

REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	05 MAR 2026
DAY. Thursday	
TABLED BY:	Hon. Owen Baya, MP Deputy leader of Majority Party
CLERK-AT-TABLE:	A. Shibusko

PARLIAMENT OF KENYA LIBRARY

THE AUDITOR-GENERAL

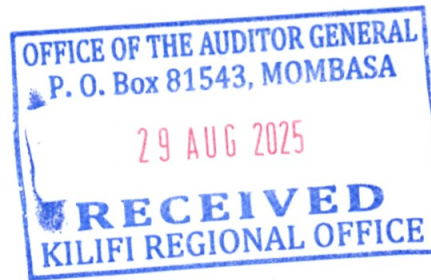
ON

FAYYA TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2025

TANA RIVER COUNTY

Revised 30th June 2025



FAYYA TECHINCAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

(Leave page Blank)

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Table of Contents

1.	<u>Acronyms and Definition of Key Terms</u>	ii
2.	<u>Key Entity Information and Management</u>	iii
3.	<u>The Council/Board of Governors</u>	viii
4.	<u>Key Management Team</u>	xi
5.	<u>Chairman’s Statement</u>	xiii
6.	<u>Report of the Chief/Senior Principal</u>	xxiv
7.	<u>Statement of Performance against Predetermined Objectives</u>	xv
8.	<u>Corporate Governance Statement</u>	xviii
9.	<u>Management Discussion and Analysis</u>	xx
10.	<u>Environmental And Sustainability Reporting Statement</u>	xxii
11.	<u>Report of the Council/Board of Governors</u>	xxvii
12.	<u>Statement of Board of Governors/ Council’s Responsibilities</u>	xxvii
13.	<u>Report of the Independent Auditor (Fayya Technical and Vocational College)</u>	xxix
14.	<u>Statement of Financial Performance For The Year Ended 30 June 2025</u>	1
15.	<u>Statement of Financial Position As At 30th June 2025</u>	2
16.	<u>Statement of Changes in Net Assets for The Year Ended 30 June 2025</u>	3
17.	<u>Statement of Cash Flows For The Year Ended 30 June 2025</u>	4
18.	<u>Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025</u>	5
19.	<u>Notes to the Financial Statements</u>	6
20.	<u>Appendices</u>	31

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
ICT	Information Communication Technology
MOE	Ministry of Education
TVETA	Technical and Vocational Education and Training Authority
TVET	Technical and Vocational Education and Training
TUM	Technical University of Mombasa
KNEC	Kenya National Examination Council
KATTI	The Kenya Association of Technical Training Institutions
TVET CDACC	TVET Curriculum Development Assessment and Certification

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The *Fayya Technical and Vocational College* was incorporated/ established under the Technical and Vocational Education and Training Act, 2013 (*No. 29 of 2013*) on *21st July, 2021*. The entity is domiciled in Kenya. The institute is under the Ministry of Education under State department for Technical, Vocational Education and Training (TVET.)

Fayya Technical and Vocational College is a government owned Technical Training Institution established under TVET Act in 2019. Fayya Technical and Vocational College is a new Public Institution located in Bura North Sub- County. The Institute is situated along Hola - Garissa Road off town. It is among the 1st phase of sixty (60) colleges established in the Country. The college was initially mentored by TUM latter transferred to Coast Institute of Technology late 2018.

The College sits on 8.09 Ha which is a range land which also makes it suitable for agriculture. The Institute has an allocating Letter, **PDP NO. PDP/TRC/548/2014/1- BURA- TANA**. Awaiting beacon certificate from the County Surveyors office – Hola.

The college is a centre of excellence in Fashion Design, majoring in Clothing and Textile Industry, equipment installed, tested and commissioned.

College Registration number is **TVETA/PUBLIC/TVC/0044/2021** and Training Licence **TVETA /PUBLIC/TVC/0044/2021 AI**.

The college has five academic department namely;

1. Fashion and Design
2. Liberal studies
3. Information, Communication and Technology
4. Business and Entrepreneurship
5. Electrical and Electronics

(b) Principal Activities

Vision:

To be a Centre of Excellence in providing Technical Education and Skills Training that responds to the needs of the local and global market.

Mission:

To provide relevant Technical Education and appropriate Skills Training for Sustainable Development.

Motto:

Aspiring for Excellence.

Core Values:

- Integrity
- Professionalism
- Innovativeness
- Teamwork
- Provision of equal opportunities for all
- Prudent environmental management

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Principal Activities Continued)

The principal activity/mission/ mandate of the entity is to provide relevant Technical Education and appropriate skills training for sustainable development and train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness, implementing training in TVET programs, carrying out research programs, and innovation into products and services.

The core functions of Fayya Technical and Vocational College include;

1. Enhance access to TVET training by providing opportunities for all eligible trainees.
2. Promote equity in education and training by providing opportunities for life-long learning.
3. Provide quality and relevance in training by developing and encouraging a culture of research, creativity and innovation among trainees and staff.
4. Establish good governance for operational efficiency and effectiveness.
5. Enhance attractiveness through strategic collaboration and linkages with research institutions, industry and professional bodies both nationally and internationally.
6. Strengthen financial base of Fayya TVC.

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Management

(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:

SN.	Designation	Name
1.	Principal	Margaret Wanjiru
2.	Deputy Principal Administration	James K. Kuria
3.	Ag. Deputy Principal Academics	Guendline H. Daiddo
4.	Ag. Registrar (s)	Dorcas N.Mwangi
5.	Ag. Dean of Students	Stanley K. Korir
6.	Head of Finance	Eliud K. Rwara

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements
Audit and Risk Committee

S/No.	Name	Nominated
1.	Mohammed Ali Abdi	Chairman
2.	Dr. Eunice Keziah Matuki	Member
3.	Mohamed Noor	P.S Rep

Academic and Research Committee

S/No.	Name	Nominated
1.	Henry K. Ochieng	Chairman
2.	Joseph Muthiani Malechwanzzi	Member
3.	Habiba Mahdaba Mohamed	Member
4.	Guendline Habuya Daiddo	Secretary

Audit and Risk Committee Activities

- i. Internal Controls: This involves reviewing how effective our internal control systems are and suggesting ways to make them better.
- ii. Risk Management: The committee keeps an eye on the institutional risk registers and the strategies we have in place to manage those risks.
- iii. Audit Reviews: Here, we look at both internal and external audit findings, making sure that any recommendations are put into action promptly.
- iv. Compliance Monitoring: This ensures that we are following all legal requirements.

