

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 17 JUN 2025

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WILLIS OBIERO

THE AUDITOR-GENERAL

ON

**GATUNDU SOUTH TECHNICAL AND
VOCATIONAL COLLEGE**

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



GATUNDU SOUTH 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)

GATUNDU SOUTH TVC
Annual Report and Financial Statements for the year ended 30th June 2024

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1. 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 Vocational College
GSTVC	Gatundu South Technical and Vocational College
CDACC	Curriculum Development Assessment and Certification Council
CBET	Competency-Based Education and Training
NFM	New Funding Model
QUASO	Quality Assurance Officer
ILO	Industrial and Liaisons Officer

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

Gatundu South Technical and Vocational College (GSTVC) was established under the TVET Act of 2013, Section 20 (1) on 7th June 2019 as a government institution under the Ministry of Education to offer quality Technical, Vocational Education, and Training (TVET).

The College is a registered public entity under the Ministry of Education - State Department for Technical, Vocational Education and Training (SD-TVET). The college is strategically located in a serene learning environment and accessible from all directions. It is located in Kiambu County, Gatundu South Sub-County, Githunguchu Sub-Location, Githaruru Estate near Gatundu Town, about one kilometre from Gatundu Sub-County Hospital and the Gatundu Law Courts.

The college endeavours to continually improve the learning environment by improving existing infrastructure and other key training facilities and equipment. The college management plans to continue supplementing government support in equipping training workshops and laboratories. The College currently has a population of over 500 trainees enrolled in various programs from Diploma to Artisan and other flexible short-term courses such as Food and Beverage Production. GSTVC is working towards introducing more industry-related short courses to align with the government's objective of equipping the youth with relevant skills and competencies for employability, such as tiling and painting. To further address the issue of relevance and competence, GSTVC was registered as a CDACC assessment centre for the Competency Based Education and Training (CBET) courses and the pioneer cohort will be assessed in July 2024. The college admitted the first group of ten (10) trainees into a dual cooperative training program in level 4 Instrumentation and Control Systems (ICS) and the other two (2) in Welding and Fabrication Level 4. Under this program, training is split into two blocks: college block and industry block. Trainees attend each block alternating throughout the course duration.

The Institute is committed to the realization of the Kenya Vision 2030 and the Big Four Agenda by offering relevant and market-driven programs.

The future expectations of the Community and other strategic stakeholders of Technical and Vocational Education and Training (TVET) are to see the Institute Become a national polytechnic.

Key Entity Information and Management (Continued)

(b) Principal Activities

The principal activity/mission of Gatundu South TVC is to provide Technical and Vocational Education and Training.

i. Vision

To be a premier Technical and Vocational Training College that sustainably empowers and transforms society

ii. Mission

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To provide quality Technical and Vocational training to empower graduates for individual development and global competitiveness

iii. Strategic Objectives

- To produce a competent and competitive workforce
- To provide adequate infrastructure for quality service delivery
- To develop innovative products that will meet the needs of the community.
- To enhance trainee welfare
- To improve organizational performance

iv. Core Values

- Integrity
- Professionalism
- Creativity and Innovation
- Teamwork
- Customer Focus
- Competence-based

(c) Key Management

The GSTVC day-to-day management is under the following key organs:

- Board of Governors
- Principal Accounting Officer
- The management teams

(d) Fiduciary Management

No.	Designation	Name
1.	Principal	Muturi P Ndiba
2.	D/ Principal	Patrick N Kiratu
3.	Finance Officer	Paul Ngotho
4.	Ag. Registrar	Fanice Chemunyan
5.	Ag. Dean Of Students	Anthony Mwangi
6.	Procurement Officer	Emily Musyimi
7.	Industrial Liaison Officer	Zachary Njoroge Murigi
8.	Performance Contracting Coordinator	Samuel Mararo

Fiduciary Oversight Arrangements

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

Academic & Research Board Committee:

The Committee monitors the curriculum implementation and academic performance of the College and the infrastructural needs of the college.

Finance & Operations and HR Board Committee:

The Committee is appointed by the Board to oversee the formulation and implementation of the budget, strategic plan, and human resource management matters including recruitment and discipline of staff.

