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THE AUDITOR-GENERAL

ON

**IKUTHA TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2025**

OFFICE OF THE AUDITOR GENERAL
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IKUTHA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

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

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Ikutha Technical and Vocational College
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1. Acronyms & Definition of Key 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
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity
TVET	Technical, Vocational Education and Training
KNEC	Kenya National Examination Council

2. Key Entity Information and Managements

(a) Background information

The institution was established under the TVET Act (2013) in 2020. The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education, State Department for Technical, Vocational Education and Training, Department of Technical Education.

Ikutha Technical and Vocational College is situated along Kibwezi - Kitui road, 5KM from Ikutha Town. The College sits on 10-acre piece of land and is in a predominantly semi-arid region. The college was established by the Government of Kenya and the collaboration of NG-CDF Kitui South Constituency in 2020.

The College has Seven (8) academic departments, namely Electrical & Electronics Engineering, Mechanical Engineering, Informatics and Computing, Liberal Studies, Business Studies departments, Fashion Design and Cosmetology and Building Technology. The college offers a variety of courses to K.C.P.E and K.C.S.E graduates at Artisan, Craft, and Diploma levels. The courses offered are examined by KNEC, NITA and TVET CDACC. Currently, the College has 14 PSC and 18 BOG trainers/interns with student population of 426 students, who are all commuters.

The institution is run on day-to-day basis by a principal who is appointed by the CS, Ministry of Education under the State department for Technical, Vocational Education and Training. The College is managed by a Board of Governors (BOG), appointed by the Cabinet Secretary, Ministry of Education as stipulated by the TVET Act (January, 2013). Responsibilities of the Board of Governors include recruitment of support staff, overseeing financial management, upholding of staff and student discipline, maintenance of infrastructure & other assets, and sourcing for finances.

(b) Principal Activities

The principal activity of the College is to offer training, innovation and research in business and technical skills.

Vision

To be a leading college offering career focused training that equips graduates to visualize and achieve excellence award in the dynamic global community

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Mission

To offer transformative training for the production of competent, committed and competitive graduates to the market

Core Values

1. Professionalism
2. Integrity
3. Teamwork.
4. Accountability
5. Innovativeness
6. Equity

Core Objectives

- To upgrade on infrastructure and facilities,
- To acquire and use modern ICT in training and service delivery.
- To promote linkages with other colleges and industries.
- To promote Training, Research and Development.
- To improve Marketing of the Institute and its programs
- To enhance human resource development
- To enhance funds mobilization to strengthen the financial capacity of the Institution.

(c) Key Management

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

1. The Principal
2. Deputy Principal Administration
3. Deputy Principal Academics
3. Registrar
4. Dean of Students
5. Accountant
6. Heads of Departments

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Eric Muendo Kilonzo
2	Deputy Principal Administration	Catherine K. Velela
3.	Deputy Principal Academics	Kyalo Mboya
4	Ag Registrar	Lawrence Njoroge Ndung'u
5	Ag Dean of Students	Joseph Kimani Mungai
6	Accountant	Jackson Mwongela Mbatha

(e) Fiduciary Oversight Arrangements

1. Finance Committee of the BOG

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

Terms of Reference

The role of the Committee shall be to monitor the financial status of the college on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

- a. To monitor and facilitate the implementation of the College's strategy with regard to financial matters.
- b. To receive reports from the Principal and the Accountant
- c. To determine the fees and charges made for college services and facilities.
- d. To supervise the financial administration of the College and make recommendations to Board of Governors where appropriate.
- e. To supervise the arrangements for safeguarding the college's assets.
- f. To ensure the proper financial evaluation and control of projects.
- g. To supervise the arrangements for investing the College's funds, including monitoring the performance of investments.
- h. To ensure the appropriate exploitation of the College's intellectual property.
- i. To make recommendations to Board of Governors on the financing of projects
- j. To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- k. To supervise the College's purchasing procedures and practices.
- l. To submit an annual statement on its activities to Board of Governors.
- m. To keep under review the activities of the College's various departments.

2. Human Resource and Academic Committee Activities

The HR &Academic committee of the Board is entrusted with the following roles and functions:

- i) To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings there on to the Board
- ii) To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
- iii) To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
- iv) To approve programs of study, regulate admission of persons to Ikutha TVC and determine their continuation or discontinuation in such programs.

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- v) To determine the Academic policy of Ikutha TVC and to advise the Board on the provision of facilities to carry out that policy,
- vi) To direct and regulate the training and instruction within the College subject to the powers of the Board
- vii) To formulate HR policies.
- viii) To recommend disciplinary action against staff.

3. Senior Management Committee Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that Ikutha TVC's Board of Governors is able to take strategic decisions relating to Ikutha TVC's activities
- 2) Provide leadership in communicating Ikutha TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of Ikutha TVC strategic, corporate and business plans in line with the mission and values (strategic plan formulation in progress)
- 4) Take a strategic overview of performance in all areas of Ikutha TVC's activities, specifically the Senior Management Team
- 5) Makes recommendations to the board on the implementation and achievement of the Board of Governors' Strategic Framework;
- 6) Agrees to Ikutha TVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- 7) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 8) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of Ikutha TVC, making recommendations as appropriate to the Board of Governors and or its relevant Committees
- 9) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register
- 10) Oversees and monitors Ikutha TVC's joint work with the other stakeholders
- 11) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and or its relevant Committee
- 12) Leads all senior managers in motivating and developing Ikutha TVC staff to deliver the highest standards of performance and customer service.

4. Risk and Audit Committee Activities

i. Governance Initiatives: Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.

ii. Risk Management: Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.

iii. Internal Control Framework: Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

iv. Audit Activity: Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.

v. Follow up on Management Action Plans: The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

vi. Financial Statements and Public Accountability Reporting: The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Key Entity Information and Management (Continued)

(f) Entity Headquarters

P.O. Box 14-90207
Ikutha.
Along Kibwezi– Kitui Road,
Kenya.

(g) Entity Contacts

Telephone: + (254) 798002148
E-mail: ikuthatvc@gmail.com
Website: www.ikuthatvc.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Wote Branch,
P.O Box 265-90300
Makueni.

