

REPUBLIC OF KENYA



REPORT

OF




THE AUDITOR-GENERAL

ON

BUTERE TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED
30 JUNE, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WED
TABLED BY:	DEPUTY MKS/2027 PKR/27 WHTP
CLERK-AT THE-TABLE:	OBIERO



BUTERE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Butere Technical and vocational college is located in Kakamega County, western region of Kenya along Mumias-Buyangu Road, on 19acre piece of land with the following academic departments; Engineering , Institutional Management, Business, Agriculture and ICT. Other departments include Finance, Procurement, sports, Guiding and counselling, Research and development.

(b) Principal Activities

Mission: To produce high-end TVET graduates that are capable of effectively participating in national development through improvement and enhancement of productivity, value addition and evolving modern technologies.

Vision: To be a centre of excellence in TVET in Kenya and beyond.

CORE VALUES:

Professionalism: The College has a highly skilled technical resource base. These skills will be harnessed for effective service delivery. Performance management as a service delivery culture will be integrated in all aspects of the college operations.

Integrity/accountability: The College will endeavour to be accountable and transparent to its clients and uphold high integrity in the provision of its services.

Innovations: The College will encourage and support innovative and creative ideas in order to keep abreast with emerging scientific and technological developments in its environment and leadership

The *institution* was incorporated/ established under the TVET Act in 2016. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

(a) Key Management

~~Butere Technical and Vocational College day to day management is under the following key organs.~~

- Board of Governors
- Accounting officer/ Principal
- Deputy principal
- Registrar
- Dean of students
- Head of finance
- Head of procurement
- Head of departments

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Zedekiah Chanzu
2	Deputy principal administration	Grace Titi
3	Deputy principal academics	Violet Mwale
4	Registrar	Lydia Andove
5	Dean of Students	Charles Kakai
6	Head of Finance	Simon Kavunga
7	Head of Procurement	Ephraim Amekhala

(c) Fiduciary Oversight Arrangements

(i) Full Board of Governors Committee

The Board of Governors does oversight role through the use of Board committees in various areas.

(ii) Finance, Infrastructure and Resource Mobilization Committee

- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of Butere Technical and Vocational College staff.
- Oversee the Institute's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the institution.
- Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the institution.
- Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of Butere Technical and Vocational College

(iii) Education, Research, Training and Human Resource Committee

- Review, evaluate, and recommend academic programs and curricula to ensure relevance, quality, and alignment with national education and training standards.
- Monitor the implementation of teaching, learning, and assessment policies and procedures.
- Ensure adherence to the requirements and standards of the Technical and Vocational Education and Training Authority (TVETA) and other regulatory bodies.
- Promote quality assurance mechanisms in all academic departments.

- Promote a culture of research, innovation, and knowledge creation among staff and students.
- Oversee formulation and implementation of institutional research and innovation policies.
- Identify and recommend research partnerships, collaborations, and funding opportunities.
- Support dissemination and application of research findings for institutional and community development.

- Oversee implementation of industrial attachments, internships, and competency-based training programs.
- Recommend staff development and training initiatives to enhance professional competence.
- Facilitate linkages and collaborations with industries and other training institutions.
- Monitor and evaluate the effectiveness of training programs for both staff and students.

- Advise the Board on recruitment, appointment, promotion, and deployment of staff in accordance with government and institutional policies.
- Oversee implementation of performance management systems and staff appraisal processes.
- Review and recommend staff development, motivation, and welfare programs.
- Address staff disciplinary issues in line with established procedures and regulations.
- Participate in the formulation, review, and implementation of human resource policies and succession planning strategies.

(i) Audit and Risk Management committee

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
 - Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the institution;
 - Provide an independent review of the institutions's reporting functions to ensure the integrity of the financial reports.
 - Ensure the institution effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
 - Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
 - Provide strong and effective oversight of the institute's internal audit function
-
- Report to the Board regularly regarding matters considered in each of the committee's meetings.
 - Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the institute's staff.

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

- Oversee the Institute's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the institute.
- Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the Institute
- Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of Butere Technical and Vocational College

BUTERE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(a) Entity Headquarters

BUTERE TECHNICAL AND VOCATIONAL COLLEGE

Along Mumias Bunyala Road

(b) Entity Contacts

Telephone 0735079708

P.O BOX 90-50101,BUTERE

E-mail: buteretti@gmail.com

Website: www.buteretti.ac.ke

(c) Entity Banker

KCB BANK KENYA LIMITED

MUMIAS BRANCH

PO BOX 193-50102

MUMIAS

(d) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

Nairobi, Kenya

(e) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112-00200

City Square

Nairobi. Kenya

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

THE BOARD OF GOVERNORS

1.ROF.ROBERT PTUYA	-Chairman
2.ENG.MOSES MUKANGULA	-MEMBER
3.PATROPA KIPTOO (Member, BOG)	-Date of Birth:1 ST Feb 1989 -B.A Business Management, MSC Corporate Finance and CPAK. -over 5 years working experience with USAID -A member of the executive BOG
4.ALEX MASIBO	-MEMBER
5.VICTORIA WAKASA	-MEMBER
6.BERNARD OPONDO	-MEMBER
7.BIRIR THOMAS	-MEMBER
8.JOSEPHINE AYIENDA	-MEMBER
9. JOSEPH SUNGUTI (A member, BOG)	-Born in 1963 -He is the TVET regional Director, Kakamega -Master's in Education -Experience of over 10years in TVET -Executive Member of BOG

