

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 17 JUN 2025	DAY: TUESDAY
TABLED BY:	THE LEADER OF THE MAJORITY PARTY
CLERK-AT-THE-TABLE:	WILLS OBIERO

THE AUDITOR-GENERAL

ON

**SABATIA TECHNICAL AND VOCATIONAL
COLLEGE**

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



OFFICE OF THE AUDITOR GENERAL
RECEIVED

17 APR 2025

P. O. BOX 1188, KISUMU



**SABATIA TECHNICAL AND VOCATIONAL
COLLEGE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



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

Table of Contents

1.	Acronyms & Acronyms and Definition of Key Terms	ii
2.	Key Entity Information and Management.....	iv
3.	The Board of Governors.....	viii
4.	Key Management Team	xi
5.	Chairman's Statement	xiii
6.	Report of the Senior Principal.....	xv
7.	Statement of Performance against Predetermined Objectives	xix
8.	Corporate Governance Statement	xxi
9.	Management Discussion and Analysis.....	xxiv
10.	Environmental And Sustainability Reporting Statement	xxv
11.	Report of the Board of Governors.....	xxviii
12.	Statement of Board of Governors Responsibilities	xxix
13.	Report of the Independent Auditor on Sabatia Technical and Vocational College	xxx
14.	Statement of Financial Performance For The Year Ended 30th June 2024	1
15.	Statement of Financial Position As At 30th June 2024.....	2
16.	Statement of Changes in Net Asset For The Year Ended 30th June 2024.....	3
17.	Statement of Cash Flows For The Year Ended 30th June 2024.....	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30th June 2024.....	5
19.	Notes to the Financial Statements	7
20.	Appendices	34

1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical and Vocational College
TVET	Technical Vocational Education and Training
FY	Financial Year

B. Definition of Key Terms

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

Comparative Year- Means the prior period

Accounting documents: The physical object upon which transactions are made; or records evidencing the transaction. These include cheque books, receipt books, invoices, payment vouchers and bank statements.

Asset: A resource with economic value owned or controlled by the business and from which future economic benefits are expected.

Board: The College Board of Governors

Expenditure: The outflow of economic benefits arising in the course of ordinary activities.

Fixed assets: Tangible assets acquired with the intention of use on a continuous basis for a period beyond 1 year.

Financial Statements: A collection of financial reports that show an organization's financial performance and condition. A complete set of Financial Statements contains a Statement of Financial Position, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash flows and Notes thereto.

International Public Sector Accounting Standards: Principles of Accounting adopted by The Institute of Certified Public Accountants of Kenya.

Accounting Policy: Specific principles, bases, conventions, rules and practices applied by the Institute in preparing and presenting financial statements.

An accrual concept: A method of recording revenue when earned and expenditure when incurred regardless of whether money is received or paid.

Budget: An estimate of revenue and expenditure for a specific period and time.

Financial report: A tool used to communicate financial information.

Fiscal framework: Set of rules on how to manage public finances.

Fiscal policy: Use of government revenue collection and expenditure to influence a country's economy.

Internal control: Mechanisms, rules and procedures implemented to ensure integrity of financial and accounting information.

Liability: Future sacrifices of economic benefits that the Institute is obliged to make to other entities as a result of past transactions or other past events.

Revenue from exchange transactions: A transaction in which the Institute receives assets or services, or has liability extinguished and directly gives approximately equal value to the other party in exchange.

Revenue from Non-exchange transaction: Where the Institute receives value from another entity without directly giving approximately equal value in exchange.

Cash flow: A financial statement that shows planned inflow and outflow of resources over a period covering the financial year in line with activity level.

Depreciation: A systematic allocation of depreciable amount of asset over its useful life.

Equity: The residual interest in the assets of the enterprise after deducting all its liabilities.

2. Key Entity Information and Management

(a) Background information

Sabatia Technical and Vocational College is a public TVET institution registered under the TVET Act of 2013. The College is domiciled in Kenya and currently does not operate any other outside campus. The college operates under the ambit of the Ministry of Education, State Department for Technical Vocational Education and Training. It is born out of the Governments initiative to construct at least one TVET College in every constituency. Its mandate and operational legal framework is derived from the TVET Act of 2013. The college's mandate includes provision of Technical and Vocational Education and Training leading to awards below the level of a degree. The college had a total on campus enrolment of 1,878 trainees as at 30th June 2024.

The College currently operates under five main departments namely, Liberal and Business Studies, Engineering, Computing and Informatics, Applied Sciences and Hospitality and Institutional Management. The college stands on a five (5) acre piece of land. The process of transferring title is ongoing. It's located in Sabatia Constituency, Sabatia Sub-county of Vihiga County. The institution was constructed on land annexed from Lotego Primary School and Lotego Vocational Training Center. The institution is equipped with state-of-the-art training equipment for Electrical and Electronics Engineering. In addition, the college was also earmarked as a centre of excellence in training of Computing and Informatics courses. The Institution has partnered with the local community to ensure students get meals and are accommodated in decent hostels

(b) Principal Activities

The principal activity/mission of the college is to provide high quality Technical Vocational Education and Training, research and innovation in partnership with industry and other stakeholders in order to produce globally competitive graduates. The college envisions to be the best in the western region and eventually in the country.

(c) Key Management

Sabatia Technical and Vocational College management is under the following key organs:

• Board of Governors

The main role of the Board is to provide policy direction and oversight over management. To effectively discharge its mandate, the Board has formed three committees which are;

- i. Finance, Infrastructure and Development
- ii. HR, Education and Research
- iii. Audit, Risk Management and Compliance

Key Entity Information and Management (Continued)

• **Accounting Officer/Principal**

The Principal is responsible for the day to day management of the college operations. He is assisted by the following senior management staff

- i. Deputy Principal administration
- ii. Deputy Principal Academics
- iii. Registrar
- iv. Dean of students
- v. Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Grace ApondiTiti
2.	Deputy principal Administration	Alloice Onyango
3	Deputy principal Academics	Lucy Shimenga
4	Registrar (Ag)	Philip Jumba
5	Dean of students (Ag)	Makokha Jamilah Mallo
6	Head of Finance (Ag)	CPA Hesborn Ehaji
7	Accountant	Millford Afandi
8	Procurement Officer	Joan Aluvisia

(e) Fiduciary Oversight Arrangements

This involves the responsibility of ensuring that the College's financial and operational resources are managed ethically, transparently, and in accordance with legal standards. This includes oversight of finances, strategic decisions, and compliance with regulations.

In its oversight responsibilities, the board has constituted three board committees which are charged with the duty of over sighting specific activities. These are as follows:

Key Entity Information and Management (Continued)

i. The Audit, Risk Management and compliance Committee

This committee is charged with the responsibility of over sighting the following key activities;

Audit function – Development and review of the internal audit policy, internal audit planning and execution, reviewing internal audit reports and action plans and Implementation of internal audit reports and external audit recommendations.

Risk Management – Development and review of Risk Management Policy and plans, implementation of risk management plans.

Compliance – Considering compliance audit reports and plans, ensuring compliance to all relevant laws and regulations, corporate social responsibility programs

ii. The Finance, Infrastructure and Development Committee

This committee is charged with the responsibility of over sighting the following key activities;

Planning and Budgeting – overseeing project planning and budget making processes

Implementation – Overseeing the implementation of projects and the budget

Strategic Planning – Overseeing the development, review and implementation of the strategic planning process.

Financial management – overseeing the general management of finances to ensure their prudent use. In particular, considering and approving financial proposals, Quarterly reports, annual financial statements and other financial reports.

iii. The Human Resource, Education and Research Committee

This committee is charged with the responsibility of over sighting the following key activities;

Human Resource Management – Development and review of policy documents, staff recruitment process, staff welfare, staff training and development and staff discipline

Education – Development and review of policy documents, implementation of training programmes, implementation of the curricula, evaluation of trainee progress, trainee enrolment, welfare and discipline

Research – Development and review of the Research Policy, planning and implementation of research activities.