(i) Independent Auditors





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

(j) Principal Legal Adviser

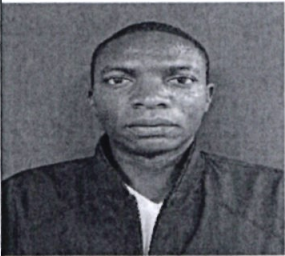




The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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3. The Board of Governors






Name	Title	Photograph	Date of Birth ,Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
1.Mr.Francis K.Muthoka	Chairman		Overall Management of the Board Activities.	Date of Birth -1958 Key Qualifications Holds a Masters in Business Administration. Work experience- 26years Christian Reformed Relief Committee & Ambassadors Development Agency (ADA)
2.Miriam S. Mwikali	Member		Member of audit & risk committee. Member of Academic, HR and general purpose.	Date of Birth -1987 Key Qualifications Holds bachelor of education Science (Mathematics/chemistry) Work experience – 13 years KNBS – 1 year Director of Rosewimu Agency and Rosewimu Works Ltd – 12 years
3.Joseph Makau	Member		Chairperson of the Academic and Human resources committee	Date of Birth -1959 Key Qualifications Bachelor of Education (Arts) Work experience – 40Years (Retired) CSO7 Years Principal11 years Teacher9years
4.Jonathan M. Kinyenze	Member		Member of Finance, Infrastructure and Resource Mobilization Committee	Date of Birth - Key Qualifications Master of Science in Commerce-Finance & Accounting Option, Work experience –22Years CEO-Stima Investment Co-operative Society Ltd – 6 years General Manager - Co-operative Bank Housing Society Ltd, Nairobi-6 years Finance Manager - Mhasibu SACCO, Nairobi. –6 years Senior Accountant - GA Insurance Co. K. Ltd, Nairobi –4 Years

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5. Isaac Odinga	Member		Member of Finance, Infrastructure and Resource Mobilization Committee	Date of Birth – 1991 Key Qualifications Master of Science in Renewable Energy Technology Work experience -10 Years Solar Technician at GreenLink EA Ltd- 2 years Davis & Shirliff Group- 8 years
6. Susan Kismwa	Member		Member of Finance, Infrastructure and Resource Mobilization Committee	Date of Birth – 1983 Key Qualifications Bachelor of Commerce, Accounting Work experience - 10years Senior Finance & Tax Manager
7. William Gateri	Member		Member of the audit and risk committee	Date of Birth – 1988 Key Qualifications Bachelor of Science in Information Technology Work experience – 6 years Asst. Head-Infrastructure (Reeforge)
8. Gichuru Mutulili	PS Representative		Provides advice and guidance on state department strategic goals, Mandate and policy direction/Implementation	Date of Birth -1966 Key Qualifications Holds a Masters in MBA(MIS), Bed(Arts)
9. Eric Muendo Kilonzo	Principal/Secretary B.O.G		In Charge of the overall management of the Institute	Date of Birth -1970 Qualifications Masters of Business Administration BCOM Work experience-30 years Principal 5 years, Deputy Principal ,3yearsDean7years,HOD10years Trainer5years

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4. Key Management Team

<p>1. Eric Muendo Kilonzo</p>	<p>Principal /Secretary B.O. G</p>		<p>Overall in Charge of Institute Affairs</p>	<p><u>Date of Birth</u>-1970 <u>Qualifications</u> Masters of Business Administration <u>Work experience-30 years</u> Principal 5 years Deputy Principal, 3 Years Dean 7 years, HOD 10 years Trainer 5 years</p>
<p>2. Catherine K. Velela</p>	<p>Deputy Principal Administration</p>		<p>Administration, developing and implementing strategic plan</p>	<p><u>Date of Birth</u>-1974 <u>Qualifications</u> Conti... Masters of curriculum Development Bed (Home Economics) <u>Work experience</u> Trainer (Head of section) 7 yrs Deputy principal 2 years</p>
<p>3. Mboya Kyalo</p>	<p>Deputy Principal Academics</p>		<p>Administration And curriculum implementation</p>	<p><u>Date of Birth</u>-1993 <u>Qualifications</u> Bachelor of Education – Mechanical Technology <u>Work experience</u> Trainer 6 years Deputy Principal 1 Year</p>
<p>4. Lawrence Njoroge Ndung'u</p>	<p>Ag. Registrar</p>		<p>Admission of students and examinations</p>	<p><u>Date of Birth</u>-1992 <u>Qualifications</u> BED Technology (Electrical & Electronics), <u>Work experience 8 years</u> Ag. Registrar 3 Years, HOD 5 Years, PC Coordinator/ Trainer 2 years</p>
<p>5. Joseph Mungai Kimani</p>	<p>Ag. Dean of Students</p>		<p>In charge of Students Welfare.</p>	<p><u>Date of Birth</u>-1990 <u>Qualifications</u> Bsc. Mechanical Engineering <u>Work experience</u> Dean of students 3 Years, Trainer 3 Years</p>

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5. Chairman's Statement

The office of the Chairperson of the Board of Governors of Ikutha Technical and Vocational College (ITVC) has been active during the year under review in managing the affairs of the College. The Board was inaugurated on 25/04/2025 and has been in office in the financial year. We reckon the existing challenges including the issues of inadequate learning facilities, lack of water, few trainers and training resources. Despite all this, the College was able to continue admitting students this year and training went on well. However, the enrolment is low due to lack of hostels among other challenges.

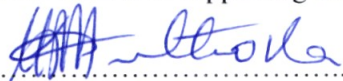
As a board, we have encouraged a change in the mind set of our people as we leveraged on the leaders to sensitize and educate our people to embrace the concept of technical and vocational training for our youth. The board has been and is committed to ensuring that the changing world around is sensitive to the needs of the future of our young men and women. We shall collaborate with a number of agencies in the public and private sector in our effort to grow the College. Particularly we have collaborated with the Kitui South Constituency NG-CDF on various academic and economic ventures. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every other partner willing to work with us.

Our mandate is to grow the student population through a number of strategies including effective outreach programs geared to popularize the College from within and around the County. During the year under review, the management has carried out an aggressive popularity campaign in Ikutha Sub-County and its environs.

Besides, we endeavour to continually put in place governance systems to ensure that we not only comply with the PFM Act of 2012 but also engage in prudent leadership practices that creates value for the College. Ikutha TVC has remained a good corporate citizen that meets its obligations for its staff and students as well as the national obligations.

The college registered remarkable development which is commensurate to its resources within one year since its inception. During the period under review, the college was able to realize its mandate with financial support of the Ministry of Education, State Department for Technical, Vocational Education and Training in form of grants and student capitation. As a result, the College has now been able to steer its progress through linkages, collaboration and partnerships. We continue to register an overall improvement in our performance due to enhanced resources, physical facilities and infrastructure.

I wish on behalf of the Board of Governors to thank the State Department for TVET, Ministry of Education, the CDF Kitui South Constituency and all other development partners for the support they continue to accord the College without which our achievements would not have been realized. Finally, I wish to appreciate the Board members and the management team for their efforts in supporting the realization of the College's mandate.



26/11/2025

Francis K. Muthoka

Chairman, Board of Governors.

6. Report of the Principal

Pursuant to Section 83 of the Public Finance Management Act, 2012, I take this opportunity to present the College's annual report and financial statements for the financial year ended 30 June 2025. The report focuses on the Institute's Strategic intent as enshrined in the TVET Act 2013 which includes: Improvement of physical facilities and infrastructure, curriculum development, and advancement of TVET programs by promoting research & innovation, partnership/ linkages and environmental management. Further, the College envisages strengthening its financial base through promotion of good governance and effective management.