BUTERE TECHNICAL AND VOCATIONAL COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024**MANAGEMENT TEAM**

ZEDEKIAH CHANZU	-The Principal -Bachelor of Education
GRACE TITI	-Deputy Administration - Bachelors of Education
VIOLET MWALE	-Deputy Principal -Bachelors of Education
LYDIA ANDOVE	-Registrar - Bachelor of Education
CHARLES KAKAI	-Dean of students -Bachelor of Education
EPHRAIM AMEKHALA	-Head of procurement. -Bachelor of purchasing and supplies management
SIMON S KAVUNGA	-Finance officer -CPAK, ICPAK member -BCOM, Finance option

II. CHAIRMAN'S STATEMENT

Kenya's Vision 2030 is the long-term development blue print for the country. It reaffirms the government's commitment to create a conducive economic, social and political environment that will lead to higher level living standards for Kenyans by the year 2030. The Vision aims at creating a globally competitive and prosperous country and transforming Kenya into a newly industrialized middle-income country: this has been embraced by our institution to be part of this great achievement.

Butere Technical and vocational college through this Strategic Plan will play a role in the implementation of the Political, Economic and Social pillars. Implementation of the Vision is structured into five-year Medium-term Plans (MTP)

Our institution is committed to implementing the big four agenda by:

- Provision of skilled artisans and technicians
- Provision of skilled field extension personnel and Extension services through farm demonstrations
- Establishment of production unit that support foot and value addition
- Sensitize parents/ guardians to identify appropriate NHIF Outpatient accredited facility nearest to the college to cater for students' treatment
- Training of skilled artisans and technicians to support in the building and construction industry
- Production of building blocks for construction

The year under review Butere Technical and vocational college was keen on the development agenda of the nation by:

- Developing a collaborative approach between TVET institutions and the relevant industries which will be an aid in making it easy for our trainees and industries identifying each other's strengths and weaknesses.
- Developing and implementing of training programs for human resource capacity building through continuous development of core skills and competencies.
- Providing increased training opportunities for the increasing school leavers and other trainees to increase employability.

Achievements

Human resource functions were enhanced by recruiting interns, hiring board employed trainers and setting employees annual performance targets. Productivity mainstreaming framework was developed and high base productivity index was achieved.

BUTERE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

The financial year ended 30th june,2024 has been a base year for the college.

Challenges faced by the institution were;

- Mobilization of students to enrol.
- Fees payment of the enrolled students.
- Lack of enough trainers
- Lack of enough infrastructure.

Appreciation

I would consequently like to thank the board for diligent work displayed in providing effective oversight and guidance to the management. The board’s skill, wisdom and experience paid significantly towards the overall achievement of the institution during the period.

Prof. Robert Otuya

Chairman, Board of Governors

Sign.....*[Signature]*.....Date.....*4/1/25*.....

III.REPORT OF THE PRINCIPAL

I am pleased to present to you our Annual Report and Financial Statements for the fiscal year 2023/2024.

This report reflects our commitment to transparency, accountability, and the principles of good corporate governance even as we remain true to our mission to opening doors to great careers. The sitting principal was Mr.Zedekiah Chanzu during the financial year 2023/2024.

The year under review was marked by both challenges and opportunities. We have experienced low student enrolment being our first year in operation. Low trainee numbers mean lower government capitation and fee collection. In addition, there was slow disbursement of funds from the national government compounded by low capacity by the parents/guardians to pay fees. We are glad to report that, through prudent management of funds, we have been able to pull through. We must tightening our belts and making sure that all the opportunities bear fruit.

Our commitment to financial discipline and efficiency allowed us to manage costs effectively.

We are proud to report that Butere Technical and Vocational College has embarked on enhancing blended learning. The purpose was to enhance flexibility in training. Recognition of Prior Learning policy is being developed and consequently be domesticated

During the period: we started to prepare the strategic plan 2022-2027 which is to conform to the requirements of BETA model; Standard Operation Procedures (SOP) for internal quality assurance is being developed and will be approved by the board. We are also in the process of developing various policies for internal use. The institution also valued the assets as at 30th June 2024. This has shown an increase in assets.

I would like to express my deepest gratitude to our staff and all stakeholders for their unwavering support and trust in our organization. Our accomplishments would not have been possible without your dedication and partnership.

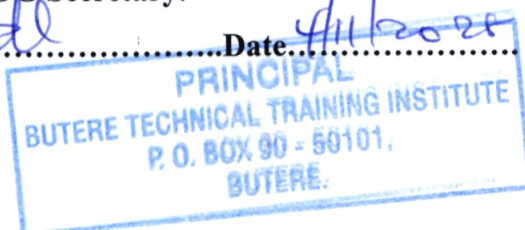
As we move forward, we are committed to creating value and upholding the highest standards of corporate governance.

Thank you

Violet Mwale

Principal /BOG Secretary.

Sign.....Date.....



IV. CORPORATE GOVERNANCE STATEMENT

1. Audit and Risk Management committee

Membership:

NO.	NAME	TITLE
1	Patropa Kiptoo	Member
2	Alex Masibo	Member
3	Bernard Opondo	Member
4	Moses Kegode	Member

Mandate

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the institution;
- Provide an independent review of the institution’s reporting functions to ensure the integrity of the financial reports.