(f) Entity Headquarters

Sabatia Technical and Vocational College
P.O Box, 29-50311 Wodanga, Kenya.
Off-Kapsabet/Chavakali Road
Sabatia Constituency, Vihiga County.

(g) Entity Contacts

Telephone :+254 702666802
E-mail : sabatiatevc@gmail.com
Website : www.sabatiatevc.ac.ke

(h) Entity Bankers

Absa Bank, Kenya, Kakamega Branch
KCB Bank, Mbale Branch
M-PesaPaybill




(i) Independent Auditors




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

(j) Principal Legal Adviser

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




3. Board of Governors




S.NO	NAME	Brief Profile
	 Arch. Alfred M. Lulu- Board Chairman	<p>Arch. Alfred M. Lulu was appointed as the Chairperson of the Board on 9th February 2022. He holds a Master of Architecture (M. Arch) from the University of Nairobi and a Bachelor of Arts BA (Architectural Studies), from the University of Nairobi. He is a registered member of The Architectural Association of Kenya, MAAK(A).</p> <p>Has attended various management training workshops at Kenya Institute of Administration and Irish Management Institute, Dublin, Ireland</p> <p>Has worked with the Ministry of Public Works and National Irrigation Board, Kenya.</p> <p>He is a partner, at Lulu Associates Consulting Architects.</p>
2	 Mr. Joseph Sunguti County Director of TVET	<p>Mr. Joseph Sunguti in his capacity as the County Director of TVET (Kakamega and Vihiga Counties) represents the PS on the Board. He holds a Master of Education degree (Distance Learning) from UoN. Bachelor of Education degree of UoN (Business & Geography)</p> <p>Has attended the Certificate in Strategic Leadership Development Program.</p> <p>Has vast experience as a Teacher Trainer and also as a Technical Trainer. He is a Curriculum Developer and Policy implementer</p>
3	 Ms. Jayne Munyao Board Member	<p>Ms. Jayne Munyao was appointed to the Board on 9th February 2022. She holds A M.Sc. in Haematology and Blood Transfusion, Kisii University, Bachelor of Science in Medical Laboratory Sciences from Mount Kenya University, Higher Diploma in Medical Laboratory Sciences (Haematology / Blood Transfusion Science) Kenya Medical Training College – Nairobi and a Diploma in Medical Laboratory Sciences from Kenya Medical Training College – Nyeri.</p> <p>She has vast working experience in the medical field; she has worked at Alupe Sub District Hospital, Kakamega Provincial General Hospital and St. Elizabeth Mukumu Hospital.</p> <p>She is a Private Practitioner and a part time Lecturer. She is a member of KMLTTB (Kenya Medical Laboratory Technicians and Technologists Board)</p>

4	 <p>Mr. Rodgers Owiti Board Member</p>	<p>Mr. Rodgers Owiti was appointed to the Board on 9th February 2022. He holds a Master of Science in Telecommunication Engineering, JKUAT- Project ongoing, Master of Business Administration, University of Nairobi - Ongoing, Bachelor of Science in Telecommunication &IT, Kenyatta University. He is currently working as an Engineer- Premium Support: Safari PLC. Has previously worked with Access Kenya Limited, Essar Telecom Kenya Limited, Foundation Institute of Africa, E -world Communications Network, Galaxy Fiscal Solutions, Nairobi. He is a Cisco Certified Network Professional and certified ethical hacker.</p>
5	 <p>Mrs. Florence Nancy Lihanda Board Member</p>	<p>Mrs. Florence Nancy Lihanda was appointed to the Board on 9th February 2022. She is an educationist and holds a Bachelor of Education (Hons) from the University of Nairobi. She is a Holder of CES award –Outstanding Education award- from CES Canada; for inspiring leadership in education. Currently she is the Secretary to the Education Commission of Friends Church in Kenya (FCK). She is also the Administrative Secretary, Kakamega Yearly Meeting (YM) of Friends’ Church (Quakers). She has wide experience in teaching, seminar organization, administration and management of educational institutions and organization of social welfare groups programs and their activities.</p>
6	 <p>Mr. Samuel Menyenya Board Member</p>	<p>Mr. Samuel Menyenya was appointed to the Board on 9th February 2022. Holds a Bachelor of science in horticulture from JKUAT. Has an advanced Certificate in Agricultural Project Management from Kothari Agricultural Management Centre (India). He is currently the factory Unit Manager (KTDA). He has previously worked as field service manager (KTDA), Production Assistant (KTDA), Assistant Estate Manager (Eastern Produce (K) LTD).</p>

7	 <p>Mrs. Rhoda Misoi Board Member</p>	<p>Mrs. Rhoda Misoi was appointed to the Board on 9th February 2022. She is a Holder of Bachelor of Business Administration from the University of East Africa, Baraton. She has worked in several positions including being a manager at Ndama distributors, business development officer at Kenya Women Finar Trust Limited – Eldoret. She is currently working as an entrepreneur in Eldoret town.</p>
8	 <p>Mr. Lawrence Musalia Kitsama Board Member</p>	<p>Mr. Lawrence Musalia Kitsama was appointed to the Board on 5th July 2023. He holds Bachelor of Education (Science) Kenyatta University. Diploma in Education KSTC, Diploma in Education Management KEMI, He is a retired Principal – Mukingi Secondary. Currently in business and farming.</p>
9	 <p>Grace Apondi Titi Principal Secretary BOG</p>	<p>Grace is a Long-serving and experienced TVET Trainer. She holds a Master of Arts in Design (Maseno University), a Bachelor of Science in Clothing, Textile and Interior Design (Egerton University), Senior Management Course (Kenya School of Government) and a Diploma in Technical Education (Kenya Technical Trainers College). A Certified Master Craft trainer for Industry, a National Examiner with the National Industrial Training Authority and a Board member of the African Foundation for Quality E-Learning in TVET.</p> <p>Grace is also a member of the National Technical committee implementing Open Distance Education Learning in Kenyan TVET Institutions. In addition, she is the Chairperson of the same committee at the Regional level. She is a global TVET leader and 2019 Alumni of the UNESCO-UNEVOC TVET Leadership Programme, Bonn, Germany.</p> <p>She was Posted to Sabatia Technical and Vocational College as Principal in March 2024.</p>

4. Key Management Team

<p>1</p>	 <p>Ms. Grace Apondi Titi She holds a Master of Arts in Design and a Bachelor of Science in Clothing, Textile and Interior Design Senior Management Course (Kenya School of Government)</p>	<p>She is the Accounting Officer. She is in charge of the day-to-day management of the college.</p>
<p>2.</p>	 <p>Mr Aloice Ouma Onyango An associate member of Kenya of Institute of Management (KIM) Member No. 087 MBA (Project Management)) Senior Management Course, Essential Counselling Skills Program (KSG)</p>	<p>Deputy Principal Deputizes the Principal. In charge of staff discipline and overseeing general administration.</p>
<p>3.</p>	 <p>Ms. Lucy Ihazano Shimenga. Holds a Masters Education Leadership and Management. Diploma in Senior Management Course (KSG)</p>	<p>Deputy Principal Deputizes the Principal. In charge of curriculum implementation, trainee discipline and Library management</p>

<p>4.</p>	 <p>Mr. Phillip Jumba. Holds a B.Sc. in Computer Science</p>	<p>Registrar (Ag) In charge of trainee admissions, marketing, trainee records, assessments and library management</p>
<p>5.</p>	 <p>Ms. Makokha Jamilah Mallo Holds Bachelor of Education (Technology Education- Electrical and Electronics Engineering).</p>	<p>Dean of Students(Ag) In charge of trainee welfare, Guidance and Counselling, accommodation, clubs and societies, sports and trainee governance.</p>
<p>6.</p>	 <p>CPA Hesborn Ehaji (ICPAK No. 11369) Holds an MBA from Maseno University and a BCOM from Catholic University</p>	<p>Finance Officer (Ag) In Charge of the Finance function</p>

5. Chairman's Statement



Arch. Alfred M. Lulu
Board Chairman

Dear Stakeholders,

It is my privilege to present to you the Chairman's Report for the financial year ended 30th June, 2024. The year under review has been both exciting and challenging, marked by significant developments that have positioned our institution for continued success and growth.