The above strategic issues are part of broad initiatives undertaken by the institute's planning system in order to impart relevance to current the national TVET reforms. This defines the College's mandate aimed at enhancing quality, competitiveness, creativity and innovativeness in TVET sector. The report is premised on involvement on account of analysis of goals, strategic issues, strategic objectives and activities that the Ikutha TVC envisaged to pursue in the 2024/2025 Financial year. The mandate of the BOG among other things is to provide apex management towards achieving the institute mandate as per the TVET Act 2013.

In order to develop a college with excellence in teaching, training, entrepreneurship, research, consultancy, community service, among other educational services and products, Ikutha TVC envisages investing in all forms of curriculum development with emphasis on technology. The top management has embraced change by sensitizing the local populace to embrace the concept of technical and vocational training, particularly the youth. During the year under review, we commit to continue to collaborate with a number of agencies both public and private sector in our effort to grow the College. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every other development partner desiring to work with us.

During the year under review, there were serious challenges of resources since the institution missed the fourth quarter grant, little capitation disbursement per quarter and undisbursed government scholarships. The college has not been equipped with ICT` equipment by GOK since its inception. This prompted the management to spend some funds towards the purchase of computers.

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Challenges

The College emphasizes on the need for adequate staffing for the effective education in all departments. Most of the departments do not have sufficient staff to handle the trainees. Shortage of trainers is therefore one of the challenges facing the College. In order to alleviate the shortage, the College has been hiring BOG staff to teach the trainees, whose remuneration originates from the institution resources. During the 2024/2025 financial year, the Institute maintained 17 trainers under BOG contract but the number is likely to increase due to our increased programs.

Continuous dynamics in the ICT sector is inevitable where both upgrade and updates of website are a priority.

Lack of training equipment has been a serious challenge where the college cannot roll out new technical programs.

Water has been a challenge since there is no water source. Plans to harvest more rain water during the year under review were in place, but due to shortage of resources, they were not actualized.


PRINCIPAL
IKUTHA TECHNICAL & VOCATIONAL COLLEGE
P. O. Box 14 - 90207,
IKUTHA

Eric Muendo Kilonzo

Principal/Secretary BOG

26/11/25

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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. Ikutha Technical and Vocational College has Seven (7) strategic pillars /issues/ themes and objectives within current Strategic Plan for the Financial Year 2024/2025.

Ikutha Technical and Vocational College develops its annual work plans based on the above Seven pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the Financial year 2024/2025 for its seven strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar/ Theme /1.	Physical infrastructure, facilities and environment	To develop/improve infrastructure, facilities and environment.	-Automotive and electrical workshops constructed. -2 computer labs constructed. -play field leveled -burglar proof doors installed. -CCTV cameras installed. -staff latrine constructed. - -bore hole drilled. - -generator house constructed	- constructing electrical and automotive workshops. -co computer labs- -leveling the play field. -installing burglar proof doors. -installing CCTV cameras. - drilling a bore hole -constructing a generator house	-workshops constructed. - computer lab equipped -generator house constructed
Pillar/Theme 2.	ICT integration	To acquire and use modern ICT systems in training and service delivery.	-ICT policy developed. -internet connected. - 40 computers, 3 printers, 5 projectors procured. -CCTV cameras installed	-developing ICT policy. -connecting internet -procuring computers and accessories and MIS software.	Internet was installed, -Printer was acquired -ICT Policy developed
Pillar/Theme 3	Linkages with other institutions/organizations	To establish strong and working links with international, national, county government and NGO organizations.	Established partnerships, collaborations and other linkages with organizations inter industry and across industries.	Establish exchange programs. -design and develop MOUs with other institutions	- acquired KATI membership.
Pillar/Theme 4	Research and Development.	To promote research and development.	-research resources required. -Report on research skills.	Allocate funds to research. -strengthen the research unit.	Plans are underway to initiate these necessary actions towards this.

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			<ul style="list-style-type: none"> -report on TNA -implemented research recommendations. -list of training participants. -new research facilities. -implemented findings 	<ul style="list-style-type: none"> -undertake training needs assessment -train staff in proposal writing and data analysis. -circulate proposal for possible funding 	
Pillar/Theme 5	Marketing the colleges and its programs.	To market the college and its programs.	<ul style="list-style-type: none"> -detailed marketing Strategic initiative based on a well thought strategic plan. Completed marketing and publicity campaigns. -completed media advertisements. -printing and circulation of advertisement materials. -executed below the line marketing activities. 	<ul style="list-style-type: none"> Developing a marketing strategic plan. -executing the marketing plan. Recruiting a marketing officer and a team. Developing the marketing activity plans. Preparing materials for media marketing. - 	Marketing activities undertaken.
Pillar/Theme 6	Create conducive working environment	To create a conducive working and learning environment	<ul style="list-style-type: none"> -reward scheme in place -staff trips -students tours -awareness creation. -conduct TNA and arrange training workshops/seminars. 	<ul style="list-style-type: none"> -document a fair reward scheme. -plan & hold staff trips & tours. -continuous T&D to build capacity in performance of duties and in management and leadership. 	Plans underway to have these in place. Already management trainings have been undertaken.
Pillar/Theme 7	Resource mobilization	-To strengthen the financial and other resources status of the college.	<ul style="list-style-type: none"> -a food and beverage Restaurant constructed -a driving school established as per the NTSA regulations. -disposal of idle assets. 	<ul style="list-style-type: none"> -a food and beverage Restaurant constructed -a driving school established as per the NTSA regulations. -disposal of idle assets. 	Plans are underway to implement these strategies in the forthcoming financial years as funds become available.

8. Corporate Governance Statement

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

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following recommendations from the B.O.G nominating committee. The Board consists of nine members. The Board of Governors for Ikutha Technical and Vocational College serves for three years. The Board may set up sub-committees and assign them responsibilities as it may deem fit.

As stipulated by the Ministry of Education through the TVET Act (January, 2013), responsibilities of the Board of Governors include recruitment of support staff, overseeing financial management, upholding of staff and student discipline, maintenance of infrastructure other assets, and sourcing for finances.

ii. Major roles and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include—

- a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and other written law;
- c) Administering and managing the property of the institution;
- d) Developing and implementing the institutions' strategic plan;
- e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 8552013 Technical and Vocational Education and Training No. 29
- h) Mobilizing resources for the institutions;

Developing and reviewing programs for training and to make representations there onto the Board.

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- i) Regulating the admission and exclusion of students from the institutions, subject to qualifications framework and the provisions of this Act; Approving collaboration or association with other institutions and industries in and outside Kenya.
- j) Recruiting and appointing trainers from among qualified professionals and practicing trade's persons in relevant sectors of industry;
- k) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- l) Making regulations governing organization, conduct and discipline of the staff and students;
- m) Preparing comprehensive annual reports on all areas of the irmandate, including education and training services and submits the same to the ministry
- n) Providing for the welfare of the students and staff of the institutions;
- o) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- p) Discharging all other functions conferred upon it by this Actor any other written law.

iii. Board of Governors Allowances

The College pays allowances to board members to cater for their transport and sitting allowances.

iv. Meetings

- a. Full Board Meetings-are held once every term, but if there is an urgent need, a meeting can be convened.
- b. Board Committee Meetings, or working committees are held once every term

During the year under review, the board held four board meetings whose attendance was by the majority of the board members. Being the first board since inception of the College, evaluation of its performance has not been done and plans are underway to initiate the development of a succession plan and a charter. The board was inaugurated in April 2024.

