

REPUBLIC OF KENYA




*Enhancing Accountability*



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**REPORT**

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

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KITUTU CHACHE TECHNICAL AND  
VOCATIONAL COLLEGE**

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



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***KITUTU CHACHE TECHNICAL AND VOCATIONAL COLLEGE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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

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

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**Acronyms & Glossary of Terms**

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
Fiduciary Management	Key management personnel who have financial responsibility in the entity

**Kitutu Chache Technical and Vocational College**  
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**2. Key Entity Information and Management**

**(a) Background information**

Kitutu Chache Technical and Vocational College was established under the TVET Act 2013 and commenced its operations on 15/07/2023. The Institution is domiciled in Kiamwasi approximately 1 kilometre from Kisii Town the institution is under the Ministry of Education.

**3. Key Entity Information and Management**

**(b) Background information**

The *institution* was incorporated/ established under the TVET Act on (*September 2023*). The entity is domiciled in Kenya. The institute is under the Ministry of Education.

**(c) Principal Activities**

**(d)**

**CORE VALUE**

Kitutu Chache Technical and Vocational College is committed to and will be identified by the following core values:

- Relevance;
- Excellence;
- Equity;
- Quality;
- Integrity

**VISION**

To be a Centre of Excellence in Research and Skills Training Commensurate with Industry and Community Demands.

**MISSION**

To promote skill training in Technical and Vocational Education Training (TVET), Research, Science, Technology and Innovation Commensurate with Industry and Community Demands.

**(e) Key Management**

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

- Board of Governors/ Council/ Management etc.
- Accounting officer/ Principal
- Management...;

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**f) Fiduciary Management**

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

<b>SN.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	<b>Kennedy Anyona</b>
2.	Deputy principal	<b>Samuel Sagwe</b>
3	Registrar (s)	<b>Vincent Obare</b>
4	Dean of students	<b>Elmelda Kemunto Moranga</b>
5	Head of Finance	<b>Margaret Rwara</b>

**g) Fiduciary Oversight Arrangements**

**Committee member**

- Administration Finance and Infrastructure
- Audit, Risk and Compliance (ARC) Committee
- Education, Research and Training committee

- h) Entity Headquarters**  
P.O. Box 1809  
Kisii  
Kisii-Kisumu highway  
KENYA
- i) Entity Contacts**  
Telephone-0774703453  
E-mail: [kitutuchachetvc@gmail.com](mailto:kitutuchachetvc@gmail.com)  
Website: [www.kitutuchachetvc.go.ke](http://www.kitutuchachetvc.go.ke)
- j) Entity Bankers**  
Cooperative Bank  
Kisii  
Kisii Kisumu highway
- k) Independent Auditors**  
  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- l) Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**4. The Board of Governors**

Currently the Board has not been constituted.

**5. Chairman's Statement**

**6. Report of the Principal**

**Introduction.**

Presented here is the yearly report and financial statements of Kitutu Chache Technical and Vocational College for the financial year ended 30<sup>th</sup> June 2024 as required by the public finance management act 2012.

Kitutu Chache Technical and Vocational College's performance during the year under review is impressive despite few challenges faced in its maiden year. The government capitation still remains as the institute's main source of income.

The college has continued with its core business of disseminating knowledge through, training and innovation. The current trainee population has increased to 240 trainees and is expected to increase further by the end of the next financial year.

**Development partner's project**

Currently there is no major on-going development project since the college on work on progress and not yet complete.

**Operational results.**

Financial resources has been a big challenge in the just ended year.

We hope to fence and secure the college compound as well as work towards getting water tanks to supply enough water in the college, we are also working in conjunction with CDF and other donors to improve infrastructure. Hopefully this will be witnessed in the next Financial year.

**Conclusion**

On behalf of Kitutu Chache Technical and Vocational College management and staff, I wish to take this opportunity to thank the government of Kenya, our development partners and all stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the college board of governors to help provide policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of the college.

**Thank you**

**KENNEDY ANYONA**

**The principal.**

## **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.

Kitutu Chache Technical and Vocational College have six strategic pillars and objectives within its strategic plan. These pillars are as follows;

- Pillar 1: To achieve financial viability and sustainability.
- Pillar 2: To develop a strong and a well-managed institution.
- Pillar 3: To provide quality education and technical training.
- Pillar 4: To improve corporate governance and image.
- Pillar 5: To expand and improve the physical facilities.
- Pillar 6: To enhance risk management and disaster preparedness.

Being the second year of operation Kitutu Technical and Vocational College will develop its annual work plan based on the above 6 pillars. Assessment of the Board performance against its annual work plan will be done on quarterly basis.