Academic Committee Activities

- i. Curriculum Governance: This involves approving new academic programs and making revisions to ensure they meet quality standards and stay relevant.
- ii. Accreditation & Standards: The committee keeps an eye on how well we comply with both national and international academic standards and accreditation requirements.
- iii. Faculty Oversight: Here, we review faculty appointments, promotions, and performance evaluations to ensure we have the best educators in place.
- iv. Student Affairs: This area focuses on overseeing admissions, assessments, and the various support services available to students

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Key Entity Information and Management (Continued)

Entity Headquarters

Fayya Technical and Vocational College
P.O Box 19-70104
Bura, Tana River County
Kenya.

(f) Entity Contacts

Telephone: (254)706328315/0737432604
Email: fayyatvc@gmail.com

(g) Entity Bankers

Kenya Commercial Bank
Hola Branch
Box 100-70101
Hola, Kenya.

(h) Independent Auditors

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



Key Entity Information and Management (Continued)

(i) Principal Legal Adviser





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

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025


3.The Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mr. Abdi Isaack Hajir Board Chairman	Mr. Abdi Isaack Hajir Date of birth: 1 st January, 1980. Key Qualification: Master's Degree in Development Studies Experience: 20 Years. Email: issackhajir80@gmail.com Phone: 0733992949 Board chairman.
2.	 Mr. Henry Kennedy Ochieng	Mr. Henry Kennedy Ochieng Date of birth: 24 th January, 1998 Key Qualification: Bachelor of Information Technology Experience: 4 Years Email: henryochieng94@gmail.com Phone: 0726867139 Chair Academic and Research
3.	 Mr. Peter Maina Ndirangu	Mr. Peter Maina Ndirangu Date of birth: 23 rd May, 1994 Key Qualification: Bachelors of Science Agricultural Resource Management Experience: 4 Years Email: petahmaish2016@gmail.com Phone: 0792948175

FAYYA TECHINICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025





4.	 Mr. Mohammed Ali Abdi	Mr. Mohammed Ali Abdi Date of birth: 18 th November, 1991 Key Qualification: Bachelor of Commerce (Finance Option) Experience: 11 Years Email: adowali34@gmail.com Phone: 0718822240 Chair Audit and Finance
5.	 Ms. Margaret Wanjiru	Ms. Margaret Wanjiru Date of birth: 22 nd September, 1974 Key Qualification: Bachelor of Business Administration (Entrepreneurship) Experience: 27 Years Email: wanjiru.maggy@gmail.com Phone: 0723589250 Principal/ Secretary
6.	 Dr. Eunice Kezia Matuki	Dr. Eunice Kezia Matuki Date of birth: 8 th February, 1973 Key Qualification: Bachelors of Pharmacy Experience: 29 Years Email: euniakm@gmail.com Phone: 0722400369.
7.	 Mr. Joseph Muthiani Malechwanz	Mr. Joseph Muthiani Malechwanz Date of birth: 13 th April, 1981 Key Qualification: Masters of Education Experience: 19 Years Email: j.muthiani@pu.ac.ke Phone: 0715165077

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025



8.	 Ms. Mohammed Habiba Mahdaba	Ms. Mohammed Habiba Mahdaba Date of birth: 1988. Key Qualification: Bachelors of Laws Experience: 12 Years Email: mahdabahabiba@gmail.com Phone:0722454971
----	--	---

FAYYA TECHINICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Ms. Margaret Wanjiru	Ms. Margaret Wanjiru Date of birth: 22 nd September, 1974 Key Qualification: Bachelor of Business Administration (Entrepreneurship) Experience: 27 Years Email: wanjiru.maggy@gmail.com Phone: 0723589250 Principal/ Secretary BOG
2.	 Mr. James. K. Kuria	Mr. James. K. Kuria Date of Birth: 1973 Key Qualification: Bachelor of Science Experience: 27 Years Email: jamesbinkush@yahoo.com Phone: 0720240628 Deputy Principal Administration
3.	 Ms. Guendline H. Daido	Ms. Guendline H. Daido Date of Birth: 21 st October, 1993 Key Qualification: Bachelor of Procurement and Logistics Management. Experience: 7 Years Email: guendlinehabuya@gmail.com Phone: 0723353403 Ag. Deputy Principal Academics
4.	 Ms. Dorcas. Mwangi	Ms. Dorcas. Mwangi Date of Birth: 29 th July, 1997 Key Qualification: Diploma in ICT Experience: 5 Years Email: wanjiradee@gmail.com Phone: 0718113702 Ag. Registrar

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

5.	 Mr. Stanley K. Korir	Mr. Stanley K. Korir Date of birth: 21 st August, 1994 Key Qualification: Bachelor of Commerce (Accounting) Experience: 9 years Email: korirkiptoo254@gmail.com Phone: 0707359998 Ag. Dean of Students
6.	 Mr. Eliud K. Rwara	Mr. Eliud Kimani Rwara Date of birth: 15 th November, 1986 Key Qualification: CPA (Sec v) Experience: 9 years Email: rwaraeliyud@gmail.com Phone: 0725491256 Head of Finance

5. Chairman’s Statement

The office of the chairperson of the Board of Governors of Fayya Technical and Vocational College has been active during the year under review in managing the affairs of the College. The Government of Kenya is making significant progress with its Affordable Housing Program by expanding its focus to include student villages at our educational institutions. This initiative is designed to enhance student welfare by offering modern, safe, and budget-friendly hostels conveniently located near campus.

In addition, we have also successfully completed the water piping and repair work, to ensure trainees have clean and safe drinking water. This is essential for their overall health and wellbeing. Furthermore, we have established a vibrant sports Department, offering our trainees opportunities to engage in physical activity and develop their skills in a variety of sports. This has helped to promote a healthy and active lifestyle among our trainees, while also fostering a sense of teamwork and sportsmanship.

Finally, I am pleased to report that our trainees have performed admirably in their KNEC Exams achieving excellent results that reflect their hard work and dedication. This is a testament to the quality of education we provide at our institution and I am confident that our trainees will continue to excel in their academic pursuits. Overall, these achievements demonstrate the success and progress of our Institution, and look forward to building on this momentum in the year ahead.

The Institution is facing a number of challenges that are hindering its ability to provide quality education and training to its trainees. These challenges range from low enrolment, lack of access to clean water, shortage of trainers, lack of boarding facilities, the institution also struggles to attract sufficient financial support from the government. With low enrolment and limited resources, the institution is unable to generate the necessary income to support its operations.

We intend to collaborate with a number of agencies both public and private sector in our endeavour to grow the institution. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every partner willing to work with us.

During the year under review, the college management has made a significant investment in creating a recreational field for the trainees. The field is equipped with proper goal posts for sports such as football. Additionally, nets have been placed for games like volleyball. The ground has been levelled to ensure a safe and conducive environment for sports activities. The establishment of recreational field at our school has a positive impact on trainee numbers and their overall physical and mental wellbeing.