Audit Risk and Compliance Board Committee:

The committee monitors the integrity of the financial statements of the College, reviews the College's internal financial controls systems, and oversees the internal audit function.

Senior Management:

Senior management comprises of Principal, Deputy Principal, Registrar, Dean of Students, and finance officer. The senior management is appointed by the principal in consultation with the Board and is responsible for the overall running of the College.

Middle Level Management:

The management reports directly to the senior management. The management comprises of Heads of Departments Sections and their deputies. The management is responsible in day to day running of their departments and sections.

(e) GSTVC Headquarters

P.O. Box 102 – 01030
Gatundu, KENYA
Telephone: (+254)797255245
E-mail: gatundusouthtvc@gmail.com
Website: www.gatundusouthtvc.ac.ke

(f) GSTVC Bankers

Kenya Commercial Bank Limited
Gatundu Branch
P.O. Box 264 – 01030
Gatundu

(g) Independent Auditors





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

(h) Principal Legal Adviser

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





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3.The Board of Governors

Member	Details
<p>1.  Planner Timothy T. Ndorongo Chairman, Board of Governors</p>	<p>Date of Birth: 12-12-1958</p> <p>Qualifications and Experience:</p> <p>Mr. Planner TG Ndorongo is a holder of a Master of Art (Planning). Registered and practicing physical planner; A member of Kenya Institute of Planners and the Architectural Association of Kenya and Director of Miwani Construction Company Limited and Director of Geospatial System Ltd.</p>
<p>2.  Khalid A Issa Member of the Board</p>	<p>Date of Birth: 31-08-1991</p> <p>Qualifications & Experience:</p> <p>Khalid holds an LLB undergraduate degree from Jomo Kenyatta University of Agriculture and Technology, an LLM in Intellectual Property and ICT from Mount Kenya University, an Advocate of the High Court of Kenya (KSL DPL), and a Level 2 Investment Advisor Certificate from the Chartered Institute of Securities and Investments. He has vast experience in compliance and regulatory action legal matters. He is an independent board member in the Audit, Risk and Compliance Committee</p>
<p>3.  Purity Kathambi Member of the Board</p>	<p>Date of Birth: 19 10 1989</p> <p>Qualifications and Experience:</p> <p>Purity is a Holder of an LLB from the University of Nairobi and a Postgraduate Diploma in Law (KSL), an advocate of the High Court of Kenya, and an Associate at the law firm of S.G Mbaabu and Company Advocates. She has previously worked at Bahati Mwamunye & Co. Advocates. She is an Independent member of the Finance, Operations, and HR committee.</p>
<p>4.  Joyce Maguire Member of the Board</p>	<p>Date of Birth: 1973.</p> <p>Qualifications and Experience:</p> <p>Ms. Joyce Mwenja holds a Master of Science in Data Communication and a Bachelor of Information Technology from KCA University. Joyce has also contributed significantly to ERP systems implementation in several higher learning institutions. She chairs the Academic and Research Committee and sits as a member in the Audit, Risk and Compliance committee. She is an independent member.</p>