2. Finance, Infrastructure and Resource Mobilization Committee

Membership:

NO.	NAME	TITLE
1.	Patropa Kiptoo	Chairperson
2.	Alex Masibo	Member
3.	Bernard Opondo	Member

-
- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the Butere Technical and Vocation College staff.

- Oversee the Institute’s compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the institution

3. Education, Research, Training and Human Resource Committee

Membership:

NO.	NAME	TITLE
1.	Josephine Ayienda	Chairperson
2.	Thomas Birir	Member
3.	Victoria Wakasa	Member

Mandate

- Review, evaluate, and recommend academic programs and curricula to ensure relevance, quality, and alignment with national education and training standards.
 - Monitor the implementation of teaching, learning, and assessment policies and procedures.
 - Ensure adherence to the requirements and standards of the Technical and Vocational Education and Training Authority (TVETA) and other regulatory bodies.
 - Promote quality assurance mechanisms in all academic departments.
- During the year under review, there was no conflict of interest for all the Board Members.
 - The Board is remunerated within the law as per Salaries and Remuneration guidelines which is done through Head of Public Service.
 - The Board is appointed by the Cabinet Secretary of Education and its composition is as per the TVET Act 2013 and Mwongozo.
 - During the period under review, the institution did not have most of the requirements, Board requirements (Board Charter, member performance and trainings) were not carried out.

Below is the board attendance schedule.

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4.Board meetings, Attendance

S/N	Date of meeting	Nature of Board meeting	Attendance
1	28/10/2023	Full Board	8
2	14/03/2024	Executive	5
3	20/05/2024	Executive	5

V.MANAGEMENT DISCUSSION AND ANALYSIS

1. Statement of Comprehensive Income

This section provides an overview of the financial position of Butere Technical and Vocational College for the year ended 30th June 2024 and the comparative information for the year ended 30th June 2023. This overview has been prepared by management and should be read in conjunction with the financial statements.

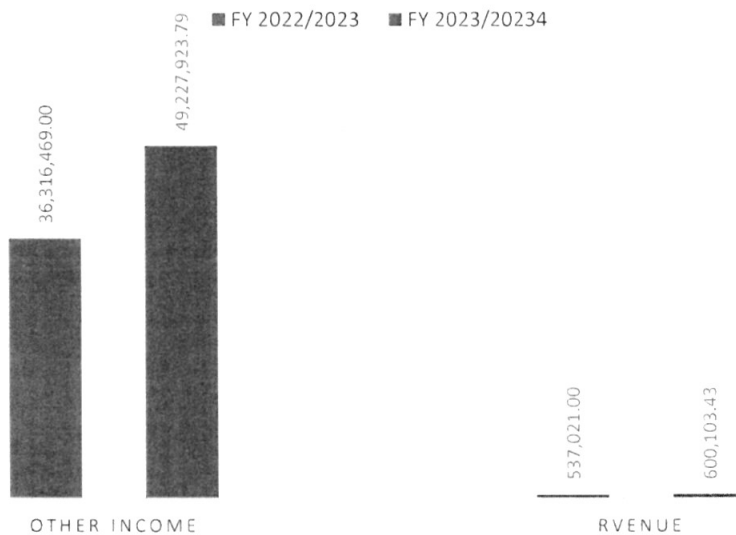
1.1. Revenue

The institution recorded a total revenue of KES. 49,227,923.79 for FY 2023/2024 up from KES. 36,316,469 for FY 2022/2023 representing 35.55% increase. This was largely attributed to higher enrolment of students and an increase of disbursements of scholarship and capitation by the parent ministry.

1.2. Other Income

The institution recorded an increase in revenue from other income from KES. 537,021.00 in the FY 2022/2023 to KES. 600,103.43 in 2023/2024 representing increase of 11.74%. This was largely attributed to increase in Non-Academic Production Unit activities during the period.

