REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

BALAMBALA TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2024

GARISSA COUNTY

BALAMBALA TECHNICAL AND VOCATIONAL COLLEGE

P.O. Box____70100 Garissa
Email: balambalatvc@gmail.com

BALAMBALA TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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Acronyms and Definition of Key Terms

A. Acronyms

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

Key Entity Information and Management

(a) Background information

Balambala Technical and Vocational College is approximately 130 Kilometres to the west of Garissa town in Balambala Constituency, five kilometres from Balambala town along Balambala-Garissa road.
Balambala Technical and Vocational College started in February 2015 through the mentorship of North Eastern National Polytechnic. The institution was operationalized in January 2015

B. Principal Activities

The principal activity/mission of the Institution is to train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness, implementing training in TVET programs, carrying out research programs, and innovation into products and services
The core functions of Balambala Technical and Vocational College include;
(a) Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education; conduct examinations for and grant such academic awards as provided under the institute order.
(b) Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development;
(c) Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology and adopting programs that address the needs of the local community and the Nation at large.
(d) Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya.)

C. Key Management

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

- Principal

D. Fiduciary Management

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

No.	Designation	Name
1.	Principal Secretary to board	Nyasani Nyameyio Timothy

E Entity Headquarters

Balambala technical and vocational
P.O. Box 329-70100
Garissa,
KENYA

F Entity Contacts

Telephone :(254)725247191
E-mail: balambalatvc@gmail.com

G Entity Bankers

1. Kenya Commercial Bank
   Garissa Branch
   P.O. Box 143
   Garissa, Kenya

H Independent Auditors

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

I Principal Legal Adviser

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

2. Report of the Principal

Pursuant to Section 83 of the Public Finance Management Act, 2012, I take this opportunity to present the institution's Annual report and financial statements for the period ended 30 June 2024.The report focuses on the institution's Strategic intent enshrined in our performance contract which include Improvement of physical facilities and infrastructure, curriculum development, acquisition of workshop equipment and ICT infrastructure, advancement of TVET programs by promoting Research & Innovation, Partnership/ linkages and environmental management. Further to this the Institute envisages to strengthen its financial base through promotion of good governance and effective management.

Challenges

The institute emphasizes on the need for adequate staffing for the effective education in all departments. Majority of the departments do not have sufficient staff to handle the trainees. Shortage of trainers is therefore one of the challenges facing the Institution. In order to alleviate the shortage, the institution has been hiring part-time staff to teach the trainees. The staffs are paid by the institution from its meagre resources.

Nyasani Nyameyio Timothy
Principal/Secretary to BOG

3. Statement of performance against predetermined objectives

Balambala Technical and Vocational College's strategic pillars for the FY 2021/2025 are as follows.

1. To sensitise the Public about the existence of Balambala TVC as a TVET institution within Balambala Constituency
2. To provide quality training

The institution achieved the objective of sensitisation as outlined above by doing sensitisation in all the wards of Balambala constituency. Two hundred and sixty-seven learners were obtained through the said marketing. The learners didn't however join classes because the contractor insisted on not handing over the institution due to incompletion issues.

4. Corporate Governance Statement

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

The core mandate of the institution is training as well as carrying out research activities. This entails imparting CBET skills, attitude and knowledge to the trainees. There are five (5) departments and basically engineering courses collectively form our centre of excellence including Building and Civil Engineering, Electrical Electronics engineering, Mechanical & Automotive engineering, Information Communication Technology, Business studies and Community development.

Nyasani Nyameyio Timothy
Principal/Secretary to BOG

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

A. Report on 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 the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Balambala Technical and Vocational College set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Balambala Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Errors and Omissions on Presentation of Financial Statements

i. The referencing and numbering of notes in financial statements is not aligned to actual notes in the financial statements
ii. The statement of financial performance disclosed an amount of Kshs.1,154,266 in respect of use of good and services. However, a note to the finance statement with breakdown of expenditure was missing
iii. The statement of financial position disclosed a balance of Kshs.20,250 in respect of inventories (consumable items) as disclosed in Note 11 to the financial statement. However, Note 11 to the finance statement did not have the breakdown of various categories of consumable items in the store
iv. The statement of financial performance and Note 3 reflects depreciation and amortization expense of Kshs.1,250,405. However, the depreciated building is still under construction and is therefore not depreciable
v. Statement of comparison of budget and actual amounts for the year is omitted from the financial statements presented
vi. The section on report of the independent auditor is missing and
vii. The essential sections of the annual report and financial statements such as. Board of Governors, Report of the Chairman of the Board and signature of the Chairman of the Board are missing.

