

REPUBLIC OF KENYA



REPORT

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CLERK AT THE TABLE: MERAL CHUMO

THE AUDITOR-GENERAL

ON

KITELAKAPEL TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2025



KITELAKAPEL TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2025

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

KITELAKAPEL TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms & Definition of Key Terms

A. Acronyms

| | |
|-------|---|
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | Institute of Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| MoE | Ministry of Education |
| MOU | Memorandums of Understanding |
| BOG | Board of Governors |
| CBET | Competence Based Education and Training |
| TVET | Technical Vocational & Education Training |
| KATTI | Kenya Association of Technical Training Institution |
| KTTI | Technical Training Institution |
| HELB | Higher Education Loans Board |

A. Definition of key Terms

Fiduciary Management: Members of management directly entrusted with The Kitelakapel Technical Training Institute financial resources.

Comparative year: Means the prior year

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2. Key Entity Information and Management

(a) Background information

Kitelakapel Technical Training Institute (KTTI) was started in January 2020 when it was handed over by the mentor Institution, Ziwa Technical Training Institute to the first Principal. The Institute is situated in Riwo Location, Kapenguria constituency in West Pokot County along Makutano- Kacheliba road 24 km off Makutano Junction. It did not start enrolling students that year as all educational institutions were closed due to corona virus pandemic. It was assessed by Technical and Vocational Education Authority (TVETA) in December 2020. The Institute received Registration Certificate on 28th January 2021. The college has 22 training staff and 49 support staff serving a population of 1,250 students.

Kitelakapel TTI is a Public Institution under State Department of Vocational and Technical Training. Its management is vested on the Board of Governors (BOG) appointed by the Cabinet Secretary for the Ministry Education in accordance with the TVET Act 2013.

The Public Service Commission appoints key administrative staff to run the College.

The BOG appoints qualified officers to work in offices within the Institute. It carries out its functions through committees responsible for various functions. The Principal is the Chief Executive Officer of the College assisted by Two Acting Deputy Principals and various heads of departments (HODs).

(b) Principal Activities

The main activity of the Institute is to train youths in skills and attitudes that enable them to participate in transforming the country's agriculturally based economy and foster self-employment.

Vision

To be a Centre of excellence in technology for economic transformation

Mission

To train manpower and vocational skills for economic transformation

Core Mandate

To offer technical training

To provide and promote lifelong learning

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Two Acting Deputy Principal
- Finance and accounts Officer
- Dean of Student
- Procurement Officer
- Heads of Department

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(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|---------------------------------|---------------------|
| 1. | Principal | Mrs. Phidis Karimi |
| 2. | Deputy principal Administration | Mr. Esther Kimaiyo |
| 3 | Deputy principal Academics | Mr. Stafford Orina |
| 4 | Registrar (s) | Mr. Kevin wafula |
| 5 | Dean of students | Mr. Albert Kahiro |
| 6 | Head of Finance | Mr. Churchil Otieno |
| 7 | Procurement Officer | Mr. Isaac Kemboi |

(e) Fiduciary Oversight Arrangements

Finance and operations committee activities

The role of the committee is to monitor the financial health of the institution on behalf of the board. In addition to advising the council on the matters referred above, the committee responsibilities include:

- To monitor and facilitate the implementation of the institute strategy with regard to financial matters.
- To receive reports from the Principal and Finance Officer.
- To monitor implementation of the strategy for the institute.
- To receive reports of the extent and condition of the institute.
- To determine the fees and charges made for the institute
- To supervise the financial administration of the institute and make recommendations to the board where appropriate.
- To supervise the arrangements for safeguarding the institute assets.
- To ensure proper financial evaluation and control of the projects.
- To make recommendation to the council on the financial projects.
- To supervise the effective and efficient procurement and use of resources in accordance with the objective of the institute.
- To supervise the institute purchasing procedures and practice
- To submit an annual statement on its activities to the board

Audit and risk committee activities

1. Overseeing, reviewing and advising the Board on Kitelakapel Technical Training Institute's risk management policy and processes; (which includes oversight of Health & Safety assurance and climate related risks and opportunities);
2. Internal control mechanisms and internal and external audit functions; compliance policies and processes; and financial information
3. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems. The Board has delegated to the Audit and Assurance, oversee and monitor these activities. prepared by management for publication.

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Key Entity Information and Management (Continued)

(f) Kitelakapel Technical Training Institute Headquarters

P.O. Box 217-30600
Kitelakapel TTI Building/House/Plaza
Makutano-Kacheliba/Road/Highway
Kapenguria, Kenya

(g) Entity Contacts

Kitelakapel Technical Training Institute
Telephone: (254) 0726999750
E-mail: kitelakapel@gmail.com
Website: www.kitelakapeltti.ac.ke

(h) Entity Bankers

Commercial Banks

Cooperative Bank
Kapenguria Branch
Po Box 3 4 1 -
3 0 6 0 0
Kapenguria

Equity Bank
Kapenguria Branch
Po Box 5 2 6 -
3 0 6 0 0
Kapenguria

Absa Bank
Kapenguria Branch
Po Box 3 0 0 1 1 -
0 0 1 0 0 - 3 0 6 0 0
Kapenguria

KCB Bank
Kapenguria Branch
Po Box 3 9 6 -
3 0 6 0 0
Kapenguria

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(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. The Board

| SN. | Member | Details |
|-----|---|---|
| 1. |  Mr Reuben Loyotoman | <p>Date of Birth: 1959 Key Qualification: Master of Business Administration Work Experience: He is a seasoned business professional with over 35 years of extensive experience across diverse sectors. With a Master of Business Administration (MBA), he has consistently demonstrated strategic leadership, operational excellence, and a strong commitment to organizational growth.</p> |
| 2. |  Ms Jennifer Cheptoo | <p>Date of Birth: 1995 Key Qualification: Bachelor of Business Management (Banking & Finance) Work Experience: With two years of hands-on experience in the financial sector, she has developed a solid foundation in financial operations, customer service, and banking procedures.</p> |
| 3. |  Mr. Victor Siywat Plimo | <p>Date of Birth: 1987 Key Qualification: BSC (Agricultural Education) Work Experience: He is a dedicated agricultural education specialist with 5 years of professional experience. Victor has worked extensively with communities, schools, and agricultural institutions to promote modern, practical agricultural techniques and enhance food security through education. His background enables him to effectively bridge the gap between theory and practice, empowering farmers and students alike with the skills and knowledge needed for success in the agricultural sector.</p> |
| 4. |  Mr. Kapelion David | <p>Date of Birth: 1973 Key Qualification: Diploma in Civil Engineering Work Experience: He is a seasoned civil engineering professional with 16 years of extensive experience in construction, infrastructure development, and project supervision. He has played a key role in executing various civil works projects, including roads, bridges, water systems, and public buildings.</p> |