Financial Performance and Revenue Mobilization

The financial year 2023/2024 saw remarkable progress in revenue mobilization, a key area of focus for the institution. Through enhanced financial strategies, partnerships, we achieved notable improvements in our financial standing. The total revenue grew substantially, allowing us to meet operational needs, invest in infrastructure, and support academic programs. We were able to strengthen our financial sustainability, ensuring that the institution continues to thrive despite external economic pressures.

Increased Enrolment

One of the major highlights of the year was the significant increase in student enrolment. At the beginning of the year, our student population stood at 1,476 and we are proud to report that we saw a significant rise in this number to 1,878 which has had a positive impact on both our financial health and academic programs. The increase in enrolment reflects the growing demand for quality technical and vocational education, which our institution is well-positioned to provide.

This enrolment growth is a testament to the institution's growing reputation and the effectiveness of our student recruitment strategies. The expansion has also brought new challenges, particularly in terms of managing resources and maintaining high standards of education. However, the institution is committed to ensuring that every student receives the support and quality training they need to excel in their chosen fields.

Infrastructure Development and Upgrades

To accommodate the growing student population, we have embarked on a series of infrastructure development projects. Key developments include the expansion of classrooms, and workshops, which are essential for our technical and vocational programs.

Our investment in modern learning facilities is designed to enhance the learning experience and ensure that our students have access to state-of-the-art tools and resources. This infrastructure upgrade also aligns with our broader strategic goal of becoming a leading center of excellence in technical and vocational training.

Challenges Faced

While the year has been filled with exciting achievements, we also encountered several challenges:

- **Resource Constraints:** With the rapid increase in enrolment, we faced pressures related to space, teaching staff, and learning materials. This required careful resource allocation and planning to ensure that quality was not compromised.
- **Economic Conditions:** The broader economic environment affected some of our external funding sources and partnerships, requiring us to be more innovative in our revenue-generation efforts.
- **Regulatory and Compliance Adjustments:** Changes in the educational and financial regulations required additional efforts to ensure that we remained compliant with evolving standards, which added to the administrative workload.

Strategic Partnerships and Collaborations

The institution continues to strengthen its strategic partnerships with both local and international stakeholders. These collaborations have been instrumental in supporting our programs, particularly in the areas of student internships, resource mobilization, and curriculum development. Our partnerships with industry players have allowed us to ensure that our training remains relevant to the evolving needs of the job market.

The coming year will no doubt bring new challenges, but I am confident that with the support of our dedicated staff, students, and stakeholders, we will continue to thrive and grow as a leading institution of technical and vocational education.

Conclusion

In conclusion, I would like to express my deepest appreciation to the Board of Governors, the management team, and all the staff for their dedication and hard work throughout this challenging but rewarding year. I would also like to thank our Trainees for their commitment to excellence and their trust in our institution. Lastly, I extend my gratitude to our partners and stakeholders for their unwavering support in making this institution a beacon of quality education and innovation.

Together, we will continue to build on the achievements of this past year and work toward even greater successes in the future.

Signed:



Arch. Alfred Lulu
Chairman, Board of Governors

6. Report of the Senior Principal



Grace Apondi Titi
Principal/Secretary to The Board

Dear Stakeholders,

I am pleased to present the Principal's Report for the financial year ended 30th June, 2024. This has been a pivotal year for our institution as we made significant strides toward enhancing our operational efficiency, improving academic programs, and laying the groundwork for sustained growth.

Development of Strategic Plan and Policy Documents

One of the key milestones achieved during the year was the successful development and adoption of a Strategic Plan and other critical policy documents that will guide the college's growth and development over the next several years. These documents have been designed to align with our mission, vision, and the evolving needs of the education sector.

The Strategic Plan outlines clear goals and objectives across several areas, including:

- Quality and Relevance Training and learning
- Financial and Human Resources
- Research, Innovation and dual training
- Accessibility and Equity in TVET
- Environmental Sustainability

These documents will serve as a blueprint for the institution's future, ensuring that we remain focused on our goals while also being responsive to external challenges and opportunities.

Active Oversight and Support from the Board

Throughout the year, the Board of Governors has been highly engaged in providing strategic direction and oversight. Their active involvement has been instrumental in shaping the institution's policies and guiding our management team through key decisions.

The board's commitment to its oversight role has ensured that:

- Policy direction is clear and well-communicated to management.
- There is strong support for institutional growth and innovation.
- Financial resources are managed prudently, with a focus on transparency and accountability.

The support from the board has enabled us to navigate challenges effectively while taking advantage of emerging opportunities to enhance our programs and services.

Academic Achievements and Growth

In line with our strategic objectives, this year saw continued growth in our academic programs. We introduced several new courses tailored to meet the demands of the modern workforce and to offer our students relevant and practical skills.

Additionally, we made significant progress in:

- **Improving Student Performance:** With enhanced teaching methods, professional development for lecturers, and better access to learning resources, we have seen improvements in academic outcomes across various programs.
- **Expanding Enrollment:** As highlighted in the Chairman's Report, we experienced a notable increase in student enrollment, reflecting the institution's growing reputation and the value of our programs.

Infrastructure Development

In response to the growing student population, we have initiated several infrastructure development projects aimed at expanding our capacity and enhancing the overall learning environment. Some of the major projects include:

- Construction of new Tuition rooms and Workshops to accommodate the increasing demand for technical and vocational training.
- Upgrading of ICT facilities to support digital learning and improve access to online resources.
- Purchase of College Van and Bus.

These infrastructure projects are critical to ensuring that our students receive the best possible education and that we can continue to attract top talent to our teaching staff.

Financial Management and Resource Allocation

We have continued to improve our financial management practices, ensuring that resources are allocated efficiently and in line with the priorities outlined in our strategic plan. Some key achievements in financial management include:

- Timely preparation of financial reports and the successful completion of both internal and external audits.
- Implementation of cost-saving measures to improve operational efficiency without compromising the quality of education.
- Diversification of revenue streams through partnerships with industry, government funding, and income-generating activities.

Our efforts to maintain financial discipline and transparency have placed the institution on a strong footing for future growth.

Challenges Faced

Despite the many successes we achieved during the year, there were also several challenges that we had to navigate:

- **Resource Constraints:** The rapid increase in student enrollment has placed a strain on our resources particularly in terms of physical space and teaching staff.
- **Economic Conditions:** External economic factors impacted some of our financial resources, requiring us to adopt innovative approaches to revenue generation and cost management.
- **Regulatory Changes:** The changing regulatory environment in the education sector necessitated additional compliance measures, which required significant administrative effort.

While these challenges have tested our resilience, they have also provided valuable lessons and opportunities for growth.

Staff Development and Capacity Building

Our staff remains at the core of the institution's success. To ensure that they are well-equipped to meet the evolving needs of our students and programs, we have prioritized capacity-building initiatives. These include:

- **Professional development programs** for teaching staff, focused on modern pedagogical methods and industry-relevant skills.
- **Recruitment of additional staff** to support the growing student population and expanding academic offerings.

By investing in our staff, we are building a strong foundation for academic excellence and institutional growth.

Student Welfare and Support Services

We recognize that the welfare and success of our Trainees are central to our mission. This year, we continued to enhance our student support services, including:

- **Career guidance and counseling services** to help students navigate their academic and career paths.
- **Scholarships and bursaries** for deserving students to ensure that financial constraints do not hinder their access to quality education.
- **Student mentorship programs**, where industry professionals provide guidance and practical insights to help students succeed in their chosen fields.