In the circumstances, the annual report and financial statement are not are not in conformity with Public Sector Accounting Standards Board prescribed format.

2. Unconfirmed Revaluation on Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.51,743,527 as disclosed in Note 21(b) to the financial statements. The balance was not supported with an asset's movements schedule disclosed as a note to the financial statement.

In addition, the College reported a revaluation reserve of Kshs.53,277,487 for the year ended 30 June, 2024, which was not supported with the nature of the assets revalued and assets revaluation supporting records.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.51,743,527 could not be confirmed.

3. Unsupported Bank Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.145,733 as disclosed in Note 10 to the financial statement. However, the details of the bank balances were not provided or supported with cashbook, monthly bank statements, monthly bank reconciliation statements and bank balance confirmation certificate.

In the circumstances, the accuracy and authenticity of the cash and cash equivalents balances of Kshs.145,733 could not be confirmed.

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

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page ii to vii which comprises of Key College Information and Management, Report of the Principal, Summary Report of Performance Against Predetermined Objectives, Corporate Governance Statement, The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of financial Statements to the Auditor -General

During the year under review, the College Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2024. Instead, the financial statements were received on 20 March, 2025. This is contrary to Section 47(1) of the Public Audit Act, 2015 that requires that; financial statements should be, submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

2. Stalled Construction of the College Buildings Block

The construction of a twin workshop, classrooms and a two-story office block at Balambala Technical and Vocational College commenced on 2 March, 2015 with a total project cost of Kshs.45,568,425. A contract for the works was signed on 14 October, 2014 between North Eastern National Polytechnic, which is the mentor institution for the project and a local contractor. The contractor was paid a total of Kshs.45,538,425 for the Project with Kshs.35,568,425 was funded through support from the Ministry of Education and counter funding contribution of Kshs.10,000,000 from the National Government Constituencies Development Fund (NG-CDF Balambala). The project completion date was set for November, 2015, but was later extended to September, 2016. Student admissions were expected to commence in January, 2017.

An audit inspection conducted at the College on 2 April, 2025 revealed that the construction project has stalled for a period of over eight (8) years and remains incomplete to date, despite the contractor having been fully paid.

Repeated warning letters issued by the Mentor Institution requiring the contractor to return to site have not been heeded and the contractor has failed to resume works to date.

Review of the project file further revealed that the contractor, through the mentor institution and the Director of Public Works – Garissa County, made requests for contract variations on 26 July, 2019 and 5 September, 2024, amounting to Kshs.20,366,094. These claims were purportedly for additional contractual works and for the deployment of security personnel at the site. These variation requests are not supported by bills of quantities being varied and is in contravention of Regulation 139(4) of the Public Procurement and Asset Disposal Regulations, 2020, which stipulates that, the variation must not exceed 15% of the original contract sum, it must be necessitated by unforeseen circumstances, the variation must remain within the scope of the original contract and it must be approved in writing by the relevant Accounting Officer.

Physical inspection carried out in the month of March, 2025 revealed multiple unsatisfactory conditions, raising concerns about compliance with the contract specifications and safety standards. The inspection observed the following:

