

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 04 DEC 2025 DAY: THURSDAY

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REPORT

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THE AUDITOR-GENERAL

ON

LAGDERA TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2025

GARISSA COUNTY



10 NOV 2025



Lagdera Technical 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)

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

Lagdera TVC was established under the TVET Act/2013 Act in 2021. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

(b) Principal Activities

Vision

To be a leader in provision of quality technical, vocational and entrepreneurial training in the region and beyond

Mission

To produce innovative and industrious graduates with relevant technical, technological and entrepreneurial knowledge and skills to fit in the labour market locally and globally

(c) Key Management

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

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

(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	Mohammed Iddi Mwasina
2.	Deputy principal Finance	Jackson Wangai Muthoni
3.	Head of Finance	Dominic Kalonzo

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

- *Audit and risk committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

(i) 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)

(j) Principal Legal Adviser

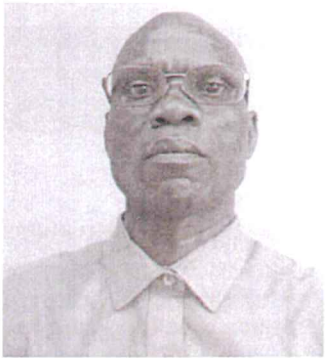


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3.The Council/Board of Governors



<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mohamed Gurhan Mohamud Board Chairmain	Date of Birth: 01/01/1983 Education: Master in Public Adminstration and Management Working experience: Social security specialist
2.	 Mohammed Iddi Mwasina Board Secretary/ Principal	Education Bachelors of Building and Civil Engineering Experience Former Deputy Principal Academics – Lagdera TVC
3.	 Amina Adan Board Member	Date of Birth: 01/01/1992 Education: Bachelor of business management Working experience: Kenya power and lighting company
4.	 Feisal Abdi Dahir Board Member	Date of Birth: 06/07/1983 Education: BSC Working experience: 15 years with Child Protection Services

Lagdera TVC

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

4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mohammed Iddi Mwasina Board Secretary/ Principal	<p>Education Bachelors of Construction Management</p> <p>Experience Former Deputy Principal Academics – Lagdera TVC</p>
2.	 Jackson Wangai Muthoni Deputy Principal	<p>Education Bachelors of Science (Mathematics and Computer Science)</p> <p>Experience Former Registrar – Lagdera TVC Former ICT Trainer – Naivasha TVC</p>

5. Chairman's Statement

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

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

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

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

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

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

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



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

6. Report of the Chief/Senior Principal

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

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

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

Through this plan, Lagdera TVC focused on:

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

As we report on the 2024/2025 financial year, Lagdera TVC remained committed to delivering high-quality technical training that empowered youth with practical skills for self-reliance and employment. The successful implementation of our strategic objectives required collaboration between the government, development partners, the private sector, and the community. Together, we ensured that Lagdera TVC played a pivotal role in Kenya's TVET transformation and contributed to national development.



IDDI MOHAMMED MWASINA
Principal, Lagdera Technical and Vocational College

7. Statement of Performance against Predetermined Objectives

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

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

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

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

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

8. Corporate Governance Statement

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

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

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

9. Management Discussion and Analysis

The Institution's operational and financial performance

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

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

Challenges

- Lack of transport to the institution has hindered enrolment as there is no means to access the institution easily
- Lack of electricity has been a huge challenge for growth in an institution marked as centre of ICT in the region

10. Environmental And Sustainability Reporting Statement

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

Sustainability strategy and profile

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

Environmental performance

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

Employee welfare

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

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

11. Report of the Council/Board of Governors

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

Principal activities

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

Council/Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the Lagdera Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Lagdera Technical and Vocational College for the year/period ended June 30, 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



.....
Secretary of the Board/Council
Nairobi
Date: 29/08/2025

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

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

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

The Board of Governors accepts the responsibility for the preparation and presentation of Lagdera TVC's financial statements for the financial year ending June 30, 2025. This responsibility includes:

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

The Board members confirm that the financial statements of Lagdera TVC have been prepared in compliance with International Public Sector Accounting Standards (IPSAS), the PFM Act, 2012, and the TVET Act, 2013. In their opinion, these statements provide a true and fair view of the college's financial transactions during the financial year ending June 30, 2025, and its financial position as of that date.