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5.	 <p>CPA Moses Kuria Member of the Board</p>	<p>Date of Birth: 1990. Qualifications and Experience: CPA Moses Muhia Kuria holds a Master of Tax and Customs from Moi University (Kenya School of Revenue Administration), B. Com. (Accounting) from KCA University, CPA-K, and is a member of ICPAK in good standing. He has vast experience in the implementation of Internal control systems, Accounting, and Tax. He is the director of Dorcash Consultants Ltd. He chairs the Finance, operations and HR committee as an independent member.</p>
6.	 <p>Davis Kibet Member of the Board</p>	<p>Date of Birth: 13-04- 1991 Qualifications and Experience: Mr. Kibet holds a MSc. Project management from JKUAT and a Bachelor of Quantity Surveying from Nairobi University. Currently pursuing a PhD in project management at JKUAT. Mr. Kibet is a director at Primephase Consultants Ltd, a Quantity Surveying and Project Management firm. He is an independent member in the Finance, Operations and HR Committee.</p>
7.	 <p>EM Martin Member of the Board</p>	<p>Date of Birth: 24-9- 1984 Qualifications and Experience: EM Martin holds a Master of Science in Finance and Investment, BA (Economics and Mathematics), both from Nairobi University, CPA (K) and CPS (K). She has a wealth of experience in Audit and Financial Management. She is an Independent member chairing Audit, Risk and compliance committee.</p>
8.	 <p>Dr. Peter K. Thuo, PhD Member of the Board</p>	<p>Date of birth: 06/06/1961 Qualification & experience Dr. Peter K. Thuo, PhD. Holds a BSc degree in geology from the University of Nairobi, a postgraduate diploma in geology from the Royal Holloway University of London, and an MSc degree in geology from the University of St. Andrews, Scotland. He also holds a PhD degree in petroleum geoscience from Université de Bretagne Occidentale, Brest, France. Has attended numerous technical and management courses in the field of oil and gas exploration. Worked in the oil exploration industry in Kenya for more than 35 years, most of it at the National Oil Corporation of Kenya, where he rose to head of the exploration and later in the private sector as general manager in charge of Kenya operations for ERHC ENERGY, an American oil exploration company. Currently serves as an independent consultant in oil and gas exploration. He sits in the Academic and Research Committee as an independent Member representing the County Governor of Kiambu</p>

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9.	 Maryanne Abdi Hassan Regional Director	Born 12th Dec 1977 Master in education administration and planning Regional Director of TVET She is an independent member of the Academic & Research Committee representing the PS
10	 Muturi P. Ndiba Secretary to the Board	Date of Birth: 28-06-1977 Qualifications & Experience: Muturi P. Ndiba holds a B.Ed. (Science) degree from Kenyatta University. Currently an MSc. (Analytical Chemistry) at Kenyatta University. He also holds a certificate in senior management course from Kenya School of Government. And has vast experience in TVET matters as a trainer and administrator. He is not a member of ICS.

4. Key Management Team

Member	Details
1  Muturi P. Ndiba	Principal- Accounting Officer B.Ed. (Science) degree from Kenyatta University. Currently MSc. (Analytical Chemistry) at Kenyatta University.
2  Patrick N. Kiratu	Deputy Principal- Principal assistant to the principal An ICT and Computer studies trainer. MSc Computer Studies B.Ed. Technology
3  Fanice Chemunyan	Ag. Registrar – In charge of Admissions, Records and Marketing Higher Diploma Civil Engineering

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4	 Anthony Mwangi	Ag. Dean – In charge of trainees welfare, HelB Applications and trainees’ Leadership BSc. IT
5	 Paul Ngotho	Finance Officer– In charge of finance department. B Com (Finance) CPA (K)
6	 Emily Musyimi	Procurement Officer- In charge of the procurement function and stores. Bachelor of Science in Procurement and Contract Management Diploma in Purchasing and Supplies Management
7	 Zachary Njoroge	Quality Assurance and Standardization Officer Higher Diploma in Electrical Engineering Education Ongoing Pedagogical Training at Kstvet
8	 Samuel Mararo	Performance Contracting Coordinator. BSC Computer Technology.

5. Chairman's Statement

I take this opportunity to present the Annual Report and Financial Statements for the year ended 30th June, 2024 for this great College.

During the financial year ending June, 2024, the College remained focused on its mission to provide Technical and Vocational Education and Training and Research that promotes creativity, innovation and incubation to meet local, regional and global dynamic socio-economic and environmental challenges.

I wish to state that during the financial year, the College maintained prudent financial management strategies and controls to avoid wastage of resources.

The Board is committed to the highest level of probity in the conduct of its business and continues to offer leadership and guidance to the management in order to achieve the College's strategic objectives as a set out in the Strategic Plan. During the financial year, the Management has ensured compliance to the various regulatory bodies including Kenya Revenue Authority, National Social Security Fund and National Hospital Insurance Fund by paying all the requisite taxes and remittances as permitted by the legislation.

The Board thanks all the stakeholders including the trainers, administrative staff, suppliers, trainees, the community surrounding the College and most sincerely the Government of Kenya who contributed in one way or another to make the year successful specifically for funding the College through the capitation funds, Scholarship, HELB and Bursaries. God bless us all.