i. There are significant defects in the roofing installation that have led to water leakage and subsequent damage to ceiling boards
ii. The electrical installation works are incomplete and the building has not been connected to the main electrical supply line from Kenya Power and Lighting Company (KPLC) despite there being a provision of Kshs.5,705,700 for electricity installation and connection in the Bill of Quantity that has already been paid
iii. The building is infested with bats, bringing out unpleasant smell emanating from high bat activity. This poses health risks to students who are set to be admitted
iv. The building is fitted with a steep staircase and ramp despite being a clear guideline of a sloppy staircase and ramp in the bill of quantity. There is likelihood of tripping and falling when using the staircase and ramp
v. The site is not fenced and the compound is bushy thus making the building prone to vandalism
vi. Low-quality materials used in windows contrary to design specifications provided in the bill of quantity
vii. Terrazzo finish was not applied to the designated floor area as required in the bill of quantity. The current surface remains unfinished and has an alternative finish not aligned with the project specifications
viii. Windows throughout the building do not have grills despite there being a provision of the same in the bill of quantities
ix. The building is fitted with metallic doors instead of mahogany or alternative hardwood as specified in the bill of quantity
x. Key plumbing installations, as per the approved design and scope of work, are entirely missing. These include water supply lines in designated washroom areas, missing drainage pipes in kitchen and bathroom zones and incomplete connection to main water and sewerage networks among others
xi. The staircase and ramp areas have no grills and handrails, even though their installation was clearly provided for in the project specifications and scope of work. This deficiency poses a risk for falls and injuries, particularly affecting vulnerable users such as the elderly and those with mobility impairments and

xii. The building lacks essential firefighting installations, including hose reels and associated pipe works, despite there being a provision of Kshs.288,000 in the Bill of Quantities (BQ).

These issues raised concerns regarding the contractor's non-performance, irregular variation requests and non-compliance with procurement regulations, despite full payment having been made for the project.

In the circumstances, the value for money amounting Kshs.45,568,425 spent on the Project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Non-Maintenance of Fixed Assets Register

The financial statements for the disclosed property, plant and equipment balance of Kshs.51,743,527. Physical inspection carried out on the month of March, 2025 revealed various assets that were in the College compound which includes land and buildings, furniture and fittings. However, Management did not maintain a record of the fixed assets to confirm their values and status.

In the circumstances, the accuracy and reliability of the noncurrent assets balance disclosed in the financial statements could not be confirmed.

2. Lack of Land Ownership Documents

Physical inspection of the College property carried out during audit revealed that the College sits on approximately one-hundred (100) acre land. However, Management did not provide ownership documents (title deeds or allotment letter) for land thereby exposing it to illegal transfers, encroachment and grabbing.

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

Responsibilities of the Management and Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Colleges' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

8 May, 2025

5. Statement of Financial Performance for the Year Ended 30 June 2024

	Notes	2023-24	2022-23
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,000,000	2,000,000
Total Revenue		**2,000,000**	**2,000,000**
Expenses			
Employee costs	7	480,000	480,000
Depreciation and amortization expense	8	1,250,405	1,250,405
Use of goods and services		1,154,266	1,236,445
Repairs and maintenance	9	196,000	-
Total Expenses		**3,080,671**	**2,966,850**
Net surplus/(deficit) for the year		**(1,080,671)**	**(966,850)**

(The notes set out on pages 5 to 29 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 4 were signed by:

…………………………………..	………………………………	………………………………
Chairman of Council/Board	**Principal**	**Finance Officer**
		ICPAK No.14916
Date. 18.03.25	**Date.18.03.25**	**Date.18.03.25**

Comparative FY refers to the financial year preceding the current year.

6. Statement of Financial Position as at 30th June 2024

Description	Notes	2023-24	2022-23
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	10	145,733.50	35,680
Inventories	11	20,250	30,600
Total Current Assets		**165,983.50**	**66,280**
Non-Current Assets			
Property, plant, and equipment	12 (A)	**51,743,527**	54,244,337
Total Non-Current Assets		**51,743,527**	**54,244,337**
Total Assets (A)		**51,909,510.50**	**54,310,617**
Net Assets (A-B)		**51,909,510.50**	**54,310,617**
Represented By:			
Revaluation Reserves		**53,277,487**	**54,244,337**
Accumulated Surplus		(2,047,521)	(966,850)
Capital Fund		679,544.50	1,316,685
Net Assets		**51,909,510.50**	**54,310,617**

The Financial Statements set out on pages 1 to 4 were signed by:

…………………………………..	………………………………	…………………………………
Chairman of Council	**Principal**	**Finance Officer**
		ICPAK No.14916
Date.18.03.25	**Date.18.03.25**	**Date.18.03.25**