These initiatives have helped us create a supportive and inclusive learning environment where all students can thrive.

Looking Ahead

As we move into the next financial year, we are committed to:

- Continuing the implementation of our strategic plan, with a focus on academic excellence, infrastructure development, and financial sustainability.
- Expanding our academic programs to meet the growing demand for skilled professionals in key sectors.
- Strengthening partnerships with industry and government to enhance our students' learning experiences and improve their employment prospects.

We remain focused on positioning our institution as a leader in technical and vocational education, both locally and regionally.

Conclusion

In conclusion, I would like to extend my sincere gratitude to the Board of Governors for their continued support and guidance, to the management team and staff for their dedication and hard work, and to our students and stakeholders for their commitment to our institution's mission.

Together, we have achieved great things this year, and I am confident that we will continue to build on this success in the years to come.

Thank you.

Signed: 

Grace ApondiTiti
Principal/Secretary-BOG

7. Statement of Performance against Predetermined Objectives

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

Sabatia TVC has five strategic issues and objectives within current Strategic Plan for the FY 2022- FY 2027. These strategic pillars are as follows:

- Issue 1: Quality and relevant Training and learning
- Issue 2: Financial, physical and human resources capabilities
- Issue 3: Research, Innovation and dual training
- Issue 4: Accessibility and Equity in TVET
- Issue 5: Environmental Sustainability

Sabatia TVC develops its annual work plans based on the above 5 issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Sabatia TVC achieved its performance targets set for the FY 2023/2024 period for its 5 strategic pillars, as indicated in the diagram below

	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Issue 1	Quality and Relevance Training and learning	Provide quality and market-driven programmes	Increase in number of quality market-driven courses offered and enrolment	Attend public open forums Sensitization visits to secondary schools and enhance practical skills in training, strengthen trainees welfare services and mentorship activities.	Increased enrolment from 1,476 to 1,878, Number of quality market driven courses offered
Issue 2	Financial and Human Resources	Strengthen financial, physical and human capabilities.	Strengthened financial, physical, and human capabilities.	Digitalization of services, installation of safety and security systems, prudent utilization of funds	Percentage completion of projects, implementation of human resource policy
Issue 3	Research, Innovation and dual training	Promote research, innovation,	Strengthened Research, innovation, dual	Implement sti, Research, initiate and enhance dual training, enhance	No. of research papers and innovations, No. of enhanced linkages,

		dual training programs, partnership and linkages	training programmes, partnerships and linkages.	community outreach services and enhance dissemination of information.	partnerships and collaborations and No. of community outreach services
Issue 4	Accessibility and Equity in TVET	Promote accessibility and Equity in TVET	Revitalized IGAs and implementation of short courses, initiated and implemented hybrid ODEL courses.	Increase access to short courses, revitalize short courses, initiate and implement hybrid ODEL programs, enhance marketing activities and ensure buildings have ramps.	No. of revitalized IGAs, No. of units under hybrid ODEL program, no. of marketing activities, % increase in female trainees enrolled in SET courses and 40% ramp inclusion in college buildings.
Issue 5	Environmental Sustainability	Integrate environmental sustainability	Awareness activities on Environmental Sustainability incorporated.	Participation in tree planting and college beautification and adoption of greening practices in the college including solar lighting and E-waste disposal.	No. of lighting points increased

8. Corporate Governance Statement

The Statement Outlines College commitment to maintaining high standards of corporate governance, ensuring transparency, accountability, and ethical conduct in our operations. We believe that effective governance is crucial for sustaining stakeholder trust and long-term success.

Our governance framework is designed to align with best practices and regulatory requirements. Key components include:

1. Board Composition

Our Board is composed of diverse members with a balance of skills, experience, and perspectives. Independent directors play a crucial role in decision-making processes.

2. Committees

We have established several committees, including Audit, Risk, and Remuneration

Committees, each with defined responsibilities and authority to oversee specific areas of governance.

We have established several committees, each with defined responsibilities and authority to oversee specific areas of governance as illustrated.

i. The Audit, Risk Management and compliance Committee

The committee is comprised of the following board of Governors.

Florence Lihanda-	Chairperson
Jayne Munyao-	Member
Lawrence Musalia -	Member

This committee is charged with the responsibility of over sighting the following key activities;

- **Audit function** – Development and review of the internal audit policy, internal audit planning and execution, reviewing internal audit reports and action plans and Implementation of internal audit reports and external audit recommendations.
- **Risk Management** – Development and review of Risk Management Policy and plans, implementation of risk management plans.
- **Compliance** – Considering compliance audit reports and plans, ensuring compliance to all relevant laws and regulations, corporate social responsibility programs.

ii. The Finance, Infrastructure and Development Committee

The committee is comprised of the following board of Governors.

Roda Jemutai Misoi-	Chairperson
Rodgers Otieno Owiti-	Member
Samuel Makori -	Member

This committee is charged with the responsibility of over sighting the following key activities;

- **Planning and Budgeting** – overseeing project planning and budget making processes
- **Implementation** – Overseeing the implementation of projects and the budget
- **Strategic Planning** – Overseeing the development, review and implementation of the strategic planning process.
- **Financial management** – overseeing the general management of finances to ensure their prudent use. In particular, considering and approving financial proposals, Quarterly reports, annual financial statements and other financial reports.

iii. The Human Resource, Education and Research Committee

The committee is comprised of the following board of Governors.

Rodgers Owiti -	Chairperson
Florence Lihanda-	Member
Jayne Munayo -	Member

This committee is charged with the responsibility of over sighting the following key activities;

- **Human Resource Management** – Development and review of policy documents, staff recruitment process, staff welfare, staff training and development and staff discipline
- **Education** – Development and review of policy documents, implementation of training programmes, implementation of the curricula, evaluation of trainee progress, trainee enrolment, welfare and discipline
- **Research** – Development and review of the Research Policy, planning and implementation of research activities.

3. Ethical Standards

- Our Code of Conduct outlines the ethical principles and expectations for all employees and directors. We are committed to fostering a culture of integrity and compliance.

4. Risk Management

We have implemented a robust risk management framework that identifies, assesses, and mitigates risks across all areas of our business. Regular reviews and updates ensure we remain responsive to emerging risks.

5. Stakeholder Engagement

We prioritize open communication with our stakeholders, including shareholders, employees, customers, and the community. Regular updates and feedback mechanisms ensure their interests are considered in our decision-making processes.

6. Compliance and Monitoring

We adhere to all relevant laws and regulations, with regular audits and assessments to ensure compliance. Our governance practices are continuously reviewed to align with evolving standards and stakeholder expectations.

a. Board Meetings, Attendance and Remuneration

During the FY 2023/2024, the board held a total of Nineteen meetings which were all very well attended by members. The Board comprises of a total of 10 members (the Principal inclusive) with 5 forming a quorum.

b. Board Charter, Succession Plan, Induction and Training

The board charter is finalized. Board members have all been inducted

Succession is guided by the TVET Act which guides that member to the board should be appointed in a manner that guarantees continuity.

c. Appointment and removal of board members

The process of appointment and removal of board members is provided for in the TVET Act.

Appointment – On expiry of the term of office, the secretary to the board in consultation with the County Director, TVET would constitute a Nomination Panel which would recommend at least 3 members for each position to the Cabinet Secretary responsible for TVET who will then appoint one.