As a Board, we endeavour to continually put in place governance systems to ensure that we not only comply with the code of ethics but engage in prudent leadership practices that creates value for the college. The college has remained a good corporate citizen that meets its obligation for its staff and trainees as well as national obligations.

.....
Abdi Isaack Hajir
BOG Chairman

Date:

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

6. Report of the Principal

Pursuant to section 83 of The Public Finance Management Act, 2012, I take this opportunity to present the college's Annual report and financial statements for the period ended 30th June 2024. The report focuses on the Enrolment, Resource mobilization, Facilities and infrastructure development, Resource mobilization, linkages, partnerships and networking, governance and students' welfare.

The above issues are part of broad initiatives undertaken by the college planning system to impact relevance to current National TVET reforms. This defines the college mandate aimed at enhancing quality, competitiveness, creativity and innovativeness in TVET education. This report is premised on involvement on account of analysis of goals, strategic issues, strategic objectives, strategies and activities that the college intends to pursue in the years to come. The mandate of the Board of Governors among other things is to provide apex management towards achieving the college mandate as per the TVET Act, 2013.

Challenges

The report reflects on the challenges faced by our institution, including low enrolment and retention rates which has had a significant impact on our finances, as our revenue is largely dependent on trainee number and fees paid in the institution. The low enrolment has resulted in a decrease in income making it difficult to cover our operating expenses. Another challenge we faced during the year is inadequate infrastructure and equipment does not have sufficient workshops, laboratories, and ICT facilities for practical learning.

We also faced a challenge with the shortage of trainers which has impacted the quality of education we are able to provide to our trainees. Boarding facilities has also made it difficult to attract and retain trainees who require accommodation, as the facilities we currently have are not up to standard. Lastly, there inadequate trainee support services such as few bursary schemes targeted at needy TVET learners and lack of counselling, mentorship, and entrepreneurship incubation support.

Despite the challenges we faced during the year, we are pleased to report that, The Government of Kenya is taking big strides with its Affordable Housing Program by broadening its focus to include student villages at our institutions. This initiative aims to boost student welfare by providing modern, safe, and affordable hostels close to campus.

Another achievement we are proud of is the establishment of the sports department in our institution. This has provided our trainees with opportunities to participate in various sporting activities, helping to promote physical fitness and overall well-being.

In conclusion, while our Institution faced several challenges during the year, we are proud of the achievements we have made in improving our facilities and programs. We are committed to addressing the challenges we face and working towards providing a high-quality education for our trainees. We look forward to the future with optimism and determination.



Margaret Wanjiru
Principal / Secretary Board of Governors

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

7. Statement of Performance against Predetermined Objectives

Fayya TVC has *Four* strategic pillars and objectives within current Strategic Plan for the FY 2024-FY 2025. These strategic pillars are as follows:

- Pillar 1: To increase financial sustainability in the college
- Pillar 2: To promote relevant and quality training and learning
- Pillar 3: To continuously improve the college’s human resource service effective service delivery
- Pillar 4: To integrate ICT in college management

Fayya TVC develops its annual work plans based on the above 4 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *College* achieved its performance targets set for the FY 2023/2024 period for its third strategic pillar, as indicated in the diagram below:

Pillar 1: To increase financial sustainability in the college

Objectives	Activity	Output	Indicator
Develop alternative sources of Funding	Develop funding proposals for donors	3 Funding proposals to donors developed	Number of funding proposals developed
Improve financial management	Enhance capacity for staff	Staff capacity enhanced	Increased revenue collection and management
	Enhance internal controls and audits	Internal controls and audits enhanced	

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Statement of Performance against Predetermined Objectives (Continued)

Pillar 2: To promote relevant and quality training and learning

Objectives	Activity	Output	Indicator
Enhance new and modern methods of Training	New and modern methods of Training enhanced	Modern Training techniques in place	Number of new techniques introduced -ICT
Networking and Collaboration	Establish linkages with industries	Linkages with industries established	Number of linkages established with industries
	Establish linkages with other institutes of higher learning	Linkage with institution established	Number of linkages established with institutions
Increase trainees enrolment	Enroll from all regions in the country	Enrolment done all over Kenya	number of new trainees from beyond Tana River County
Construct/ provide additional infrastructure	Construct additional workshops/ labs	Equipped additional workshops/labs in place	Number of additional workshops/ labs constructed
	Construct a central store	Central store constructed	Central store in use
	Procure a plastic water tank	Plastic water tank procured (10000 litres)	Adequate water supply in the college
	Construct sports complex	Sport complex constructed	Sports complex in use
Provide equipment	Provide additional Training equipment	Additional Training equipment provided	Number of equipment provided
Develop and nurture youth talents	Participate in co-curricular activities	Talents nurtured	Number of co-curriculum activities undertaken
	Provide guidance and counseling	Upright youths/trainees	Number of guidance and counselling initiatives undertaken

FAYYA TECHINICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Statement of Performance against Predetermined Objectives (Continued)

Pillar 3: To continuously improve the college's human resource capacity

Objectives	Activity	Output	Indicator
Skills upgrading	Sponsor staff for training	Staff sponsored for training	Number of staff trained
	Hold capacity building workshops and seminars for staff	Workshops and seminars held for staff	Number of capacity building workshops and seminars held
Increasing number of staff	Lobby MoE for additional staff	Requests made to MoE	Number of requests made to MoE
	Employ more BOG staff	Additional BOG staff employed	Number of additional BOG staff engaged

Pillar 4: To Integrate ICT in the college management

Objectives	Activity	Output	Indicator
Build Staff capacity on ICT	Train staff on ICT integration in Training and learning	Staff trained on ICT integration in training and learning	Number of staff trained on ICT integration in Training and learning

