

REPUBLIC OF KENYA



Enhancing Accountability




**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 29 MAY 2025

TABLED BY: Hon. Bena Yaa, MP
Deputy Leader of Majority Party

CLERK-AT THE TABLE: Halima Ahmed

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REPORT

ON

**THARAKA TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

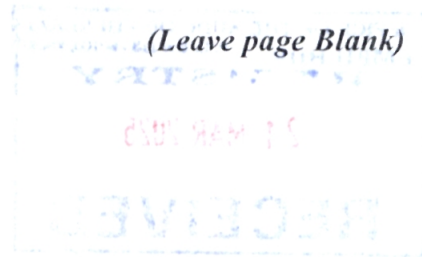


THARAKA TECHNICAL AND VOCATIONAL COLLEGE

AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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



THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the Tharaka TVC

2. Key Tharaka TVC Information and Management

(a) Background information

The *institution* was incorporated/ established under the TVET Act 2013. Tharaka TVc is domiciled in Kenya. The institute is under the Ministry of Education. It has nine departments; Mechanical Engineering, Electrical Engineering, Building and Civil Engineering, Agriculture, Business, Liberal, cosmetology and Information Communication Technology

(b) Principal Activities

The principal activity is to enable skills acquisition through training

Vision

To be a national centre of excellence in provision of technical vocation education and training.

Mission

To develop competent technical human resource for innovation and development.

(c) Key Management

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

- Board of Governors
- Fiduciary Management

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	Latichia Mutiiria
2.	Deputy principal	Isaac Kathiga
3	Head of Finance	Nicholas Mutegi
4	Head of Procurement	Brenda Komen

Key Tharaka TVc Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

- Finance and operations committee activities

No.	Name	
1.	Eng. Julius Giti	Chairperson
2.	Mr. Benson Mutiiria	Member
3.	Ms. Purity Githinji	Member

- Audit and Risk Committee

No.	Name	
1.	Ms. Lucy Karema	Chairperson
2.	Ms. Evangline Kagwiria	Member
3.	Ms. Pauline Njagi	Member

- (f) **Tharaka TVc Headquarters**
P.O. Box 51-60216
Marimanti-Gatunga Road

MARIMANTI, KENYA
- (g) **Tharaka TVc Contacts**
Telephone: (254)742951657
E-mail: tharakatechnical@gmail.com
Website: www.tharakatechnical.ac.ke

Key Tharaka TVc Information and Management (Continued)

- (h) **Tharaka TVc Bankers**
1. Equity Bank
Meru Makutano Branch
P.O. Box 75104-00200
Meru, Kenya
 2. Trans Nation Sacco LTD
P.O Box 15- 60400
Marimanti, Kenya.
- (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

3.The Board of Governors

No.	Member/ Director	Details
1.	 Chairman	Mr. Daniel Muriungi Mugao I.D 8075346 was born 1966. He holds Master's Degree in business administration Egerton university, bachelor of commerce from University of Nairobi. He works as a general manager (country sales) Britam general insurance company- Nairobi
2.	 Member	Mr. Benson Mutiiria Kanuanku I. D No. 3462436 was born in 1951 Tharaka Nthi county. He holds Degree in education from university of Nairobi. He was principal of Nyeri T.T institute until august 2006
3.	 Member	Ms. Lucy Karema Mutiiria I.D 27411812 was born in 1990 in Tharaka Nithi county. She has Degree in commerce from university of Nairobi. Works at Trans nation sacco as assistant branch manager.
4.	 Member	Ms. Pauline W. Njagi in 1973 in Embu county. She is a holder of Master's degree of business administration from USIU, bachelor of science in agricultural economics from Egerton university. Currently working as investment and industrialization at Embu county.

THARAKA TECHNICAL AND VOCATIONAL COLLEGE**Annual Report and Financial Statements for the year ended 30th June 2023**

5.	 Member	Ms. Purity Nyawira Githinji was born in 1989. She holds bachelor of computer technology from JKUAT IN 2011. She is currently working as Managing director at Tredds Garden.
6.	 Member	Ms. Evangeline Kagwiria Stephen ID 13353287 was born on 1974. She holds master of information science in university of south Africa, degree of information science and degree in library and information science university of south Africa, diploma in library and information science in Kenya polytechnic
7.	 Member	Mr. Julius Kijiru Giti ID 20753836 was born on 1978 in Tharaka Nithi county. He is currently pursuing masters in construction engineering and management, he holds bachelor of science in civil engineering at University of Nairobi and he currently working at Tharaka Nithi county
8.	 Principal	Mrs. Latichia Mutiiria ID No. 8951386. Was born in 1963. She is a holder of Bachelor's degree in Education (Home Economics) from Kenyatta University

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

4. Key Management Team

No.	Member/ Director	Details
1.	 Principal	Mrs. Latichia Mutiiria ID No. 8951386. Was born in 1963. She is a holder of Bachelor's degree in Education (Home Economics) from Kenyatta University
2.	 Finance Officer	Mr. Nicholas Mutegi was born 1986 in Tharaka Nthi county. He is CPA K and has a degree in commerce finance option
3.		