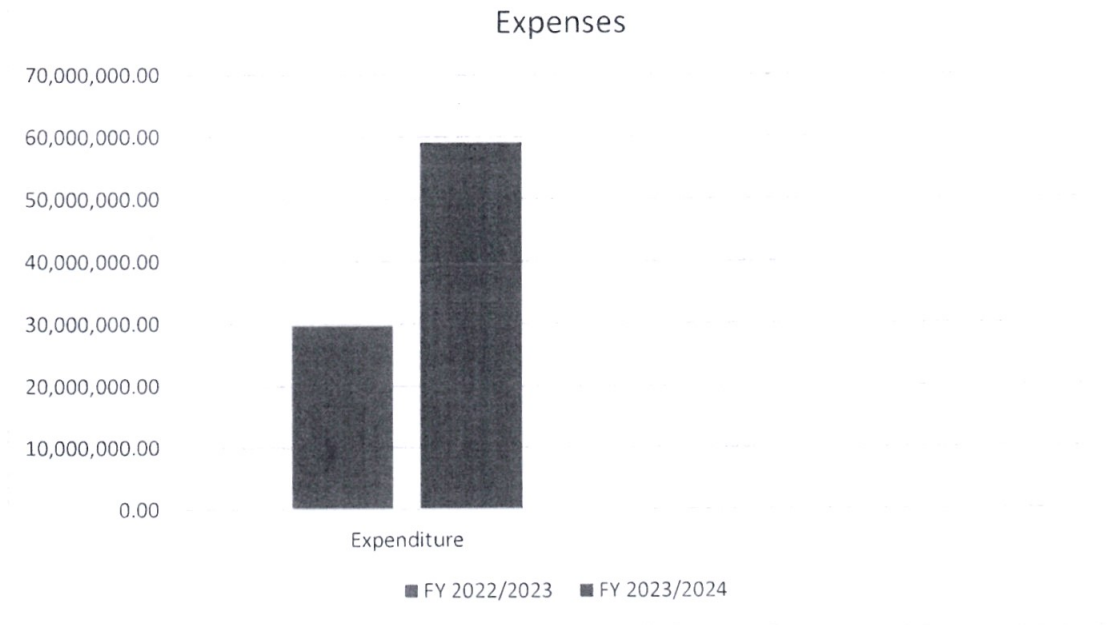
REVENUE AND OTHER INCOME



1.3. Expenses

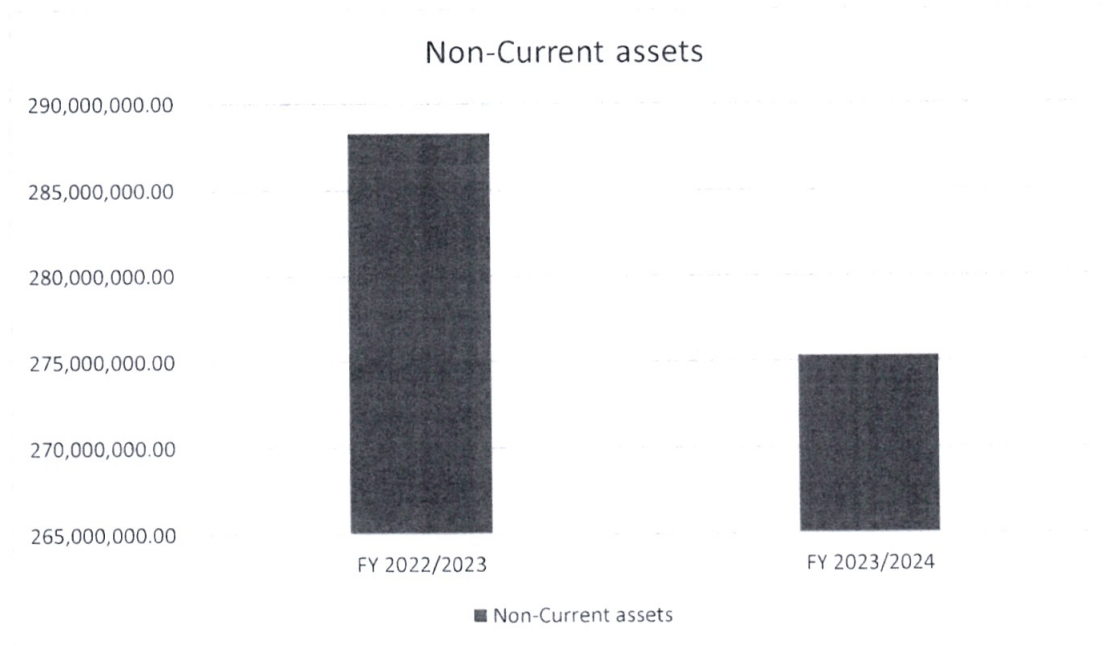
Total expenditure increased from KES 41,090,520 in 2022/2023 to KES 68,633,886 in 2023/2024. Major expenditure areas include use of goods, general expenses and employee costs.

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
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2.1 Financial Position

Current Assets reduced by 79.01% in the FY 2023/2024 largely as a result of decreased cash and cash equivalents reduced student’s debtors and inventory management. Non-Current Assets decreased from KES.277,684,991 to KES 268,223,860.



3.0 Cash flows

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

The cash and bank balances decreased from KES 4,533,847.10 to KES 32,603.35 attributable to cash generated from operations and working capital movements because of improved cash collections, increased payment to contractors and suppliers.

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Butere technical and vocational college is majored in training by producing high skilled labourers whom at the end of the training sessions can be attractive to the market.

Apart from producing highly skilled labourers, the college has collaborated with the community by giving out free water for their own consumption since the borehole at hand its cubic per metre is sustainable.

Furthermore, we have engaged the community in tree planting exercise which is part of environmental conservations in the college. Within the compound, we have planted trees as part of the government agenda

Again, due to enough space and text books, we have allowed the community to make use of our library for free for increasing partnership with the community

During the period under review the institution allowed the locals to graze in the fields and hired the locals to do both manual semi-skilled jobs that was available within the institution.

During the period, we engaged boda boda by giving them free reflector jackets for their safety as well as marketing the college

Butere technical and vocational college has a vast field which we have allowed locals to make use of it by organizing their own tournaments in the same field. This has reduced vices from youth which arises due to idle mind.

In future we pray that the same spirit to sail as we support each other for the well-being of the college and its environment as we head to the new financial year. This can only be sustained through collaborations, cooperation and unity

VII.REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024 which show Butere Technical and Vocational College state of affairs.