Planner Timothy G Ndorongo

Chairman Board of Governors

6. Report of the Principal

Gatundu South Technical & Vocational College is well placed to provide adequate and relevant training to its graduates that will enable them to contribute towards attaining our country's Vision 2030 strategic objectives. In furtherance of our mandate, therefore, we have committed ourselves to consistently and regularly reviewing, improving, and consolidating our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance through the introduction of CBET courses and Dual Training Courses.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction by reviewing the strategic plan 2021/22 to 2025/26.

In The Financial Year 2023/2024, the college received a total capitation of Kshs. 4,849,925, which represents Kshs. 14,000 allocation per trainee per year. This is an increase of Kshs. 1,000 per trainee per year from the previous FY 2022/23. An Operational grant of Kshs. 2,000,000 was also disbursed. In the last quarter of FY 2022/23, H.E. the president received the report on the task force on Education reform. Higher education funding was delinked from placement. Program fees would be capped at Kshs. 67,189 based on program costing. Under this New funding model, trainees would apply for government funding assistance. The financial assistance afforded to a trainee would be based on the individual level of need as determined through a mean testing instrument (MTI). The score from this testing would be used in banding trainees under five funding bands. These bands would be funded through HELB loans, Government scholarships, and individual household contributions at varying percentages per band. On 22nd December 2023, we received our trainees' scores for the September 2023 intake to determine household contributions towards their fees. During this financial year 2023/24, we received a scholarship grant of Kshs. 1,659,568 for 50 trainees whose scores we had received.

The New Funding Model attempts to address the concerns of Accessibility of higher education by delinking student placement from funding and providing financial assistance depending on individual household levels of need. This contrasts with the previous Capitation model, where financial assistance was indiscriminately uniform regardless of financial capability. The capitation model would remain in force for trainees admitted before the advent of this NFM. Institutions would, however, have to apply for capitation on behalf of their trainees.

I take this opportunity to thank the Government through the Ministry of Education for the support, both financial and policy directions. I wish to note that the funds, together with fees collected from trainees, were prudently utilized as evidenced in the financial statement in this report.

The college presented 134 candidates for the KNEC July 2023 with an overall pass of 66.42%, 86 candidates for the November 2023 KNEC examinations and registered 62.79% pass and registered a pass mark of 76.92%, and 26 candidates for the March 2024 series. Booking for the July 2024 KNEC Exam series was successfully done. For NITA, we presented 48 candidates for December

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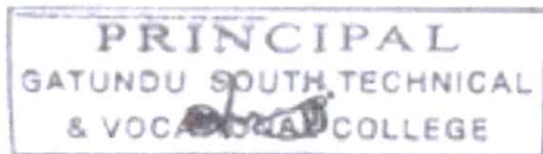
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2023 with a 100% pass and 84 candidates for April 2024 with an overall percentage pass of 92.86%. The college shall present 112 candidates for the July 2024 KNEC examination series. The first group under CBET (34) will sit for both their practical and summative assessment this July/Aug 2024. On behalf of the GSTVC family, I wish all our candidates much-deserved success

I express my heartfelt gratitude to the training and administrative staff for their selfless effort in ensuring that the training and the overall curriculum implementation were successful. During the year under review, the college had 19 PSC trainers and 23 BOG staff. On this note, I sincerely thank the Government through the Ministry of Education for their relentless efforts in ensuring that the college is staffed, while at the same time requesting more staff to reduce the wage bill that is becoming unsustainable.

On behalf of the College Board, staff, and trainees, I take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material, and moral support of our collaborators, partners, and friends during the year. It is because of the understanding and guidance of the Chairman of the Board, as well as the cooperation of the entire staff and our trainees, that we ended the year within an environment of peace and stability. I wish to express my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



Muturi P. Ndiba (MR)

PRINCIPAL/SECRETARY BOG

Date: 16TH APRIL 2025.