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| SN. | Member | Details |
|-----|--|--|
| 5. |  Mrs. Joan Tanui | <p>Date of Birth: 1985 Key Qualification: Master of Science in Industrial Engineering Work Experience: she is a skilled and forward-thinking industrial engineer with 5 years of professional experience in optimizing systems, improving production processes, and enhancing operational efficiency. Her career has involved working across various sectors to implement lean methodologies, reduce waste, and support sustainable growth through data-driven decisionmaking.</p> |
| 6. |  Mr. Zablon Kube | <p>Date of Birth: 1959 Key Qualification: Bachelor of Education in Science Work Experience: is a veteran educator with over 33 years of dedicated service in the education sector. Holding a Bachelor of Education in Science, he has built a strong reputation as a knowledgeable, disciplined, and impactful science teacher and mentor.</p> |
| 7. |  Mr. Michael Rengan | <p>Date of Birth: 1990 Qualification: Bachelor of Science in Biostatistics Experience: is a proficient biostatistician with 4 years of professional experience in data analysis, statistical modeling, and research. He has worked on a wide range of projects in the healthcare, public health, and research sectors, applying statistical methods to analyze complex datasets and support evidence-based decision-making.</p> |
| 8. |  Ms. Phidis Karimi | <p>Date of Birth: Key Qualification: M.A. in English Linguistics (Applied Linguistics) Work Experience: is a highly accomplished education professional with over 20 years of extensive experience in teaching. Ms. Phidis has served in various capacities including classroom teaching, school administration, and educational mentorship. His leadership is marked by a deep commitment to student development, teacher training, and the promotion of inclusive, quality education.</p> |

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4. Key Management Team

| SN. | Member | Details |
|-----|--|---|
| 1. |  Ms. Phidis Karimi M.A. in English Linguistics (Applied Linguistics) | Chief principal Chief Executive Officer/Accounting Officer in charge of all Institutional resources, finances; and serves as Secretary to the Governing Council. |
| 2. |  Mrs. Esther Jemily Kimaiyo Bachelor of Science in Agricultural Engineering | Deputy principal administration Supervision of human resource and handles administration functions. In charge of all aspects of institution's administration in the absence of the Principal. |
| 3. |  Mr. Stafford Orina Bachelor of technology education (Building and construction option) | Deputy principal academics Supervision of Curriculum implementation and in charge of all aspects of institution's administration in the absence of the Principal. |
| 4. |  Mr. Kevin Wafula Bachelor of science in Information Technology | Registrar admission In charge of the Polytechnic's Registry, marketing and student admission |

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| SN. | Member | Details |
|-----|--|--|
| 5. |  <p>Mr. Churchil Otieno Certified Public Accountant (CPA)</p> | <p>Finance officer Planning, directing, coordinating and supervising finance department</p> |


5. Chairman's Statement

As I come to the end of my first three-year term as the Chairman, I am happy for the achievements and milestones the institution has attained so far. The institution was able to procure equipment for training such as sewing machines for tailoring and dress-making course for the newly-started Fashion and Design course. To add on, we operationalized a borehole and now the institution enjoys constant water supply though it is saline. Additionally, more Board Trainers have been employed to cater for the rising students' population.

The institution is still following up on the college land title deed which will enable the drawing of the master plan to set ground for infrastructural development.

Due to the good relationship the college enjoys with the stakeholders the Kapenguria-NG-CDF has put up a ten classroom tuition block for the institution which is over 60 percent complete.

On behalf of the BOG, I wish to express my sincere thanks to the Government of Kenya, the community, stakeholders, students and the entire staff of the college for their support. I particularly thank the Principal and his senior staff for leading the college during these formative years to ensure that we had a solid foundation on which to build on in future Working together, enables us to take the Institute ahead with confidence and faith to confront the many challenges ahead of us.


REUBEN BAGATUM LOYOTUM
BOG CHAIRMAN

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6. Report of the Principal

It is with great pleasure that I write the third financial report of this College as the second principal. I am aware of the immense responsibility vested on me and my staff to lay a firm foundation for quality training in skills and attitude that will enable the youths from this region to effectively contribute to the transformation of the country into a middle-income economy. Being the first TVET Institution in West Pokot County presents us with the opportunity of fast growth in terms of student populations, a fact that we have already realized, with the population growing to over 550 students. This however has come with challenges such as the strain on the infrastructure.

We intend to partner with stakeholders in carrying out research to develop new ideas in line with modern technology that will not only improve the production but lower the cost of operation that is currently making life hard for Kenyans. This will be the way forward for us since we are confidently walking towards a prosperous future. We have rolled out and implemented CBET courses in various departments as per the ministerial guidelines. Further, we have planted more two thousand trees to add to the existing two thousand bringing it to a total of four thousand trees in the institution. We are in the process of operationalizing the drilled borehole which when completed will ensure a reliable supply of water. The ten classroom tuition block under construction by NG-CDF Kapenguria constituency will go a long way in easing the congestion experienced currently in the institution.

Our Vision to be a Centre of excellence in economic transformation through value addition technology inspire us to focus and diversify our transformative agenda in all sectors of training with the support from our Parents, Government (both County and National Government) and all stakeholders. I am optimistic that the skill based training by this Institute will contribute to the country's aspiration spelt out in the big four agenda and Vision 2030.

Going ahead, I am optimistic that our vision will guide us as a team to a prosperous future.


PHIDIS KARIMI

PRINCIPAL /BOARD SECRETARY



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7. Statement of Performance against Predetermined Objectives

The Kitelakapel TTI has five strategic themes and objectives within current Strategic Plan for FY 2018-2024.