9. Management Discussion and Analysis

i. Financial Performance

The entity operates on fees received from students, government grants and capitation/scholarships. In the FY 2024/2025, the College targeted to raise A.I.A (Appropriation in Aid) of Ksh. 19,463,420. At the end of the year, the Institution had collected A.I.A amounting to Ksh. 15,302,821. The institution had pending bills by the close of the financial year 2024/2025. During the 2024/2025 financial year, the College undertook activities relating to:

1. Purchase of training materials
2. Purchase of Furniture
3. TVET Greening
4. Construction of Gate

ii. College's compliance with statutory requirements

The institute has undertaken to comply with various statutory requirements; e.g., deduction and remittance of Housing Levy Tax, N.H.I.F/SHIF and N.S.S.F within the financial year under review.

iii. Major risks facing the entity

Student's uncertainty on their sustainability in college-, in adequate training materials, lack of fence and exposing the entity to risk of theft, lack of equipment, being occasioned by delayed disbursements of G.O.K Capitation/Scholarships.

iv. Material arrears in statutory/financial obligations

At end of the financial year, there were outstanding debts owing to lack of adequate funds to settle the bills while ensuring continuity in college operations.

10. Environmental and Sustainability Reporting Statement

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

1) Sustainability strategy and profile

Ikutha Technical and Vocational College is strategically placed along Kibwezi- Kitui road near Ikutha market in Kitui County. The Technical and Vocational Training Sub-sector, despite being a major producer of self & formal employment opportunities, has not been able to perform as anticipated due to a number of reasons.

In order to address the above anomaly, the College wishes to put diverse efforts in place to make sure the College performs as mandated. One such effort is to develop a Sustainability Growth Plan (SGP). The main aim of the intervention is to map out a sustainable growth plan to increase access to diverse training opportunities and increase trainees' enrolment and retention to a realistic number of 600 by the end of 2026.

2) Environmental performance

• Land Issue

The College has 10 acres of land which is not sufficient enough for any meaningful growth to cater for expansion and future development. The entity is committed to pursue with the County Government to allocate more funds to purchase extra land within the surrounding to pave way for future expansion.

• Water

The entity is predominantly in an arid zone. In order to solve the problem of water shortage in the College, the entity resolved to collect all the rain water and increase water tanks from 1-10; including rehabilitating the ground water tank, which was initially used by the contractor to store water for cleaning and watering plants.

3) Employee welfare

The entity is in a process of coming up with a Human Resource Management policy which will guide the hiring process, procedures, regulations and other administrative procedures relating to hiring of human resources. The Board of Governors (BOG) continues to hire the

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

services of non-teaching staff on contractual basis according to the College's needs and ability to pay salaries. Over the one year, the BOG staffs have continued to suffer poor remuneration due to inadequate resources. With the realization of the high cost of living, the Board is unable to review their salaries due to meagre resources. However, the Board has maintained salaries that are affordable considering the low fees paid by parents. Specifically, the policy manual on progress intends to:-

- Ensure an adherence to the Constitution as the supreme reference document and other government regulations.
- Ensure a common understanding by Ikutha Technical and Vocational College's Staff of stipulated standards and procedures in monitoring their performance for continued improvement.
- Achieve optimum utilization of staff skills and talents, in enhancing career development.
- Create a conducive working environment, positive relations, parity treatment of all cadres of staff and work life balance

4) Market place practices-

- a) We build trust with all stakeholders by ensuring that ethical decision-making guides responsible procurement of day-to-day necessities. The College will be advertising its annual tenders every two years through College website, social media platform, etc, and ensures that the tendering process is openly and fairly to select the best suitable vendors. Staffs are guided by the code of conduct and procurement ethics thus ensures no unwanted information lands to unintended users. Our clients are free to make inquiries and seek clarifications when need arises.
- b) The College conducts due diligence on the vendors it engages with to avert the high risk of transacting with blacklisted companies. The College has great record in managing good supplier relation. We give timely orders to avoid unnecessary rush and panic buying which brings about misunderstanding.
- c) Once deliveries are made, the payment process starts. Payment is done on the stipulated times in our service charter. Our suppliers are accorded professional service to ease operations. There are regular meetings held to do supplier evaluation to ensure the best is achieved and incise of any challenges they are ironed out.

- d) The College applies ethical marketing in relation to standard of fairness or moral rights to its best interests besides ensure good publicity with clients, and occasional adverts in posters and radios.

5) Corporate Social Responsibility /Community Engagements

Ikutha Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

(i) Community Engagements

The institution undertook a stakeholder mapping and analysis, and held consultations with Key Stakeholders (Strategic Partners) in the Constituency. From the survey in the Constituency, there was indication that most of the youths associate themselves in the following activities/occupations.

- a) Transport sector.g., Bodaboda, touts
- b) Small businesses.g.,Retail,M-pesa,saloons,
- c) Agribusiness–farming of Mangoes,oranges and chicken rearing
- d) Performing arts and theatre.

From the above findings, the entity undertakes to corroborate with community under the following areas of skills upgrading and offer training to the youths on various areas of need based on skills gaped targeted outcome for varying youth groups.

- i) Hairdressing and beauty therapy.
- ii) Entrepreneurial skills.
- iii) Employability and life skills.
- iv) First aid short course for truck drivers

(ii) The Corporate Social Responsibility activities

During the year under review, the entity sought further on the areas requiring intervention through CSR approach. The entity established and empowered the Guidance and Counseling department to seek to help the community on the following areas;

- a) Youth in drug and substance abuse – Muguka, alcohol and other substances
- b) Young mothers – how to focus on empowering young mothers in economic activities.
- c) Youth in HIV and AIDs.
- d) Those in need for mentorship programs and career choice.

11. Report of the Board of Governors

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

Principal activities

The core activities carried out by the institution relate to training, innovation and research in business and technical skills

Results

The results of the entity for the year ended June 30 are set out on page 1-8


Board of Governors

The members of the Board who served during the year are shown on page ix-x. During the year no director retired/ resigned and no one was appointed.

Auditors

The Auditor General is responsible for the statutory audit of Ikutha Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and has not nominated any other Certified Public Accountants to carry out the audit of the College for the year ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....
Secretary of the Board
Ikutha TVC
Date: 26/11/25

PRINCIPAL
IKUTHA TECHNICAL & VOCATIONAL COLLEGE
P. O. Box 14 - 90207,
IKUTHA

12. Statement of Board of Governor 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 Ikutha TVC, which give a true and fair view of the state of affairs of Ikutha TVC at the end of the financial year and the operating results of Ikutha TVC for that year. The Board members are also required to ensure that Ikutha TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Ikutha TVC. The Board members are responsible for safeguarding the assets of Ikutha TVC.