## **8. Corporate Governance Statement**

We believe in good corporate governance as an institution. The board provides leadership through oversight, review and guidance whilst setting strategic direction.

The Board which has an appropriate mix of skills, knowledge and experience to perform its role effectively was inaugurated on 14<sup>th</sup> February 2020.

Board meetings are held quarterly and as and when need arises. The college ensures that it provides the necessary resources and expertise to the board to assist it in their decision making. The ministry of education is also regularly consulted on key policy matters.

### **General Responsibilities**

The Board has a duty to the people of Kenya to ensure that Kitutu Chache technical and vocational college achieves its objectives efficiently and effectively and in compliance with PFM Act, 2012, TVET Act 2013, all relevant acts of parliament and all ministry directives and guidelines issued from time to time.

The statutory functions of the Board includes;

- Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET act 2013
- Develop and implementing of Kitutu chache TVC strategic plan.
- Administering and managing the property of the institution.
- Mobilizing resources for the institution.
- Providing for the welfare of the students and staff of the institution.
- Making regulations governing organization and conduct and discipline of staff students.
- Recruiting and appointing trainers from among qualified professionals.
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- Preparing comprehensive annual reports on all areas of their mandate.
- Discharging all other functions conferred upon by the TVET Act 2013 or any other written laws.

### **Risk Management and Internal Controls.**

The Board has overall responsibility for the establishment and oversight of the institution's risk management frameworks. The risk management policies are established to identify and analyse the risk faced by the institution and to set appropriate risk limits and controls and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently the institution identifies and manages risk through in- house risk review enhanced by compliance by internal and external audits.

The institution has in place a system of internal control systems with defined operating procedures, financial and operating controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with IPSAS.

### **Conflict of Interest**

All Board members are under a duty to avoid any conflict of interest. This entails not engaging directly or indirectly in any business that competes or conflicts with the institution's business. The Board has established a robust process requiring members to disclose outside business interests that would conflict with institutions interests.

### **Compliance**

The Board confirms that it is satisfied that though the institution has inadequate resources it can continue operating for the foreseeable future. For this reason it continues to adopt the going concern basis when preparing the financial statements.

The Board is satisfied that the institution as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the laws in particular to;

- . The constitution of Kenya, 2010.
- . TVET Act ,2012.
- . PFM Act ,2012.
- . Procurement and Asset disposal Act 2015.
- . IPSAS Standards.
- . All other relevant laws in its operation (ministry of education circulars).

Kitutu Chache Technical and Vocational College also has internal policies which are yet to be ratified and used in its operations. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are inter alia; financial management policy, procurement policy and academic policy.

## **9. Management Discussion and Analysis**

### **INTRODUCTION**

This discussion and analysis provide an overview of the results of activities and financial position of Kitutu Chache Technical and Vocational College. Being the third year of operation, comparative information is available for comparison over the previous year. This overview gives a brief financial statements and the notes that follow.

### **FINANCIAL HIGHLIGHTS**

#### **Revenue**

Kitutu Chache TVC's revenue stood at Kshs.2,306,850. The students population at the close of financial year stood at 240 trainees.

It is hoped that in FY 2023/2024, income of the institution will increase as a result of successful registration with HELB and KUCCPS.

#### **Expenditure.**

- Total expenditure stood at Kshs.1,866,719
- It should be noted that employee costs stood at 286,500 of total costs. This is below the recommended ceiling of 30%.
- Use of goods and services stood at 1,464,219 of total expenditure. This comprises basically of expenses incurred to operationalize the college. It is worth noting that due to lack of enough funds, trainees are lacking enough lecture halls. However the college has managed to construct four lecture halls to facilitate smooth learning in the next financial year.

#### **Compliance with statutory Requirements.**

The college is operating under legal frameworks necessary under public sector requirement such as;

- . The constitution of Kenya, 2010
- . TVET Act, 2013
- . PFM Act, 2012
- . Procurement and Asset disposal Act, 2015
- . IPSAS standards.
- . All other relevant laws in its operation (regular circulars from treasury and the ministry.

The college has also internal policies to be ratified to be used in its future operations. The Board is to discuss and approve the following policies in the next financial year;

- . Academic policy.
- . Financial Management policy.

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**Annual Report and Financial Statements for the year ended 30th June 2024**

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- . Procurement Policy.
- . Risk Analysis policy.
- . Operational Risk policy.

The Board has overall responsibility for the oversight of the college risk management framework. The college is developing risk management policies to identify and analyse the risk faced by the college, set appropriate risk limits and controls and monitor risk and adherence to limits. These risk management policies and systems will be reviewed regularly to reflect the changes in economic conditions and the college activities.