5. Chairman's Statement

Tharaka Technical and Vocational College has a Board of eight (8) members whose main work is oversight and to give guidance on the implementation of the strategic plan. This plan guides infrastructure developments from year to year and enables the institution to focus on the core mandate of quality training. The Board works closely with the Administration headed by the Principal in this annual "visioning" process. In the year under review, the Board envisioned to carry out various developmental activities, among them completion of workshops, start of the automotive garage, finishing of automotive garage and fencing of the land.

Capitation from the government for the fourth quarter was not realised during the year under review. This shortfall led to some envisioned programs and projects not realized in full. The College continues to suffer shortage of physical facilities like workshops, tuition rooms and laboratories. Workshop equipment and tools are also inadequate.

Going forward, the Board will continue to put resources together in order to provide the much needed environment to offer quality skills training. I continue to urge the government to disburse capitation and development grants in good time to enable the College acquire the much needed training requirements to enable it meet its mandate.

The college will continue to collaborate with the County government and other stakeholders for synergy and resource mobilisation.

Geoffrey Rukunja

Name



Sign

6. Report of the Principal

At the close of the year under review, the College had a current human resource combination of 54 workers in different cadres, 23 employed by the Public Service while the rest were employed by the board.

In the year under review, the following key activities were carried out;

- Construction of the Power house
- Construction of the power control room
- Preparation of the Jitume Kazi laboratory, as per the guidelines given by the ICT Authority
- Prepare 10 whiteboard stands
- Made hand washes, disinfectants, soaps and detergents
- Procured training materials for all the courses
- Purchase of 20 staff chairs and 10 tables
- Grew fruits, vegetables and cereals
- Collaboration with AA Kenya in starting
- Presented KATTI in Athletics at National level competitions at Kasarani Stadium
- Held a successful Cultural Day; the College has ten different ethnic groups
- Planted over 5000 trees

The College has fully embraced the Competence Based Education and Training (CBET) and preparations to commence the following courses across the departments from September 2023 are ongoing;

1. Building Technician Level 6.
2. Civil Engineering Level 6.
3. Plumbing Level 5.
4. Plumbing Level 4.
5. Masonry Level 4.

6. Building Artisan Level 4.
7. Business Management Level 5.
8. Business Management level 6.
9. Cooperative Management Level 5.
10. Cooperative management Level 6.
11. Human Resource management level 5.
12. Human Resource Management level 6.
13. Supply Chain Management level 5.
14. Supply Chain management level 6.
15. Office Administration Level 5.
16. Office Administration Level 6.
17. ICT Technician Level 5.
18. ICT Technician Level 4.
19. Hairdresser Level 4
20. Hairdresser Level 5.
21. Hairdresser Level 6.
22. Beauty Therapist Level 4.
23. Beauty Therapist Level 5.
24. Social Work and Community Development Level 5.
25. Social Work and Community Development Level 6.
26. Electrical Installation Level 4.
27. Electrical Installation level 5.
28. Electrical Installation level 6.
29. Agricultural Extension Level 6.
30. Sustainable Agriculture for Rural Department Level 5.

31. Apiary Management Level 3 ,4,5 and 6
32. Soil Management Level 3, 4, 5 and 6.
33. Environmental Management level 6.
34. Automotive Engineering level 6.
35. Automotive Engineering Level 5.
36. Automotive Engineering level 4.
37. Welding and Fabrication Level 6.
38. Welding and fabricatio0n Level 5.
39. Welding and Fabrication level4.

Challenges

1. The College is located in a semi-arid area, rains are very scarce
2. Shortage of water, making it difficult for tree seedlings to grow and farm to produce too harvests
3. Shortage of funds making it difficult to provide adequate infrastructure. This has also raised trainees fees balances

Way forward

The following activities require to be carried out to improve on service delivery;

- Construct a shed for automotive engineering
- Install glazing on the automotive workshops to protect the equipment from dust and rain as recommended by the suppliers.
- Create Entries for vehicles for repair
- level the sports fields for the trainees sporting activities.
- develop a master plan to guide future development
- develop an elaborate marketing plan to increase College visibility
- construct and equip Civil Engineering workshop and laboratory

TIKVA GICHOH

Name

Thohi'

Sign

05/03/2025

1. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

1. Introduction

Tharaka Technical and Vocational Training College is committed to providing quality technical and vocational education that equips learners with practical skills for the labor market. This statement evaluates the institution's performance against its predetermined objectives as outlined in its strategic plan and annual work plan.

2. Key Performance Areas and Achievements

A. Academic Excellence and Skills Development

- **Target:** Ensure 100% completion and certification rate for students enrolled in various programs.
- **Performance:** Achieved an 85% completion rate, with 82% of graduates obtaining certification in their respective courses.
- **Impact:** Enhanced employability and self-employment opportunities for graduates.

B. Curriculum Implementation and Quality Assurance

- **Target:** Develop and review at least three new market-driven programs.
- **Performance:** Successfully developed and accredited two in food and beverage and fashion designs.
- **Impact:** Improved alignment of training programs with industry needs.

C. Infrastructure and Learning Facilities

- **Target:** Construct and equip an additional classrooms
- **Performance:** the project was not achieved because of finance constrains
- **Impact:** increase in pressure on infrastructure facilities.