8. Corporate Governance Statement

- i. Board appointments shall be made in line with the MWONGOZO and Article 27 of the Constitution of Kenya. The Board should be appointed through a transparent and formal process governed by the overriding principle of merit. The Board membership shall be between seven and nine members. Board appointments should take into consideration the mix of skills and competencies required for the achievement of the organization's long-term goals. The Board may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law. We are dedicated to fostering diversity on the Board in terms of gender, age, professional backgrounds, and regional representation. We have a draft Board Charter that clearly outlines the roles, responsibilities, and powers of the Board and its committees.
- ii. Roles and functions of the board
The Board plays a vital role in steering the institution, shaping its strategic direction, and ensuring everything runs smoothly. Let's break down its key roles and functions:
 - a. Exercise their role collectively and not individually.
 - b. Determine the organization's mission, vision, purpose and core values.
 - c. Set and oversee the overall strategy and approve significant policies of the organization.
 - d. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
 - e. Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
 - f. Approve the organizational structure.
 - g. Approve the annual budget of the organization.
 - h. Monitor the organization's performance and ensure sustainability.
 - i. Enhance the corporate image of the organization.
- iii. Induction, training, and development
The college had opted for a virtual inauguration meeting due to insufficient funds. The board members still need to participate in an induction program to familiarize themselves with the institution's mandate, governance framework, strategic plan, policies, and key operational areas.
- iv. Board and members performance
- v. When it comes to Board and members' performance, our institution is dedicated to upholding top-notch standards. • Board Performance Evaluation: We regularly carry out self-assessments and bring in independent evaluations to gauge how well we're doing in governance, strategy oversight, and decision-making. • Individual Member Performance: We look at how each director contributes by considering their participation, attendance, commitment, and the value they add to our discussions. • Performance Improvement: The insights we gather from these evaluations help us refine our governance practices, pinpoint training needs, and boost our overall effectiveness.

Corporate Governance Statement (Continued)

- vi. Number of Board meetings
It turns out no meetings took place because there just weren't enough funds. The board typically should have held regular meetings as outlined in their annual activity calendar to ensure they meet their responsibilities effectively.
- vii. Succession plan
The organization is currently missing a succession plan, which is crucial for facilitating smooth leadership transitions and ensuring that governance remains consistent, especially since it's overseen by the Ministry of Education.
- viii. Policy to manage conflict of interest.
The institution currently lacks a conflict-of-interest policy that mandates members to reveal any personal, financial, or professional interests that might influence their impartiality in decision-making.
- ix. Board remuneration
The compensation for Board members is set according to government guidelines, institutional policies, and relevant laws. The remuneration reflects the responsibilities, time commitment, and expertise of the Board members while ensuring public accountability.
- x. Ethics and Conduct
The institution is dedicated to upholding the highest standards of ethics and conduct. Board members are required to follow a Code of Conduct that stresses integrity, professionalism, impartiality, and respect for the institution's values. Any unethical behaviour, such as abuse of office, corruption, or misuse of resources, is taken very seriously and addressed accordingly.
- xi. Governance audit.
The internal audits aren't being carried out regularly as required by the relevant regulations to check how well the institution is sticking to governance standards, policies, and best practices. The insights gained from these audits are essential for refining governance structures and boosting transparency.
- xii. Communication policy.
The college currently lacks a communication policy that ensures information is shared accurately, transparently, and promptly with all stakeholders. This policy would serve as a roadmap for both internal and external communications, emphasizing the importance of consistency, accountability, and staying true to our core values.
- xiii. Terms of Reference of Committee.
The Board operates through specialized committees. Each committee has well-defined Terms of Reference (ToR) that clarify its roles, responsibilities, and reporting duties. Some of the typical committees include:
- Audit and Risk Committee
 - Academic and Research Committee.
- xiv. Policy on related party transactions.
The transactional policies that are essential for ensuring fairness and accountability in the college's operations are now prepared and just waiting for the board's approval.

FAYYA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

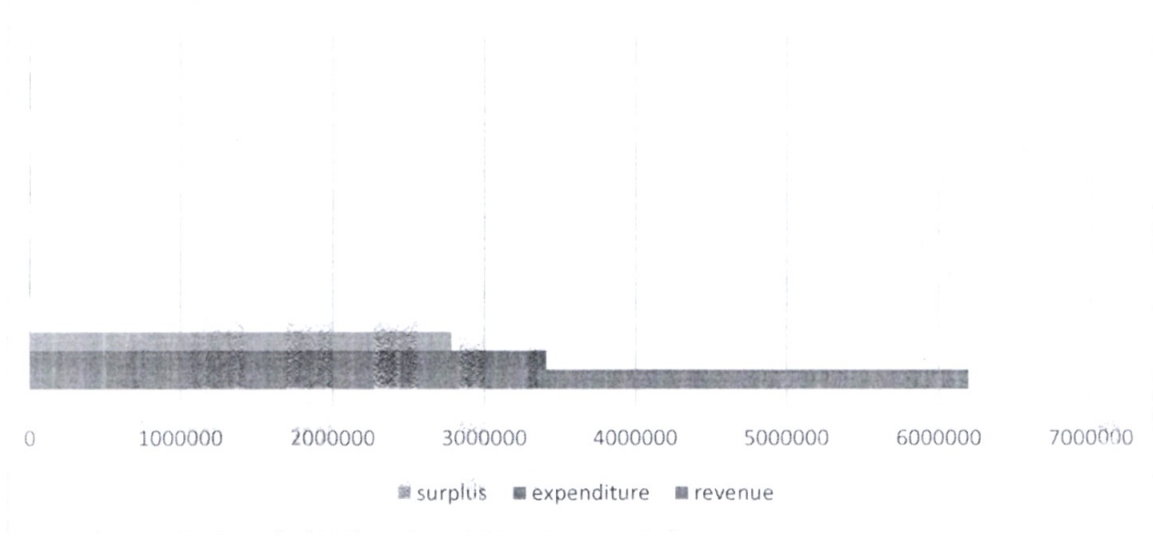
9. Management Discussion and Analysis

The College's operational and financial performance

Income statement

Fayya Technical and vocational college generated revenue both from exchange and non-exchange transactions amounting to Kshs 6,195,395.00 which included Kshs 3,237,544.00 from students' Though by the end of the financial year it stood unpaid and transfers from National and other levels of Government of 2,957,851.00 against an expenditure of Kshs 3,410,064.00 giving rise to a surplus of Kshs 2,785,331.00 in the financial year 2024-2025.