The principal will then oversee how management monitors compliance with the college risk management policies and procedures review the adequacy of the risk management frame work in relation to the risk faced by the college. The college can also be exposed to the following risks in the future;

**Liquidity risk.**

This is the risk that the college will not meet its financial obligations as they fall due. There is therefore need to increase the number of trainees to cover the fixed costs. The college's approach to manage liquidity is to ensure as far as possible, that there is always sufficient cash to meet liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage the college reputation.

**Credit risk.**

Credit risk is the risk of financial loss to the college if a customer or counter party to a financial instrument fails to meet its current obligations. The receipt of fees from student minimizes the credit risk exposure. The college will in the future implement fees payment policy which will define how and when fees are supposed to be paid thus minimizing the credit risk exposure.

## **Environmental And Sustainability Reporting Statement**

**Kitutu Chache** Technical and Vocational College exists to transform lives. This is our main purpose; the driving force behind everything we do. This is what guides us to deliver our strategy of putting the customer first, delivering relevant goods and services and improve operational excellence.

### **Environmental performance**

The college's approach to sustainability is based on the college mission to develop highly qualified human resources by providing quality education, applied research and practicability in partnership with industry players.

The institution recognises the importance of sustainable growth and has initiated programmes to generate income to cushion its operations. It is also establishing policies and programmes that are needed to promote sustainable development especially at local and regional level. The college will also sign an MOU with at least two industry players to among others enhance its capability to generate income in collaboration with industry.

Sustainability is also incorporated into student learning through both curricular and co-curricular programs by introducing practicability into the programmes as well as incorporating on job practical training. Programmes have also been planned at increasing the capacity and capability of the trainers through development workshops and trainings.

### **Environmental performance**

**Kitutu Chache** Technical and Vocational College strives to be a responsible business representing the higher standards of ethics and professionalism. We have reviewed the global best practise guidelines and standards including IPSAS, in order to help inform relevant policy areas. It is therefore important that **Kitutu Chache** Technical and Vocational College is aware of current environmental issues and informs, educates and stand with the local community to improve the environment.

Our institution's social responsibilities are defined by both compliance and pro activeness. **Kitutu Chache** Technical and Vocational College, compliance refers to our commitment to upholding all legal requirements, and willing to observe acknowledgement, and respect community values and laws.

- Recognise that privacy is a fundamental right, and we will comply with all laws and expectations. In addition, we will work whenever possible to ensure that we respect the ability for all to manage their personal data.

**Kitutu Chache** Technical and Vocational College values our natural environment and the need to protect it. Keeping our environment unpolluted and clean is paramount to the success of our communities and business. We will also follow best practices in disposal of garbage, compost, and seek out working facilities that strive to minimize their carbon footprint through National Environmental Management Authority (NEMA) certificate and other environmentally sustainable best practice.

### **Employee welfare**

We recognize the value of human relationships and put people at the heart of our business. We seek to treat all staff fairly and consistently, to create a workplace and business environment that is open, transparent, and trusted. Aligned with this approach, all members of the **Kitutu Chache** Technical and Vocational college are required to conduct their activities in accordance with our codes and policies, as they are implemented and updated from time to time.

**Kitutu Chache** Technical and Vocational College respect all employees, and strive to make their experience a positive one in all aspects of their relationship with the institution. Our success is closely tied to staff happiness, growth, development, and teamwork, and we work to assess, measure and support the personal and professional growth of our employees at all times, recognize that the success of **Kitutu Chache** Technical and Vocational College is led first by the success and happiness of our people.

We require our staff to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights.

As an institution, we will also ensure that we do not risk the health and safety of our employees and community, we avoid harming the lives or safety of local and indigenous people, and we respect the basic human rights all people, involved in our business. **Kitutu Chache** Technical and Vocational College is dedicated to protecting human rights. We practice and commit to equal opportunity and will always abide by fair labour practices.

Additionally, **Kitutu Chache** Technical and Vocational College will ensure that our activities do not directly or indirectly violate human rights in any way.

### **Market place practices**

Diversity and inclusion are deeply ingrained in all aspects of our mission. There are core values to our institution because they are aligned to our institution's ethics. These policies also have the added value of improving training performance. Studies show that more diverse teams perform better, and institutions that have more inclusive environments also experience less turnover, have higher internal morale, and higher productivity rates from their employees.

### **Corporate Social Responsibility / Community Engagements.**

**Kitutu Chache** Technical and Vocational College recognises an expectation to have a positive impact on our community, and we promote this expectation through social work, volunteering and community services.