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7. Statement of Performance against Predetermined Objectives

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<u>Pillar 1</u> Competent and Competitive Workforce	To produce competent and competitive workforce	-Introduced CBET Courses from Level 3 to Level 6 -Introduced 2 dual courses -Create Industrial linkages	-introduce new market-driven programs/courses -Pursue the establishment of industrial linkages	-Signed four MOUs with industries -Artisans in Welding & Fabrications and Level 4 Instrumentation Control system
<u>Pillar 2</u> Infrastructural Development	To provide adequate infrastructure for quality service delivery	-Addition of office space -100 additional lecture chairs acquired -Temporary room fabricated/partitioned -Enhance Security in the offices of the principal and accessibility to the secretary's office -Improve Drainage at the main gate -Equipment & tools in Hairdressing, carpentry and Electrical	-Create space to decongest the finance & QUASO/ILO office -Fabricate office shelves & storage cabinets in Finance, Registry, and Deans' offices -Construct a drainage culvert at the main gate -Avail training equipment, tools, and materials	-Finance, Deans, QUASO/ILO offices partitioned -metallic grill in the offices of the Principal & Secretary -2 offices fabricated for the finance & QUASO/ILO - Culvert at the main gate -Inventory for the equipment, tools and materials updated
<u>Pillar 3</u> Innovation and community service	To develop innovative products that will meet the needs of the community	-Exhibit in Electrical, plumbing and Hair dressing	-participate in regional and national trade fair competitions	- Ranked No. 3 in Hairdressing in the world skill competition - participated in the regional and National KATTI trade fair in plumbing
<u>Pillar 4</u> Trainees Welfare	To enhance trainee welfare	-VCT and wellness services provided to trainees and trainers -3 sessions organized -Operationalization of trainees' student council	-train guidance and counselling services officer -Organize guidance and counselling forums and VCT services	-Training done-certificate available, -VCT and wellness service provided, invitation, lists and programmes available

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			- student council elections	-student council leadership constituted and facilitated
Pillar 5 Organizational Capacity	To improve organizational performance	-Application of MIS in all modules procured - Organizational structure in place -Staff establishment in place -ICT policy -Risk Policy -Finance Policy Manual -Annual financial report submitted on time - Remittance of statutory dues	-Training of new staff on MIS - Enhance efficiency -Determine staff establishment -Develop institutional policies -Engage competent trainers -Compliance with statutes	-Full application of the finance, admissions, examination, procurement and HR modules -ICT, Risk and HR policies in place -Trainers competitively recruited

8. Corporate Governance Statement

Corporate governance is the process by which the College is directed, controlled, and held to account. It provides the structure through which the strategic objectives of the College are set, and the means of attaining them, as well as monitoring performance. Corporate Governance dictates the engagement between the College Board of Governors, Management, Regulators, and all Stakeholders.

The College, in its decision-making processes, observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for the sustainability of the College.

(i) The Board charter.

The Board is guided by the Board Charter, which defines the governance procedures within which the Board exists and operates. The charter was enacted by the board on 16 December 2022, and it clearly states the respective roles, responsibilities, and authorities of the Board and its Committees.

(ii) Board Appointment and Composition.

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for three years and who are eligible for re-appointment for a further term.

The membership of the Board of Governors comprises;

- (a) The Chairperson;
- (b) The principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education, Science and Technology, State Department of TVET
- (d) Representative of the Governor of the County Government of Kiambu
- (e) Five other members appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology.

Some of the roles of the board of governors include:

- (a) Approve the policies of the College
- (b) Employ staff
- (c) Approve the Annual Budget
- (d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

(iii) Board Diversity

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The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the College's mandate. The College endeavors to and remains compliant with the one-third (1/3) gender balance.

(iv) Separation of Powers

The Chairman of the Board's responsibilities include the operation, leadership, and governance of the Board, ensuring its effectiveness, and setting its agenda. The College Principal's roles and responsibilities include the day-to-day management of the College's business and overseeing the implementation of strategies, policies approved by the Board.

(v) Board's Effectiveness

In order to ensure that the Board members are effective in their contribution to the management of the College, the members undergo regular training to enable them to fulfill their responsibilities. The Board members underwent a comprehensive induction and capacity-building program during their inauguration in the last financial year, 2022/2023.

(vi) Board Evaluation

The Board has put in place an evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2024/2025.