Removal – Grounds for removal are provided for in the TVET Act of 2013

d. Roles and Functions of the Board

The roles of the Board are as outlined in article 29 of the TVET Act of 2013 and includes among others; to'

- i. Provide policy direction to management
- ii. Develop and implement the strategic plan
- iii. Consider and approve the budget
- iv. Consider and approve the financial statements and reports
- v. Oversee the human resource management
- vi. Oversee staff and student discipline
- vii. Help mobilise resources for the institution

9. Management Discussion and Analysis

Overview of Performance

Sabatia TVC's performance generally improved during the financial year 2023/2024, though not to the levels we had anticipated. The College faced several challenges, particularly regarding Government funding and trainee enrolment.

Capitation Funding

Throughout the year, we received capitation funding for all four quarters; however, the amounts per student were lower than in previous years and were disbursed after some delays. This has had a significant impact on our operational budget and our ability to deliver programs effectively.

Trainee Enrolment

Trainee enrolment stood at 1,878 by the end of the year, showing resilience despite external challenges. While this figure is an improvement, we recognize the need for enhanced marketing strategies and community outreach to attract more students. Our focus remains on promoting the value of our programs and the career opportunities they provide.

Operational Improvements

During the year, we implemented various operational enhancements aimed at increasing efficiency and effectiveness in our service delivery. This includes staff training, upgrading facilities, and integrating technology into our educational programs, all of which are designed to improve the overall student experience.

Challenges and Opportunities

While we experienced improvements, several challenges remain:

- **Funding Stability:** We need to advocate for more consistent and adequate funding to support our programs.
- **Market Competition:** Increasing competition from other institutions requires us to differentiate our offerings and enhance our value proposition.
- **Economic Conditions:** Fluctuating economic conditions may impact enrolment and funding, necessitating a proactive approach to risk management.
- **Retention Rates:** While enrolment figures are promising, retaining students throughout their programs remains a challenge. We must enhance support services to improve student satisfaction and completion rates.
- **Adapting to Technological Change:** Rapid advancements in technology require continual updates to our curriculum and teaching methods. Staying current with industry standards and technology integration is crucial.

Opportunities

- **Program Diversification:** Expanding our course offerings to include in-demand skills and certifications can attract a broader range of students and meet market needs.
- **Partnerships with Industry:** Building partnerships with local businesses and organizations can provide practical training opportunities for students and enhance employability.
- **Community Engagement:** Strengthening our outreach efforts within the community can raise awareness of our programs and foster relationships that lead to increased enrolment.
- **Online Learning Expansion:** Developing online and hybrid learning options can attract students who require flexible schedules and broaden our reach beyond local communities.
- **Alumni Network Development:** Leveraging our alumni network for mentorship and job placement opportunities can enhance our institution's reputation and provide valuable resources for current students.

10. Environmental and Sustainability Reporting Statement

Sabatia TVC is dedicated to fostering a culture of sustainability and environmental stewardship. By implementing effective initiatives and setting ambitious goals, we aim to not only reduce our environmental impact but also inspire our students and community to embrace sustainable practices. Together, we can contribute to a healthier planet for future generations.

The College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

As a College, we are focused on sustainable growth in all respects. We have put in place an innovative marketing strategy that is intended to ensure sustainable growth in enrolment. We have also put in place a monitoring and evaluation mechanism that assures of quality training in all our programmes. We are also fully aware of the current overwhelming political support and goodwill towards the TVET sub sector as a key national development pillar

Environmental performance

As a college, we are proud to support the national goal of achieving 10% forest cover. During the year, we actively engaged in tree planting initiatives, which not only enhance the aesthetic value of our campus but also contribute to biodiversity and environmental conservation.

Key Achievements:

- **500 Trees Planted:** During the period, the College successfully planted 500 trees, including a variety of ornamental flowers, fruit trees, and general trees. These trees were carefully selected to suit the local environment and enhance both the greenery and the ecological balance of our campus.
- **Tree Maintenance and Protection:** Beyond planting, we have established systems to ensure that the trees are well-maintained and protected from damage, ensuring their survival and long-term growth. This includes regular watering, mulching, and monitoring

Employee welfare

At our institution, we remain committed to fostering a healthy, equitable, and supportive working environment for all our employees. Ensuring employee well-being is not only critical for the overall success of the college but also reflects our dedication to upholding best practices in human resource management.

As part of our commitment to promoting diversity and gender equality, we are fully compliant with the national policy on gender ratio, which stipulates that no more than two-thirds of the workforce can be from the same gender. Our workforce currently consists of: 43 male employees and 27 female employees. This gives us a two-thirds gender ratio, which aligns with national requirements. We continue to ensure that gender balance is maintained and will strive to promote gender inclusivity in recruitment, training, and leadership opportunities. Our aim is to create an environment where all employees, regardless of gender, feel valued and empowered.

As a college we are determined to fully comply with the national policy on gender ratio of not more than two thirds gender majority. We have 43 Male and 27 female employees, a ratio of two thirds. We also take any opportunity available to improve skills and competencies of our staff through training and workshops. We have also taken measures to ensure workplace safety in all our workshops tuition rooms and offices

Market place practices-

- a) Our marketing policy and strategy focuses on creating awareness towards the opportunities available in the TVET sector. We also focus on value options in our college. We are committed to fair competition and respect for our competitors
- b) We are committed to fair business practices in our supply chain processes and to honoring our promises to our business partners.
- c) Our training programs are strictly organized in accordance to the recommended syllabi. We also hold regular forums with our trainees who are our main customers to address their concerns. We also have other customer engagement mechanism as a way of assuring that their rights are upheld

Corporate Social Responsibility / Community Engagements

Currently, our main engagement with the community is creating awareness on the training opportunities available in the TVET sub sector, employment options and the government support available.

In line with our mission to link education with industry needs, we have established partnerships with local businesses and industries to support both our students and the wider community. These partnerships provide mutual benefits, including:

Internship and Apprenticeship Programs: Local industries have offered internships and apprenticeships to our students, giving them hands-on experience and improving their job readiness.

11. Report of the Board of Governors

The Board members submit their annual report together with the audited financial statements for the year - ended June 30, 2024 which show the state of Sabatia TVC affairs.

Principal activities

The principal activities of the College are to provide quality Technical and Vocational Training in order to produce competitive graduates for the job market

Results

The results of the College for the year ended June 30th June 2024 are set out on page 1 to 5

Board of Governors

The members of the Board who served during the year are shown on page vii to ix.

Auditors

The Auditor General is responsible for the statutory audit of Sabatia Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of Sabatia Technical and Vocational College for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....

Secretary of the Board

Date: 17-04-2025

12. Statement of Board of Governors Responsibilities

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

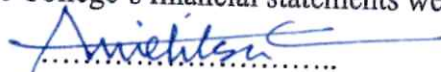
The board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the year ended on June 30th, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the College'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 College's transactions during the year ended June 30th, 2024, and of the College's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the College ability to continue as a going concern 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

The College's financial statements were approved by the Board onand signed on its behalf by:



Chairman, Board of Governors



Accounting Officer/Principal

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SABATIA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sabatia Technical and Vocational College set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of

Report of the Auditor-General on Sabatia Technical and Vocational College for the year ended 30 June, 2024

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

In my opinion, except for the effects of the 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 Sabatia Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.3,249,883, which includes an amount of Kshs.643,381 relating to fees paid in advance from customers/students, but misclassified under trade and other payables instead of debtors (pre-payments).

Further, the balance was not supported with detailed schedule and an ageing analysis per category showing the opening balance, additions and payments in the year to arrive at the closing balance.

In the circumstances, the classification, accuracy and completeness of the trade and payables balance of Kshs.3,249,883 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment amount of Kshs.59,457,999 as disclosed in Note 20 to the financial statements which includes Nil balance in respect of land, whose ownership documents has not been obtained. Further, the parcels of land which is approximately two (2) hectares detailed have not been valued and were not included in the property, plant and equipment balance of Kshs.59,457,999.