Our pro activeness is manifested by emphasising and recognizing human rights locally and globally and actively engaging with our communities through volunteering and community services, while always protecting and respecting our natural environment through our actions and policies.

During the year the college lost one of its trainees where the college actively participated in its burial arrangements

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

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As an institution, we will formulate policies and take action to drive diversity and inclusion by providing an inclusive environment where all are empowered to share their diverse perspectives and experiences so we can be ultimately be better together. Our policies , practices , programs , activities and decisions regarding employment , hiring , assignment , promotion, compensation , volunteerism and internships are not based on a person's ethnicity ,colour , sex, age, religion, national origin, mental or physical disability , ancestry , sexual orientation , gender identity or expression , marital status , source of income, parental status , housing status, or other protected status. We strongly encourage women, youth, persons with disabilities and members of the community to join the institution and live our shared values.

**Kitutu Chache Technical and Vocational College will always;**

- . Respect and uphold applicable local, county, and national laws to the best of our abilities.
- . Honour and review all internal policies for complete and responsible implementation.
- . Ensure that all business transactions and relationships are legitimate, free of influence and bribery.
- . keep all partnerships and collaborations transparent and open.

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

**10. Report of the Board of Governors**

The board members submit their report together with the audited financial statements for the year ended 30<sup>th</sup> June 2024. Which shows the state of Kitutu Chache Technical and Vocational College's affairs.

**Principal activities.**

The principal activity of Kitutu Chache Technical and vocational College is to provide training in technical and vocational skills, research, innovation and management services. In addition, the college intends to participate in technological innovation beneficial to the society as well as contributing to industrial and technological development of Kenya in partnership with industry.

**Results.**

The results of Kitutu Chache Technical and Vocational College for the year ended is not yet established.

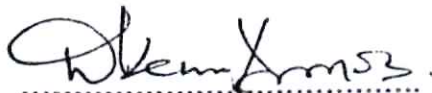
**Board of Governors**

No board

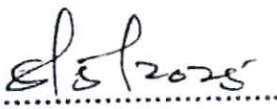
**Auditors**

The Auditor General is responsible for the statutory audit of Kitutu Chache Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

**By Order of the Board**



Secretary of the Board

Date: 



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

**11. Statement of Board of Governor's Responsibilities**

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

The Board members are responsible for the preparation and presentation of Kitutu Chache Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Kitutu Chache Technical and Vocational College for and as at the end of the financial year ended on 30<sup>th</sup> June 2024. This responsibility includes:

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

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

Nothing has come to the attention of the Board members to indicate that Kitutu Chache Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement

**Approval of the financial statements**

Kitutu Chache TVC and vocational college's financial statements were approved by the Board on 30<sup>th</sup> June 2024 and signed on its behalf by

Name

Name

*Kennedy Anyona*

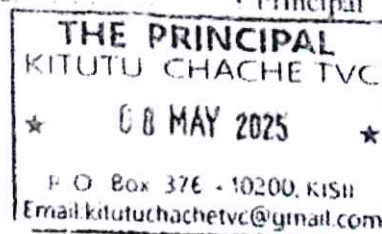
Signature

Board chairperson

Signature

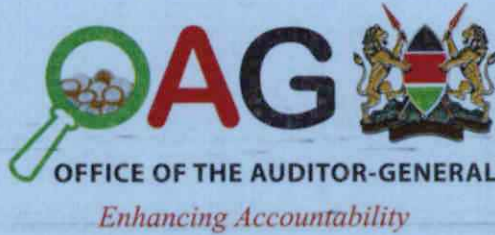
*William Anyona*  
Principal

XVII



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON KITUTU CHACHE TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

- A. Report on 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 Kitutu Chache Technical and Vocational College set out on pages 1 to 25, which comprise the statement of financial position as at 30 June 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitutu Chache Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the basic education act 2009 and the Public Finance Management Act, 2012.

### Basis for Qualified Opinion

#### 1. Un-Supported Transfers from Other National Government Entities

The statement of financial performance for the year ended 30 June, 2024 reflects transfer from other national government entities figure of Kshs.2,000,000 as disclosed under note 6 to the financial statements. However, the income was not supported with documents including schedules and authority to incur expenditure (A.I.E) receipts.

In the circumstance, accuracy and completeness of an amount of Kshs.2,000,000 in respect of transfers from other government entities could not be confirmed.

#### 2. Lack of Valuation of Fixed Assets

The statement of financial position reflects Kshs.266,000 in respect to property plant and equipment. However, audit verification revealed that the college held assets of furniture, computers and equipment of unknown value. Further, the assets were not disclosed in the financial statements. In addition, the College lacked fixed assets register.

