HELB and KUCCPS. Currently the college has been registered and the situation is expected to improve

## KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE

Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024

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### Notes to the Financial Statements

#### 1. General Information

Kitui East TVC is established by and derives its authority and accountability from TVET Act. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is train learners on technological, research and technical skills

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an College’s future cash flows.                      IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <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 an College’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College 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 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 College’s financial performance, financial position and cash flows.</li> </ol>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ol 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> </ol>

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**

**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><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>

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

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

**iii. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**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.

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**

**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2023/2024 was approved by the Council or Board on **29/6/2023**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals to conclude the final budget. The College's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**c) Taxes**

***Current income tax***

No tax was remitted during the year.

***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

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

**e) Property, plant and equipment**

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

**f) Leases**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

**i) Financial instruments**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Financial assets***

***Classification***

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

## KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE

Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024

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### Notes to the Financial Statements (Continued)

#### Summary of Significant Accounting Policies (Continued)

##### **Fair value through surplus or deficit**

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

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

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

##### **Impairment**

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

##### **Financial liabilities**

##### **Classification**

The College 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.

## KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE

Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024

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### Notes to the Financial Statements (Continued)

#### Summary of Significant Accounting Policies (Continued)

##### Inventories (Continued)

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

##### k) Provisions

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

##### Contingent liabilities

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

##### Contingent assets

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

##### l) Social Benefits

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

## KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE

Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024

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### Notes to the Financial Statements (Continued)

#### Summary of Significant Accounting Policies (Continued)

##### m) Nature and purpose of reserves

The *College* creates and maintains reserves in terms of specific requirements. (*College to state the reserves maintained and appropriate policies adopted*).

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

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

##### o) Employee benefits

###### Retirement benefit plans

The *College* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an *College* pays fixed contributions into a separate *College* (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

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

#### Notes to the Financial Statements (Continued)

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**  
**Summary of Significant Accounting Policies (Continued)**

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**s) Service concession arrangements**

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

**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, 2024

**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Kitui East 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. The College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the *College*.
- 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.

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.

*(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**  
**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

<b>Description</b>	<b>2023-2024</b>
	<b>KShs</b>
<b>Unconditional grants</b>	
Operational grant	2,000,000
Wote Technical and Training College	235,420.00
NG-CDF KITUI EAST CONSTITUENCY	750,000.00
<b>Total government grants and subsidies</b>	<b>2,985,420.00</b>

**(b) Transfers from other Government entities (Categorized)**

<b>Name of the College sending the grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognized in Capital Fund KShs</b>	<b>Total Grant during the period KShs</b>	<b>Comparative period KShs</b>
Ministry of Education	2,000,000.00	-	-	2,000,000.00	-
Wote Technical and Training College	235,420.00	-	-	235,420.00	-
NG-CDF KITUI EAST	750,000.00	-	-	750,000.00	-
<b>Total</b>	<b>2,985,420.00</b>	<b>-</b>	<b>-</b>	<b>2,985,420.00</b>	<b>-</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

*(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)*

The details of the reconciliation have been included under appendix I

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**  
**Notes to the Financial Statements (Continued)**

**7. Rendering of Services**

Description	2022-2024
	KShs
Tuition Fees	3,415,834.00
Local Transport and Travelling fees	361,200.00
Electricity and Water fees	341,420.00
Repairs Maintenance & Improvements fees	344,000.00
Personnel Emoluments fees	903,000.00
Activity fees	412,800.00
Registration fees	129,000.00
Student Id Card fees	43,000.00
Student's Welfare	43,000.00
TVETA fees	43,000.00
Material Fees	43,000.00
<b>Total revenue from the rendering of services</b>	<b>6,079,254.00</b>

\*Rendering of services includes fees collected from students.