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

The Board members accept responsibility for Ikutha TVC'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 Ikutha TVC's financial statements give a true and fair view of the state of Ikutha TVC's transactions during the financial year ended June 30, 2025, and of Ikutha TVC's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Ikutha TVC, which have been relied upon in the preparation of Ikutha TVC'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 Ikutha TVC 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 Ikutha TVC's financial statements were approved by the Board on 26/11/2025 and signed on its behalf by:


.....

Name: Francis K. Muthoka

Chairperson of the Board


.....
PRINCIPAL
IKUTHA TECHNICAL & VOCATIONAL COLLEGE
P. O. Box 14 - 90207,
IKUTHA

Name: Eric Muendo K. IKUTHA

Principal

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON IKUTHA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ikutha Technical and Vocational College set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The statement of cash flows and as disclosed in Note 21 to the financial statements reflect net cash flows from operating activities of Kshs.1,905,824 having factored in an increase in receivables of Kshs.15,138,415. However, the statement of financial position reflects increase in receivables of Kshs.14,232,705 resulting in unexplained variance of Kshs.905,710.

In the circumstances, the accuracy of the statement of cashflows could not be confirmed.

2. Unconfirmed Property, Plant and Equipment

The statement of financial position and as disclosed in Note 17 to the financial statements reflect property, plant and equipment balance of Kshs.200,460,351. However, there was no depreciation charged during the year under review contrary to the College's Finance Policy Manual which outlines depreciation methods and rates applicable to various classes of assets. In addition, the assets register does not reflect any depreciation. Further, the assets had not been tagged making it difficult to verify their details in the register against their physical existence.

In the circumstances, the accuracy, existence, completeness and disclosure of property, plant and equipment balance of Kshs.200,460,351 could not be confirmed.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.24,463,420 and Kshs.15,302,821 respectively resulting to under-funding of Kshs.9,160,579 or approximately 37% of the budget. Similarly, the College expended Kshs.13,587,840 against actual revenue of Kshs.15,302,821 resulting to under-absorption of Kshs.1,714,981 or approximately 11% of actual receipts.

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

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

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Gaps in Procurement Planning and Reporting

Review of documents in respect to procurement planning process revealed the following gaps:

- i. Management did not provide evidence of having prepared and submitted monthly progress reports of all procurement contracts to the Accounting Officer as required by Section 152 of the Public Procurement and Assets Disposal Act, 2015.
- ii. There was no evidence of preparation of quarterly reports on the implementation of the Annual Procurement Plan and submission to the Accounting Officer as required by Regulation 40(6) of the Public Procurement and Assets Disposal Regulations, 2020.
- iii. There was no evidence to confirm that preparation of the Annual Procurement Plan was preceded by undertaking a market survey as required by Regulation 71(3) of the Public Procurement and Assets Disposal Regulations, 2020.
- iv. The Procurement Plan did not indicate the percentage of procurement opportunities reserved for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups as required under Section 53(6) of the Public Procurement and Assets Disposal Act, 2015.
- v. The Annual Procurement Plan was not prepared in accordance with the required format as set out in the Third Schedule of the Public Procurement and Assets Disposal Regulations, 2020 as quantities were not expressed in universally acceptable terms and planned dates against execution dates for procurement activities such as tender advertisement, evaluation, and notification of award and actual award, date of contract signing and others were not indicated.

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 plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Establish Internal Audit Department

During the year under review, the College did not have an internal audit unit contrary to Section 155(1) of the Public Finance Management Act, 2012 which states that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 controls, risk management and governance.

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

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

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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	5,059,485	4,862,041
Total venue from Non-Exchange transactions		5,059,485	4,862,041
Revenue from Exchange transactions			
Rendering of services- fees from students	7	25,378,900	8,232,624
Other Income	8	4,000	
Revenue from Exchange transactions		25,382,900	8,232,624
Total Revenue		30,442,385	13,094,665
Expenses			
Use of goods and services	9	11,125,294	6,801,280
Employee costs	10	4,415,092	3,254,034
Board Expenses	11	180,805	626,110
Repairs and maintenance	12	74,005	263,900
Finance costs	13	11,149	6,754
Total Expenses		15,806,345	10,952,078
Other Gains/(Losses)			
Net surplus/ Deficit for the year		14,636,040	2,142,587

(The notes set out on pages 8 to 35 form an integral part of the Annual Financial Statements).

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




Chairman of Board

Date 26/11/2025



Principal

Date 26/11/2025



Finance Officer

ICPAK No

Date 26/11/2025

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

15. Statement of Financial Positions as At 30th June 2025

Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	1,192,372	309,159
Current portion of receivables from exchange transactions	15	18,580,042	4,847,337
Receivables from non-exchange transactions	16	1,000,000	500,000
Total Current Assets		20,772,414	5,656,496
Non-Current Assets			
Property, plant, and equipment	17	200,460,351	198,543,179
Intangible assets	18	90,700	90,700
Total Non-Current Assets		200,551,051	198,633,879
Total Assets		221,323,465	204,290,375
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	4,776,552	2,379,502
Total Current Liabilities		4,776,552	2,379,502
Non-Current Liabilities			
Total Liabilities		4,776,552	2,379,502
Net Assets		216,546,913	201,910,873
Accumulated Surplus		18,337,209	3,701,169
Capital Fund		198,209,704	198,209,704
Total Net Assets and Liabilities		216,546,913	201,910,873

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

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



Chairman of Board

Date 26/11/2025



Finance Officer

ICPAK No

Date 26/11/2025



Principal

Date 26/11/2025

16. Statement of Changes in Net Asset for the Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	000	1,558,582	198,209,704	199,768,286
Surplus/(deficit) for the year	-	2,142,587	-	2,142,587
At June 30, 2024	000	3,701,169	198,209,704	201,910,873
At July 1, 2024	000	3,701,169	198,209,704	201,910,873
Surplus/(deficit) for the year	-	14,636,040	-	14,636,040
At June 30, 2025	000	18,337,209	198,209,704	216,546,913

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

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

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

Description		2024-2025	2023-2024
	Note	Ksh	Ksh
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	4,559,485	4,862,041
Rendering of services- fees from students	7	10,739,336	5,359,507
Miscellaneous income	8	4,000	000
Total Receipts		15,302,821	10,221,548
Payments			
Use of goods and services	9	8,721,771	5,709,901
Employee costs	10	4,415,092	3,394,119
Board Expenses	11	180,805	519,710
Repairs and maintenance	12	68,180	263,900
Finance costs/bank charges	13	11,149	6,754
Total Payments		13,396,997	9,894,384
Net Cash Flows from operating activities	21	1,905,824	327,164
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	17	(1,022,610)	(427,965)
Net cash flows used in investing activities		(1,022,610)	(427,965)
Cash flows from financing activities			
Increase in Payables		000	000
Increase in receivables		(000)	(000)
Net cash flows used in financing activities		(000)	(000)
Net Increase/(Decrease)in Cash and Cash equivalents		883,214	(100,801)
Cash and Cash equivalents at 1 JULY 2024	14	309,158	409,960
Cash and Cash equivalents at 30 JUNE 2025	14	1,192,372	309,158