Under the circumstance, total assets of Kshs.266,000 as disclosed in the statement of financial position is grossly understated.

#### 3. Unsupported Inventories

The statement of financial position as at 30 June 2024 reflects inventory figure of Kshs.239,320. However, the balances were not supported with no stock take at the end of financial year 2023-2024. Further, there was no segregation of duties between official ordering, receiving and recording goods and services. In addition, the stores items were not uniquely identified and there was no classified inventory schedule.

Under the circumstance, inventories of Kshs.239,320 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kitutu Chache 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.

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

### **Other Information**

The Management is responsible for the other information set out on page iii to xvii which comprises Key Entity Information and Management, Report of the Principal, Statement of Performance Against Predetermine Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment 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 of 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Operating a Technical Training College Without a License and Accreditation**

Our audit review revealed that Kitutu Chache Technical and Vocational Collage operated without being accredited, licensed and registered by TVET Authority. No evidence was provided to show that the management of the institution had applied for registration and accreditation.

In the circumstance, the College management was in breach of law.

### **2. Unlicensed Trainers**

The statement of financial performance reflects employee costs of Kshs.286,500. An analysis of personnel files submitted for audit review revealed that 9 trainers employed by the College were not licensed as trainers and therefore had not complied with the requirement of the TVET act 2013.

In the circumstance, the College management was in breach of law.

### **3. Lack of Insurance for Employees**

The management of the College has not insured its employees against work related injuries as provided by the Work Injury Benefits Act 2012 considering the unsafe conditions under which the institution operates. Similarly, the institution does not deduct and remit monies to the Social Health Insurance Fund which would come in handy in securing treatment for illness or injuries.

In the circumstance, the College management was in breach of the law.

### **4. Failure to Comply with the Law on Minimum Wage**

The statement of financial performance reflects employee costs of Kshs.286,500. An analysis of the payroll and payment vouchers provided for audit indicated that the staff were way below the minimum wage for skilled workers of KES 15,201.65. Regulation of Wages (General) (Amendment) Order, 2024 schedule stipulates the basic minimum monthly wages (exclusive of housing allowance) for different cadres of employees.

In the circumstance, the College management was in breach of law.

## **5. Lack of Approved Budget**

The statement of comparison of budget and actual amounts reflects total revenue budget as equals to actual revenue on comparative basis. Similarly, the total expenditure budget is revealed as being equal to actual total expenditure on comparative basis. However, there was no evidence that the budget was submitted and approved by the Cabinet Secretary Ministry of Education contrary to Section 13(3) of the Technical and Vocational Education and Training Act 2013 which states that; The annual estimates shall be submitted to the Cabinet Secretary for approval before the commencement of the financial year to which they relate.

In the circumstances, the College management was in breach of the law.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects 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 Governance Structure**

Our audit revealed that since inception, the College did not have a board of directors to oversee the management, running and oversight of the institution's functions and achievement of its mandate.

In the circumstances, the governance of the College is not effective.

#### **2. Unsafe Learning Environment**

Our audit revealed that the College learning environment was unsafe and hazardous for students and teachers since it was operating in an incomplete building with no proper floors, plasters, windows and lockable doors. Further, the guard rails on the first floor are poorly fixed and lacking in some places, there is no perimeter fence around the College to secure the entire property from intruders and animals. In addition, the institution did not have enough furniture for faculty and students, toilets, running water, playground and

other key infrastructure for a safe, secure, conducive environment for learning and working contrary to Chapter 3 of the School Health Policy 2018.

In the circumstances, the controls of the learning environment safety are not effective.

### **3. Lack of an Internal Audit Function**

During the year under review, the College operated without an internal audit function and audit committee. Therefore, the college did not benefit from the oversight role and advice from the audit committee and the internal audit function. This was contrary to Section 73(1) (a) of the Public Finance Management Act, 2012.

In circumstances, effectiveness of internal controls, risk management and governance could to be ascertained.

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 Board of Management**

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

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

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

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



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**9 May, 2025**

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

**13. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2024			
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	2,000,000	-
Grants from donors and development partners	-	-	-
Transfers from other levels of government		-	-
Public contributions and donations		-	-
		-	-
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	306,850	
Sale of goods			
Rental revenue from facilities and equipment	-		
Finance income			
Other income	-	-	
<b>Revenue from Exchange transactions</b>			
<b>Total Revenue</b>		<b>2,306,850</b>	
<b>Expenses</b>			
Use of goods and services	8	1,464,219	
Employee costs	9	286,500	
Repairs and maintenance	11	116,000	
<b>Total Expenses</b>		<b>1,866,719</b>	
<b>Net deficit/Surplus for the year</b>		<b>440,131</b>	

The notes set out on pages 1 to 50 form an integral part of the Annual Financial Statements

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

..... *Phogaret* .....