*(Fees invoiced to students for during the period under review)*

**8. Miscellaneous Income**

Description	2022-2024
	Kshs
Account Opening Deposits	2,000.00
<b>Total other income</b>	<b>2,000.00</b>

*(This amount was deposited by the principal while opening college Bank account.)*

**9. Use of Goods and Services**

Description	2022-2024
	KShs
Administrative expense	304,588.00
Printing and Stationaries	131,536.00
Local Travel, Transport and Accommodation	691,200.00
Bank Charges.	2,127.00
Electricity and Water expenses	469,570.00
Tuition expenses	196,606.00
Activity expenses	79,200.00
Environmental Sustainability expenses	107,000.00
Marketing expenses	136,350.00
Staff Training expenses	156,800.00
<b>Total</b>	<b>2,274,977.00</b>

\*These are operational costs incurred on day to day running of institute activities

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****10. Employee Costs**

	2022-2024
	KShs
Salaries and Wages	1,113,930.00
<b>Total</b>	<b>1,113,930.00</b>

**11. Repair and Maintenance**

Description	2022-2024
	KShs
Property, equipment and computers repairs	66,020.00
<b>Total</b>	<b>66,020.00</b>

**12. Depreciation and amortization**

Description	2022-2024
	Kshs
Property, plant and equipment	1,520,409.00
<b>Total depreciation and amortization</b>	<b>1,520,409.00</b>

**13. Board Expenses**

	2022-2024
	KShs
Allowances to Committee members	87,000.00
<b>Total</b>	<b>87,000.00</b>

**14. Cash and Cash equivalents**

Description	2022-2024
	KShs
Current Accounts	54,819.00
Cash in hand	215,385.00
<b>Total</b>	<b>270,204.00</b>

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****a. Detailed Analysis of Cash and Cash Equivalents**

		Period ended 30 June 2024
Financial institution	Account number	KShs
<b>a) Current account</b>		
KCB Main A/C		54,819.00
Cash in hand		215,385.00
<b>Grand total</b>		<b>270,204.00</b>

**15. Receivables from exchange transactions****(a) Current Receivables from Exchange Transactions**

Description	2023-2024	2022-2023
	KShs	KShs
<b>Current receivables</b>		-
Student Debtors	5,664,233.00	-
<b>Total current receivables</b>	<b>5,664,233.00</b>	-

**16. Receivables from non-exchange transactions**

Description	2023-2024	2022-2023
	KShs	KShs
Operational grants	500,000.00	-
<b>Total current receivables</b>	<b>500,000.00</b>	-

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**

**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

**17. Property, Plant and Equipment**

	Land and Buildings	Buildings	Motor Vehicles	Computer & Appliances	Furniture and fittings	Plant & Equip	Office Equip	Work in Progress	TOTALS
Depreciation rate %	0	2.5	25	33.30	12.5	20	12.5	0	
Cost	Shs				Shs		Shs	Shs	Shs
<b>At 1st January 2023</b>	<b>80,000,000.00</b>	<b>59,490,878.00</b>	-	-	-	-	-	-	<b>139,490,878.00</b>
Additions	-	49,000.00	-	-	255,300.00	-	-	-	<b>304,300.00</b>
Disposals									
Transfers/adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	<b>80,000,000.00</b>	<b>59,539,878.00</b>	-	-	<b>255,300.00</b>	-	-	-	<b>139,795,178.00</b>
<b>Depreciation and impairment</b>		2.5%			12.5%				
1st January 2023	-	-	-	-	-	-	-	-	-
Depreciation	-	1,488,496.00	-	-	31,913.00	-	-	-	<b>1,520,409.00</b>
Disposals									
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
<b>30<sup>th</sup> June 2024</b>	-	1,488,496.00	-	-	31,913.00	-	-	-	<b>1,520,409.00</b>
<b>Net book values</b>	<b>80,000,000.00</b>	<b>58,051,382.00</b>	-	-	<b>223,387.00</b>	-	-	-	<b>138,274,798.00</b>
<b>30th June 2023</b>	-								
<b>30<sup>th</sup> June 2024</b>	<b>80,000,000.00</b>	<b>58,051,382.00</b>	-	-	<b>223,387.00</b>	-	-	-	<b>138,274,769.00</b>

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****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 not valued during the year.