(PSASB has prescribed the direct method of cash flow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting)

18. 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	Ksh	Ksh	Ksh	Ksh	Ksh	%
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
Transfers from other National Government entities	5,322,150	000	5,322,150	4,559,485	(762,665)	86%
Rendering of services- fees from students	14,141,270	000	14,141,270	10,739,336	(3,401,914)	78%
Development funding from GOK	5,000,000	000	5,000,000	000	(5,000,000)	0%
Other Income	000	000	000	4,000	4,000	100%
Total Income	24,463,420	000	24,463,420	15,302,821	(9,160,579)	63%
Expenses						
Use of goods and services	13,671,420	-	13,671,420	8,721,771	(4,949,649)	64%
Employee costs	4,332,000	(000)	4,332,000	4,415,092	83,092	102%
Board Expenses	750,000	000	750,000	180,805	(569,195)	24%
Repairs and maintenance	500,000	(000)	500,000	68,180	(431,820)	14%
Finance costs/bank charges	10,000	(000)	10,000	11,149	1,149	111%
Development Expenditure	5,200,000	(000)	5,200,000	190,843	(5,009,157)	4%
Total Expenditure	24,463,420	(000)	24,463,420	13,587,840	(10,875,330)	56%
Surplus/Deficit For the Period	000	000	000	1,714,981		

Budget notes

Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

- i) The amount collected from transfers from other Government entities was below the expected amount since Grants for 3rd and 4th Quarter was not disbursed and Government Capitation / Scholarship was not fully disbursed hence the shortfall.
- ii) Fees collected from students were low due to undisbursed student HELB Loans/upkeep loans which most of the students rely on to pay their fees.
- iii) GOK Development Grant of Ksh. 5,000,000 was not disbursed; only Ksh. 190,843 was spent on development using internally generated revenue hence the variance...
- iv) Use of Goods & Services was lower than budget due to low income collections limiting spending ability.

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- v) Only a few board sittings occurred during the FY 2024-2025, resulting in low spending compared to the budget.
- vi). Repairs and Maintenance was under-spent due to inadequate income to support the budgeted activities.
- Vii). Finance Costs exceeded budget due to higher transaction fees experienced during the year under review.

Budget Reconciliation

	Description of Particulars	Amount in Ksh
	Actual Surplus Amounts as per the statement of Budget	1,714,981
1	Reason for difference (Less: Non-Cash Items included in the Surplus (PPE)	(831,767)
2	Reason for differences (Add: Cash Movements not affecting Surplus (Opening cash & cash equivalent balance)	309,158
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,192,372

19. Notes to the Financial Statements

1. General Information

Ikutha TVC is established by and derives its authority and accountability from TVET Act 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is to offer transformative training for the production of competent and competitive graduates who can visualize and achieve excellence in the current dynamic and global community.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on accrual 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 Ikutha TVC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed below every note.

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

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.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. (These amendments do not impact on financial statements)
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. (These amendments do not impact on financial statements)
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. (These amendments do not impact on financial statements)
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

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	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value. (These amendments do not impact on financial statements)</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. (These amendments do not impact on financial statements)</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. (These amendments do not impact on financial statements)</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. (These amendments do not impact on financial statements)</p>

iii. Early adoption of standards

Ikutha TVC did not early-adopt any new or amended standards in year 2024.

Notes to the Financial Statements (Continued)

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.

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on 21-06-2024. 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. Accordingly, the entity did not record additional appropriations on the FY 2024/2025 budget following the Board's approval.

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 actual as per the statement of financial performance has been presented under page 7 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per the First schedule of the Income Tax Act.

Sales tax/ Value Added Tax

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

- When the 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.

Notes to the Financial Statements (Continued)

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 000years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social 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.

m) Nature and purpose of reserves

Ikutha TVC does not create and maintain reserves in terms of specific requirements

n) 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.

o) 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.

p) Foreign currency transactions

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

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

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

(There were no provisions for the period).

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2024-2025	2023-2024
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	1,837,852	1,719,828
Government Scholarships	1,222,150	1,142,213
Operational Grant	1,999,483	2,000,000
Total unconditional Grants	5,059,485	4,862,041
Total Government Grants and Subsidies	5,059,485	4,862,041

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	5,059,485	000	000	5,059,485	4,862,041
Total	5,059,485	000	000	5,059,485	4,862,041

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)

The details of the reconciliation have been included under appendix xxx

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Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Tuition Fees	25,378,900	8,232,624
Total Revenue from The Rendering of Services	25,378,900	8,232,624

(The amount stated was realized from services rendered)

8. Miscellaneous Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Miscellaneous income (Tender Income)	4,000	000
Total Revenue from The Rendering of Services	4,000	000

(The amount stated was realized from services rendered)

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Notes to the Financial Statements (Continued)

9. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Teaching and learning materials	1,034,937	407,380
Industrial attachment costs/Medical	221,979	97,826
Electricity& Water	151,500	108,000
Professional and consultancy services	41,000	10,000
Student council &Performance Contracting	210,300	252,800
Advertising/ Marketing	393,030	289,910
Examination fees/materials	2,395,630	1,230,140
Educational Trips	95,700	000
Travelling and accommodation	910,082	729,290
Administration/External examination Admin expenses	572,102	362,026
Licenses and permits	227,548	-
Telephone/Postage/Internet	419,354	229,120
Printing and stationery	1,615,962	1,244,941
Cleaning Expenses	57,350	63,224
Activity /Skills Development/Games/Trade Fairs	551,335	303,430
Subscription to Statutory organizations (KATTI & others)	257,000	147,043
Management/Staff training expenses	1,274,965	794,300
Vehicle Running Expenses	521,020	303,490
TVET Greening	900	31,160
MIS Subscription	173,600	197,200
Total good and services	11,125,294	6,801,280

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Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	3,982,026	2,926,511
Housing Levy Tax	120,914	84,763
Social contributions	312,152	242,760
Employee Costs	4,415,092	3,254,034

11. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Directors Emoluments	175,805	626,110
Chairman's Honoraria	5000	000
Total	180,805	626,110

12. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property	56,025	239,300
Equipment and machinery	000	1700
Vehicles	000	000
Furniture and fittings	11,480	19900
Computers and accessories	6,500	3,000
Total Repairs and Maintenance	74,005	263,900

13. Finance Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank Charges	11,149	6754
Total Finance Costs	11,149	6754

*(*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.*

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

Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	1,191,604	309,158
Others (Specify) Cash at hand	768	000
Total Cash and Cash Equivalents	1,192,372	309,158

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1280848103	1,191,604	309,158
Sub- Total		1,191,604	309,158
Cash in Hand		768	000
Sub- Total		768	000
Grand Total		1,192,372	309,158

15. Receivables from Exchange transactions

15(a) Current Receivables from Exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Student Debtors	18,580,042	4,847,337
Total Current Receivables	18,580,042	4,847,337

Notes to the Financial Statements (Continued)