Pillar/Theme 1: Curriculum

Pillar/Theme 2: Physical Infrastructural Facilities

Pillar/Theme 3: Trainee Support

Pillar/Theme 4: Collaborations, partnerships and linkages

Pillar/Theme 5: Governance and leadership

The Kitelakapel TTI develops its annual work plans based the above six pillar/themes. **Assessment of the Council’s Performance** against its annual work plan is done on quarterly basis. The Kitelakapel TTI achieved its performance targets set for the FY 2024/2025 period of its five strategic pillars/themes as indicated in the diagram below:

| Strategic Pillar | Objectives | Key Performance Indicators | Activities | Achievement | |
|------------------|---|---|---|---|--|
| 1 | Curriculum | To provide quality and relevant training. | Courses aligned with National Competency Standards Number of occupational profiles addressed per program | Review existing curriculum against occupational standards. Update curriculum to include relevant job roles and skill sets. | 100% programs aligned with at least one occupational profile |
| 2 | Physical Infrastructural Facilities | Increase Access and Inclusivity in Training and Research | Infrastructure development | Constructional of the tuition Block. | 70% Completed tuition Block the FY 2024/2025 |
| 3 | Trainee Support | Promote Trainee support Services | Increased Enrolment, Retention and Transition | Marketing and Outreach activities. | Carried marketing is carried out continuous during the FY 2024/2025 |
| | | | Increased trainee satisfaction | Carry out baseline survey on Trainee satisfaction. | Trainees’ satisfaction was 70.00 % during the FY 2024/2025 |
| 4 | Collaborations, partnerships and linkages | Establish and Strengthen Industry-Academic Collaborations | Number of active industry collaborations (MOUs, partnerships) Number of internships and job placements facilitated through industry partners | Develop Memorandums of Understanding (MOUs) with industry partners for internships, research, and training. Organize industry visits, guest lectures, and workshops with industry experts. | Signed MOUs with major companies in sectors. 70% of final-year students placed in internships through industry partnerships |

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| | | | | | |
|---|---------------------------|---|---|---|---|
| 5 | Governance and Leadership | To develop a management structure that serves the institution effectively | Frequency of governance meetings (e.g., Governing Body, Academic Council) Availability and transparency of meeting minutes and decisions | Publish meeting minutes and decisions of governing bodies and councils Implement policies on accountability for leadership roles | 100% of governance meeting minutes made available to stakeholders. Introduced a "Governance Best Practices" policy, enhancing transparency |
|---|---------------------------|---|---|---|---|

8. Corporate Governance Statement

Board Charter

The Kitelakapel TTI is governed by the Board Charter which enables the Board to;

- i. Ensure that all members of the Board and its sub-committees are aware of their duties and responsibilities and that they act in the best interest of the Technaical and its stakeholders;
- ii. Ensure that the members apply the principles of good governance in their dealings in respect of, and on behalf of Kitelakapel TTI and its stakeholders;
- iii. Set out relevant principles of the Kitelakapel TTI Board limits and delegation of authority and matters reserved for final decision-making or pre-approval by the Board; and
- iv. Set out the policies and practices of the Board in respect of matters such as corporate governance, declarations and conflicts of interest, meeting documentation and procedures, composition of the Board and its sub-committees and the nomination, appointment, induction, training and evaluation of members of the Board and its sub-committees.

Process of appointment and removal

Not less than seven and not more than nine members are appointed by the Cabinet Secretary (MoE) after wide consultation from strategic partners and individuals who share the same value, commitments and have an interest to work with TVET institutions. A chairperson or member is replaced upon missing to attend 3 consecutive Board meetings, resignation, when is of unsound mind/sick, bankrupt or with integrity issues or if the Board does not perform its oversight role effectively.

Succession Planning

Succession planning is essential to ensure the sustainability and effectiveness of the governing council at Kitelakapel TTI The Board succession plan provides a roadmap for identifying, training, and supporting new members who are prepared to uphold the institution's mission, vision, and values. This process is vital for maintaining continuity in governance, fostering stability, and enabling future growth.

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The primary objective of Kitelakapel TTI 's succession plan is to ensure a seamless transition when Board members retire, complete their terms, or are otherwise unable to serve. The plan aims to:

- i. Identify and develop potential board members who can step into leadership roles.
- ii. Ensure council members possess the requisite knowledge, skills, and commitment.
- iii. Maintain institutional memory and continuity in leadership.
- iv. Support diversity within the board to reflect the technical community.

Role and functions of the board

The roles and functions of the Board is to

- i. Ensure that a proper management structure is in place and that the management maintains the corporate integrity, reputation and responsibility of the Technical;
- ii. Monitor and evaluate the implementation of strategies, policies, and management plans of the Technical; Constantly review the viability and financial sustainability of the Technical at least once every year;
- iii. Ensure that the Technical complies with all relevant laws, regulations, governance practices and accounting and auditing standards;

Conflict of Interest

In compliance with TVET Act No. 29 of 2013 second schedule article 15, the Board shall declare conflict of interest:

1. If a member is directly or indirectly interested in any contract, proposed contract or other matters before a Board and is present at a meeting of the Board at which the contract, proposed contract or other matter is the subject of consideration, he/she shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter.
2. A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.

3. A member of the Board who contravenes subparagraph (1) commits an offence and shall be liable as stipulated in the Act.

Board Remuneration

Council members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance and travel allowances.

Ethics and conduct as well as governance audit

The Board adheres to good corporate governance by embracing the following principles:

- i. To observe high standards of ethical and moral behavior;
- ii. To act in the best interests of the organization;
- iii. To remunerate and promote fairly and responsibly;
- iv. To recognize the legitimate interests of all stakeholders; and
- v. To ensure that the organization acts as a good corporate citizen.

In general, Board members shall act in the best interest of the organization and uphold fiduciary responsibilities and duty of care.

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9. Management Discussion and Analysis

Section A

TTI operational and financial performance

During the financial year 2024-2025 Kitelakapel Technical Training Institute operational and financial performance

was as follows;