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

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

Lagdera TVC

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

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

Approval of the financial statements

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



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



.....
Mohammed Iddi Mwasina
Accounting Officer/Principal

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON LAGDERA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025 - GARISSA 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 Lagdera Technical and Vocational College set out on pages 1 to 26 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

Report of the Auditor-General on Lagdera Technical and Vocational College for the year ended 30 June, 2025 – Garissa County

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

In my opinion, except for the 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 Lagdera Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Depreciation Expense

The statement of financial performance reflects an amount of in respect of depreciation and amortization expense of Kshs.1,739,490 as disclosed in Note 18 to the financial statements. However, the College did not have an approved depreciation policy outlining methods and rates for depreciation of the various classes of assets.

In the circumstances, the accuracy of depreciation expense of Kshs.1,739,490 could not be confirmed.

2. Lack of Land Ownership and Valuation of Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.70,104,405 as disclosed in Note 14 to the financial statements. Included in this balance is land valued at Kshs.8,820,000. Review of the asset register provided for audit revealed that the College sits on twenty-two (22.05) acre parcel of land. However, land ownership documents and land valuation reports were not provided for audit.

In the circumstance, the accuracy of property, plant and equipment balance of Kshs.8,820,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

No.	Financial Year	Audit Issue
1.	2023/2024	Property, Plant and Equipment
2.	2023/2024	Late Submission of Financial Statements
3.	2023/2024	Non-Compliance with Financial Reporting Template
4.	2023/2024	Failure to prepare estimates of Income and Expenditure
5.	2023/2024	Unutilized completed building structures at the College
6.	2023/2024	Non-operationalization of Lagdera Technical and Vocational College
7.	2023/2024	Lack of Internal Audit Function and Audit Committee
8.	2023/2024	Lack of Key Management Policies

Other Information

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

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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 effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unutilized Workshop Block, Dining Hall and Administration Block

Review of documents provided for audit revealed that the College received a donation of an administration block worth Kshs.50,000,000, workshop block of Kshs.3,000,000 and a dining hall of Kshs.9,000,000 from the County Government of Garissa, Ministry of Education and other donors. However, the buildings remained unutilized since the College had not admitted students for the training programmes.

Further, it was noted that the College had two (2) tanks of 20,000 litres capacity each that remained unutilised as they lack the necessary piping works.

In the circumstances, effectiveness in use of the assets donated to the College could not be confirmed.

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

1. Lack of Internal Audit Function

During the year under review, the College did not have an internal audit unit in place aimed at strengthening internal control mechanisms that could have an impact on the achievement of the strategic objectives of the College. This is contrary to Section 73(1) of the Public Finance Management Act, 2012, which requires every National Government entity to ensure compliance with the Act and to establish appropriate arrangements for conducting internal audits in accordance with the guidelines issued by the Accounting Standards Board

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

2. Lack of Audit Committee

During the year under review, the College did not establish an audit committee to support the Accounting Officer on issues of risk, control and governance and to review and advise on the entity's risk management strategies, internal control systems and corporate governance practices. This is contrary to Section 73(5) of the Public Finance Management Act, 2012, which requires every National Government public entity to establish an Audit Committee whose composition and functions are prescribed by the regulations.

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

3. Lack of Risk Management Policy and Disaster Recovery Plan

The Management did not put in place risk management policies, strategies, disaster recovery plan and risk register to mitigate against risk.

In the circumstances, the effectiveness of risk management system at the College could not be confirmed.

4. Use of Cash Transactions in College Operations

Examination of financial records revealed that a total of Kshs.510,000 was withdrawn from the College bank account in cash during the year under review. Cash transactions may expose the College to wide range of risks, including attempts to misuse cash for personal gain rather than for the intended purpose.

In the circumstances, the effectiveness of internal controls on cash management 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 the Board of 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.

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

Auditor-General's Responsibilities for the Audit

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

Nairobi

13 November, 2025

LAGDERA TVC**Annual Report and Financial Statements for the year ended 30th June 2025****14. Statement of Financial Performance For The Year Ended 30 June 2025**

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,499,138	2,000,000
Grants from donors and development partners	7	0	3,280,800
		2,499,138	5,280,800
Expenses			
Use of goods and services	8	777,828	793,240
Employee costs	9	380,000	240,000
Board /Council Expenses	10	406,100	160,000
Depreciation and amortization expense	11	1,739,490	1,986,027
Repairs and maintenance	12	150,000	805,800
Total Expenses		3,453,418	3,985,067
Net surplus/(deficit) for the year		-954,280	1,295,733