**Chairman of Council/Board**

**Finance Officer**

ICPAK No

*W. Kimani*

**Principal**

**Date**

**Date**  
8/5/2025

*8/5/2025*

**THE PRINCIPAL**  
**KITUTU CHACHE TVC**  
 ☆ 08 MAY 2025 ☆  
 P. O. Box 376 - 40200, KISII  
 Email: kitutuchachetvc@gmail.com

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

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

	2024-2025	2023-2024	2022-2023
	Kenya Shs	Kenya Shs	Kenya Shs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	174,134	
Current portion of receivables from exchange transactions	14	-	
Receivables from non-exchange transactions	15	-	
Inventories	16	239,320	
<b>Total Current Assets</b>		<b>413,451</b>	
<b>Non-Current Assets</b>			
Investments	-	-	
Property, plant, and equipment	17	266,000	
<b>Total Non-Current Assets</b>		<b>-</b>	
<b>Total Assets</b>		<b>679,451</b>	
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	18	-	
<b>Total Current Liabilities</b>		<b>-</b>	
<b>Non-Current Liabilities</b>		<b>-</b>	
<b>Total Liabilities</b>		<b>-</b>	
<b>Net Assets</b>		<b>679,451</b>	
Reserves			
Accumulated Surplus		440,131	
Capital Fund		239,320	
<b>Total Net Assets and Liabilities</b>		<b>679,451</b>	

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

..... *[Signature]* .....

**Chairman of Council/Board**

**Finance Officer**

**Principal**

ICPAK No

**Date**

**Date** 8/5/2025

**Date** 8/5/2025

**THE PRINCIPAL**  
**KITUTU CHACHE TVC**  
 ☆ 08 MAY 2025 ☆  
 P.O. Box 376 - 40200, KISII  
 Email: kitutuchachetvc@gmail.com

**15. Statement of Changes in Net Asset for the Year Ended 30 June 2024**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated Fund</b>	<b>Capital Grants/Fund</b>	<b>Total</b>
<b>At July 1, 2022</b>	-			
Revaluation gain	-	-		
Surplus/(deficit) for the year	-	-		
Capital grants received during the year	-	-		
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-		
<b>At June 30, 2023</b>	-			
<b>At July 1, 2023</b>				
Revaluation gain	-	-		
Surplus/(deficit) for the year	-	-	440,131	<b>440,131</b>
Capital grants received during the year	-	-		
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-		
<b>At June 30, 2024</b>				<b>440,131</b>

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

**16. Statement of Cash Flows for the Year Ended 30 June 2024**

Description	Note	FY	FY
		2023-2024	
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	2,000,000	
Rendering of services- fees from students	7	306,850	
Sale of goods			
Other income		-	
<b>Total Receipts</b>		<b>2,306,850</b>	
<b>Payments</b>			
Use of goods and services	8	1,464,219	
Employee costs	9	286,500	
Board Expenses	10	-	
Repairs and maintenance	11	116,000	
Finance Costs	13	-	
<b>Total Payments</b>		<b>1,866,719</b>	
<b>Net Cash Flows from operating activities</b>		<b>440,131</b>	
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	17	266,000	-
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net Decrease in Cash and Cash equivalents</b>		<b>174,134</b>	
Cash and Cash equivalents at 1 JULY			
<b>Cash and Cash equivalents at 30 JUNE</b>	13	<b>174,134</b>	

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

**17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024**

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	0	100%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other levels of government(c d f)	-	-	-	-	0	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- fees from students	-	-	-	306,850	0	100%
Sale of goods	-	-	-	-	-	-
Rental revenue from facilities and equipment	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
<b>Total Revenue</b>				<b>2,306,850</b>		
Use of goods and services	-	-	-	1,464,219	0	-
Employee costs	-	-	-	286,500	0	100%
Board Expenses	-	-	-	-	-	-
Repairs and maintenance	-	-	-	116,000	0	100%
Finance costs	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
<b>Total Expenditure</b>				<b>1,866,719</b>		
<b>Capital Expenditure</b>	-	-	-	-	-	

**(Budget notes)**

1. The college projected to raise ksh ....., from other Government national entities but managed to raise only ksh ..... This is because the college budgeted capitation rate per trainee to be ksh ..... but the Government only managed to fund at the rate of ksh .....per trainee. The government also did not give 4<sup>th</sup> quarter capitation and recurrent grant for ..... On the other hand the government through HELB did not remit loans to much of the trainees, as this i.e HELB and Capitation are main sources of revenue.