Statement of Financial Performance

Total Income – Kshs. 36,957,351

Total Expenditure – Kshs. 33,795,615

Statement of Financial Position as at 30th June 2025

Total Assets – Kshs 103,008,229

Current Assets – Kshs. 31,211,298

Non-Current Assets – Kshs. 74,833,776

Total Liabilities – Kshs. 3,036,846

Statement of Cash flow

Net increase in cash and cash equivalent – Kshs. 354,893

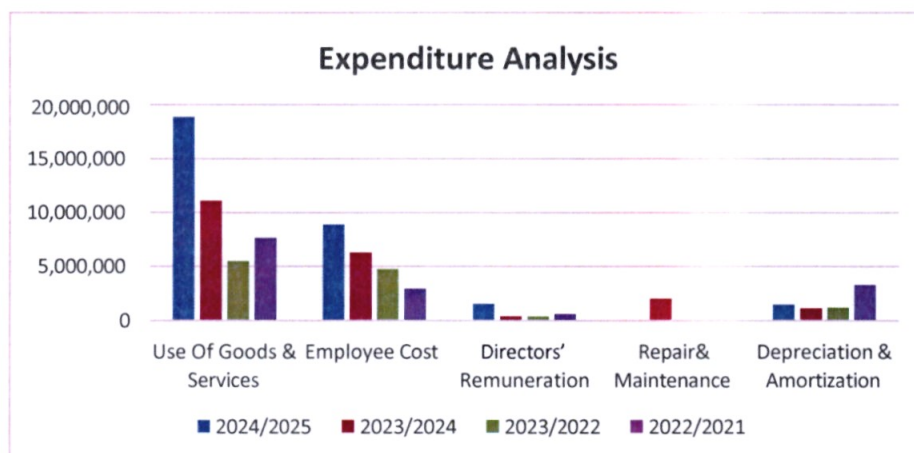
Cash and Cash equivalent as at 30th June 2025 – Kshs. 4,372,084

Cash and Cash equivalent as at 1st July 2024 – Kshs. 4,017,191

Expenditure Analysis

The expenditure analysis trend is as follows:

| FY | Use Of Goods & Services | Employee Cost | Directors' Remuneration | Repair & Maintenance | Depreciation & Amortization |
|-----------|-------------------------|---------------|-------------------------|----------------------|-----------------------------|
| 2024/2025 | 18,866,675 | 8,894,424 | 1,557,100 | 3,033,752 | 1,443,664 |
| 2023/2024 | 11,084,953 | 6,270,281 | 396,925 | 2,011,395 | 1,145,658 |
| 2023/2022 | 5,473,458 | 4,717,975.00 | 337,000.00 | 66,830.00 | 1,200,651.50 |
| 2022/2021 | 7,617,074 | 2,938,500.00 | 580,000.00 | 8,533,752 | 3,300,231.00 |



10. Environmental And Sustainability Reporting Statement

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

Market place practices-

The organisation should outline its efforts to:

- i. Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- ii. Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices.
- iii. Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- iv. Product stewardship- outline efforts to safeguard consumer rights and interests.

Corporate Social Responsibility / Community Engagements

Among the institute key pillars of corporate governance is its commitment to, firstly, play its due role as a responsible corporate citizen by impacting students with skills for economic transformation

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11. Report of the Board of Governors

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

Principal activities

The principal activity of the entity is to train manpower in technical and vocational skills.

Results

The results of the entity for the year ended June 30th 2025 as set out on page 13-78

Board of Governors

The members of the Board who served during the year are shown on page 2-3. During the year 2022/23 no director retired/ resigned and none was appointed with effect from 01.07.2021 date.

Auditors

The Auditor General is responsible for the statutory audit of the Kitelakapel TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 .


.....


Secretary of the Board

12. Statement of Board of Governor's Responsibilities

Section 81 of the Public Finance Management Act, require the board members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year/period and the operating results of the Institute for that year/period. The BOG members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The BOG members are also responsible for safeguarding the assets of the Institute.


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


The BOG members accept responsibility for the Institute 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. The BOG members are of the opinion that the Institute financial statements give a true and fair view of the state of Institute transactions during the financial year ended June 30, 2025, and of the Institute financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that the Institute 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 KTTI financial statements were approved by the Board on 25th August 2025 and signed on its behalf by:


.....
REUBEN LOYOTOMAN
Chairperson of the Board


.....
PHIDIS KARIMI
Accounting Officer/Principal


PRINCIPAL
KITELAKAPEL TECHNICAL
TRAINING INSTITUTE
Date.....
Sign.....

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KITELAKAPEL TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 Kitelakapel Technical Training Institute set out on pages 1 to 27, which comprise of the statement of financial position

as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitelakapel Technical Training Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical And Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.77,806,853 as disclosed in Note 15 to the financial statements. However, the Institute has two (2) motor vehicles and one (1) motorcycle whose values have not been determined and included in the financial statements. In addition, the vehicles lacked logbooks registered under the Institute's name. Further, the values of agricultural milk processing plant, food processing plant and water processing plant have not been determined and included in the financial statements.

In addition, the fixed assets register was not maintained or updated to include all assets owned by the Institute such as land, buildings, plant and equipment and motor vehicles.

In the circumstances, the accuracy, existence, ownership of the property, plant and equipment balance of Kshs.77,806,853 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kitelakapel Technical Training Institute 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 actual total revenue of Ksh.55,509,775 against a final budget of Kshs.67,921,280 resulting in an unrealized revenue of Ksh.12,411,505 or 18% of the budget. Further, the statement reflects actual

expenditure of Kshs.29,318,199 against the actual revenue of Kshs.55,509,775, resulting in an underspending of Kshs.26,191,576 or 47% of the actual revenue.

The revenue shortfall negatively affects its ability to meet financial obligations and delivery of intended services to the public. Further, significant under-utilization on critical operational activities, negatively impacted Institute's training objectives.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Information

Management is responsible for the Other Information set out on page iii to xxii which comprise of key entity information and management, the board of governors, key management team, chairman's statement, report of the principal, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting statement, report of the council/board of governors, statement of board of governors/council's responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions amounting to Kshs.26,839,214, as disclosed in Note 13 to the financial statements. Included in this balance is Kshs.1,439,214 relating to student debtors, which has remained outstanding for over one (1) year. However, no evidence was provided to demonstrate efforts made to recover the debts.

In the circumstances, the Institute is exposed to a high risk of bad debts and potential loss of revenue, while also overstating its current assets.