In the circumstances, the accuracy and completeness of the balance of Kshs.59,457,999 in respect of property, plant and equipment could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Sabatia Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Qualified Opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.97,160,000 and Kshs.84,277,811 respectively, resulting to under-collection of Kshs.12,882,189. Similarly, the College spent Kshs.41,566,680 against an approved budget of Kshs.97,160,000, resulting to under expenditure of Kshs.55,593,320.

The under expenditure may have curtailed realization of planned activities and service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, issues were raised under Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources. Although Management has indicated that some of the issues have been resolved under progress on follow-up of the auditor's recommendation section of the financial statements, no evidence of how the issues were resolved was provided for audit review.

Other Information

Management is responsible for the Other Information set out on page iii to xxix which comprises Key Entity Information, Board of Governors, Chairperson's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment 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's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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 effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Partial Implementation of E-Procurement System

Review of procurement records during the financial year under review revealed that the College did not undertake all their procurements through the e-procurement module as required by Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

In the circumstances, Management did not put in place a proper system to ensure efficient coordination of procurement and disposal procedures.

2. Lack of Internal Audit Function

The College does not have in place an Internal Audit Unit contrary to the provisions of Section 73(1) and (5) of the Public Finance Management Act, 2012 which requires every public entity to have arrangements in place an internal audit unit for the purpose of carrying out in depth reviews of Management operations and internal controls. As such the College did not benefit from the assurance and advisory services from the internal audit.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

3. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees on the entity's payroll were 43 out of which 34 or 79 % of the total number were members of the dominant ethnic community in the area. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

4. Non-Compliance with Guidelines on Board Appointments

Review of council members data revealed that tenures of all the 9 members of the Board begun on 9 February 2022 and ended on 9 February 2025. Therefore, the tenures were not staggered to ensure a phased transition. This is contrary to Chapter 1.14(1) of Mwongozo (The Code of Governance for State Corporations) on succession planning states that the appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition.

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

5. Non-Compliance with the Law on Representation of People with Disabilities

During the year under review, the total number of employees on the entity's payroll were 43. However, there was no evidence to show that persons with disabilities were represented in the work force contrary to Article 232(1) of the Constitution, 2010. This is contrary to Article 232 (1) (h) of the Constitution of Kenya on Values and principles of public service states that the values and principles of public service include representation of Kenya's diverse communities; and (i) affording adequate and equal opportunities for appointment, training and advancement, at all levels of the public service.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect(s) of the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Proper IT internal Controls

During the year under review, the College did not ensure sufficient and proper ICT internal control with respect to security management and ICT governance. The following weaknesses were observed:

- i. Lack of training needs assessments and proper training of the ICT departmental staff.
- ii. The institution lacked periodic assessment and implementation reports of the upgraded Abno application to show the efficiency, performance and value for money in upgrading the system that handled both financial, procurement and human resource modules.
- iii. The modules had not been fully integrated and automated leaving a gap in handling information from one module to another.
- iv. The finance module lacked a formally documented and approved process to manage adjustments made to all financial systems.
- v. The College did not have in place ICT strategic plan, ICT strategic committee, IT steering committee for the department to ensure data security, confidentiality, integrity, availability and generally to internally control the activities of the ICT department.

This is was contrary to Section 139.(1) the PFM regulations 2015-National government states that; of the Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that _a) preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse; (d) movement and conditions of assets can be tracked; and (c) stock levels are at an optimum and economical level. (2). The Accounting Officer shall ensure that processes and procedures both electronic and manual are in place for the effective, efficient, economical and transparent use of the government entity's assets.

In the circumstances, the IT operations may not have been effectively managed and aligned to support the operations of the entity during the year under review.

2. Partial Implementation of E-Procurement System

Review of procurement records during the financial year under review revealed that the University did not undertake all their procurements through the e-procurement module as required by Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

In the circumstances, Management did not put in place a proper system to ensure efficient coordination of procurement and disposal procedures.

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 May, 2025

3. Non- Compliance with Treasury Circular on Maintenance of an Integrated HR System

Review of Human Resource information provided for audit review revealed that the entity maintains summary payrolls prepared on desktop and not integrated payroll products containing integrated details of specific and gross earnings for employees, details of specific payroll deductions and total deductions for employees generated from the HR and payroll system.

Further, review of human resource records revealed that the College did not discharge its function as per the Employment Act. Employee data provided for audit review revealed instances of missing personal numbers, grades/ job scales, terms of service, national ID numbers, NHIF numbers, NSSF numbers, education level and dates of first appointment

In the circumstances, the adequacy of internal controls on the College payroll during the year was not robust enough to mitigate against system errors and may negatively affect the College's operations.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from National Government Entities	6	16,900,425	12,638,000
Donations	7	-	5,214,263
		16,900,425	17,852,263
Revenue from exchange transactions			
Rendering of services- Fees from students	8	66,183,954	35,528,503
Sale of goods	9	507,824	150,260
Finance income	10	150,358	0
Miscellaneous income	11	535,250	800,070
Revenue from exchange transactions		67,377,386	36,478,833
Total revenue		84,277,811	54,331,096
Expenses			
Use of goods and services	12	26,982,024	22,096,229
Employee costs	13	5,902,251	6,080,897
Board Expenses	14	1,479,000	1,109,000
Depreciation and amortization expense	15	4,920,948	4,278,883
Repairs and Maintenance	16	2,282,457	2,929,870
Total Expenses		41,566,680	36,494,879
Net Surplus for the Period		42,711,130	17,836,217

(The notes set out on pages 6 to 36 form an integral part of the Annual Financial Statements).

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

Arch. Alfred Lulu
Chairman, Board of Governors



Date 17-04-2025

CPA Hesborn Ehaji

Finance Officer

(ICPAK) No.11369


Date 17-04-2025

Grace Apondi Titi

Principal



Date 17-04-2025

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

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

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	17	11,523,176	1,037,551
Current portion of receivables from exchange transactions	18	66,740,839	34,335,564
Inventories	19	752,731	2,647,884
Total Current Assets		79,016,746	38,020,999
Non-Current Assets			
Property, plant, and equipment	20	59,457,999	61,747,947
Intangible assets	21	2,432,000	2,576,750
Total Non-Current Assets		61,889,999	64,324,697
Total Assets (A)		140,906,745	102,345,696
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	22	3,249,883	7,399,964
Total Current Liabilities		3,249,883	7,399,964
Represented By:			
Revaluation Reserves			
Accumulated Surplus		80,596,355	37,885,225
Capital Fund		57,060,507	57,060,507
Net Assets		137,656,862	94,945,732
Total Net Assets and Liabilities		140,906,745	102,345,696

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

Arch. Alfred Lulu

**Chairman, Board of
Governors**

Date 17-04-2025

CPA Hesborn Ehaji

**Finance Officer
(ICPAK) No.11369**

Date 17-04-2025

Grace Apondi Titi

Principal

Date 17-04-2025

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

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

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	-	20,193,758	57,060,507	77,254,265
Revaluation gain	-	-	-	-
Surplus for the year	-	17,691,466	-	17,691,466
At June 30, 2023	-	37,885,224	57,060,507	94,945,731
At July 1, 2023	-	37,885,224	57,060,507	94,945,731
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	42,711,130	-	42,711,130
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	-	80,596,354	57,060,507	137,656,862