D. Student Enrollment and Retention

- **Target:** Increase enrolment by 15% compared to the previous year.
- **Performance:** Achieved a 70% increase in student enrolment.
- **Impact:** Strengthened the institution's capacity to provide technical education to a larger population.

E. Industry Linkages and Partnerships

- **Target:** Establish at least five new partnerships with industries and employers.
- **Performance:** Signed Memorandums of Understanding (MoUs) with four new industry partners for student internships and apprenticeships.

7. Impact: Strengthened practical training and increased Corporate Governance Statement

Appointment, removal and the principal role of the board of governors is as stipulated in the TVET Act 2013 and further elaborated in “Mwongozo” state corporations governance structure and outlined in the act as follows;

Function of the Board of Governors:

The functions of the Board set out under section 28 (1) of the TVET Act 2013 shall include;

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this 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 Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (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 of the Act;
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- (m) determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution and
- (r) Discharging all other functions conferred upon it by this Act or any other written law

8. Management Discussion and Analysis

Tharaka Technical and Vocational College is a newly built training college which had few activities over this year. Its main activity is giving skills through training.

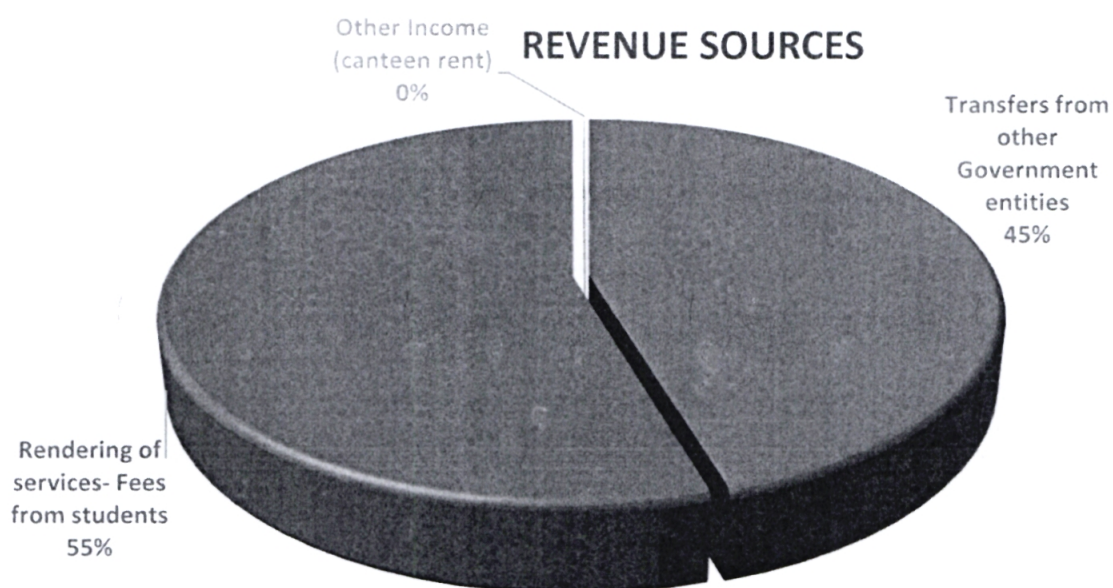
The college had no key project on 2022/23 financial year because it was not funded by the government and the number of students we had could not raise the required funds.

The major risk the college is facing is financing, college being situated on semi-arid place where the place receives little rains, locals here do not have any source of raising fees thus operating on fees balances.

The college have over the year deducted and submitted to relevant authorities all statutory deductions from its employees and suppliers who qualify for these deductions.

Revenue

The College's revenue during period under review was Kshs **32,294,405** 196 from the following revenue sources.



Income from rendering of services was due to increase in aggressive recruitment drive of students through advertising.

Expenditure

The College budgeted to spend Kshs.32,719,632 during the period. However, due to revenue collection

9. Environmental And Sustainability Reporting Statement

Tharaka Technical and Vocational College exists to develop competent technical human resource for innovation and development. The College has and is continuously developing strategies that will ensure that it becomes a national centre of excellence in provision of technical vocation education and training

1. Sustainability strategy and profile -

Tharaka Technical Training Institute in its endeavour to develop competent technical human resource for innovation and development has continued to comply with the Ministry of Education guidelines and policies. To ensure its continued operation the College is contentiously engaging and sanitizing the community on TVET courses. The College is also working with other government bodies such as Constituency Development Fund (CDF), Higher Education Loans Board (HELB), leaders, churches, community so as to support students through payment of school fees to student who are willing to join the College.

2. Environmental performance

The College is committed in ensuring that it preserves the environment and carries its activities so as to have little impact on environment destruction. The College is committed to

- a) Complying with all applicable environmental laws and regulations
- b) Train staff and student on environmental conservation and preservations
- c) Planting trees as part of restoring green environment
- d) Creating measure that will ensure reduction of pollution to the environment

In our effort preserve the environment we have planted over 300 trees within the compound and has employed a staff to take care of them. In future we intend to plant more trees within the compound and within the local community.