(vii) Sitting Allowances of the Board

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairman and members, and honorarium to the chair. In addition, sitting allowances and reimbursements may be payable when on official duty in and outside the country.

(viii) Conflict of Interest

The College's conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflicts of interest and deal at arm-length in any matter that relates to the organization. However, a board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the board. A register of interests is maintained, and declarations of any conflicts of interest are made at the start of each committee and board meeting.

(ix) Committees of the Board:

The College has a total of three committees, which are;

- (i) The Audit, Risk and Compliance Committee
- (ii) Finance, Operations, and Human Resources, Committee
- (iii) Academic and Research Committee.

The Board held five general meetings during the FY 2023/2024. The Finance, Operations, and Human Resources committee and Audit, Risk, and Compliance each had 3 sittings with Academics & Research meeting twice during the financial year.

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(X) Board Succession Planning

Board succession planning is a strategic process of proactively identifying and preparing future board members to ensure a smooth transition of leadership and maintain the board's effectiveness. It involves developing a pipeline of potential candidates and assessing their skills, experience, and alignment with the organization's strategy. This proactive approach helps prevent disruptions and ensures the board's continuity and long-term success.

(XI). Removal of a board member

The board member representing the Permanent Secretary, Mr. Charles Nyota, was replaced by Madam Maryanne Abdi Hassan in the second quarter of the FY 2023/2024.

(xii) Board Member Performance & Attendance

The board prepared annual work plan setting out activities planned for the year, and approved a board almanac. The Board held five general meetings during the FY 2023/2024. The Finance, Operations, and Human Resources committee and Audit, Risk, and Compliance each had 3 sittings with Academics & Research meeting twice during the financial year

Meetings	meeting Date	attendance	In-attendance	Venue
1	21st Sep 2023	6	1	physical
2	24th Feb 2024	10	1	physical
3	16th Mar 2024	6	1	physical
4	3rd May 2024	10	1	Virtual
5	23rd May 2024	9	1	Virtual

(xiii) Governance Audit

The board carried out regular governance audits during the Financial year covering the following parameters:

- Leadership and strategic management
- Transparency and financial disclosures
- Compliance with the laws and regulations
- Communication with stakeholders
- Board independence and governance
- Board systems and procedures
- Corporate social responsibility and investment

9. Management Discussion and Analysis

SECTION A

(a) The Institute's Performance

Revenue

The Institute's sources of funds during the year under review include;

- (i) Government Grants – Capitation, Scholarships and Operation Grants
- (ii) Internally generated funds – Tuition and other related charges

During the year, revenue of Kshs. 8,509,321 was received from the national government as capitation, Scholarship, and operational grants of which operational grant of Kshs 499,828 was received after the end of the financial year 28,931,428 from Tuition and other fees for rendering services. The Institute's total revenue increased by 99%. This increase was occasioned by the favorable operating environment where program cost of training students was fully captured under the NFM adopted as per the Presidential Task Force Report recommendation. The government disbursed operational grants for all quarters contrasted to the previous FY 2022/2023 where the third quarter grant was not disbursed. Increased Student enrolment was also a major contributing factor.

REVENUES ANALYSIS 2023/2024



Fig. 1. The Institute's Comparative Revenue Analysis for the period ending 30th June 2024.

Expenditure

The institute's expenditure comprises the use of goods and services, employee costs, repairs and maintenance, the board of governor's costs, and depreciation and amortization.

The overall expenditure for the period increased by 21%, which is Kshs. 6,640,356 up from Kshs. 31,928,182 to Kshs. 38,568,538 in the last financial year.