2. Because of the above explanation in return it resulted to low spending leading to under utilization differences.

1. Reconciliation of Budget and statement of Financial performance

Actual cash income on comparable basis in the Budget.....	ksh
Add sale of goods not paid during the year.....	<u>ksh</u>
<b>Total Cash income as per the statement of financial performance.....</b>	<b><u><u>ksh</u></u></b>

**18. Notes to the Financial Statements**

**1. General Information.**

**Kitutu Chache TVC** was established under the TVET Act 2013 and commenced its operations on 15/07/2020. The entity is domiciled in Kiamwasi approximately 1 kilometre from Kisii Town. The institute is under the Ministry of Education.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kitutu Chache Technical and Vocational College accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. 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.

**Kitutu Chache technical and vocational college**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**3. Adoption of New and Revised Standards**

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42: Social Benefits</b>	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS</li> </ol>

**Kitutu Chache technical and vocational college**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

Standard	Effective date and impact:
	which were inadvertently omitted when IPSAS 41 was issue
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2024.</li> </ul>

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

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

**iii. Early adoption of standards**

Kitutu Chache Technical and Vocational College did not early-adopt any new or amended standards in year 2023-2024.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The 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.

**b) Budget information**

The original budget for FY 2023/2024 was approved by the Council or Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. **Kitutu Chache** Technical and Vocational College budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

**c) Taxes**

***Current income tax***

There were no income tax to be paid for the year 2023-2024.

***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**

Kitutu Chache Technical and Vocational College currently does not have any investment properties.

**e) Property, plant and equipment**

All property, plant and equipment are stated at estimated fair values pending valuation. 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**

Kitutu Chache Technical and Vocational College currently do not have any Finance lease or operating lease.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost. 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.

### **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. Kitutu Chache Technical and Vocational College don't have any provision that some debtors will not honour their obligation to pay.

### **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. Kitutu Chache Technical and Vocational College did not amortize any of its Assets during the year under review.

### **h) Inventories**

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

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

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

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

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

### **i) Provisions**

Provisions are recognized when Kitutu Chache Technical and Vocational 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 Kitutu Chache Technical and Vocational 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***

Kitutu Chache Technical and Vocational 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***

Kitutu Chache Technical and Vocational 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 Kitutu Chache Technical and Vocational 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.

**j) 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. Kitutu Chache Technical and Vocational College recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability. Kitutu Chache Technical and Vocational College did not have any social benefits during the financial year under review.

**.Changes in accounting policies and estimates**

Kitutu Chache Technical and Vocational 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.

**k) Employee benefits**

**Retirement benefit plans**

**Kitutu Chache** does not provide 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.

**l) Foreign currency transactions**

Kitutu Chache Technical and Vocational College did not have any foreign currency transactions.

**m) 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.

**n) Related parties**

**Kitutu Chache** Technical and Vocational 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 directors, the Principal and senior managers.

**o) Service concession arrangements**

**Kitutu Chache** Technical and Vocational 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, **Kitutu Chache** Technical and Vocational 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, **Kitutu Chache** Technical and Vocational College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**p) 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.

**q) Comparative figures**

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

**r) 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 **Kitutu Chache** Technical and Vocational 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 Kitutu Chache Technical and Vocational College
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

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

Description	FY 2023-2024	FY 2021-2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	-	-
Operational Grant	2,000,000	-
<b>Total unconditional Grants</b>	<b>2,000,00</b>	-
<b>Conditional Grants amortised/ recognised in revenue</b>	-	-
<b>Total Government Grants and Subsidies</b>	<b>2,000,000</b>	2,000,000

**7. Rendering of Services**

Description	FY 2023-2024	Fy
	Kshs	Kshs
Tuition Fees	306,850	-
Activity Fees	-	-
Electricity water and conservancy	-	-
Examination Fees	-	-
Production	-	-
Personal emolument	-	-
Local travelling and transport	-	-
Administrative costs	-	-
Repair maintenance and improvement	-	-
Development	-	-
<b>Total Revenue from The Rendering of Services</b>	<b>306,850</b>	-

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**8. Use of Goods and Services**

Description	FY 2023-2024	Fy
	Kshs	Kshs
Teaching and learning materials	230,000	-
Audit fees		-
Electricity		-
Insurance		-
Advertising (marketing)	67,000	-
Examination fees	-	-
Travelling and accommodation	560,697	-
Development costs	-	-
Administrative costs	606,522	-
Activity	-	-
Production	-	-
<b>Total goods and services</b>	<b>1,464,219</b>	<b>-</b>