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 Institute'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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

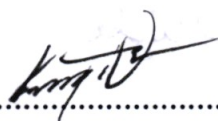
28 November, 2025

Kitelakapel Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

14. Statement of Financial Performance for the year ended 30 June 2025

| | NOTE | FY 2024/2025 | FY 2023/2024 |
|--|------|-------------------|-------------------|
| | | 30TH JUNE 2025 | 30TH JUNE 2024 |
| Revenue from non-exchange transactions | | | |
| Transfer from National Government Ministries(capitation) | 6 | 12,670,126 | 7,385,742 |
| Transfer from National Government Ministries(recurrent grants) | 6 | 3,000,425 | |
| Total Revenue from non-exchange transactions | | 15,670,551 | 7,385,742 |
| Revenue | | | |
| Revenue From Exchange Transactions | | | |
| Rendering of Services | 7 | 21,286,800 | 27,560,799 |
| Total Revenue From Exchange Transactions | | 21,286,800 | 27,560,799 |
| Total Revenue | | 36,957,351 | 34,946,541 |
| Expenses | | | |
| Use of Goods and Services | 8 | 18,866,675 | 11,084,953 |
| Employee Cost | 9 | 8,894,424 | 6,270,281 |
| Directors remuneration | 10 | 1,557,100 | 396,925 |
| Depreciation and amortization expense | 11 | 1,443,664 | 1,145,658 |
| Repairs and Maintenance | 12 | 3,033,752 | 2,011,395 |
| Total Expenditure | | 33,795,615 | 20,909,212 |
| Surplus for the period | | 3,161,736 | 14,037,329 |

The Financial Statements set out on pages 1 to 27 were signed by:



Chairman of Board

Date... 20/4/2025



Finance Officer

Date... 20/4/2025




Chief Principal

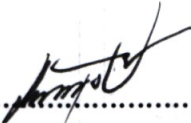
Date... 20/4/2025

KITELAKAPEL TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position as at 30th June 2025

| | NOTE | FY 2024/2025 | FY 2023/2024 |
|---|------|--------------------|-------------------|
| | | 30TH JUNE 2025 | 30TH JUNE 2024 |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 13 | 4,372,084 | 4,017,191 |
| Receivables from Exchange Transactions | 14 | 26,839,214 | 23,220,799 |
| Total Current Assets | | 31,211,298 | 27,237,990 |
| Non-current Assets | | | |
| Property, Plant & Equipment | 16 | 74,833,776 | 64,804,078 |
| Total Non-current Assets | | 74,833,776 | 64,804,078 |
| Total Assets | | 106,045,075 | 92,042,068 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange transactions | 15 | 3,036,846 | 1,125,000 |
| Total Liabilities | | 3,036,846 | 1,125,000 |
| Total Net Assets | | 103,008,229 | 90,917,068 |
| Accumulated Surplus | | 23,212,188 | 20,050,452 |
| Revaluation Reserves | | - | - |
| Capital Reserves | | 79,796,041 | 70,866,616 |
| Total Net Assets | | 103,008,229 | 92,042,068 |

The Financial Statements set out on pages 1 to 27 were signed by:



Chairman of Board

Date 25/11/2025



Finance Officer

Date 20/11/2025



Chief Principal

Date 20/11/2025



KITELAKAPEL TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2025

16. Statement of Changes in Net Asset for the year ended 30 June 2025

| Revaluation Reserves | Revaluation reserves | Fair Value Adjustment | accumulated funds | capital/development Grants/Funds | Total |
|---|-----------------------------|------------------------------|--------------------------|---|--------------|
| retained earnings | - | - | - | - | - |
| As at 30th June 2023 | - | - | 6,013,123 | 67,313,616 | 73,326,739 |
| Balance as at July 1st 2023 | - | - | 6,013,123 | 67,313,616 | 73,326,739 |
| Revaluations gain | - | - | - | - | - |
| Adjustment Prior Year | - | - | - | - | - |
| Fair value adjustment(biological assets) | - | - | - | - | - |
| Total Comprehensive income | - | - | 14,037,329 | - | 14,037,329 |
| Capital/Development grants Received | - | - | - | 3,553,000 | 3,553,000 |
| Transfer of dep/amortization from capital funds | - | - | - | - | - |
| Fair Value Adjustments | - | - | - | - | - |
| As at 30TH JUNE 2024 | - | - | 20,050,452 | 70,866,616 | 90,917,068 |
| Balance as at July 1st 2024 | - | - | 20,050,452 | 70,866,616 | 90,917,068 |
| Revaluations gain | - | - | - | - | - |
| Capital Grant | - | - | - | 4,999,425 | 4,999,425 |
| Fair value adjustment(biological assets) | - | - | - | - | - |
| Total Comprehensive income | - | - | 3,161,736 | - | 3,161,736 |
| donations from KASNEB | - | - | - | 3,930,000 | 3,930,000 |
| Transfer of dep/amortization from capital funds | - | - | - | - | - |
| Fair Value Adjustments | - | - | - | - | - |
| As at 30TH JUNE 2025 | - | - | 23,212,188 | 79,796,041 | 103,008,229 |

Kitelakapel Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

17. Statement of Cash Flows for the year ended 30 June 2025

| | | FY 2024/2025 | FY 2023/2024 |
|--|-------------|-----------------------|-----------------------|
| | NOTE | 30TH JUNE 2025 | 30TH JUNE 2024 |
| | | KES | KES |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Transfer from other Government (KASNEB)- Conditional capital grant | | 3,930,000 | 7,385,742 |
| Transfer from other Government -recurrent grants | | 3,000,425 | |
| Transfer from other Government -unconditional capital grants | | 4,999,425 | |
| Transfer from other Government - students capitation | | 12,670,126 | 3,553,000 |
| Rendering of services – fees from students (Adusted) | 7 | 17,668,385 | 14,108,707 |
| Total receipts | | 42,268,361 | 25,047,449 |
| Payments | | | |
| Use of goods and services | 11 | 16,954,829 | 10,985,738 |
| Employee costs | 12 | 8,894,424 | 6,270,281 |
| Remuneration of Directors | 13 | 1,557,100 | 396,925 |
| Repair, maintenance and improvements | 14 | 3,033,752 | 2,011,395 |
| Total payments | | 30,440,105 | 19,664,339 |
| Cash flows from operating activities | | 11,828,256 | 5,383,110 |
| Cash flows from Investing activities | | | |
| Purchase of Property, plant and Equipment | 22 | (11,473,362) | (2,735,862) |
| Net cash flows used in financing activities | | (11,473,362) | 2,647,248 |
| Cashflow from Financing Activities | | | |
| Proceeds from Borrowing | | - | - |
| Repayment of Borrowings | | - | - |
| Increase in Deposits | | - | - |
| Decrease in Reserves | | - | - |
| Net cashflows Used in Financing Activities | | - | - |
| Net Increase in Cash and Cash Equivalent | | 354,893 | 4,004,060 |
| Cash and cash equivalent as at 1 st July 2024 | | 4,017,191 | |
| Cash and cash equivalents as at 30th June 2025 | | 4,372,084 | 4,017,191 |