3. Employee welfare

The College is committed to continue with the improvement of staff. To ensure retention of competent staff, the College has invested in training of staff in order to build their capacity and competency. Further, the College also ensures that hiring of staff is done in transparent and competitive manner. In this financial year we have had staff going for trainings as a result of lockdown due the existence of Covid-19 disease.

During hiring we ensure adherence to gender and ethnicity. Currently the College is working closely with the government to ensure that salary structure is developed so that staff are appraised and rewarded according to skills, competency and work done.

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Tharaka TVc's affairs.

Principal activities

The principal activities of the Tharaka TVc is learning

Results

The results of the Tharaka TVc for the year ended June 30 are set out on page 1-6

Board of Governors

The members of the Board who served during the year are shown on page vi to vii.

Auditors

The Auditor General is responsible for the statutory audit of the Tharaka TVC in accordance with Article 229 of the Constitution of Kenya.

On behalf of the Board

.....
Secretary of the Board

Date:

10. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (entities should quote the applicable legislation under which they are regulated)*) require the council members to prepare financial statements in respect of that *Tharaka TVc*, which give a true and fair view of the state of affairs of the *Tharaka TVc* at the end of the financial year/period and the operating results of the *Tharaka TVc* for that year/period. The Council members are also required to ensure that the *Tharaka TVc* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Tharaka TVc*. The council members are also responsible for safeguarding the assets of the *Tharaka TVc*.

The Council members are responsible for the preparation and presentation of the *Tharaka TVc*'s financial statements, which give a true and fair view of the state of affairs of the *Tharaka TVc* for and as at the end of the financial year (period) ended on June 30, 2023. 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 *Tharaka TVc*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Tharaka TVc*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *Tharaka 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 State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under*). The council members are of the opinion that the *Tharaka TVc*'s financial statements give a true and fair view of the state of *Tharaka TVc*'s transactions during the financial year ended June 30, 2023, and of the *Tharaka TVc*'s financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *Tharaka TVc*, which have been relied upon in the preparation of the *Tharaka TVc*'s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the *Tharaka TVc*'s ability to continue as a going concern (*disclose as applicable, matters relating to the use of going concern basis of preparation of the financial statements.*) OR

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

Nothing has come to the attention of the Council members to indicate that the *Tharaka 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 Tharaka TVC's financial statements were approved by the Board on 22/9/2023 and signed on its behalf by:

.....

Name

Chairperson of the Board

Tikva

.....

Name

Principal

TIKVA GICHAH

05/03/2025

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON THARAKA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Tharaka Technical and Vocational College set out on pages 1 to 31, which comprise of the statement of financial position at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget

Report of the Auditor-General on Tharaka Technical and Vocational College for the year ended 30 June, 2023

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 Tharaka Technical and Vocational College as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Transfers from Other National Government Entities

The statement of financial performance reflects transfers from other National Government entities amount of Kshs.8,789,000 which is in respect of capitation grants as disclosed in Note 6 to the financial statements. However, bank statements, acknowledgement receipts, cash book, relating to the receipt of Kshs.2,872,000 on 27 June, 2023 were not provided.

In the circumstances, the accuracy and completeness of transfers amount from other National Government Entities totalling Kshs.2,872,000 could not be confirmed.

2. Unsupported Rendering of Services - Fees from Students

The statement of financial performance reflects rendering of services-fees from students amount of Kshs.19,971,425. However, student ledgers and receipt books were not provided for audit review.

In the circumstances, the accuracy and completeness of rendering of services-fees from students amount of Kshs.19,971,425 could not be confirmed.

3. Unsupported Use of Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.19,336,595 which includes teaching and learning materials and production amounts of Kshs.3,337,350 and Kshs.550,075 respectively as disclosed in Note 12 to the financial statements. However, the expenses have not been supported by payment vouchers and ledgers. The use of goods and services further includes marketing expenses amounting to Kshs.878,560 out of which Kshs.467,900 were not supported with requisitions, listing of participants, program of activity, work tickets and payment schedules.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.4,355,325 could not be confirmed.

4. Inaccurate Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.83,466,805 net of depreciation expense amount of Kshs.3,523,641 as disclosed in Note 19 to the financial statements. However, the schedule of movement in property, plant and equipment in unnumbered Note to the financial statements discloses an amount of Kshs.2,287,128 resulting in a variance of Kshs.1,236,513 which has not been explained or reconciled.

In addition, and as previously reported, the property, plant and equipment balance of Kshs.83,466,805 includes Kshs.25,000,000 in respect to land. However, the valuation report indicating how the value was determined and ownership documents were not provided for audit. Further, three parcels of land measuring 11.12 Hectares, occupied by the institution that had been issued by the County Council of Tharaka did not have a title deed.

Further, physical inspection carried out in February, 2025 revealed that machines used for learning in the automotive workshop were not included in the assets register contrary to Regulation 139(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which require that the Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.83,466,805 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.534,511 held in two commercial bank accounts as disclosed in Note 16 to the financial statements. However, the bank reconciliation statement and the board of survey report for the account maintained in Equity Bank was not provided for audit and failure to provide the same not explained. Further, the cashbooks provided for audit were not being updated and checked and therefore did not reflect closing balances as at 30 June, 2023.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.534,511 could not be confirmed.

6. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.8,262,869. However, student ledger, ageing analysis and debtors' policy were not provided for review.

In the circumstances, the accuracy and completeness of current portion of receivables from exchange transactions balance of Kshs.8,262,869 could not be confirmed.

7. Unconfirmed Inventory

The statement of financial position reflects inventory balance of Kshs.8,498,167 as disclosed in Note 20 to the financial statements. However, inventory listing, reports on

quarterly and annual inventory stock take were not provided for audit. This was contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.8,498,167 could not be confirmed. In addition, Management was in breach of the law.

8. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total income and expense amounts on a comparable basis of Kshs.25,676,501 and Kshs.31,186,635 respectively while the statement of financial performance reflects total revenue and expenses amounts of Kshs.32,294,405 and Kshs.32,719,632 respectively leading to variances of Kshs.6,617,904 and Kshs.1,532,997 respectively which have not been reconciled. In addition, the statement of comparison of budget and actual amounts reflects material performance differences which have not been explained in footnotes as required under IPSAS.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts and the statement of financial performance could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on a comparable basis of Kshs.32,465,600 and Kshs.25,676,501 resulting to underfunding of Kshs.6,789,099 or 21% of the budget. Similarly, the College spent Kshs.31,186,635 against actual receipts amount of Kshs.25,676,501 resulting in over-utilization of Kshs.5,510,134 or 21% of the receipts.

The underfunding 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.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised. However, no report or recommendations from Management and oversight bodies were submitted for verification and clearance. In addition, the issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers to try to resolve any issues resulting from an audit that remain outstanding.

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

Basis for Conclusion

1. Non-Compliance with Law on Staff Ethnic Composition

Review of personnel records revealed that during the year under review, thirty-four (34) or 49% out of the sixty-nine (69) members of staff of Tharaka Technical and Vocational College staff belonged to one dominant ethnic community.

This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of people of Kenya in employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Non-Compliance with the Public Sector Accounting Standards Board Financial Reporting Template

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

- i. The Corporate Governance Statement does not have a heading and also does not include information relating to Board which include the existence of a Board charter, process of appointment and removal of Board Members, succession plan, the number of Board meetings held, conflict of interest, and the attendance to those

meetings by members, induction and training, board and member performance, Board remuneration, ethics and conduct as well as governance audit.

- ii. Management Discussion and Analysis statement is not complete in respect to information on expenditure.
- iii. The statement of environmental and sustainability reporting is not signed.

In the circumstances, the reports have not been prepared in compliance with the Public Sector Accounting Standards Board financial reporting template and IPSAS.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Management

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the College'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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 April, 2025

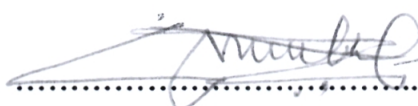
THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

12. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	8,789,000	12,712,500
		8,789,000	12,712,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7	19,971,425	27,907,320
Sale of goods	8	60,540	3,000
Rental revenue from facilities and equipment	9	24,000	33,000
Examination fees	10	3,104,380	3,401,430
Production	11	345,060	58,000
Revenue from Exchange transactions		23,505,405	31,402,750
Total Revenue		32,294,405	44,115,250
Expenses			
Use of goods and services	12	19,336,595	22,054,333
Employee costs	13	8,307,299	8,683,928
Board Expenses	14	1,115,000	866,600
Repairs and maintenance	15	317,097	2,221,384
Depreciation and amortization expense	18	3,523,641	3,321,557
Provision for Audit Cost		120,000	
Total Expenses		32,719,632	37,147,802
		-	
Net surplus/(deficit) for the year		(425,227)	6,967,448

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

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

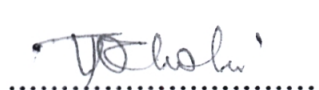


Chairman of Board



Finance Officer

ICPAK No 135504601



Principal

Date 5/03/2025

Date 5/03/2025

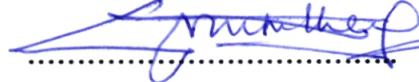
Date 05/03/2025

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

13. Statement of Financial Position As At 30th June 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	534,511	6,044,645
Current portion of receivables from exchange transactions	17	8,262,869	6,967,092
Inventories	20	8,498,167	
Total Current Assets		17,295,547	13,011,737
Non-Current Assets			
Property, plant, and equipment	19	83,466,805	84,266,365
Total Non-Current Assets		83,466,805	84,266,365
Total Assets		92,418,031	96,588,700
Liabilities		-	
Current Liabilities		-	
Trade and other payables from exchange transactions	21.	4,598,879	689,402
Current provisions	37		
Payments received in advance			
Total Current Liabilities		4,598,879	689,402
Total Liabilities		4,598,879	689,402
Net Assets		96,163,473	97,278,102
Revaluation Reserves			
Accumulated Surplus		2,003,473	20,428,700
Capital Fund		76,160,000	76,160,000
Total Net Assets and Liabilities		96,163,473	97,278,102