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

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022 *(previous year)*	-	(-)	**54,244,337**	**54,244,337**
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(966,850)		(966,850)
At June 30, 2023	-	(966,850)	**54,244,337**	**53,277,487**
At July 1, 2023 *(current year)*	-	(966,850)	**54,244,337**	**53,277,487**
Revaluation gain	-	-	-	679,544.50
Surplus/(deficit) for the year	-	**(1,080,671)**		(2,047,521)
At June 30, 2024	-	**(2,047,521)**	**54,244,337**	**51,909,510.50**

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

Description		2023-24	2022-23
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	2,000,000	2,000,000
Total Receipts		**2,000,000**	**2,000,000**
Payments			
Use of goods and services		1,154,266	1,256,420
Employee costs	7	480,000	480,000
Repairs and maintenance	9	196,000	236,500
Total Payments		**1,830,266**	**1,972,920**
Net Cash Flows from operating activities		**169,734**	**27,080**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(59,680.50)	()
Net cash flows used in investing activities		**(59,680.50)**	**()**
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents			
Cash and Cash equivalents at 1 JULY 2023	10	35,680	8,600
Cash and Cash equivalents at 30 JUNE 2024	10	**145,733.50**	**35,680**

9. Notes to the Financial Statements

1. General Information

Balambala TVC entity is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train highly skilled workforce.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *BALAMBALA TVC* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 6. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *BALAMBALA TVC*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards in the year ended 30th June 2024

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

Standard	Effective date and impact:
IPSAS 43: Leases	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current

	operational value.
IPSAS 47: Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. ***Early adoption of standards***

BALAMBALA TVC did not early adopt any new or amended standards in year ended 30th JUNE 2024.the institute adopted standard .The impact of these standards on entity's financial statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Council on ***20.03.2023*** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, on the FY 2023/2024 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section ***30*** of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule ***xxx*** of the ***xxx*** Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

Social benefits are cash transfers provided to

i) specific individuals and/or households that meet the eligibility criteria,

ii) Mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.
Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

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

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

6. Transfers from other National Government entities

Description	2023-24	2022-23
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	2000,000	2000,000
Total Government Grants and Subsidies	2000,000	2000,000

7. Employee Costs

Description	2023-24	2022-23
	Kshs	Kshs
Salaries and wages	480,000	480,000
Employee Costs	**480,000**	**480,000**

Description	2023-24	2022-23
	Kshs	Kshs

8. Depreciation and Amortization expense

Description	2023-24	2022-23
	Kshs	Kshs
Property, plant and equipment	1,250,405	1,250,405
Total depreciation and amortization	**1,250,405**	**1,250,405**

9. Repairs and Maintenance

Description	2023-24	2022-23
	Kshs	Kshs
Property, motor vehicle and machinery	196,000	
Total Repairs and Maintenance	**196,000**	-

10. Cash and Cash Equivalents

Description	2023-24	2022-23
	Kshs	Kshs
Current Account	145,733.50	35,680
Total Cash and Cash Equivalents	**145,733.50**	**35,680**

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

11. Inventories

Description	2023-24 Kshs	2022-23 Kshs
Consumable stores	20,500	30,600
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	**20,500**	**30,600**

12. Property, Plant and Equipment

Cost	Buildings	Furniture and fittings	Total
	Kshs	Kshs	Kshs
At 1July 2022 *(previous year)*	**52,667,977**	**1,576,360**	**54,244,337**
Additions			
Disposals	-	-	(-)
Transfers/Adjustments	-	(-)	(-)
At 30th June 2023 *(previous FY)*	**52,667,977**	**1,576,360**	**54,244,337**
Additions	-	-	
Disposals	-	-	(-)
Transfer/Adjustments	-	-	(-)
At 30th June 2024 *(current year)*	**52,667,977**	**1,576,360**	54,244,337
	2%	**12.5%**	
Depreciation And Impairment			
At 1 Jun 2022 *(previous year)*	(-)	(-)	-
Depreciation	1,053,360	197,045	**1,250,405**
Disposals	-	-	-
Impairment	-	-	-
At 30 Jun 2023 *(current year)*	**1,053,360**	**197,045**	**1,250,405**
Depreciation	1,053,360	197,045	**1,250,405**
Disposals	-	-	-
Impairment	-	-	-
Transfer/Adjustment		-	-
At 30th Jun 2024 *(current y*	**2,106,720**	**394,090**	**2,500,810**
Net Book Values			
At 30th Jun 2023 *(previous year)*	**51,614,617**	**1,379,315**	**52,993,932**
At 30th Jun 2024 *(current year)*	**50,561,258**	**1,182,270**	**51,743,527**