19. Notes to the Financial Statements

1. General Information

Kitelakapel TTI entity is established by and derives its authority and accountability from Public Finance Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train manpower in Technical and Vocational skills.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute accounting policies.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2025.**
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.**

| | |
|--------------------|---|
| IPSAS 43 Leases | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> |
|--------------------|---|

Kitelakapel Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

18. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2025

| | original annual budget | adjustments | Final Annual Budget | Actual Cumulative to date | VARIANCE | % INCREASE /DECREASE |
|---|------------------------|-------------|---------------------|---------------------------|---------------------|----------------------|
| | A | B | A+B | | | |
| | KES | | | KES | KES | % |
| Revenue | | | | | | |
| Public contributions and Donations | - | - | - | - | - | |
| Donation-KASNEB FOUNDATION | 3,000,000 | | 3,930,000 | 3,930,000 | | |
| Rendering of Services | 39,561,280 | - | 39,561,280 | 21,286,800 | (18,274,480) | -46% |
| Transfer from Government | | | | | | |
| Transfer from National Government Ministries (capitation) | 12,000,000 | - | 12,000,000 | 12,670,126 | 670,126 | 6% |
| Transfer from National Government (Kacheliba C.D.F) | 15,000,000 | | 15,000,000 | - | (15,000,000) | -100% |
| Transfer from National Government Ministries operational grants | 1,360,000 | - | 1,360,000 | 7,999,850 | 6,639,850 | 100% |
| Total Income | 70,921,280 | - | 71,851,280 | 45,886,776 | (25,964,504) | (36.14) |
| Expenses | | | | | | |
| Employee Cost | 10,000,000 | - | 10,000,000 | 8,894,424 | 1,105,576 | 11% |
| Remuneration of Directors | 1,600,000 | - | 1,600,000 | 1,557,100 | 42,900 | 3% |
| Repairs maintenance and improvement | 5,500,000 | | 5,500,000 | 3,033,752 | 2,466,248 | 55% |
| Use of Goods and Services | 43,621,280 | - | 43,621,280 | 18,866,675 | 24,754,605 | 57% |
| Total Recurrent Expenditure | | | | 32,351,951 | | |
| Tuition Classrooms(Kapenguria C.D.F) | 15,000,000 | | 15,000,000 | 13,553,000 | 1,447,000 | 10% |
| Total expenditure | 60,721,280 | - | 60,721,280 | 32,351,951 | 28,369,329 | 46.72 |
| Surplus for the period | 10,200,000 | | - | 13,534,825 | | |

Budget notes

Reconciliation Between the Financial Statement Performance and Statement of Comparison of Budget and Actual Amount

| Description | Amount |
|---|-----------------|
| Financial performance surplus/deficit | 13,534,825 |
| Increase in receivables | (3,618,415.00) |
| Decrease in payables | 1,911,846 |
| Investing activity | (11,473,362.00) |
| Cash and cash equivalent as at 1st July 2024 | 4,017,191 |
| Cash and cash equivalent as at 30TH JUNE 2025 | 4,372,084 |

Kitelakapel Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

| | |
|--|---|
| <i>IPSAS 44:</i> | <i>Applicable 1st January 2025</i> |
| <i>Non- Current Assets Held for Sale and Discontinued Operations</i> | <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.</i> |

ADDITIONAL STANDARD

iii. Early adoption of standards

KTTI did not early-adopt any new or amended standards in year 2025.

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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor 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.

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

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 2024/2025 was approved by the Board on 31st January 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c) Taxes

Current income tax

The entity is exempt from paying taxes

Sales tax/ Value Added Tax

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

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

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

Kitelakapel TTI is not subjected to payments of taxes on the gains from its activities.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model.

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.

Kitelakapel TTI has not invested in any property.

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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

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

Kitelakapel TTI has not entered into any lease.

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.

Kitelakapel TTI does not have any intangible Assets.

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.

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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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Kitelakapel TTI does not recognize a contingent liabilities

Contingent assets

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

Kitelakapel TTI does not recognize a contingent assets

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

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

o) 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.

p) 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

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

r) Service concession arrangements

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

s) 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 impress and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Comparative figures

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

u) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The following provisions are applicable for this this financial year.

| Description | Rate of Depreciation |
|-----------------------------|-----------------------------|
| Building | 2% |
| Computers & Electronics | 20% |
| Furniture and Fittings | 12.5% |
| Property, Plant & Equipment | 10% |

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|---|-----------------------------|-----------------------------|
| | KES | KES |
| Transfer from National Government Ministries and Other Government entities | | |
| Transfer from National Government Ministries (recurrent grants) | 3,000,425 | 500,000 |
| Transfer from National Government Ministries (unconditional grants) | 4,999,425 | |
| Tuition Fees -Capitation | 12,670,126 | 6,885,742 |
| Total Transfer from National Government Ministries | 20,669,976 | 7,385,742 |

7. Rendering of Services

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | KES | KES |
| Tuition Fees | 2,127,923 | 7,784,447 |
| Activity Fees | 1,380,494 | 1,867,930 |
| Electricity Water and Conservancy | 800,287 | 1,544,820 |
| Personal Emoluments | 5,808,971 | 7,936,263 |
| Repair , Maintenance and Improvement | 4,533,752 | 2,630,660 |
| Medical, insurance and industrial attachment | 34,600 | 29,750 |
| Local Transport and Travelling | 2,998,662 | 5,684,639 |
| Administration | 3,583,349 | 82,290 |
| interest on Deposit | 18,762 | - |
| Total Rendering of Services | 21,286,800 | 27,560,799 |

8. Use Of Goods And Services

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | KES | KES |
| Activity | 3,811,978 | 1,301,002 |
| Administration Cost | 7,459,438 | 2,152,508 |
| Electricity, Water and Conservancy | 134,505 | 139,511 |
| Insurance, Attachment and Medical | 186,537 | 29,750 |
| Local Transport and Travelling Expense | 4,212,130 | 4,024,419 |
| Training expense (Tuition) | 3,007,850 | 3,437,763 |
| Students welfare | 25,000 | |
| Bank charges | 29,237 | |
| Examination expenses | - | - |
| Total Use of Goods and Services | 18,866,675 | 11,084,953 |

9. Employee Costs

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|----------------------------|-----------------------------|-----------------------------|
| | | KES |
| Employee Cost | | |
| Salaries and Wages | 8,894,424 | 6,270,281 |
| Total Employee Cost | 8,894,424 | 6,270,281 |

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The following provisions are applicable for this this financial year.