Principal activities

The principal activities of the entity are ;

- provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education
- contribute to industrial and technological development of Kenya in collaboration with industry and other organisations through transfer of technology
- participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development.
- foster the general welfare of all staff and students.

BOARD OF GOVERNORS

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

Auditors

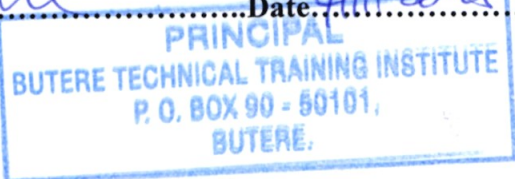
The Auditor General is responsible for the statutory audit of Butere Technical And Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of Butere technical and vocational college for the year ended June 30, 2024

By Order of the Board Violet Mwale

.....

Principal/Board Secretary

Sign.....*Mwale*.....Date.....*Jul 2024*.....



VIII.STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, 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 Butere Technical And Vocational College , which give a true and fair view of the state of affairs of Butere Technical And Vocational College at the end of the financial 2023/2024 and the operating results of Butere Technical And Vocational College for the year 2023/2024. The board members are also required to ensure that Butere Technical And Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of Butere Technical And Vocational College. The board members are also responsible for safeguarding the assets of Butere Technical And Vocational College.

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

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

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Nothing has come to the attention of the board members to indicate that the Butere 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

The Butere Technical and Vocational College financial statements were approved by the Board on 26th September, 2024 and signed on its behalf by:

Prof. Robert Otuya

Violet Mwale

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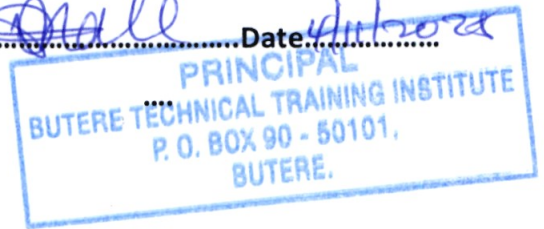
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Chairperson of the Board

Principal/Board Secretary

Sign *Robt* Date *4/11/24*

Sign *Mwale* Date *4/11/24*



REPUBLIC OF KENYA

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Monrovia Street
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Butere Technical and Vocational College set out on pages 1 to 24, which comprise of the statement of financial position as

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

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 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 Butere 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 and the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.268,223,860. However, the following anomalies and inconsistencies were noted;

1.1. Unconfirmed Land Ownership, Acreage and Valuation

The statement of financial position reflects property, plant and equipment balance of Kshs. 268,223,860 which includes land value of Kshs.29,200,000 relating to two (2) parcels of leasehold land measuring 1.4164 HA and freehold measuring 15.3 acres valued at Kshs.20,000,000 and Kshs.9,200,000 respectively both registered in favour of Butere Technical and Vocational College. However, it was not possible to conduct physical verification of the leasehold land valued at Kshs.20,000,000, approximately 1.4164 HA leased for a period of 99 years with effect from 26 October, 2011. Management indicated that they did not have knowledge of the land's location, status, usage, size and no visit has been made by Management since it was acquired. Further, Management conducted land searches on 5 February, 2019 and 13 June, 2022 which indicated that College's leased land measured 0.58HA and 1.42 HA respectively. Management vide letter dated 6 March, 2019 sought information on the discrepancy from the Land Registrar of Kakamega County but response had not been received as at the time of Audit in November, 2025.

In addition, out of freehold land measuring 15.3 acres, approximately six (6) acres is occupied by the seller's relatives who claim the land belongs to them and had been sold without their knowledge back in 2011. Further, the land remains open without a fence and identifiable beacons or boundary marks.

1.2. Non-Disclosure of Depreciation Policy and Rates

Note 18 to the financial statements reflects depreciation charge for the year of Kshs.9,451,133. However, supporting asset management policy or finance policy defining

the depreciation method and rates was not provided for review. Further, the amount includes furniture and fittings depreciation charge of Kshs.1,418,754. However, re-computation of depreciation charge for furniture and fittings reflects an amount of Kshs.1,858,884 resulting to an unreconciled variance of Kshs.440,130.

1.3. Variance in Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs. 268,223,680. However, Note 18 to the financial statements reflects a balance of Kshs.268,233,858 resulting to an unreconciled variance of Kshs.10,178.

In the circumstances, the existence, accuracy and completeness of property, plant and equipment balance of Kshs.268,223,860 could not be confirmed.

2. Unsupported Student Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,024,221 relating to student debtors. However, the student debtor's ledgers and ageing analysis were not provided for review. Further, Management did not have a debt management policy detailing debt recovery measures. In addition, the supporting schedule provided for review reflects a balance of Kshs.5,329,739 that differs with the reported balance Kshs.1,024,221 resulting to an unexplained variance of Kshs.4,305,518.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.1,024,221 could not be confirmed.

3. Misclassification of Expenditures

The statement of financial performance reflects employee costs of Kshs.11,206,196. However, review of the ledgers and payment vouchers revealed an expenditure of Kshs.1,920,000 related to contracted security and cleaning services charged to employee costs instead of relevant expenditure votes.

In the circumstances, the accuracy and completeness of the employee costs amount of Kshs.11,206,196 could not be confirmed.