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).

12 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	**52,667,977**	**2,106,720**	**50,561,258**
Office Equipment, Furniture, And Fittings	**1,576,360**	**394,090**	**1,182,270**
Total	**54,244,337**	**2,500,810**	**51,743,527**

13. Cash generated from operations.

Surplus for the year before tax	2023-24 Kshs	2022-23 Kshs
Adjusted for:	**(1,080,671)**	**(966,850)**
Depreciation	1,250,405	1,250,405
Non-Cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	-	-
Gains and Losses on Disposal of Assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase in Inventory	(-)	(256,475)
Increase in Receivables	(-)	(-)
Increase in Deferred Income	-	-
Increase in Payables	-	-
Increase in Payments received in advance	-	-
Net Cash Flow from Operating Activities	**169,734**	**27,080**

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

14. Financial Risk Management

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

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

(I) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	35,680	35,680	-	-
Total	**35,680**	**35,680**	-	-
At 30 June 2024 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	**145,733.5**	**145,733.5**	-	-
Total	**145,733.5**	**145,733.5**	-	-

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

iv) Capital Risk Management

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

Description	2023-2024	2022-23
	Kshs	Kshs
Revaluation Reserve	53,277,487	54,244,337
Retained Earnings	(2,045,521)	(966,850)
Capital Reserve	679,544.50	1,316,685
Total Funds	**51,909,510.50**	**54,310,617**
Total Borrowings	-	
Less: Cash and Bank Balances	(**145,733.50**)	(35,680)
Net Debt/(Excess Cash and Cash Equivalents)	51,763,777	54,274,937
Gearing	100%	100%

15. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

i) The National Government;
ii) The Parent Ministry;
iii) Key management;
iv) Council members;

The transactions and balances with related parties during the year are as

Description	2023-24	2022-23
	Kshs	Kshs
a) Grants /Transfers from the Government		
Grants from National Govt	2000,000	2,000,000
Total	**2000,000**	**2000,000**
b) Key Management Compensation		
Directors' emoluments	-	-
Total	-	-

16. Events After The Reporting Period

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

17. Ultimate And Holding Entity

BALAMBALA TVC is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of education its ultimate parent is the Government of Kenya.

18. Currency

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

10. 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.

Appendix III- BALAMBALA TECHNICAL AND VOCATIONAL COLLEGE

Confirmation Letter

Name of transferring entity… *State Department for Technical and Vocational Training* ……………………………………………………..

Name of beneficiary entity…BALAMBALA TECHNICAL AND VOCATIONAL COLLEGE…………………………………………………...

Confirmation of amounts received by [BALAMBALA TECHNICAL AND VOCATIONAL COLLEGE] as at 30th June 2023/24					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	11/07/2023	500,000			
	02/10/2023	500,000			
	18/01/2024	500,000			
MOE/DTE/CAP9/43(9)	05/02/2024	500,000			
	12/07/2024				
	12/07/2024				
Total					

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

Head of Accounts Department - Disbursing Entity:

Name. Nyasani Nyameyio Timothy **Sign.** **Date .18.03.2025**

Head of Accounts Department - Beneficiary Entity:

Name. Nyasani Nyameyio Timothy **Sign.** **Date.18.03.2025**

Appendix IV: Reporting of Climate Relevant Expenditures

There was no expenditure in relation to climate change in the FY 2023-24

Appendix V: Reporting on Disaster Management Expenditure

There was no expenditure in related to disaster in the FY 2023/24