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

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	16,900,425	12,638,000
Donations	7	0	5,214,263
Rendering of services- Fees from students	8	66,183,954	35,528,503
Sale of goods	9	507,824	150,260
Finance Income	10	150,358	0
Other income	11	535,250	800,070
Total Receipts		84,277,811	54,331,096
Payments			
Use of goods and services	12	26,982,024	22,096,229
Employee costs	13	5,902,251	6,080,897
Board Expenses	14	1,479,000	1,109,000
Repairs and maintenance	16	2,282,457	2,929,870
Total Payments		36,645,732	32,215,996
Net Cash Flows from operating activities		47,632,079	22,115,100
Cash flows from investing activities			
Purchase of property, plant, equipment,	19	(2,486,300)	(7,423,606)
Purchase of intangible assets	20	-	-
Net cash flows used in investing activities		(2,486,300)	(7,423,606)
Changes in working Capital			
Increase in Receivables		(32,405,275)	(16,145,041)
Decrease /Increase in Payables		(4,150,081)	1,051,660
Decrease/Increase in Inventories		1,895,153	(2,026,300)
Net Cash flow from Changes in Working Capital		(34,660,203)	(17,119,681)
Net Decrease in Cash and Cash equivalents		10,485,576	(2,428,188)
Cash and Cash equivalents at 1 July 2023		1,037,551	3,465,739.00
Cash and Cash equivalents at 30 June 2024		11,523,176	1,037,551.00

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

Description	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Variance	% of Utilization
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from National Government entities	36,000,000	-	36,000,000	16,900,425	19,099,575	53%
Rendering of services- Fees from students	35,884,000	24,116,000	60,000,000	66,183,954	6,183,954	10%
Sale of goods	100,000	410,000	510,000	507,824	2,176	0.4%
Finance income	0	150,000	150,000	150,358	358	0.2%
Other Income	700,000	-200,000	500,000	535,250	35,250	7%
Total Income	72,684,000	24,476,000	97,160,000	84,277,811		87%
Expenditure						
Use of goods and services	48,868,970	-	48,868,970	26,982,024	21,886,945	45%
Employee costs	16,411,000	-	16,411,000	5,902,251	10,508,749	64%
Board Expenses	2,190,000	-	2,190,000	1,479,000	711,000	32%
Depreciation and amortization expense	0	5,000,000	5,000,000	4,920,948	79,052	2%
Repairs and Maintenance	5,214,030	-	5,214,030	2,282,457	2,931,573	56%
Total Expenditure	72,684,000	-	72,684,000	41,566,680		50%
Surplus for the period	0	0	0	42,711,130		
Capital Expenditure	116,450,000		116,450,000	0		

Budget notes

- **Transfers from National Government entities:** Government funds being released later than scheduled
- **Rendering of services- Fees from students:** Government funds being released later than scheduled
- **Use of goods and services:** Fluctuating funding levels makes it difficult for the College to budget effectively
- **Employee costs:** Budgeted positions remained unfilled due to delayed Government funding
- **Remuneration of directors:** The Board suspended its workshops and training due to delayed Government funding
- **Repairs and Maintenance:** Maintenance activities postponed due to cash flow constraints, prioritization of other expenses. Due to delayed Government funding.

19. Notes to the Financial Statements

1. General Information

Sabatia TVC is established by and derives its authority and accountability from The TVET Act of 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activities of the college are providing quality technical and vocational training in order to produce competitive graduates for the job market.

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 judgment in the process of applying the college's accounting policies. There are no areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the college.

The financial statements have been prepared in accordance with the PFM Act and the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2024.
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

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

<p>Standard IPSAS 43: Leases</p>	<p>Effective date and impact: <i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p>

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

	This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The 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 entity.

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Council or Board on 28th January, 2024. 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. Accordingly, the College recorded additional appropriations of Five million on the FY 2023/2024 budget following the Board's approval. The Sabatia Technical and Vocational College budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a

comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 and 6 of these financial statements.

c) Taxes

Current income tax

The College is exempt from paying taxes as per schedule of the Income Tax Act (CAP 470)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and

depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

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 Sabatia Technical and Vocational College management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

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.

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

k) Provisions

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

insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it

recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

The college creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

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.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

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

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

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

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

6. Transfers from other National Government entities

Description			Period ended 30 th June 2024	Comparative Period 30 th June 2023
			Kshs	Kshs
Unconditional Grants				
Capitation Grants	2023-2024			
Grants received	No. Capitated	Amount		
Capitation (Q1-2023/2024)	1,207	3,500	4,224,500	3,870,000
Capitation (Q2-2023/2024)	1,207	3,500	4,224,500	4,384,000
Capitation (Q3-2023/2024)	1,207	4,000	4,828,000	4,384,000
Capitation (Q4-2023/2024)	1,208	3,000	3,623,425	0
Total government grants and subsidies			16,900,425	12,638,000

7. Public Contributions and Donations

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Jitume Lab Computers	0	5,214,263
Total Donations and Contributions	0	5,214,263

8. Rendering of Services

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	KShs	KShs
Tuition fees	18,919,401	519,979
Activity fees	5,318,196	3,097,012
Examination fees	3,717,260	2,984,277
Library fees	737,660	1,364,331
Registration fees	28,700	92,700
Personal Emoluments	14,966,877	9,828,007
EWC	4,592,979	2,772,295

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

LT&T	5,428,077	3,868,296
R M I	5,705,433	4,129,396
Administration	1,733,919	1,611,739
Student council	280,990	516,071
ICT Levy	779,182	1,357,750
Development	1,770,780	3,386,650
Medical insurance	1,555,000	0
Industrial attachment fees	522,000	0
KUCCPS	127,500	0
Total Revenue	66,183,954	35,528,503

9. Sale of Goods

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Sale of goods		
Sale of Soap	17,610	200
Cafeteria (PAYE)	468,924	138,710
Food and beverage	16,290	6,150
Cosmetology	0	5,200
ICT	5,000	0
Total revenue from the sale of goods	507,824	150,260

10. Finance Income

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Interest income	150,358	0
Total other income	150,358	0

11. Miscellaneous Income

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Accommodation Fees	527,250	799,070
Income from sale of tender	8,000	1000
Total other income	535,250	800,070

12. Use of Goods and Services

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Teaching and learning materials	8,344,746	4,754,019
Industrial attachment costs	343,800	278,300
Electricity	194,554	495,175
Water	0	31,500
Subscriptions	158,802	101,200
Examination fees	3,002,820	2,224,300
Catering	369,762	153,690
Accommodation	94,000	383,303
Insurance	53,804	72,518
Licenses and permits	10,000	13,500
Postage	7,725	7,725
Printing and stationery	22,760	783,270
Telephone expenses	280,838	392,950
Internet expenses	374,132	361,856
Administrative costs	6,608,085	7,190,797
Activity	2,220,645	1,507,055
Student Council	515,050	268,520
Travel and subsistence	4,240,902	3,076,55
Kuccps	130,500	0
Sale of Soap	9,100	0
Total good and services	26,982,025	22,096,229

13. Employee Costs

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Salaries and wages	5,139,360	6,080,897
Social contributions	762,891	
Employee Costs	5,902,251	6,080,897

14. Board Expenses

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	Kshs	Kshs
Chairman's Honoraria	183,000	131,000
Director's Emoluments	1,296,000	978,000
Total	1,479,000	1,109,000

15. Depreciation and Amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	4,776,198	4,134,133
Intangible assets	144,750	144,750
Total Depreciation and Amortization	4,920,948	4,278,883

16. . Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property	1,300,057	2,297,670
Furniture and fittings	890,000	583,200
Computers and accessories	68,400	41,000
Hand washing Facilities	24,000	8,000
Total Repairs and Maintenance	2,282,457	2,929,870

17. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current account Absa	10,991,466	1,017,832
Current account KCB	531,708	0
Cash in Hand	0	19,719
Total cash and cash equivalents	11,523,176	1,037,551

17(a) Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
Absa bank	2039624985	10,991,466	1,017,832
KCB Bank	1320195946	531,708	0
Sub- total		11,523,176	1,017,832
cash in hand		0	19,719
Sub- total		0	19,719
Grand total		11,523,176	1,037,551

Receivables from Exchange transactions

18. (a) Current Receivables from Exchange transactions

Description	Period ended	Comparative Period
	30 th June 2024	30 th June 2023
	KShs	KShs
Current receivables		
Student debtors	66,740,839	34,335,564