2023/2024 EXPENDITURES ANALYSIS

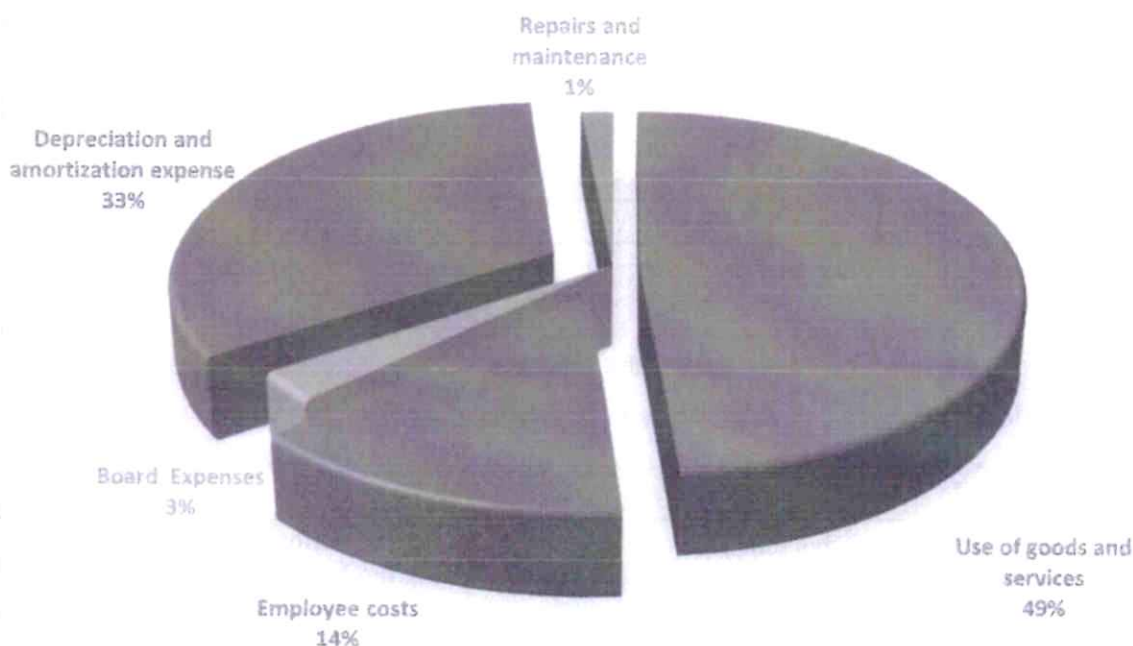


Fig. 2. The Institute’s Comparative Expenditure Analysis for the period ending 30th June 2024.

(b) The Institute’s Compliance with Statutory Requirements

The Institute complies with statutory requirements and has remitted payroll statutory deductions over the years.

(c) Material Arrears in Statutory/Financial Obligations.

The Institute does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit.

(d) Key Projects and Investment Decisions the Institute is Planning/Implementing.

During the year under review the Institute undertook the following projects some of which are works in progress

No.	ONGOING PROJECTS	SOURCE OF FUNDS
1	Construction of additional Office rooms	Internal generated funds
2	Installation of Solar Security Lighting	Internal generated funds
3	Operationalization of the ERP system	Internal generated funds

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

(e) The proposed projects are provided in the table below:

No.	PROPOSED PROJECTS	SOURCE OF FUNDS
1	Equipping Library	Internal generated
2	Digital Computer Lab	Internal generated
3	Income Generating Activity	Internal generated
4	Construction & Equipping Food Production Workshop	Internal generated
5	Construct and Equip Automotive shed	Internal Generated

(f) **Major Challenges and Risks Facing the Institute**

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Delayed disbursement of capitation/Scholarship funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
2	Infrastructure limitation due increased trainee population.	Constructed temporary lecture halls, writing and submitted proposals to the Ministry of Education for Development Grants, and encouraging the locals to construct accommodation facilities for the trainees.
3	Lack of land documentation	Making formal follow-ups including, writing letters and visiting the Kiambu County lands office. Organizing consultative meetings with various stakeholders
4	Huge Student debtors	-Writing demand letters for trainees to acknowledge their debt and commit to a payment plan -Encourage trainees to apply for HELB Funding and other bursaries
5	Lack of System Admin functions	- Reduce the workload of the trainer currently acting as System Admin
6	Lack of Internal Audit functions	The college does request from the mentoring institution the services of internal auditor

(g) **The Entity's Financial Probity and serious Governance Issues**

There were no financial probity and serious governance issues during the year under review.

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

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

Sustainability strategy and profile

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The college has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded its capacity for internally generated income like manufacturing of cabros

Social: the college has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment: The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

Environmental performance

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk board thereby reducing dust and related effects.