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

Chairman of Council/Board

Mohamed Mohamud

Date: 29/08/2025

Principal

Mohammed Mwasina

Date: 29/08/2025

Finance Officer

Dominic Kalonzo

ICPAK NO: 14916


Date: 29/08/2025

Lagdera TVC
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	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	786,351	1141
Total Current Assets		786,351	1,141
Non-Current Assets			
Property, plant, and equipment	14	70,104,405	71,843,895
Total Assets (A)		70,890,756	71,845,036
Liabilities			
Current Liabilities			
Total Current Liabilities		0	0
Non-Current Liabilities			
Total non-current liabilities		0	0
Total Liabilities (B)		0	0
Net Assets (A-B)		70,890,756	71,845,036
Represented By:			
Revaluation Reserves		0	0
Accumulated Surplus		70,890,756	71,845,036
Capital Fund		0	0
Net Assets		70,890,756	71,845,036

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

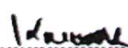


Chairman of Council/Board
Mohamed Mohamud

Date: 29/08/2025


 ..
Principal
Mohammed Mwasina

Date: 29/08/2025



Finance Officer
Dominic Kalonzo
ICPAK NO: 14916
Date: 29/08/2025

LAGDERA TVC

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

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022 (previous year)	-	70,549,303	-	70,549,303
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,295,733	-	1,295,733
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	-	71,845,036	-	71,845,036
At July 1, 2023 (current year)	-	71,845,036	-	71,845,036
Revaluation gain	-			
Surplus/(deficit) for the year	-	-954,280		-954,280
Capital grants received during the year	-			
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	-	70,890,756	-	70,890,756

LAGDERA TVC

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

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

Description		2024/2025	2023/2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		2,499,138	2,000,000
Total Receipts		2,499,138	2,000,000
Payments			
Use of goods and services		777,828	793,240
Employee costs		380,000	240,000
Board /Council Expenses		406,100	160,000
Repairs and maintenance		150,000	805,800
Contracted services		0	0
Grants and subsidies		0	0
Total Payments		1,713,928	1,999,040
Net Cash Flows from operating activities		785,210	960
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds from sale of property, plant and equipment		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds From Borrowing		0	0
Repayment Of Borrowings		0	0
Net cash flows used in financing activities		0	0
Net Increase/(Decrease) in Cash and Cash equivalents		785,210	960
Cash and Cash equivalents at 1 JULY	13	1,141	181
Cash and Cash equivalents at 30 JUNE	13	786,351	1,141

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	0	0	0	0	xx
Receipts						
Transfers from other National Government entities	2,499,138	0	2,499,138	2,499,138	0	100%
Total Receipts	2,499,138	0	2,499,138	2,499,138	0	
Payments						
Use of goods and services	873,800	0	873,800	777,828	95,972	89%
Employee costs	380,000	0	380,000	380,000	0	100%
Board /Council Expenses	406,100	0	406,100	406,100	0	100%
Repairs and maintenance	150,000	0	150,000	150,000	0	100%
Total Expenditure Payments	1,809,900	0	1,809,900	1,713,928	95,972	95%
Capital Expenditure Payments	0	0	0	0	0	0%
Surplus	689,238	0	689,238	785,210	0	0%

19. Notes to the Financial Statement

1. General Information

Lagdera TVC is established by and derives its authority and accountability from 0 Act. The Lagdera TVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The Lagdera TVC's principal activity is to provide education and training to the residents of Lagdera and Kenya at large.

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 Lagdera TVC's 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 Lagdera TVC. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There are no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 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 cashflows of an Lagdera TVC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
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.
IPSAS 45: 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.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

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

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: 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 Lagdera TVC 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>
IPSAS 48: 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>
IPSAS 49: 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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Lagdera TVC's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

The Lagdera TVC did not early – adopt any new or amended standards in the financial year

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2025/2025 was approved by the Council or Board on 0. 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 Lagdera TVC upon receiving the respective approvals to conclude the final budget. Accordingly, the Lagdera TVC recorded additional appropriations of 0 on the FY 2025/2025 budget following the Council/ Board's approval. The Lagdera TVC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

The Lagdera TVC is exempt from paying taxes as per schedule 0 of the 0 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 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 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 Lagdera TVC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

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payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Biological Assets

The Lagdera TVC recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Lagdera TVC, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

The Lagdera TVC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Lagdera TVC 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.

j) Financial instruments

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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. A financial instrument is any contract that gives rise to a financial asset of one Lagdera TVC and a financial liability or equity instrument of another Lagdera TVC. At initial recognition, the Lagdera TVC 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 Lagdera TVC 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 Lagdera TVC's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Lagdera TVC 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 Lagdera TVC classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) 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.