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

Chairman of Board

Finance Officer

ICPAK No *ASSCO/4601*

Date *05/03/2025*

Date *05/03/2025*



Principal

Date *05/03/2025*

14. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021		13,461,252	76,160,000	89,621,252
Revaluation gain				
Surplus/(deficit) for the year				
Capital grants received during the year				
Retained earnings		6,967,448		6967448
At June 30, 2022		20,428,700	76,160,000	96,588,700
At July 1, 2022		20,428,700	76,160,000	96,588,700
Revaluation gain				
Surplus/(deficit) for the year		(425,227)		(425,227)
Capital grants received during the year				
Transfer of depreciation/amortisation from capital fund to Retained earnings				
At June 30, 2023		20,003,473		96,163,473

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

15. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	8,789,000	12,712,500
		-	
Rendering of services- fees from students	22	13,353,521	21,343,127
Sale of goods	8	60,540	3,000
Rental revenue from facilities and equipment	9	24,000	33,000
Examination	11	345,060	3,401,430
Production	10	3,104,380	58,000
Total Receipts		25,676,501	37,551,057
Payments			
Employees costs	12	8,307,299	22,054,333
Use of goods and services	13	19,336,595	8,683,928
Board Expenses	14	1,115,000	866,600
Repairs and maintenance	15	317,097	2,221,384
Total Payments		29,075,991	33,826,245
Net Cash Flows from operating activities		(3,399,490)	3,724,812
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		2,110,644	1,552,642
Proceeds from sale of property, plant and equipment			
Net cash flows used in investing activities		(5,510,134)	2,172,170
Cash flows from financing activities			
Proceeds From Borrowing			
Repayment Of Borrowings			
Net cash flows used in financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		(5,510,134)	2,172,170
Cash and Cash equivalents at 1 JULY	26	6,044,645	3,872,475
Cash and Cash equivalents at 30 JUNE	26	534,511	6,044,645

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023
16. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	21,000,000	7,800,000	13,200,000	8,789,000	4,411,000	50
Public contributions and donations	0	0	0	0	0	
Rendering of services- fees from students	46,284,000	27,201,400	19,082,600	13,353,521	5,729,079	43
Sale of goods	0	0		60540	-60,540	-100
Production	330000	165,000	165000	345060	-180,060	
Examination	0	0		3,104,380	-3,104,380	
Gains on disposal, rental income and agency fees	18,000	0	18,000	24,000	-6,000	-25
Total Income	67,632,000	35,166,400	32,465,600	25,676,501	6,789,099	26
Expenses		0			0	
Compensation of employees	8,779,680	333,226	8,446,454	8,307,299	139,155	2
Use of goods and services	31,352,320	13,241,790	18,110,530	19,336,595	-1,226,065	-6
Repair Maintenance & Improvement	2,500,000	2,225,000	275,000	317,097	-42,097	-13
Remuneration of directors	800,000	0	800,000	1,115,000	-315,000	-28
Projects	24,200,000.00	19,366,384	4,833,616	2,110,644	2,722,972	129
Total Expenditure	67,632,000	35,166,400	32,465,600	31,186,635	1,278,965	4
Surplus For the Period				-5,510,134		

17. Notes to the Financial Statements

1. General Information

Tharaka TVc is established by and derives its authority and accountability from TVET Act. The Tharaka TVc is wholly owned by the Government of Kenya and is domiciled in Kenya. The Tharaka TVc's principal activity is learning.

2. Statement of Compliance and Basis of Preparation

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Tharaka TVc's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Tharaka TVc's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Tharaka TVc provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Tharaka TVc. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Tharaka TVc's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

THARAKA TECHNICAL AND VOCATIONAL COLLEGE

Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable

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

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

iii. Early adoption of standards

(The Tharaka TVc) did not early-adopt any new or amended standards in year 20xx./the Tharaka TVc adopted standard xx and xx. The impact of these standards on Tharaka TVc's financial statements is xx.(amend appropriately)

4. Summary of Significant Accounting Policies

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

i) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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.

Notes to the Financial Statements (Continued)**Summary of Significant Accounting Policies (Continued)****a) Budget information**

The original budget for FY 2022/2023 was approved by the Council or Board on **28/01/22**. 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 Tharaka TVC upon receiving the respective approvals to conclude the final budget. Accordingly, the Tharaka TVC recorded additional appropriations of .xxx on the FY 2022/2023 budget following the Council/ Board's approval. The Tharaka TVC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

b) Taxes***Current income tax***

The Tharaka TVC is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

c) 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. 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.

d) Property, plant and equipment

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

e) Leases

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Intangible assets

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

g) Research and development costs

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

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

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

h) 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 Tharaka TVc 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 Tharaka TVc and a financial liability or equity instrument of another Tharaka TVc. At initial recognition, the Tharaka TVc measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

i) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

j) Provisions

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

Contingent liabilities

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

Contingent assets

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

k) 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 *Tharaka TVc* 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 *Tharaka TVc* will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The *Tharaka TVc* creates and maintains reserves in terms of specific requirements. (*Tharaka TVc to state the reserves maintained and appropriate policies adopted*).