15(b) ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	17,164,621	92%	4,678,623	97%
Between 1- 2 years	1,415,421	8%	168,714	3%
Total (a+b)	18,580,042	100%	4,847,337	100%

16. Receivables from Non-Exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Other Debtors(Operational grant)	1,000,000	500,000
Total Current Receivables	1,000,000	500,000

*(*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).*

16 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	1,000,000	100%	500,000	100%
Total	1,000,000	100%	500,000	100%

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

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	300,000	60,207,958	000	3,638,030	932,100	133,407,126	000	198,485,214
Additions	000	000	000	38,170	000	19,795	000	57,965
At 30th June 2024	300,000	60,207,958	000	3,676,200	932,100	133,426,921	000	198,543,179
Additions	000	000	000	781,150	000	923,929	212,093	1,917,172
At 30th June 2025	300,000	60,207,958	000	4,457,350	932,100	134,350,850	212,093	200,460,351
Depreciation And Impairment								
At 1 July 2023	-	(000)	(000)	(000)	(000)	-	(000)	(000)
Depreciation	-	(000)	(000)	(000)	(000)	-	(000)	(000)
At 30 June 2024		000	000	000	000	000	000	000
Depreciation	-	(000)	(000)	-	(000)	(000)	(000)	(000)
At 30th June 2025	-	000	000	000	000	000	000	000
Net Book Values								
At 30th June 2024	300,000	60,207,958	000	3,676,200	932,100	133,426,921	000	198,543,179
At 30th June 2025	300,000	60,207,958	000	4,457,350	932,100	134,350,850	212,093	200,460,351

[Work in progress represents the ongoing construction of the institution's main gate, which had not been completed as at 30th June 2025. The related costs have been capitalised under capital work in progress pending completion and subsequent transfer to the appropriate asset category.]

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

Notes to the Financial Statements (Continued)

Valuation

Land and buildings were not yet valued as to date. Therefore, there is no any accumulated depreciation, thus, the value remains at cost.

17 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	300,000	000	300,000
Buildings	60,207,958	000	60,207,958
Computers and Related Equipment	932,100	000	932,100
Office Equipment, Furniture, And Fittings	139,020,293	000	139,020,293
Total	200,460,351	000	200,460,351

18. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	90,700	80,700
Additions	000	10,000
At end of the year	90,700	90,700
Amortization and impairment		
NBV	90,700	90,700

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

Notes to the Financial Statements (Continued)

19. Trade and Other Payables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	3,303,910		1,197,779	
Fees paid in advance	1,472,642		1,181,723	
Total Trade and Other Payables	4,776,552		2,379,502	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	4,439,737	93%	2,379,502	100%
1-2 Years	336,815	7%	000	000
Total (to tie to totals above)	4,776,552	100%	2,379,502	100%

Retirement benefit Asset/ Liability

The entity does not operate a defined benefit scheme for all full-time employees from July1, 2024.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS39 was not carried out as at 30th June 2025.No assumptions were made in the year.

Recognition of Retirement Benefit Asset/ Liability

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 480 per employee per month. Other than NSSF the entity does not have another defined contribution scheme. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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

Notes to the Financial Statements (Continued)

20. Payments received in advance.

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Fees received in advance	1,472,642		1,181,723	
Total	1,472,642		1,181,723	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	1,135,827	77%	1,181,723	100%
1-2 Years	336,815	23%	000	0%
Total	1,472,642	100%	1,181,723	100%

21. Cash generated from operations.

Surplus for the year before tax	2024-2025	2023-2024
	Kshs	Kshs
Adjusted for:	14,636,040	327,164
Depreciation	000	000
Non-Cash grants received	(000)	(000)
Contributed assets	(000)	(000)
Impairment	000	000
Gains and Losses on Disposal of Assets	(000)	(000)
Contribution to provisions	000	000
Contribution to impairment allowance	000	000
Finance Income	(000)	(000)
Finance Cost	11,149	000
Working Capital Adjustments		
Increase in Inventory	(000)	(000)
Increase in Receivables	(15,138,415)	(000)
Increase in Deferred Income	000	000
Increase in Payables	2,106,131	000
Increase in Payments received in advance	290,919	000
Net Cash Flow from Operating Activities	1,905,824	327,164

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

22. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Notes to the Financial Statements (Continued)

Financial risk management (continued)

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

The entity has significant concentration of credit risk on amounts due.

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.

Description	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	696,224	1,020,560	662,718	2,379,502
Total	696,224	1,020,560	662,718	2,379,502
At 30 June 2025				
Trade Payables	176,630	2,999,840	1,600,082	4,776,552
Total	176,630	2,999,840	1,600,082	4,776,552

Notes to the Financial Statements (Continued)

Financial risk management (continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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.

Financial risk management (continued)

Foreign currency sensitivity analysis

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has not been performed on the basis that the entity has no borrowed in the year under review and there were no noticeable interest rates movements on the entity's bank deposits.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

23. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

24. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

Notes to the Financial Statements (Continued)

25. Events After The Reporting Period

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

26. Ultimate And Holding Entity

Ikutha Technical and Vocational College is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

27. Currency

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

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Lack of a general ledger	Management to rewrite accounting books in complete double entry and post in relevant ledger	Not Resolved	Waiting PIC
2	Unsupported transfers from the National Government	The Management should Provide appropriate support documents for audit to confirm accuracy of the receipts	Not Resolved	Waiting PIC
3	Rendering of services-fees from students-unsupported	The management should amend the statements to conform with the accurate figure derived from the updated students' fees register.	Not Resolved	Waiting PIC
4	Misclassification of use of goods and services expenditure	The management should amend the statements	Not Resolved	Waiting PIC
5	Unsupported travelling and accommodation expenses	Correct lapses arising from poor document handling and processing. Provided for support of vouchers	Not Resolved	Waiting PIC
6	Employee costs-not supported by payroll and had variances	Management to Reconstruct accounts and amended the financial statements	Not Resolved	Waiting PIC

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7	Cash and cash equivalents-lacked board of survey reports and certificates	Management should review cashbook and generate bank reconciliations	Not Resolved	Waiting PIC
8	Property, plant and equipment- could not confirm accuracy, completeness and ownership	Management to Initiate the process of acquiring title of ownership and mend the financial statements to reflect the correct position- prepare an asset register	Not Resolved	Waiting PIC
9	Unconfirmed capital fund-could not confirm accuracy and completeness	The management to amend the report to correct the figure of the capital Fund	Not Resolved	Waiting PIC
10	Statement of cash flows- could not confirm accuracy and completeness	Management to amend the report to correct previous inaccuracies through a comprehensive review of accounts	Not Resolved	Waiting PIC
1	Non-compliance to PSASB reporting template	Management to amend the report to ensure compliance	Not Resolved	Waiting PIC
2	Irregular procurement of assets	The College lacked capacity to streamline operations in procurement because it was newly established.	Not Resolved	Waiting PIC
3	Lack of an approved procurement plan	Management struggles to establish financial and human resources capacity to ensure the procurement systems are in place. Develop a procurement plan	Not Resolved	Waiting PIC