4. Variances in Comparative Balances

The statement of financial performance reflects use of goods and services comparative balance of Kshs.23,339,423 which includes learning materials amount of Kshs.19,291,361 as disclosed in Note 9 to the financial statements. However, the 2022-2023 financial statements reflects an amount of Kshs.14,873,640 resulting to an unreconciled variance of Kshs.4,417,721.

Further, the 2022-2023 financial statements reflects local travel and transport of Kshs.2,066,017, boarding expenses Kshs.1,191,679, catering expenses Kshs.695,985,

electricity water and conservancy Kshs.383,540, farm expenses Kshs.53,000 and student council expenses Kshs.27,500. However, the comparative balances have been omitted in the Note 9 to financial statements for the year under review.

In the circumstances, the accuracy and completeness of the use of goods and services comparative balance of Kshs.23,339,423 could not be confirmed.

5. Accuracy, Presentation and Disclosure of the Annual Report and Financial Statements

Review of the financial statements revealed the following cases of non-compliance with the revised Public Sector Accounting Standards (PSASB) financial reporting template as follows;

- i. Five board members profile information has not been provided in the annual report
- ii. The Board of Governors and Key Management Team were not presented as required by the reporting template prescribed by the Public Sector Accounting Standards Board.
- iii. The statement of cash flows shows the year of presentation as 2023 instead of 2024.
- iv. The numbering of the table of contents information has not been done.
- v. The Statement of Cash Flows shows increase in assets balance of Kshs.6,462,486 and other bank deposits of Kshs.15,321. However, the nature and guidance disclosure for the increase in assets and other bank deposits has not been made in the financial statements. Further, the statement of cash flows has been prepared using hybrid of direct and indirect method and disclosure note for net cash flow from operating activities has not been made in the financial statements contrary to requirements of the Public Sector Accounting Standards Board reporting template
- vi. The Statement of Changes in Net Assets excludes comparative analysis of retained earnings and capital grants for the year ended 30 June 2023 as required by the reporting template prescribed by the Public Sector Accounting Standards Board

In the circumstances, the presentation and disclosure of the annual report and financial statements is not in accordance with reporting template prescribed by the Public Sector Accounting Standards Board..

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

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.116,266,570 and Kshs.49,227,924 respectively, resulting in under-funding of Kshs.67,038,646 or 58% of the approved budget.

Similarly, the College expended an amount of Kshs.59,182,753 against actual revenue of Kshs.49,227,924 resulting in over-utilization of Kshs.9,954,830 or 20% above the actual revenue.

The under-funding affected planned activities and may have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, Board of Governors, Management Team, Report of the Chairperson, Report of the Principal, Statement of Corporate Governance, Management Discussion and Analysis, Statement of Corporate Social Responsibility/Sustainability Reporting, Report of the Board of Governors, and Statement of the 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 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

Failure to Maintain Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.268,223,860. However, Management did not maintain an updated asset register during the year under review. This was contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect 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 Human Resource Plan and Established Human Resource Department

During the year under review, the College lacked a human resource plan and an approved scheme of service for employees. Further, review of the internal structure arrangement and staff establishment, revealed that the human resource department did not have

technical staff to operationalize the department. No explanation was provided for failure to establish the human resource department.

In the circumstances, the effectiveness of the internal controls in management of human capital could not be confirmed.

2. Lack of Internal Audit Function

The College did not have in place an Internal Audit Function during the year under review. This was contrary to Section 73(1) of the Public Finance Management Act, 2012 which requires every public entity to have arrangements in place for internal audit function for the purpose of carrying out in depth reviews of Management operations and internal controls.

In the circumstances, the effectiveness of the College's internal controls 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 Management and the Board of Governors

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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain 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 are in compliance 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

**X.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
 JUNE 2024**

	Notes	2023-2024	2022-2023
Revenue from non-exchange transactions			
Transfers from the National Government – grants	6	16,651,193.00	14,756,000.00
		16,651,193.00	14,756,000.00
Revenue from exchange transactions			
Rendering of services- Fees from students	7	31,976,627.00	21,023,448.00
Other income	8	600,103.00	537,021.00
		32,576,730.00	21,560,469.00
Total revenue		49,227,923.00	36,316,469.00
Expenses			
Use of goods and services	9	27,246,982.00	23,339,423.00
Employee costs	10	11,206,196.00	5,301,340.00
Board Expenses	11	634,200.00	931,300.00
Depreciation and amortization expense	12	9,451,133.00	11,310,017.00
Repairs and maintenance	13	352,100.00	208,440.00
General Expenses	14	19,743,275.00	0.0
Total expenses		68,633,886.00	41,090,520.00
Net Surplus/Deficit for the year		(19,405,963)	(4,774,051)

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Institute Council/ Board of Governors by:

Prof.Robert Otuya

Simon Kavunga

Violet Mwale

Chairman of Board of Governors

Finance Officer

Principal

ICPAK No.28667

Sign.....Date.....

Sign.....Date.....

Sign.....Date.....