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

o) 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.

p) 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.

q) Related parties

The *Tharaka TVc* regards a related party as a person or an *Tharaka TVc* with the ability to exert control individually or jointly, or to exercise significant influence over the *Tharaka TVc*, or vice

versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Service concession arrangements

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

s) 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.

t) Comparative figures

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

u) 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	8,789,000	12,715,500
Total unconditional Grants	8,789,000	12,715,500

7. Rendering of Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Tuition Fees	7,311,000	11,298,300
Activity Fees	1,270,000	1,578,000
Industrial Attachment Fees	1,087,500	1,585,000
Examination Fees	1,085,700	4,185,000
Facilities And Materials	9,021,225	9,050,620
Students Welfare	196,000	210,400
Total Revenue from The Rendering of Services	19,971,425	27,907,320

8. Sale of Goods

Description	2022/2023	2021/2022
	Kshs	Kshs
Sale of Ndengu	32,390	3,000
Sale of Vegetables and fruits	28,150	
Total Revenue from Sale of Goods	60,540	3,000

9. Rental revenue from facilities and equipment

Description	2022/2023	2021/2023
	Kshs	Kshs
Hire of College Compound		18,000
Canteen Rent	24,000	15,000
Total	24,000	33,000

THARAKA TECHNICAL AND VOCATIONAL COLLEGE**Annual Report and Financial Statements for the year ended 30th June 2023****Notes to the Financial Statements (Continued)****10. Examination**

Description	2022/2023	2021/2022
	Kshs	Kshs
Exam Fees	3,104,380	3,401,430
Total finance income	3,104,380	3,401,430

11. Production

Description	2022/2023	2021/2022
	Kshs	Kshs
Driving School	289,060	58,000
Computer packages	56,000	
Totals	345,060	58,000

12. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Teaching and learning materials	3,337,350	4,341,811
Industrial attachment costs	375,990	413,696
Electricity	291,478	304,610
Water	380,300	170,950
Security	424,549	359,765
Subscriptions	376,200	
Marketing	878,560	311,490
Examination fees	3,104,380	3,401,340
Production	550,075	142,540
Staff meetings, Trainings & meals	3,033,540	4,880,291
NYS	2,146,570	4,092,650
Fuel and oil	810,527	992,856
Medical	-	21,040
Printing and stationery	630,985	682,187
Epivot	-	84,345
Postage	7,725	7,725
Kitchen	1,176,845	622,250
Activity	564,086	580,022
Students caution money	-	1,000
Students welfare	99,192	253,186
Internt & Airtime	427,870	364,179
HELB	132,000	26,400
General expense		
Total good and services	588,373	
	19,336,595	22,054,333

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
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Notes To the Financial Statements (Continued)

13. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	7,628,387	8,231,528
Employee related costs - contributions to NHIF	265,800	294,000
Social contributions (NSSF)	413,112	158,400
Employee Costs	8,307,299	8,683,928

14. Board Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Board Expenses	1,115,000	866,600
Total	1,115,000	866,600

15. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property Painting	-	448,956
Fencing	4,000	787,178
Administration repairs	75,137	152,100
Vehicles	27,200	103,280
Workshop	-	58,130
Compound work & tree planting	103,760	94,170
Electricity repair	11,000	28,820
Computers and Accessories	96,000	48,750
Total Repairs and Maintenance	317,097	2,221,384

16. Cash and Cash equivalents

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
a) Current Account			
Equity Bank	1040262403552	184,029	5,753,556
Trans Nation Sacco	68260900029001	348,580	290,988
Sub- Total		532,609	6,044,544
b) Others(Specify)			
Cash in Hand		1,902	101
Grand Total		534,511	6,044,645

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
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Notes to the Financial Statements (Continued)

17. Current Receivables from Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables		
Student Debtors	8,262,869	6,967,092
Total Current Receivables	8,262,869	6,967,092

17 (b) Long- term Receivables from Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits		
Advance Payments		
Public Organizations		
Less: Impairment Allowance		
Total		
Current Portion Transferred To Current Receivables		
Total Non-Current Receivables		
Total Receivables		

17 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current	% of total	Comparative FY	% of total
Less than 1 year	5,665,281	68.6%		
Between 1- 2 years	2,343,567	28.8%		
Between 2-3 years	254,021	3%		
Over 3 years				
Total (a+b)	8,262,869	100%		

18. Depreciation and Amortization expense

Description	FY2022-2023		FY2022-2023	
	Kshs		Kshs	
Property, plant and equipment	3,523,641			3,321,557
Intangible assets				
Investment property carried at cost				
Total depreciation and amortization	3,523,641			3,321,557

20. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable stores	396,708	
Building Department	1,654,608	
Automotive Department	3,108,980	
Electrical Department	1,312,393	
Agriculture Department	1,898,678	
Cosmetology Department	126,800	
Total Inventories at lower of Cost and Net Realizable Value	8,498,167	

Notes to the Financial Statements (Continued)

21. Trade and Other Payables

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Trade payables	1,932,204.0			
Fees paid in advance	2,666,675.			
Total Trade and Other Payables	4,598,879			
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	4,598,879	100%		
1-2 years				
2-3 years				
Over 3 years				
Total (to tie to totals above)	4,598,879	100%		