| Description | Rate of Depreciation |
|-----------------------------|-----------------------------|
| Building | 2% |
| Computers & Electronics | 20% |
| Furniture and Fittings | 12.5% |
| Property, Plant & Equipment | 10% |

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|---|-----------------------------|-----------------------------|
| | KES | KES |
| Transfer from National Government Ministries and Other Government entities | | |
| Transfer from National Government Ministries (recurrent grants) | 3,000,425 | 500,000 |
| Transfer from National Government Ministries (unconditional capital grants) | | |
| Tuition Fees -Capitation | 12,670,126 | 6,885,742 |
| Total Transfer from National Government Ministries | 15,670,551 | 7,385,742 |

7. Rendering of Services

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | KES | KES |
| Tuition Fees | 2,127,923 | 7,784,447 |
| Activity Fees | 1,380,494 | 1,867,930 |
| Electricity Water and Conservancy | 800,287 | 1,544,820 |
| Personal Emoluments | 5,808,971 | 7,936,263 |
| Repair , Maintenance and Improvement | 4,533,752 | 2,630,660 |
| Medical, insurance and industrial attachment | 34,600 | 29,750 |
| Local Transport and Travelling | 2,998,662 | 5,684,639 |
| <u>Administration</u> | 3,583,349 | 82,290 |
| interest on Deposit | 18,762 | - |
| Total Rendering of Services | 21,286,800 | 27,560,799 |

8. Use Of Goods And Services

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | KES | KES |
| Activity | 3,811,978 | 1,301,002 |
| Administration Cost | 7,459,438 | 2,152,508 |
| Electricity, Water and Conservancy | 134,505 | 139,511 |
| Insurance, Attachment and Medical | 186,537 | 29,750 |
| Local Transport and Travelling Expense | 4,212,130 | 4,024,419 |
| Training expense (Tuition) | 3,007,850 | 3,437,763 |
| Students welfare | 25,000 | |
| Bank charges | 29,237 | |
| Examination expenses | - | - |
| Total Use of Goods and Services | 18,866,675 | 11,084,953 |

9. Employee Costs

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|----------------------------|-----------------------------|-----------------------------|
| | KES | |
| Employee Cost | | |
| Salaries and Wages | 8,894,424 | 6,270,281 |
| Total Employee Cost | 8,894,424 | 6,270,281 |

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10. Remuneration of Directors

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | | KES |
| Remuneration of Directors | 1,557,100 | 396,925 |
| Total Remuneration of Directors | 1,557,100 | 396,925 |

11. Depreciation and Amortization expense

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | | KES |
| Depreciation and amortization expense | | |
| Land | - | - |
| Buildings and Structures | 603,814 | 986,113 |
| Motor Vehicles | - | - |
| Furniture and Fittings | 281,944 | 46,828 |
| Computers | 557,906 | 112,717 |
| Plant & Equipments | - | - |
| Total Depreciation and amortization expense | 1,443,664 | 1,145,658 |

12. Repairs and Maintenance

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--------------------------------------|-----------------------------|-----------------------------|
| | | KES |
| Repairs and Maintenance | | |
| Property Repairs | 3,033,752 | 2,011,395 |
| Total Repairs and Maintenance | 3,033,752 | 2,011,395 |

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13. Cash and Cash Equivalents

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | | KES |
| Cash and Cash Equivalents | | |
| Petty Cash | - | - |
| COOP- MAIN ACCOUNT -01139673069600 | 817,457 | 3,170,053 |
| EQUITY BANK - CDF PROJECT ACCOUNT | 4,138 | 847,138 |
| Absa bank -2052366812 | 2,889,425 | - |
| KCB Bank -1334185107 | 661,065 | - |
| Total Cash and Cash Equivalents | 4,372,084 | 4,017,191 |

13(b) Cash and Cash Equivalents

| Cash and Cash Equivalents | | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|--------------|--------------------------|--------------------------|
| | NOTE | | KES |
| Cash and Cash Equivalents | 12(a) | | |
| Petty Cash | | - | - |
| COOP- MAIN ACCOUNT -01139673069600 | | 817,457 | 3,170,053 |
| EQUITY BANK - CDF PROJECT ACCOUNT | | 4,138 | 847,138 |
| Absa bank -2052366812 | | 2,889,425 | - |
| KCB Bank -1334185107 | | 661,065 | - |
| Total Cash and Cash Equivalents | | 4,372,084 | 4,017,191 |

14. Receivables from Exchange transactions

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|---|-----------------------------|-----------------------------|
| | | KES |
| Receivables from Exchange Transactions | | |
| Knec Exam | 327,232 | 2,749,450 |
| Sundry debtors | 19,602,430 | |
| Students Debtors | 6,909,552 | 20,471,349 |
| Total Receivables from Exchange Transactions | 26,839,214 | 23,220,799 |

Ageing analysis of the receivables

| Description | FINANCIAL YEAR 2024/2025 | | FINANCIAL YEAR 2023/2024 | |
|----------------------|--------------------------|------------|--------------------------|----------------|
| | Kshs | % of the | Kshs | % of the total |
| Less than 90 days | 13,578,345.00 | 50.59144 | 11,870,300.00 | 58 |
| Between 91-180 days | 3,123,678.00 | 11.63849 | 1,890,000.00 | 9 |
| Between 181-270 days | 3,457,980.00 | 12.88406 | 2,060,600.00 | 10 |
| Between 271-366 days | 2,949,927.00 | 10.99111 | 990,800.00 | 5 |
| Over one year | 3,729,284.00 | 13.89491 | 3,659,649.00 | 18 |
| Total | 26,839,214.00 | 100 | 20,471,349.00 | 100 |

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15. Trade and Other Payables from Exchange transactions

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | | KES |
| Trade and Other Payables from Exchange transactions | | |
| Recurrent Creditors | 3,036,846 | 1,125,000 |
| Total Trade and Other Payables from Exchange transactions | 3,036,846 | 1,125,000 |

Ageing analysis of trade and other payables

| Description | FINANCIAL YEAR 2024/2025 | | FINANCIAL YEAR 2023/2024 | |
|----------------------|--------------------------|-------------|--------------------------|------------|
| | Kshs total | % of the | Kshs total | % of the |
| Less than 90 days | - | - | 305000 | 40 |
| Between 91-180 days | 345000 | 11 | 320000 | 36 |
| Between 181-270 days | 45000 | 1.5 | 500000 | 24 |
| Between 271-366 days | - | - | - | - |
| Over one year | 2,646,846 | 87 | - | - |
| Total | 3,036,846 | 100 | 1125000 | 100 |