XI.STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	NOTE	2023-2024	2022-2023
Assets			
Current assets			
Cash and cash equivalents	15	32,603.35	4,533,847.10
Receivables from exchange transactions	16	1,024,221	5,041,373
Inventories	17	6,259,314.65	1,723,764.90
Total Current Assets		7,316,139	11,298,985
Non-current assets			
Property, plant and equipment	18	268,223,860	277,684,991
Total assets		275,539,999	288,983,976
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	10,768,004	4,806,018
Net Assets		264,771,995	284,177,958
Capital fund		312,881,592	312,881,592
Retained earnings		(48,109,597)	(28,703,634)
Changes in Net Assets		264,771,995	284,177,958

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Board of Governors by:

Prof.Robert Otuya

Simon Kavunga

Violet Mwale

Chairman of Council/Board of Governors

Finance Officer

Principal

Sign.....Date.....

ICPAK No. 28667

Sign.....Date.....

Sign.....Date.....



XII.STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2024

Description	Retained earnings	Capital/Developme nt Grants/Fund	Total
Balance b/f at July 1,2023	(28,703,634)	312,881,592	284,177,958
Comprehensive income	(19,405,963)	0	(19,405,963)
At June 30, 2024	(48,109,597)	312,881,592	264,771,995

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XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023/4

		2023-2024	2022-2023
	Note		
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	16,651,193	14,756,000
Rendering of services- Fees from students	7	31,976,627	21,023,448
Other income, rentals and agency fees	8	600,103	537,021
Total Receipts		49,227,923	36,316,469
Payments			
Use of goods and services	9	27,246,982	23,339,423
Compensation of employees	10	11,206,196	5,301,340
Directors' remuneration	11	634,200	931,300
Repairs and maintenance	13	352,100	208,440
General expenses	14	19,743,275	0
Total Payments		59,182,753	29,780,503
Other Bank deposits		15,321	0
Increase/Decrease in Assets		6,462,486.25	(3,635,063.6)
Increase/Decrease in creditors for the year		(1,024,221)	0
Cash and cash equivalents at 1 JULY 2023		4,533,847.10	1,632,944,70
Cash and cash equivalents at 30 JUNE 2024		32,603.35	4,533,847.10

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

XIV.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Change
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from other Govt entities Govt grants	58,500,000	-	58,500,000	16,651,193	41,848,807	28
Rendering of services- Fees from students and other income	57,766,570	-	57,766,570	32,576,730	25,189,840	56
Total income	116,266,570	-	116,266,570	49,227,923	67,038,647	
Expenses						
Use of goods and services	67,320,190		67,320,190	27,246,982	40,073,208	40
Employee costs	23,184,270	-	23,184,270	11,206,196	11,978,074	48
Repairs and maintenance	4,062,110	-	4,062,110	352,100	3,710,010	9
Board costs	700,000		700,000	634,200	65,800	91
General expenses	21,000,000		21,000,000	19,743,275	1,256,725	94
Total expenditure	116,266,570	-	116,266,570	59,182,753	57,083,817	
Surplus/deficit for the period	0	-	0	(9,954,830)	9,954,830	

Budget notes

- 1. Anticipated enrolment was below the target of 1,950 students and it affected the total collection of A in A which was 56% of the total budget .*
- 2. The college received 28% of the expected amount from the state department of Technical and Vocational Training.*
- 3. Use of goods and services,Employee costs,and Repairs had a variance of 40% ,48% and 9% respectively as a results of minimal funding from the government*

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2024

XV.NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Butere Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013. Butere Technical and Vocational College wholly owned by the Government of Kenya and is domiciled in Kenya. Butere Technical and Vocational College principal activity is Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Butere Technical and Vocational College

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act,2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2024

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non exchange transactions are covered purely under Public Sector combinations as amalgamations.
	<i>Butere Technical and Vocational College is in the process of adopting the standard while preparing its finance policy.</i>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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. <p><i>Butere Technical and Vocational College is in the process of adopting the standard while preparing its finance policy and will be effected.</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>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:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
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Standard	Effective date and impact:
	<i>Butere Technical and Vocational College is in the process of adopting the standard while preparing its finance policy</i>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2024.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to 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 23-24 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

BUTERE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
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The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

Butere Technical and Vocational College is exempt from paying taxes as per Income Tax Act 2013 amendment of 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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) Property, plant and equipment

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

e) 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

f) Research and development costs

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

- The technical feasibility of completing the asset or 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.

BUTERE TECHNICAL AND VOCATIONAL COLLEGE
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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.

g) Inventories

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

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

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

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

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

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

h) Provisions

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

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

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

i) Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The institution has not maintained any reserves.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

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

(Butere Technical and Vocational College is in process of acquiring a defined benefit scheme for their staff)

m) 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.

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n) Comparative figures

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

o) 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.