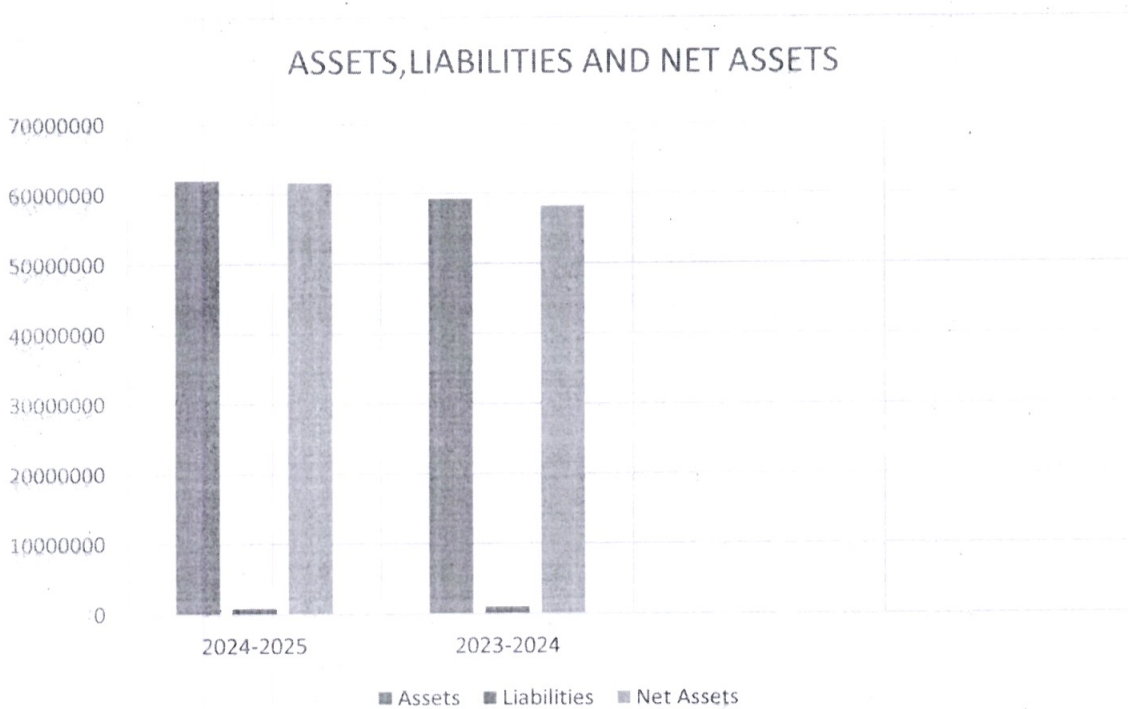
REVENUE AND EXPENDITURE



Management Discussion and Analysis(continued)

Statement of financial position

The college capital fund as at 30th June 2025 was valued at Kshs 60,000,000. However, during the year, as a result prudent and value for money expenditure the net result was a surplus in the income statement. The accumulated surplus in the statement of financial position changed from a deficit of 1,776,825 in FY 2023-2024 to a surplus of 1,647,537.00 in 2024-2025. Resulting to Net assets of 61,647,537.00 up from 58,223,175.00 in 2023-2024. Total Liabilities dropped from 996,852 to 877,292.



10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

The college recognizes that the ever-changing global political, social, and economic landscape plays a crucial role in shaping our sustainability goals. We are confronted with urgent challenges such as climate change, geopolitical tensions, economic instability, resource shortages, and social inequality, all of which impact our operational environment. Sustainability strategy is anchored in these essential priorities:

- i. **Environmental Stewardship:** We are committed to using resources wisely, encouraging responsible energy use, and embracing eco-friendly practices across all our operations.
- ii. **Social Responsibility:** We strive to foster inclusivity, equity, and empower vulnerable and marginalized communities.
- iii. **Economic Sustainability:** We emphasize sound financial management, support for local businesses, and the creation of job opportunities.
- iv. **Governance and Ethical Leadership:** We place a high value on transparency, accountability and corporate governance as the foundation of our sustainable operations.

Key Achievements:

- i. We have adopted eco-friendly practices, like cutting down on paper use through digital solutions and implementing energy-saving initiatives.
- ii. We have enhanced our engagement with stakeholders through community outreach and service delivery forums.
- iii. The college submits quarterly reports on its greening efforts to the State Department for TVET.

Challenges/Failures:

- i. Limited financial resources have held back the scale of our sustainability projects.
- ii. Suppliers, especially small and medium-sized enterprises (SMEs) and businesses owned by persons with disabilities (PWD), have faced challenges with awareness and capacity, which has hindered their effective participation.

Service Delivery Charter and Procurement Practices

Service Delivery Charter(draft) reaffirms our commitment to quality, transparency, and responsiveness in service delivery. It lays out clear service standards, turnaround times, and feedback mechanisms to ensure we remain accountable to our stakeholders.

Environmental performance

At the college, we are passionate about the Environment, which is all about minimizing our ecological impact, following environmental laws, and integrating sustainability into every aspect of our work. This focuses on several important areas:

- i. Promoting the smart use of resources such as energy, water, and materials.
- ii. Committing to responsible waste management through the principles of reduce, reuse and recycle.
- iii. Continuously enhancing awareness and building skills around environmental sustainability for our staff, students, and stakeholders.

Environmental performance (continued)

Implementation

We have made significant strides in putting our environmental policy into action, including:

- i. Integrating environmental awareness into our training programs and community outreach efforts.
- ii. Including environmental performance indicators in our strategic plan.

Shortcomings

- i. Insufficient funding has hindered the expansion of solar installations.
- ii. Waste segregation practices aren't applied, leading to challenges in effective waste management.

Mitigation Measures

- i. Our staff and students are getting regular training and awareness sessions to enhance their commitment to waste segregation and eco-friendly practices.
- ii. We have gradually expanded our tree planting initiatives and creating green spaces within our campus.

Biodiversity and Waste Management Efforts

- i. We are running ongoing tree planting campaigns both on and around our campus to help restore biodiversity and create carbon sinks.

Employee welfare

Our Human Resource Policy is all about fairness, transparency, and giving everyone a fair chance during recruitment and selection. We focus on hiring based on merit, inclusivity, and following national labour laws. Here's what we prioritize:

- i. **Gender Balance:** We strive for gender equity in our recruitment efforts, aiming for a balanced representation of men and women at every level.
- ii. **Youth Employment:** In line with government priorities, we actively create opportunities for young people, especially recent graduates.
- iii. **Persons with Disabilities (PWD):** Our recruitment policies include the 5% constitutional requirement for PWD representation, ensuring our workplace is accessible and accommodating.
- iv. **Stakeholder Engagement:** We collaborate with stakeholders, including staff unions, professional bodies, and community representatives, to guide our HR policy reviews and implementation.

Skills Development and Career Management

The college is committed to fostering the growth and development of our employees. Here's what we offer:

- i. **Training Programs:** We host regular workshops, seminars, and capacity-building initiatives, both internally and in collaboration with external partners.
- ii. **Scholarships and Sponsorships:** We encourage our staff to pursue higher education, certifications, and professional development courses by providing support.
- iii. **Career Progression Framework:** Our clear job grading and promotion structures are linked to performance and tenure, ensuring transparency in career advancement.

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Employee welfare(continued)

Appraisal

Every year, we conduct performance appraisals based on a Performance Management Framework that aligns individual goals with our institutional objectives for trainers.

Occupational Safety and Health (OSHA 2007) Compliance, we prioritize the safety, health, and overall wellbeing of our employees, fully adhering to the Occupational Safety and Health Act of 2007. Here's how we ensure a safe workplace:

- i. We carry out regular safety audits and inspections to maintain high standards in our work environments.
- ii. We provide Personal Protective Equipment (PPE) for staff working in high-risk areas.