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
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	Land	Buildings	Furniture and fittings	Computers/printer	Other Assets (Specify)	Plant and equipment	Capital work in progress	Total
RATES		2.50%	25%	30%	30%	25%		
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2020	25,000,000	54,729,269	576,875	703,150				81,009,294
Additions		3,846,554	920,588	725,040	2,572,890			8,065,072
Disposals								
Transfers/adjustments								
At 30 th June 2021	25,000,000	58,575,823	1,497,463	1,428,190	2,572,890	-	-	89,074,366
Additions		486,174	992,468	74,000				1,552,642
Disposals								
Transfer/adjustments								
At 30 th June 2022	25,000,000	59,061,997	2,489,931	1,502,190	2,572,890	-	-	90,627,008
Depreciation and impairment								
At 30th June 2021		1,464,396	374,366	428,457	771,867			3,039,086
At 30th June 2022		1,476,550	622,483	450,657	771,867	-	-	3,321,557
Total		2,940,946	996,849	879,114	1,543,734	-		6,360,643
Net book values								
At 30 th June 2022	25,000,000	56,121,051	1,493,082	-	1,029,156	-	-	84,266,365
At 30 th June 2021	25,000,000	54,426,061	989,972	353,383	1,801,023			82,570,439
At 1 July 2022	25,000,000	56,121,051	1,493,082	-	1,029,156	-	-	84,266,365
Additions		1,447,006	663,638					2,110,644
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments								
At 30th June 2022	25,000,000	57,568,057	2,156,720	-	1,029,156	-	-	85,753,933
Depreciation and impairment								-
At 30th June 2021		1,464,396	374,366	428,457	771,867			3,039,086
At 30th June 2022		1,476,550	622,483	450,657	771,867	-	-	3,321,557
At 30th June 2023	-	1,439,201	539,180	-	308,747			2,287,128
Total	-	4,380,147	1,536,029	-	1,852,481	-		7,768,657
Net book values								
At 30th June 2023	25,000,000	56,128,856	1,617,540	-	720,409	-	-	83,466,805

THARAKA TECHNICAL AND VOCATIONAL COLLEGE
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Notes to the Financial Statements (Continued)

Valuation

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

19 . 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	25,000,000	0	25,000,000
Buildings	60,509,003	4,453,671	56,668,769
Plant And Machinery	3,153,569	1,785,241	1,368,328
Motor Vehicles including Motorcycles			
Computers and Related Equipment	1,502,190	1,329,771	172,419
Office Equipment, Furniture, And Fittings	2,572,890	2,315,601	257,289
Total	92,572,890	9,106,085	83,466,805

Notes to the Financial Statements (Continued)

18. Financial Risk Management

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

(i) Credit risk

The Tharaka TVc 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 Tharaka TVc's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Tharaka TVc's statement of financial position)

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 Tharaka TVc has significant concentration of credit risk on amounts due from xxxx

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 Tharaka TVc's directors, who have built an appropriate liquidity risk management framework for the management of the Tharaka TVc's short, medium and long-term funding and liquidity management

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requirements. The Tharaka TVC 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 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20XX (previous year)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
Total				
At 30 June 20XX (current year)				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
Total				

Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

The Tharaka TVc has put in place an internal audit function to assist it in assessing the risk faced by the Tharaka TVc 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 Tharaka TVc'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 Tharaka TVc'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 Tharaka TVc's exposure to market risks or the manner in which it manages and measures the risk.

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

Entities and other parties related to the Tharaka TVc 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 *Tharaka TVc*, holding 100% of the *Tharaka TVc*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Tharaka TVc, both domestic and external. Other related parties include:

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

Notes to the Financial Statements (Continued)

19. Events After The Reporting Period

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

20. Ultimate And Holding Tharaka TVc

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

21. Currency

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

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22. 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	Unsupported Property, plant and Equipment	Motor vehicles logbooks are available Title deed not yet	Logbook resolved Title deed not	
2	Inaccuracies in the statement of Net Assets	Resolved	Resolved	
3	Unsupported Balances	Resolved	Resolved	

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Name **TIKVA GICHOHI**
Accounting Officer
Principal Tharaka TVC
Date **05/03/2025**

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Appendix II: Projects Implemented by Tharaka 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	NONE					
2						

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							
2							
3							

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Appendix III- Inter-Tharaka TVc Confirmation Letter

Tharaka TVc] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Tharaka TVc] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [Beneficiary Tharaka TVc] (Kshs) as at 30 th June 20XX (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter– Ministerial (C)	Total (D)=(A+B+C)		
Quarter 1 Capitation	28/10/2022	3,045,000			3,045,000	3,045,000	0
Quarter 2 Capitation	26/01/2023	2,872,000			2,872,000	2,872,000	0
Quarter 3 capitation	27/06/2023	2,872,000			2,872,000	2,872,000	0
Total		<u>8,789,000</u>			<u>8,789,000</u>	<u>8,789,000</u>	0

In confirm that the amounts shown above are correct as of the date indicated.

Principal Tharaka TVc:

Name SignDate

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Appendix IV: Reporting of Climate Relevant Expenditures

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