Lagdera TVC

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

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

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

Inventories (Continued)

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Social Benefits

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

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) Borrowing costs

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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.

s) Related parties

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

t) Service concession arrangements

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 0.

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.

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6. Transfers from other National Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	2,499,138	2,000,000
Total unconditional Grants	2,499,138	2,000,000
Conditional Grants amortised/ recognised in revenue		
Total Government Grants and Subsidies	2,499,138	2,000,000

(a) Transfers from other Government entities (Categorized)

Name of the Lagdera TVC Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	0	0	0	0	0
Education Ministry	2,499,138	0	0	2,499,138	2,000,000
Total	2,499,138	0	0	2,499,138	2,000,000

7. Grants from donors and development partners

Description	2024/2025	2023/2024
	Kshs	Kshs
In-Kind contribution	0	3,280,800
Total good and services	0	3,280,800

8. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching and learning materials	152,128	0
Professional and consultancy services	39,200	0
Advertising	188,500	119,000
Catering, conferences, and delegations	80,000	0
Enrolment	0	143,000
Fuel and oil	48,000	0

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Printing and stationery	0	151,500
Training expenses	270,000	398,800
Other (<i>specify</i>)	0	940
Total good and services	777,828	793,240

9. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	380,000	240,000
Employee Costs	380,000	240,000

10. Board/Council Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	60,000	0
Directors Emoluments	33,600	0
Other Allowances	0	160,000
Other Board/Council Expenses	312,500	0
Total	406,100	160,000

11. Depreciation and Amortization expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	1,739,490	1,986,027
Total depreciation and amortization	1,739,490	1,986,027

12. Repair and maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Other assets	150,000	805,800
Total repair and maintenance	150,000	805,800

13. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	786,351	1141

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Total Cash and Cash Equivalents	786,351	1,141
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13.a. Detailed analysis of cash and cash equivalents

Financial Institution	Account number	2024/2025	2023/2024
		KShs	KShs
a) Current Account			
Kenya Commercial Bank	1181498295	786,351	1,141
Total		786,351	1,141

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14. Property, plant and equipment

Cost	Land	Buildings	Furniture and fittings	Computers	Total
	£kbs	£kbs	£kbs	£kbs	£kbs
	0%	2%	12.5%	33.33%	
At 1 July 2023 (previous year)	8,820,000	62,988,900	-	-	71,808,900
Additions	-	-	1,763,000	1,517,800	3,280,800
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2024 (previous FY)	8,820,000	62,988,900	1,763,000	1,517,800	75,089,700
Additions					
Disposals					
Transfer/Adjustments					
At 30th June 2025 (current year)	8,820,000	62,988,900	1,763,000	1,517,800	75,089,700
Depreciation And Impairment					
At 1 July 2023 (previous year)	-	1,259,778	-	-	1,259,778
Depreciation	-	1,259,778	220,375	505,874	1,986,027
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 Jun 2024 (previous year)	-	2,519,556	220,375	505,874	3,245,805
Depreciation	-	1,209,387	192,828	337,275	1,739,490
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th Jun 2025 (current year)		3,728,943	413,203	843,149	4,985,295
Net Book Values					
At 30th Jun 2024 (previous year)	8,820,000	60,469,344	1,542,625	1,011,926	71,843,895
At 30th Jun 2025 (current year)	8,820,000	59,259,957	1,349,797	674,651	70,104,405

Lagdera TVC**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 0 professional valuers on 0. These amounts were adopted in the financial statements on 0.

14 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	8,820,000	0	8,820,000
Buildings	62,988,900	3,728,943	59,259,957
Computers and Related Equipment	1,517,800	843,149	674,651
Office Equipment, Furniture, And Fittings	1,763,000	413,203	1,349,797
Total	75,089,700	4,985,295	70,104,405

15. 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 *entity*, holding 100% of the *entity's* 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;

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
B) Purchases from related parties		
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
b) Grants /Transfers from the Government		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in Kind	0	0
Total	0	0
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	0	0
Payments for Goods and Services for XX	0	0

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Description	2024-2025	2023-2024
	Kshs	Kshs
Total	0	0
d) Key Management Compensation		
Directors' emoluments	0	0
Compensation to Key Management	0	0
Total	0	0

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)



Name IDDI MWASINA
Accounting Officer
Ladgera TVC
Date: 29/08/2025