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The college is dedicated to running its operations in a way that's ethical, transparent, and fair. We are guided by the principles of responsible competition and always comply with the relevant laws and regulations. We have a strict zero-tolerance policy against bribery, fraud, and corruption. We respect our competitors and collaborate with industry peers in ways that foster innovation, sustainability, and capacity-building.

Improved Service Delivery Practices: We have a publicly displayed Service Delivery Charter that outlines our commitments, timelines, and standards, holding us accountable to our stakeholders.

Public Sensitization and Outreach: We believe in staying connected with our community. Through ongoing engagement, like community forums and awareness campaigns, we aim to build trust, boost our visibility, and encourage more people to use our services.

b) Responsible Supply chain and supplier relations

We understand that our suppliers and contractors play a crucial role in helping us run smoothly and sustainably. That's why we're dedicated to building fair, transparent, and responsible relationships with them, all while sticking to ethical business practices and regulations.

We follow the Public Procurement and Asset Disposal Act, 2015, along with our own procurement policies. All tenders and quotes go through a competitive and open bidding process to give every supplier a fair shot. We make sure to respect all contractual terms, including delivery timelines, service quality, and payment schedules.

We prioritize making payments on time, as per our agreements, to build trust and keep our suppliers confident in us.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The college is dedicated to upholding the highest standards of integrity, transparency, and inclusivity in all our communication, marketing, and outreach efforts. Whether we're connecting with citizens, clients, or stakeholders, we strive to build trust, credibility, and accountability in everything we do.

We ensure that all information shared with the public is accurate, clear, and based on solid evidence, steering clear of exaggerations or misleading claims.

We provide regular updates through our, social media channels, and ensuring stakeholders have access to timely and reliable information

Market place practices-(continued)

d) Product stewardship or Awareness Creation

The college ensures that the services we provide adhere to the highest standards of safety, transparency, and accountability, while also equipping stakeholders with the information they need to make informed choices.

- i. We provide clear instructions and guidelines with our services to ensure safe usage and reduce potential harm.
- ii. We communicate service information clearly through our Service Delivery Charter, institutional, brochures, and public awareness forums.
- iii. Processes like applications for NHIF, NSSF, and water/power connections come with detailed guidelines to promote transparency.
- iv. We comply with the Data Protection Act of 2019, ensuring that all personal information we collect is kept private and confidential.

Corporate Social Responsibility / Community Engagements

Tree planting events in collaboration with local schools and community groups, contributing to the national target of planting 15 billion trees.

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

11. Report of the Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the *Fayya Technical and Vocational College* affairs.

Principal activities

The principal activities of the entity are is to continue with the provision of Technical and Vocational Training.

Results

The results of the *Fayya Technical and Vocational College* for the year ended June 30,2025 are set out on page 1-30.


Board of Governors

The members of the Board who served during the year are shown on page viii-x.

Auditors

The Auditor General is responsible for the statutory audit of the *Fayya Technical and Vocational College* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Fayya Technical and Vocational College* for the year/period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....
Margaret Wanjiru
Secretary of the Board/Council
Nairobi
Date: 20/08/2025

12. **Statement of Board of Governors Responsibilities**

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

The Board members are responsible for the preparation and presentation of the *College* financial statements, which give a true and fair view of the state of affairs of the *college* for and as at the end of the 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 *college* (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

Statement of Board of Governors Responsibilities (Continued)

Approval of the financial statements

The *college* financial statements were approved by the Board on 26/08/2025 2025 and signed on its behalf by:

.....

Name: Abdi Isaack Hajir
Chairperson of the Board



.....

Name: Margaret Wanjiru
Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 FAYYA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025 – TANA RIVER COUNTY

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 Fayya Technical and Vocational College –Tana River County set out on pages 1 to 31, 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, 2020 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Fayya Technical and Vocational College – Tana River County 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 Training Act, 2013 and The Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Employee Costs

The statement of financial performance reflects employee costs totalling Kshs.1,294,924. However, the corresponding Note 9 to the financial statements reflects an expenditure of Kshs.1,294,951. In addition, included in this expenditure is an amount of Kshs.742,411 in respect to salaries and wages. However, the supporting schedules/ledgers reflect an expenditure totalling Kshs.712,688 resulting to unexplained variance of Kshs.29,723.

Further, expenditure totalling Kshs.106,024 relating to salary for May and June, 2024 is wrongly included in the expenditure while a review of the documents provided for audit reveal that management did not deduct National Social Security fund (NSSF) and Social Health Insurance Fund (SHIF) from the employees' salaries.

In the circumstances, the accuracy and completeness of the expenditure on employee costs totalling Kshs.1,294,924 could not be confirmed.

2. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.310,160 as disclosed in Note 14 to the financial statements. However, no stock taking reports was provided to support the balance while the inventories balance did not record any movement in the year under review.

In the circumstances, the accuracy, completeness and existence of inventories balance of Kshs.310,160 could not be confirmed.

3. Inaccurate and Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.54,000,000 as disclosed in Note 15 of the financial statements. The balance is in respect of the College buildings. However, a physical verification of the College,

compound and offices, revealed that the College had in possession various assets including land, computers, furniture and fittings which were not disclosed in the financial statements. In addition, the ownership documents for the College parcel of land measuring approximately 8.09 Hectares was not provided for audit review.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.54,000,000 could not be confirmed.

4. Inaccurate Statement of Changes in Net Assets

The statement of changes in net assets reflects accumulated surplus as at 30 June, 2025 of Kshs.1,647,537. However, the implied deficit for the year 2022/2023 of Kshs.639,031 was not disclosed. In addition, the deficit of Kshs.1,137,794 for 2023/2024 has been omitted. The recalculated accumulated fund balance is Kshs.371,123. Further, the statement reflects total change in net assets balance of Kshs.61,647,537 which when recalculated is Kshs.60,374,123.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Fayya Technical and Vocational College – Tana River County 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 summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.6,031,340 and Kshs.5,787,544 respectively, resulting to an under-funding of Kshs.243,796 or 4% of the budget. Similarly, the College spent Kshs.1,910,064 against actual receipts Kshs.5,787,544 resulting to an under-expenditure of Kshs.3,877,480 or 67% of the receipts.

The under-expenditure may have affected the implementation of the planned projects and may have negatively impacted on service delivery to the students.