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Lack of a list of registered suppliers	As a newly established College, we operated with the list of suppliers from the mentor institute who could not credit rate us for supplies. We are in the process of putting the necessary procurement systems in place.	Not Resolved	Waiting PIC
1	Unsupported Employee Costs	The Management should put measures in place to ensure all staff salaries are processed through duly approved payrolls system.	Not Resolved	Waiting PIC
2	Unconfirmed Property, Plant and Equipment Balance.	<ul style="list-style-type: none"> Management should provide documents in support of buildings. 	Not Resolved	Waiting PIC
		<ul style="list-style-type: none"> The values for donated assets should be included in the property, plant and equipment balance. 	Not Resolved	Waiting PIC
		<ul style="list-style-type: none"> The Management should acquire ownership documents for the college land. 	Not Resolved	Waiting PIC

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> Management should take prompt action and table before the Board of Governors the Finance procedure policy manual for approval and operationalisation. 	Not Resolved	Waiting PIC
3.	Unaccrued Operational Grants	The management should recognize the accrued in the statement of financial performance	Not Resolved	Waiting PIC
4.	Unsupported use of low value procurement method	Management should ensure compliance with the requirements of the procurement law.	Not Resolved	Waiting PIC
1	Budgetary control and performance	The Management should endeavor to achieve the budget targets.	Not Resolved	Waiting PIC
1	Late submission of financial statements.	The management should strictly adhere to the provisions of Section 81 (1)&(4) of the Public Finance Management Act, 2012 and explain why the financial statements were not submitted by the stipulated deadline.	Not Resolved	Waiting PIC

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Flawed Procurement Process.	The College management should ensure compliance with the Public Procurement and Asset Disposal Act 2015 and explain the anomalies noted.	Not Resolved	Waiting PIC
1	Lack of Audit Committee and Internal Audit Functions	The Management should have measures to establish Internal Audit Function and Audit committee	Not Resolved	FY2025/2026
2	Lack of Procurement Function and Procurement Professionals.	The Management should have measures to establish and operationalize a procurement function.	Not Resolved	Waiting PIC
3.	Poor Asset management	The Management should have control and preventive measures to eliminate risk of loss of assets.	Not Resolved	FY 2025/2026
1	Unsupported Property, Plant and Equipment balance	The carrying amount of assets should adhere to the provisions of IPSAS 17 Property, Plant and Equipment on depreciation	Not Resolved	FY 2025/2026
2.	Unsupported Receivables from Exchange Transactions	The Management should amend the Financial statements to be in full compliance with the public Sector Accounting Standards Board(PSASB) Template	Not Resolved	Waiting PIC

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	Unsupported Revenue from Exchange Transactions	Management should recognize revenues on accrual basis and amend the Financial statements	Not Resolved	Waiting PIC
	Late Remittance of NSSF Contribution	All contributions to NSSF should be made within the dates prescribed under the NSSF Act	Not Resolved	Waiting PIC
1	Lack of internal Audit function and Audit committee	The board should ensure an audit committee is in place and have its terms of reference(TOR) documented in the board charter	Not Resolved	FY 2025/2026
2.	Lack of Segregation of duties	The management should ensure existence of an effective system of segregation of duties	Not Resolved	Waiting PIC
3.	Lack of an approved Risk Management policy	The college should have an approved risk management framework for implementation to manage risks that the college faces	Not Resolved	Waiting PIC
1	Unconfirmed Property, Plant and Equipment Balance.	The Management should urgently Pursue the Title Deed for the Land, establish and document the bases of measurement, depreciation Methods, useful lives, and depreciation Rates, implement a comprehensive asset tagging and verification system and obtain adequate insurance cover for Property, Plant, and Equipment	Not Resolved	FY 2025/2026

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Long Outstanding Student Debtors	The Management should develop and Implement a Comprehensive Debts Management Policy, Immediately Investigate and attempt recovery of Long-Outstanding Debtor	Not Resolved	FY 2025/2026
3	Unsupported Use of Goods and Services	The Management should comply with the procurement law	Not Resolved	Waiting PIC
	Budgetary Control and performance	Management should put effective measures that will improve debt collection.	Not Resolved	Waiting PIC
	Irregular Implementation of ERP Software modules/ contract	The college should ensure the system is fully utilized to maximize its potential. The College should formalise presence of the vendor on the ground by signing a fresh contract.	Not Resolved	FY 2025/2026
	Lack of an Audit committee	The management should ensure that there is audit committee in place and operational.	Not Resolved	FY 2025/2026

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

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
- (iv) implementation of each issue;
- (v) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Ikutha Technical and Vocational College

Accounting Officer: Eric Muendo

Sign.....

Date ..26/11/2025.....

PRINCIPAL
IKUTHA TECHNICAL & VOCATIONAL COLLEGE
P. O. Box 14 - 90207,
IKUTHA

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

Appendix II: Projects Implemented by Ikutha TVC

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A	N/A	N/A	N/A	N/A	N/A
2	N/A	N/A	N/A	N/A	N/A	N/A

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Appendix III- Inter-Entity Confirmation Letter



IKUTHA TECHNICAL AND VOCATIONAL COLLEGE

+254 798 002 148 P. O. Box 14 - 90207 ikuthatvc@gmail.com Ikutha Technical & Vocational College, Kitui County
 Ikutha - Kenya



Ikutha Technical and Vocational College
 PO Box 14-90207
 Ikutha-Kenya


Confirmation of amounts received by Ikutha Technical and Vocational College as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2025				Amount Received by Ikutha TVC (Kshs) as at 30 th June 2025 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent Grants/Capitation/Scholarships (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT241974NDHT	15/07/2024	499,827.50	000	000	499,827.50	499,827.50	000
FT24264LCY08	20/09/2024	255,145.70	000	000	255,145.70	255,145.70	000
FT24264R5QG5	20/09/2024	382,804.80	000	000	382,804.80	382,804.80	000
FT24264BGXLF	20/09/2024	221551.20	000	000	221551.20	221551.20	000
FT24267C17CX	23/09/2024	434,427.50	000	000	434,427.50	434,427.50	000
FT24268SXZ3Q	24/09/2024	362,648.10	000	000	362,648.10	362,648.10	000
FT24276MJTS6	02/10/2024	499,827.50	000	000	499,827.50	499,827.50	000
FT25021V3QPJ	21/01/2025	499,827.50	000	000	499,827.50	499,827.50	000
FT25045JP7GF	17/02/2025	1,403,425	000	000	1,403,425	1,403,425	000

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

Total		4,559,484.80	000	000	<u>4,559,484.80</u>	<u>4,559,484.80</u>	000
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In confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department of Ikutha TVC:

Name Jackson Mwangela..... Sign ..... Date 26/11/2025.....

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

Appendix IV: Reporting of Climate Relevant Expenditures

Ikutha Technical and Vocational College

+254 798 002 148

Ikuthatvc@gmail.com

Eric Muendo

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A