16. Property, plant and equipment

| Description | FINANCIAL YEAR 2024/2025 | FINANCIAL YEAR 2023/2024 |
|--|-----------------------------|-----------------------------|
| | | KES |
| Property, Plant & Equipment | | |
| Land | 3,000,000 | 3,000,000 |
| Buildings | 54,605,163 | 53,455,516 |
| Motor Vehicle | - | - |
| Furniture | 1,096,196 | 453,140 |
| Computers | 690,694 | 836,100 |
| Plant and Equipment | - | - |
| Work In Progress | 15,441,724 | 12,705,802 |
| TOTAL ASSETS | 76,277,441 | 70,450,618 |
| Provision for the depreciation as at 31st December | | |
| Buildings | (6,250,353) | (5,135,962) |
| Furniture and Fittings | (281,944) | (125,345) |
| Computers | (557,906) | (385,233) |
| plant and equipment | - | - |
| TOTAL DEPRECIATION | (1,443,664) | (5,646,540) |
| Total Property, Plant & Equipment (net of depreciation) | 74,833,776 | 64,804,078 |

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16 (b) Property, Plant and Equipment

| Description | LAND | Buildings and structures | Motor vehicles | Furniture and fittings | Computers | Other Assets | Plant And Equipment | Capital | Total |
|--|------------------|--------------------------|----------------|------------------------|------------------|--------------|---------------------|-------------------|-------------------|
| Deprecciation % | | 2 | 10 | 12.5 | 20 | | 10 | Work in progress | |
| Cost | | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| As At 1st July 2023 | 3,000,000 | 53,455,516 | - | 453,140 | 836,100 | - | - | 9,970,000 | 67,714,756 |
| Additions During the Year 203-2024 | - | - | - | - | - | - | - | 2,735,862 | 2,735,862 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Adjustment Prior Year | - | - | - | - | - | - | - | - | - |
| At 30th June 2024 | 3,000,000 | 53,455,516 | - | 453,140 | 836,100 | - | - | 12,705,862 | 70,450,618 |
| Additions During the Year 2024-2025 | - | 7,400,000 | - | 925,000 | 412,500 | - | - | 2,735,862 | 11,473,362 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Adjustment Prior Year | - | - | - | - | - | - | - | - | - |
| At 30th June 2024 | 3,000,000 | 60,855,516 | - | 1,378,140 | 1,248,600 | - | - | 15,441,724 | 81,923,980 |
| Depreciation and Impairment | | | | | | | | | |
| At 1st July 2023 | - | 4,149,849 | - | 78,518 | 272,516 | - | - | - | 4,500,883 |
| Depreciation F.Y 2023-2024 | - | 986,113 | - | 46,827 | 112,717 | - | - | - | 1,145,657 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - | - |
| Depreciation 2024 | - | 986,113 | - | 46,827 | 112,717 | - | - | - | 1,145,657 |
| Accumulated Depreciation 30th June 2024 | - | 5,135,962 | - | 125,345 | 385,233 | - | - | - | 5,646,540 |
| Depreciation F.Y 2024-2025 | - | 1,114,391 | - | 156,599 | 172,673 | - | - | - | 1,443,664 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - | - |
| At 30th June 2025 | - | 1,114,391 | - | 156,599 | 172,673 | - | - | - | 1,443,664 |
| Accumulated Depreciation 30th June 2025 | - | 6,250,353 | - | 281,944 | 557,906 | - | - | - | 7,090,204 |
| Net Book Values as at 30th June 2024 | 3,000,000 | 48,319,554 | - | 327,795 | 450,867 | - | - | 12,705,862 | 64,804,078 |
| Net Book Values as at 30th June 2025 | 3,000,000 | 54,605,163 | - | 1,096,196 | 690,694 | - | - | 15,441,724 | 74,833,776 |

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Annual Report and Financial Statements for the year ended 30th June 2025

16 (c) Capital Work in progress as at 30th June 2025(W.I.P)

| PROJECT Details | BUDGETED COST | CONTRACT | AMOUNT PAID | AMOUNT PAID | AMOUNT PAID | TOTAL |
|-------------------------------------|----------------------|-------------------|-----------------------|-----------------------|-----------------------|-------------------|
| | | SUM | PAID 30/6/2023 | PAID 30/6/2024 | PAID 30/6/2025 | |
| KAPENGURIA CDF - TUITION CLASSROOMS | 15,000,000 | 15,000,000 | 9,970,000 | 2,735,862 | 2,735,862 | 15,441,724 |
| TOTAL | 15,000,000 | 15,000,000 | 9,970,000 | 2,735,862 | 2,735,862 | 15,441,724 |

17. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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

44. Financial Risk Management (Continued)

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

(ii) Liquidity risk management

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

Notes to the Financial Statements (Continued)

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.

44. Financial Risk Management (Continued)

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an 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 entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

18. Events After the Reporting Period

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

19. Ultimate And Holding Entity

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

20. Currency

The financial statements are presented in Kenya Shillings (Kshs).

Kitelakapel Technical Training Institute
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20. Appendices

Appendix I- Inter-Entity Confirmation Letter
Ministry of Education State Department of TVET
Kitelakapel Technical Training Institute

The Kitelakapel Technical Training Institute wishes to confirm the amounts disbursed as at 30th June 2025 is Ksh. 12,670,126.00 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Kitelakapel Technical Training Institute as at 30 th June 2024 | | | | | |
|---|----------------|-------------------|-----------------|-------------------|---------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| | 23/09/2024 | 2,216,662.00 | - | 2,216,662.00 | |
| | 02/09/2025 | 4,999,425 | - | 4,999,425 | |
| | 23/09/2024 | 416,399.00 | - | 416,399.00 | |
| | 24/09/2024 | 1,524,615.00 | - | 1,524,615.00 | |
| | 26/09/2024 | 1,196,425.00 | - | 1,196,425.00 | |
| | 30/09/2024 | 1,869,600.00 | - | 1,869,600.00 | |
| | 14/02/2025 | 5,446,425.00 | - | 5,446,425.00 | |
| | 04/06/2025 | 2,999,425 | - | 2,999,425 | |
| Total | | 20,668,976 | | 20,668,976 | |

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 *Chandul D. Dena* Sign *[Signature]* Date: *28/11/2025*