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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the College in 2024/2025 revealed that the following eight (8) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the financial statements
2	2023/2024	Unsupported restatement of comparative balances
3	2023/2024	Unsupported employee costs
4	2023/2024	Unsupported cash and cash equivalents balance
5	2023/2024	Property, plant and equipment balance
6	2023/2024	Unsupported inventory balance
7	2023/2024	Non-compliance with public sector accounting standards Board reporting template
8	2023/2024	Lack of land ownership documents

In addition, annex 1 on page 31 does not indicate the implementation status of the auditor-general's recommendations.

Other Information

The Board of Governors are responsible for the Other Information set out on page iii to xxviii which comprise of Key Entity Information and Management, The Council/Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief/Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of the 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 College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Inaccuracies in the Presentation and Disclosure of the Annual Report and Financial Statements

Review of the annual report and financial statements revealed the following:

- i. The items in the table of contents are underlined, the roman numbering is wrongly sequenced and the page numbering wrongly referenced to the respective items in the financial statements.
- ii. The report of the principal refers to financial statements for the year ended 30 June, 2024 instead of 30 June, 2025.
- iii. The statement of performance against predetermined objectives indicates objectives for the year 2023/2024 instead of 2024/2025.
- iv. The statement of Board of Governors responsibilities is not signed and does not indicate the date the financial statements were approved.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the annual report and financial statements for decision making.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Non - Automation of College Operations

The statement of financial performance reflects revenue from rendering of services - fees from students totalling to Kshs.3,287,544 as disclosed in Note 7 to financial statements. However, a review of the institution's accounting records indicated that the College maintained manual records for revenue, expenditure and students registers. The manual systems are prone to errors and may not give accurate financial reports.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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


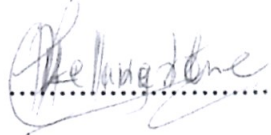
05 December, 2025

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

14. Statement of Financial Performance for the Year Ended 30th June 2025

	Note s	2024-2025	2023-2024
			Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6(a)	2,500,000	2,000,000
Transfers from other levels of Government	6(b)	407,851	195,500
		2,907,851	2,195,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7(a)	3,287,544	1,752,981
Total Revenue		6,195,395	3,948,481
Expenses			
Use of goods and services	8(a)	615,140	853,119
Employee costs	9	1,294,924	2,670,056
Board Expenses	10	-	40,000
Depreciation and amortization expense	11	1,500,000	1,500,000
Repairs and maintenance	12	-	23,100
Total Expenses		3,410,064	5,086,275
Net /(deficit) for the year		2,785,331	(1,137,794)

The Financial Statements set out on pages 1 to 30 were signed by:

.....		
Abdi Isaack Hajir	Margaret Wanjiru	Eliud Kimani Rwaru
Chairman of Board	Principal	Finance Officer
Date	Date 26/08/25	Date 26-08-2025

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2025

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

Description	Notes	2024-2025	2023-2024
		Kshs	
Assets			
Current Assets			
Cash and cash equivalents	13	1,020,096	31,586
Current portion of receivables from exchange transactions		-	--
Inventories	14	310,160	310,160
Total Current Assets		1,330,256	341,746
Non-Current Assets			
Non-current receivables from exchange transactions	27(b)	6,615,825	3,378,281
Property, plant, and equipment	15	54,000,000	55,500,000
Total Non-Current Assets		60,615,825	55,500,000
Total Assets		61,946,081	59,220,027
Liabilities			
Current Liabilities			
Trade and other payables	16	877,292	996,852
Total Current Liabilities		877,292	996,852
Total Liabilities		877,292	996,852
Net Assets		61,068,789	58,223,175
Represented By:			
Revaluation Reserves		-	-
Accumulated Surplus		1,647,537	(1,776,825)
Capital Fund		60,000,000	60,000,000
Net Assets		61,647,537	58,223,175

The Financial Statements set out on pages 1 to 30 were signed by:

..... 

Abdi Isaack Hajir
Chairman of Board
Date

Margaret Wanjiru
Principal
Date 26/08/25



Eliud Kimani Rwara
Finance Officer
Date 26-08-2025

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

Description	Accumulated Fund	Capital Fund	Total
At July 1, 2022	(634,383)	60,000,000	60,000,000
Surplus/(deficit) for the year		-	
At June 30, 2023	(1,273,414)	60,000,000	58,726,586
At July 1, 2023	(1,273,414)	60,000,000	58,726,586
Surplus/(deficit) for the year		-	
At June 30, 2024	(1,776,825)	60,000,000	58,223,175
At July 1,2024	(1,776,825)	60,000,000	58,223,175
Surplus(deficit) for the year	2,785,331	60,000,000	
At June 30,2025	1,647,537	60,000,000	61,647,537

Fayya Technical and Vocational College

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

17. Statement of Cash Flows for The Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
			Kshs
Cashflows from operating activities			
Receipts			
Transfers from other National Government entities	6(a)	2,500,000	2,000,000
Transfer from other levels Government	6(b)	407,851	195,500
Rendering of services- fees from students	7(b)	55,000	133,760
Total Receipts		2,957,851	2,329,260
Payments			
Use of goods and services	8(b)	615,140	601,287
Employee costs	9	1,291,029	1,668,696
Board Expenses	10	-	40,000
Repairs and maintenance	12	-	23,100
Total Payments		1,906,169	2,333,083
Net Cashflows from operating activities		1,051,682	(3,823)
Cash flows from investing activities			
Cashflows from financing activities			
Net Increase/(Decrease)in Cash and Cash equivalents		1,051,682	(3,823)
CashandCashequivalentsat1 st JULY 2023	13	31,586	35,409
CashandCashequivalentsat30 th JUNE 2024	13	1,020,096	31,586

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

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30th June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	2,000,000	-	2,000,000	2,500,000	-500,000	25%
Rendering of services- fees from students	4,031,340	-	4,031,340	3,287,544	743,796	18%
Total Income	6,031,340	-	6,031,340	5,787,544	243,796	4%
		-				
Expenses		-				
Use of goods and services	2,710,000	-	2,710,000	615,140	2,094,860	77%
Employee costs	1,200,000	-	1,200,000	1,294,924	(94,924)	8%
Board Expenses	850,000	-	850,000	-	850,000	100%
Repairs and maintenance	300,000	-	300,000	-	300,000	100%
Total Expenditure	5,060,000	-	5,060,000	1,910,064	3,149,936	62%
		-				
Surplus/(Deficit) For the Period	971,340	-	971,340	3,877,480	(2,906,140)	
Capital Expenditure	750,000	-	750,000	-	750,000	100%

The difference between budgeted amount with actual comparable basis in our income is due unable to reach to required trainees number whom we could have rendered services.