Useful lives and residual values

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

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

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6. TRANSFER FROM NATIONAL GOVERNMENT

Description	2023-2024	22-23
Unconditional grants		
Operational grant	16,275,425	14,756,000
Common wealth of learning	375,768	0
Total government grants and subsidies	16,651,193	14,756,000

7. RENDERING OF SERVICES

Description	2023-2024	22-23
Tuition fees	3,495,058	456,963
Activity fees	3,104,508	1,307,218
LT&T	2,390,512	815,276
EW&C	1,946,618	1,304,117
Personal Emolument	13,665,168	13,633,450
Student Council	24,152	0
RMI	1,652,092	750,267
Medical	5,151,849	2,509,101
Exam	79,651	131,262
contingencies	93,849	87,797
Registration	30,399	27,997
Re-grant(Gvt fees charged per student)	231,321	0
KUCCPS	74,239	0
ID	26,011	0
Packages	11,200	0
Total revenue from the rendering of services	31,976,627	21,023,448

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. OTHER INCOME

Description	2023-2024	2022-2023
Hostel fee	300,103	431,071
Production Fee	300,000	105,950
Total other income	600,103	537,021

9. USE OF GOODS

	2023-2024	2022-2023
Learning materials	20,001,522	19,291,361
Activity	626,730	1,260,860
Contingencies	12,503	11,910
Exam	6,429,304	2,179,476
Attachment Expenses	176,923	595,816
Total good and services	27,246,982	23,339,423

10. EMPLOYEE COSTS

	2023-2024	2022-2023
Salaries and wages	11,206,196	5,301,340
Employee costs	11,206,196	5,301,340

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. REMUNERATION OF DIRECTORS

Description	23-24	22-23
Directors' emoluments	634,200	931,300
Total director emoluments	634,200	931,300

12. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2023-2024	2022-2023
Property, plant and equipment	9,451,133	11,310,017
Total depreciation and amortization	9,451,133	11,310,017

13. REPAIRS AND MAINTENANCE

Description	2023-2024	2022-2023
Property	352,100	208,440
Total repairs and maintenance	352,100	208,440

14 GENERAL EXPENSES

Description	2023-2024	2022-2023
Local Transport and Travel	3,381,057	0
Boarding expenses	946,938	0
Catering expenses	420,640	0
COL	648,692	0
Electricity, Water and Conservancy	787,621	0
Farm Expenses	115,950	0
Student council	6,910	0
Sundry creditors	13,435,467	0
Total general expenses	19,743,275	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH AND CASH EQUIVALENTS

Description	2023-2024	2022-2023
Current account	32,449.35	4,528,829
Cash in hand	154	5,018
Total cash and cash equivalents	32,603.35	4,533,847

15 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2023-2024
a) Current account		
Kenya Commercial bank	1200942043	17,128.35
Sub- total		
cash in hand		154
Sub- total		17,282.35
b) Others(specify)		
Equity Bank	0680284201108	12,871
Co-operative bank	01139799513400	2,450
Grand total		32,603.35

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2023-2024	2022-2023
Current receivables		
Student debtors	1,024,221	5,041,373
Total current receivables	1,024,221	5,041,373

17. INVENTORY

Description	2023-2024	2022-2023
Stock	6,259,314.65	1,723,764.90
Total	6,259,314.65	1,723,764.90

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. PROPERTY, PLANT AND EQUIPMENT

Cost	Softwares	Land	buildings	Motor Bike	Motor Vehicles	Furniture and fittings	Comput ers	Generator	Plant and Equipme nt	Total
		Kshs.	Kshs.		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1st July 2023	6,438,000	29,200,000	240,867,202	99,900	3500000	14,871,073	3,415,462	5,000,000	9,489,956	312,881,592
Additions		-	-	-	-	-	-	-	-	-
As at 30th June 2023	6,438,000	29,200,000	240,867,202	99,900	3500000	14,871,073	3,415,462	5,000,000	9,489,956	312,881,592
Depreciation And Impairment										
At 1 July 1, 2022	643,800	-	22,340,092	29,970	875,000	3,303,055	2,710,237	3,500,000	1,794,447	35,196,601
Depreciation for the year	643,800	-	4,817,344	9,990	875000	1,418,754	0	500,000	1,186,245	9,451,133
As at 30th June 2023	1,287,600	0	27,157,436	39,960	1,750,000	4,721,809	2,710,237	4,000,000	2,980,692	44,647,734
Net Book Values										
As at 30th June 2022	5,794,200	29,200,000	218,527,110	69,930	2,625,000	11,568,018	705,225	1,500,000	7,695,509	277,684,991
As at 30th June 2023	5,150,400	29,200,000	213,709,766	59,940	1,750,000	10,149,264	705,225	1,000,000	6,509,264	268,233,858
Depreciation rates	10%	0%	2%	10%	25%	12.50%	25%	10%	12.5%	

Reducing balance was used for depreciation

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. TRADE AND OTHER PAYABLES

Description	2023-2024	2022-2023
Trade payables	10,768,004	4,806,018
Total trade and other payables	10,768,004	4,806,018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the valu

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

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

(ii) Liquidity risk management

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

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22.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 Governors

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 EVENTS AFTER THE REPORTING PERIOD

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

24ULTIMATE AND HOLDING ENTITY

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

25.Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury

Prof.Robert Otuya

Chairman of the Board

Sign.....*Robert Otuya*.....Date.....*21/11/25*.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Project/Attraction	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized
	as per the bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance
Ministry of Education	October 8 2023	Recurrent	4,217,500.00	Statement of Financial Performance
Ministry of Education	January 23 2024	Recurrent	4,049,500.00	Statement of Financial Performance
Ministry of Education	March 18 2024	Recurrent	4,628,000.00	Statement of Financial Performance
Ministry of Education	May 30 2024	Recurrent	3,380,425.00	Statement of Financial Performance
Commonwealth of Learning	January 17 2024	Recurrent	375,768.00	Statement of Financial Performance
Total			16,651,193.00	

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