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

18. (b) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	37,148,260	56%	21,317,000	62%
Between 1- 2 years	23,517,900	35%	6,869,580	20%
Between 2-3 years	5,795,681	7%	6,148,984	18%
	66,461,842		34,335,564	
Over 3 years	278,997	0.04%	0	
Total (a+b)	66,740,839		34,335,564	

19. Inventories

Description	2023-2024	2022-2023
	Kshs	Ksh
Tuition and learning materials	471,231	2,456,670
Maintenance stores	145,300	130,614
Cleaning materials stores	48,700	25,500
Catering stores	87,500	35,100
Total inventories at the lower of cost and net realizable value	752,731	2,647,884

20. Property, Plant and Equipment

Cost	Land	Buildings	Furniture and fittings	Computers	Plant and equipment	Total
	Shs		Shs	Shs	Shs	Shs
As at 01 July 2022	-	60,280,328	2,401,995	1,239,100	1,403,142	65,324,565
Additions during the Year	-	0	1,018,280	5,718,526	106,800	6,843,606
As at 30 June 2023	-	60,280,328	3,420,275	6,957,626	1,509,942	72,168,171
Additions during the period	-	0	2,098,800	0	387,500	2,486,300
As at 30 June 2024	-	60,280,328	5,519,075	6,957,626	1,897,442	74,654,471
Depreciation and impairment						
As at 01 July 2023	-	4,770,255	1,970,597	2,963,978	715,444	10,420,274
Depreciation for the period	-	1,205,607	1,103,815	2,087,288	379,488	4,776,198
As at 30 June 2024	-	5,975,862	3,074,412	5,051,266	1,094,932	15,196,472
Net book values						
As at 30 June 2023	-	55,510,122	1,449,678	3,993,648	794,498	61,747,946
As at 30 June 2024		54,304,466	2,444,663	1,906,360	802,510	59,457,999
Depreciation rates (straight line)		2%	20%	30%	20%	

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

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued on cost approach. These amounts were adopted in the financial statements on 30th June 2024.

20.(b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-		
Buildings	60,280,328	5,975,862	54,304,466
Plant And Machinery	1,897,442	1,094,932	802,510
Computers and Related Equipment	6,957,626	5,051,266	1,906,360
Furniture and Fittings	5,519,075	3,074,412	2,444,663
Total	74,654,471	15,196,472	59,457,999

21. Intangible Assets-Software

Description	Period ended 30 th June 2024	Comparative Period 30 th June 2023
	KShs	KShs
Cost		
At beginning of the year	2,895,000	2,315,000
Additions during the period	0	580,000
At end of the period	2,895,000	2,895,000
Amortization and impairment		
At beginning of the year	318,250	173,500
Amortization during the period	144,750	144,750
At end of the period	463,000	318,250
NBV	2,432,000	2,576,750
Amortization rates (straight line)	5%	5%

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

22. Trade and Other Payables

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade payables	2,080,340		4,998,506	
Fees paid in advance	643,381		1,874,573	
Helb control	91,580		395,897	
Bursaries	434,582		130,988	
Total trade and other payables	3,249,883		7,399,964	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	2,080,340	100%	4,196,354	84%
1-2 years	0	0%	0	0%
2-3 years	0	0%	802,152	16%
Over 3 years	0	0%	0	0%
Total (to tie to totals above)	2,080,340	100%	4,998,506	100%

23. Cash generated from operations.

	2023-2024		2022-2023	
	Kshs		Kshs	
Surplus for the year before tax	42,830,130		17,691,467	
Adjusted for:				
Depreciation	4,920,948		4,423,633	
Non-Cash grants received	0		5,214,263	
Working Capital Adjustments				
Increase/Decrease in Inventory	1,895,153		(2,026,300)	
Increase in Receivables	(32,405,275)		(16,145,041)	
Increase/Decrease in Payables	(4,150,081)		1,051,660	
Net Cash Flow from Operating Activities	47,632,079		16,900,838	

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

24. Financial Risk Management

Sabatia Technical and Vocational College activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The College'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 College does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Sabatia Technical and Vocational College financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the College'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 Sabatia Technical and Vocational College maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	36,478,833	0	0	0
Receivables from non-exchange transactions	17,852,263	0	0	0
Bank balances	1,037,550	0	0	0
Total	55,368,646	0	0	0
At 30 June 2024 (current year)		0	0	0

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Receivables from exchange transactions	67,377,386	0	0	0
Receivables from non-exchange transactions	16,900,425	0	0	0
Bank balances	11,523,176	0	0	0
Total	95,800,987	0	0	0

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.

The college has no significant concentration of credit risk on amounts due.

The board of Governors sets the College'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 Governors, who have built an appropriate liquidity risk management framework for the management of Sabatia Technical and Vocational College 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.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Trade Payables	0	344,800	4,653,706	4,998,506
Total	0	344,800	4,998,506	4,998,506
At 30 June 2024 (current year)				
Trade Payables	0	2,080,340	0	2,080,340
Total	0	2,080,340	0	2,080,340

(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 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.

Sabatia Technical and Vocational College 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 College 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 College foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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.

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 1,504 (2022-2023: Kshs 0) of Kshs. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 7,518 (2022-2023: Kshs 0)

(iv) Capital Risk Management

The objective of Sabatia Technical and Vocational College capital risk management is to safeguard the College ability to continue as a going concern. The College capital structure comprises of the following funds:

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve		0
Retained Earnings	80,715,355	37,885,225
Capital Reserve	57,060,507	57,060,507
Total Funds	137,775,862	94,945,732
Total Borrowings	3,249,883	7,399,964
Less: Cash and Bank Balances	(11,523,176)	(1,037,551)
Net Debt/(Excess Cash and Cash Equivalents)	8,273,293	6,362,413
Gearing	2%	7%

25. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

26. Events After the Reporting Period

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

27. Ultimate and Holding Entity

The College is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

28. Currency

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

Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/SABATIA TVC/2021/2022/(22)	Anomalies in PPE	Issue on Title deed to the land, the documents are now with the Head office, national Lands Commission.	Not Resolved	
	Inaccurate Cash and cash equivalents	The difference in the certificate of balance and bank statement been clarified. Stale cheques reversed. The bank reconciliation statement corrected	Resolved	
	Long Outstanding student debtors	Increment is due to delayed Government funding. Analysis and explanation of the student debtors provided.	Not Resolved	
	Inaccuracies in the financial statements	Corrected general ledger schedules provided	Resolved	
	Capital Fund	Represents the main College Building constructed by funds from the Ministry and CDF whose records are available.	Resolved	
	Irregularity in Appointment of Directors	Communication has been made to the Ministry and therefore aware of the issue	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Preparation and Approval of an Unbalanced Budget	This has been rectified and the law complied with moving forward	Resolved	
	Weaknesses in the internal Audit	Internal audit reports and other required documents were submitted.	Resolved	
	Lack of staff establishment	Approved staff establishment was provided.	Resolved	

Grace Apondi Titi

.....
GRACE APONDI TITI
Accounting Officer
Principal/ Sec- BOG.
Date

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

Appendix II- Inter-Entity Confirmation Letter

Name of transferring entity: Ministry of Education, State Department of Technical and Vocational Training

Confirmation of amounts received by Sabatia Technical and Vocational College as at 30th June 2024

	Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Capitation (C)	Scholarship (D)	Total (E)= (A+B+C+D)
Q1	MOE State DEPT Vocational NTE	29/09/2023			4,224,500		
Q2		22/01/2024			4,224,500		
Q3		06/02/2024			4,828,000		
Q4	NBK24152DM,JB BFHC	31/05/2024			3,623,425		
		19/02/2024				6,826,402	
		04/03/2024				591,263	
	Total				16,900,425	7,417,665	24,318,090

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date.....

Head of Accounts Department - Beneficiary Entity:

Name GRACE A. T. I. I. Sign CAIN Date.....