**9. Employee Costs**

Description	FY 2023-2024	FY 2021-2022
	Kshs	Kshs
Salaries and wages	286,500	
Employee related costs - contributions to pensions and medical aids	-	
Travel, motor car, accommodation, subsistence and other allowances	-	-
<b>Employee Costs</b>	<b>286,500</b>	

**10. Board Expenses**

Description	FY 2023-2024	FY
	Kshs	Kshs
Directors Emoluments	-	-
Other Allowances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**11. Repairs and Maintenance**

Description	FY 2023-2024	FY
	Kshs	Kshs
Property	-	-
Investment property – earning rentals	-	-
Repairs of workshops	-	-
Vehicles	-	-
Furniture and fittings	116,000	-
Computers and accessories	-	-
<b>Total Repairs and Maintenance</b>	<b>116,000</b>	<b>-</b>

**12. Finance Costs**

Description	FY 2023-2024	FY
	Kshs	Kshs
Borrowings (Amortized Cost)*	-	-
Finance Leases (Amortized Cost)	-	-
Unwinding of Discount from lease liabilities	-	-
Bank charges	-	-
Interest on Loans from Commercial Banks	-	-
<b>Total Finance Costs</b>	<b>-</b>	<b>-</b>

**13. Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	FY 2023-2024	FY
		Kshs	Kshs
<b>a) Current Account</b>			
Cooperative Bank	01141925005300	174,134	-
<b>Sub- Total</b>			
<b>b) Others(Specify)</b>		-	-
Cash in Transit			
Cash in Hand		-	-
Mobile Money account			
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>174,134</b>	

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**(b) Ageing Analysis on Receivables from Non-Exchange Transactions**

Description	FY 2023-2024		FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	-	-
<b>Total</b>	-	-	-	-

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**17. (a) Property, Plant and Equipment**

Cost	Land/Buildings	Motor vehicles	Furniture and fittings	Computers and printers	Plant and equipment	Blower, facial steamer and massage bed	machines	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Ksh	Kshs
<b>At 1 July 2022</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-	-	-
Additions	-	-	217,000	49,000	-	-	-	<b>266,000</b>
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Depreciation And Impairment</b>								
<b>At 1 Jun 2024</b>	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>At 30 Jun 2023</b>	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	-	-	-	-	-	-
<b>Net Book Values</b>								
<b>At 30<sup>th</sup> Jun 2023</b>	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	<b>217,000</b>	<b>49,000</b>	-	-	-	<b>266,000</b>

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**Valuation**

Kitutu Chache Technical and Vocational College has not done valuation, the figures in the financial statements are estimated fair values.

**18. Trade and Other Payables**

Description	FY 2022-2023		FY 2023-2024	
	Kshs		Kshs	
Trade payables				
Fees paid in advance				
Other Payables				
<b>Total Trade and Other Payables</b>				
<b>Ageing analysis:</b>				
Under one year				
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>				

**Retirement benefit Asset/ Liability.**

Kitutu Chache Technical and Vocational College does not operate a defined benefit scheme for full-time employees from July 1, 2022.

**19. Financial Risk Management**

Kitutu Chache Technical and Vocational College activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The 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.

Kitutu Chache Technical and Vocational College financial risk management objectives and policies to be used in the next financial years 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.

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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.

**(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 Kitutu Chache Technical and Vocational College's short, medium and long-term funding and liquidity management requirements. Kitutu Chache Technical and Vocational College will manage liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade Payables		-	-	
Current Portion Of Borrowings			-	-
Provisions		-	-	-
Employee Benefit Obligation		-	-	-
<b>Total</b>		-	-	-
<b>At 30 June 2023</b>				
Trade Payables	-	-		
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-		

**(iii) Market risk**

TVC will 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.

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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.

**Kitutu Chache** Technical and Vocational College Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**a) Foreign currency risk**

Kitutu Chache Technical and Vocational College only transacts in Kenya shillings.

**b) Interest rate risk**

Kitutu Chache Technical and Vocational College currently does not have any fixed bank deposits with an aim of earning profit.

**iv) Capital Risk Management**

The objective of the **Kitutu Chache** TVC's capital risk management is to safeguard **Kitutu Chache** Technical and Vocational College ability to continue as a going concern.

**20. Related Party**

**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 Kitutu Chache Technical and Vocational College, holding 100% of Kitutu Chache Technical and Vocational College'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;

**21. Events After the Reporting Period**

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

**22. Currency**

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