19. Notes to the Financial Statements

1. General Information

Fayya TVC is established by and derives its authority and accountability from TVETA Act 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college principal activity is Training

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30th June 2025.*

There are no new standards in the year ended 30th June 2025

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>Not yet effective</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 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>Not yet effective</i>
IPSAS45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>Not yet effective</i>
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>Not yet effective</i></p>
IPSAS47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>Not yet effective</i></p>
IPSAS48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Not yet effective</i></p>
IPSAS49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Not yet effective</i></p>

iii. Early adoption of standards

The college did not early adopt any new or amended standards in year 2024-2025

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

- ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Summary of Significant Accounting Policies (continued)

b) Budget information

The original budget for FY 2024/2025 was approved by the Board. 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 to conclude the final budget. Accordingly, the entity recorded additional appropriations of - on the FY 2024/2025 budget following the Board's approval. The college budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page undersection of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 2024-2025-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* 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

Summary of Significant Accounting Policies (continued)

disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

Summary of Significant Accounting Policies (continued)

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Financial assets (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

Contingent assets(continued)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

Employee benefits (continued)

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *college* 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.

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

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

6(a) Transfers from other National Government entities

Description	2024-2025	2023-2024
		Kshs
Unconditional Grants		
Capitation Grants		-
Operational Grant	2,500,000	2,000,000
Development grants		-
Other Grants/ KUCCPS		-
Total unconditional Grants	2,500,000	2,000,000

6(b) Transfers from other levels of Government entities

Description	2024-2025	2023-2024
		Kshs
Capitation /KUCCPS	325,014	195,500
HELB	82,837	-

7 (a) Rendering of Services

Description		2023-2024
		Kshs
Tuition Fees	1,647,697	769,000
Activity Fees	150,000	189,000
Industrial Attachment Fees	60,000	60,000
Local transport and travel	719,847	404,500
Electricity, water and conservancy	150,000	62,000
Facilities and materials	360,000	148,481
Personal emoluments	-	-
Repair maintenance and improvement	200,000	120,000
Total Revenue from The Rendering of Services	3,287,544	1,752,500

7(b) Rendering of services

Description	2024-2025	2023-2024
		Kshs
Tuition Fees paid	55,000	133,760
Total collected	55,000	133,760

8(a) Use of Goods and services

Description	2024-2025	2023-2024
		Kshs
Administration costs	317,400	463,060
Subscriptions (KATTI)	122,217	142,934
Advertising/ marketing	144,200	187,400
KUCCPS	-	18,000
Bank Charges	4,098	11,827
Licenses and permits	4,500	4,000
Postage	7,725	7,725
Telephone expenses	-	30,000
Total goods and services	615,140	853,119

8(b). Use of Goods and Services

Description	2024-2025	2023-2024
		Kshs
Amount fully paid	615,140	601,287
Total paid	615,140	601,287

9.Employee Costs

Description	2024-2025	2023-2024
		Kshs
Salaries and wages	742,411	673,456
Travel, motorcar accommodation, subsistence and other allowances	552,540	1,996,600
Employee Costs	1,294,951	2,670,056

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

10.Board Expenses

Description	2024-2025	2023-2024
		Kshs
Board Expenses	-	40,000
Total	-	40,000

11.Depreciation and Amortization Expense

Description	2024-2025	2023-2024
		Kshs
Property, plant and equipment	1,500,000	1,500,000
Total depreciation and amortization	1,500,000	1,500,000

12.Repairs and Maintenance

Description	2024-2025	2023-2024
		Kshs
Property	-	21,300
Total Repairs and Maintenance	-	21,300

13.Cash and Cash Equivalents

Description	2024-2025	2023-2024
		Kshs
Current Account	1,020,096	31,586
Others (Specify)	-	-
Total Cash and Cash Equivalents	1,020,096	31,586

26 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2024-2025	2023-2024
			Kshs
a) Current Account			
Kenya Commercial Bank	1290552282	1,020,096	31,586
Grand Total		1,020,096	31,586

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

27(b) Non- Current Receivables from Exchange transactions

Description	2024-2025	2023-2024
		Kshs
Non-Current Receivables		
Student Debtors	6,615,825	3,378,281
Total Current Receivables	6,615,825	3,378,281

14. Inventories

Description	2024-2025	2023-2024
		Kshs
Library stores	257,260	257,260
Maintenance/ accommodation stores	52,900	52,900
Total Inventories at lower of Cost and Net Realizable Value	310,160	310,160

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

15. Property, Plant and Equipment

Cost	Buildings	Total
	Kshs	Kshs
At 1 July 2022 (<i>previous yr.</i>)	60,000,000	60,000,000
At 30 th June 2023 (<i>previous yr.</i>)	60,000,000	60,000,000
At 30 th June 2024 (<i>current yr.</i>)	60,000,000	60,000,000
At 30 th June 2025 (<i>current yr.</i>)	60,000,000	60,000,000
	2.5%	
Depreciation And Impairment	-	-
At 1 Jun 2022 (<i>previous yr.</i>)	(1,500,000)	(1,500,000)
Depreciation	(1,500,000)	(1,500,000)
At 30 Jun 2023 (<i>previous yr.</i>)	(3,000,000)	(3,000,000)
Depreciation	(1,500,000)	(1,500,000)
At 30 th Jun 2024 (<i>current yr.</i>)	4,500,000	4,500,000
Depreciation	(1,500,000)	(1,500,000)
At 30 th Jun 2025 (<i>current yr.</i>)	6,000,000	6,000,000
Net Book Values		
At 30 th Jun 2023 (<i>previous yr.</i>)	57,000,000	57,000,000
At 30 th Jun 2024 (<i>current yr.</i>)	55,500,000	55,500,000
At 30 th June 2025 (<i>current yr.</i>)	54,000,000	54,000,000

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

Notes to the Financial Statements (Continued)

Valuation

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

32 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings	60,000,000	6,000,000	54,000,000
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	60,000,000	6,000,000	54,000,000

16. Trade and Other Payables

Description	2024-2025	2023-2024
		Kshs
Trade payables	296,428	296,428
Fees paid in advance	-	-
Salary deductions	-	-
Third-Party Payments	580,864	700,424
Other Payables	-	-
Total Trade and Other Payables	877,292	996,852

6. 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:

Financial risk management (continued)

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

The 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.

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.

(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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign Currency Risk

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 20XX			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

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

Foreign Currency Sensitivity Analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx
20xx			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx

b) Interest Rate Risk

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

Management of Interest Rate Risk

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

7. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

8. Events After the Reporting Period

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

9. Ultimate And Holding Entity

The entity is a public college under the Ministry of Education. Its ultimate parent is the Government of Kenya.

10. Currency

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


20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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

.....

 Name: MARGARET WANJIRU
 Accounting Officer
 (Principal)
 Date 26/08/2025