**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:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	80,000,000.00	-	80,000,000.00
Buildings and Site Works	59,539,878.00	1,488,496.00	58,051,382.00
Furniture and Fittings	255,300.00	31,913.00	223,387.00
Total	139,795,178.00	1,520,409.00	138,274,769.00

**18. Trade and Other Payables from Exchange Transactions**

Description	2023-2024
	KShs
Creditors	1,213,990.00
Total trade and other payables	1,213,990.00

**Notes to the Financial Statements (Continued)****19. Cash generated from operations.**

Description	2023-2024
	Kshs
Surplus for the year before tax	4,004,338.00
Adjusted for:	
Depreciation	1,520,409.00
Non-Cash grants received	0
Contributed assets	(304,300.00)
Working Capital Adjustments	0
Increase in Receivables	(6,164,233.00)
Increase in Payables	1,213,990.00
<b>Net Cash Flow from Operating Activities</b>	<b>270,204.00</b>

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

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****Notes to the Financial Statements (Continued)****20. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

The carrying amount of financial assets recorded in the financial statements representing the College'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 2024 (current year)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Receivables from exchange transactions	5,664,233.00	5,664,233.00	0	0
Receivables from non-exchange transactions	500,000.00	500,000.00	0	0
Bank balances	270,204.00	270,204.00	0	0
<b>Total</b>	<b>6,434,437.00</b>	<b>6,434,437.00</b>	<b>0</b>	<b>0</b>

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

**Notes to the Financial Statements (Continued)****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.

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the College's directors, who have built an appropriate liquidity risk management framework for the management of the College's short, medium and long-term funding and liquidity management requirements. The College 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 2024 (current year)</b>				
Trade Payables	0	0	1,213,990.00	1,213,990.00
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,213,990.00</b>	<b>1,213,990.00</b>

## KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE

Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024

### Notes to the Financial Statements (Continued)

#### Financial risk management (continued)

##### (iii) Market risk

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

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

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

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

##### a) Foreign currency risk

The College 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 the College'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 2024</b>			
Financial Assets (Investments, Cash, Debtors)	<b>6,434,437.00</b>	0	<b>6,434,437.00</b>
Liabilities			
Trade and Other Payables	1,213,990.00	0	1,213,990.00
Net Foreign Currency Asset/(Liability)	<b>5,220,447.00</b>	<b>0</b>	<b>5,220,447.00</b>

The College 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.

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****iv) Capital Risk Management**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Retained Earnings	4,004,338.00	0
<b>Total Funds</b>	<b>4,004,338.00</b>	<b>0</b>
Less: Cash and Bank Balances	57,704.00	0
Net Debt/(Excess Cash and Cash Equivalents)	3,946,634.00	0
<b>Gearing</b>	<b>99</b>	<b>0</b>

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

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

**Government of Kenya**

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

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

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE****Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024****Notes to the Financial Statements (Continued)**

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

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with Related Parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Govt	2,985,420.00	-
<b>Total</b>	<b>2,985,420.00</b>	<b>-</b>
<b>b) Key Management Compensation</b>		
BOG expenses	87,000.00	-
<b>Total</b>	<b>87,000.00</b>	<b>-</b>

**22. Events After the Reporting Period**

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

**23. Ultimate And Holding College**

The College is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**24. Currency**

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

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

**Appendix I- Inter-College Confirmation Letter**



**MINISTRY OF EDUCATION**  
**STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING**  
**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**

**P.O BOX 1535-90200 KITUI**  
**PHONE NO: 0721986970**

**E-MAIL: [KITUIEASTTECHNICAL@GMAIL.COM](mailto:KITUIEASTTECHNICAL@GMAIL.COM)**



**Our Vision: To be a Centre of Excellence in Skill-based Education & Training in Science and Technology for Self-reliance**

Kitui East Technical and Vocational College wishes to confirm the amounts disbursed to the college as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by Kitui East Technical and Vocational college as at 30<sup>th</sup> June 2024</b>							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2024				Amount Received by [Beneficiary College] (Kshs) as at 30 <sup>th</sup> June 2024 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT23215YXN8	03/08/2023		250,000		250,000		
FT23259F2	16/9/2023		500,000		500,000		
999999FT	02/10/2023	500,000			500,000		
999999	18/1/2024	500,000			500,000		
999999FT24	05/03/2024	500,000			500,000		
<b>Total</b>					<b>2,250,000</b>		

**KITUI EAST TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for Eighteen Months period ended 30th June 2024**

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

**Head of Accountants department of beneficiary College:**

**Name** ..... **Sign** ..... **Date** .....