Employee welfare

The College values her employees and the many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our College through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	<ul style="list-style-type: none">• Optimizing training operations to meet ongoing social and sustainability objectives.• Providing opportunities for growth at the College by becoming involved in our local community.

GATUNDU SOUTH TVC

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

- Enhanced community**
- Focusing on good urban design and empowered members for healthy, happy and resilient community.
- Supported Staff**
- Promoting initiatives that support staff and their families, beyond the provision of employment.
 - Promoting initiatives that recognize the contribution of the students to the community.

Policies Guiding the College's Hiring Process

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. Financial resources are considered before effecting the strategy
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	The College observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The college offers equal employment opportunities to officers living with disability. The college also offers rights and privileges as provided in the PWDs Act and Board employment policies

Market place practices

Responsible Supply Chain and Supplier Relations

The college has maintained good business practice by complying with the government policy and Section 227 of the Constitution of Kenya. All procurement activities have continuously been carried out, where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract, and these are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated a list of registered suppliers, contractors, and consultants in various specific categories of goods, works, or services according to its procurement needs. Gatundu South Technical and Vocational College has at all times ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels, e.g., Telephone lines and emails are open to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.

GATUNDU SOUTH TVC

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

- iii) When doing procurement planning the college has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

Corporate Social Responsibility / Community Engagements

During the year under review, the college carried out various CSR activities to impact society such as tree planting and clean-up exercises at Gatundu North and South constituencies open markets. GSTVC also donated/ contributed to support government administrators during National Holidays.

GATUNDU SOUTH TVC

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

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the *GSTVC*'s affairs.

Principal activities

The principal activities of the institute are to provide high-quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges.

Results

The results of the entity for the year ended June 30 are set out on pages 1-5.

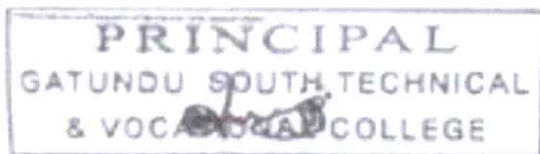
Board of Governors

The members of the Board who served during the year are shown on pages viii and ix. During the year 2023/24, board member Charles Nyota retired, and Madam Maryanne Abdi Hassan was appointed to replace him with effect from 27th November 2023, when the institute was migrated from Central to Nairobi Region. Dr. Peter K. Thuo, PhD, joined the board as a county government representative from 13th October 2023 to fully constitute the *GSTVC* Board of Governors

Auditors

The Auditor General is responsible for the statutory audit of the *GSTVC* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The accounts of *GSTVC* were last audited in the financial year 2021/2022

By Order of the Board



Secretary of the Board
Gatundu south TVC

Date: 16/04/2025

12. Statement of Board of Governor’s Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of GSTVC, which give a true and fair view of the state of affairs of the *GSTVC* at the end of the financial year/period and the operating results for that year/period.

The Council members are also required to ensure that the *GSTVC* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *GSTVC*. The board members are also responsible for safeguarding the assets of the *GSTVC*.

The board members are responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of GSTVC for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *GSTVC*, (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 *GSTVC*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board members are of the opinion that the *GSTVC*'s financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2024, and of the financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the *GSTVC*, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the *GSTVC*'s ability to continue as a going concern. Nothing has come to the attention of the board members to indicate that the *GSTVC* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

GSTVC's financial statements were approved by the Board on **28th September 2024** and signed on its behalf by:



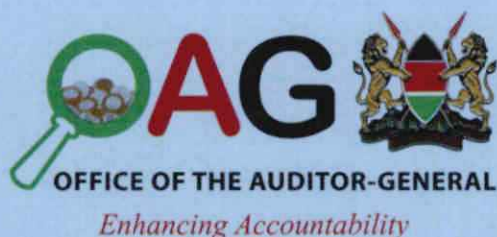
Plan Timothy T Ndorongo
Chairperson of the Board



Muturi P. Ndiba (Mr.)
Accounting Officer/Principal

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON GATUNDU SOUTH 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 that the government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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.

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 Gatundu South Technical and Vocational College set out on pages 1 to 29 which comprise of the statement of financial

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

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 the Gatundu South 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 the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Statement of Financial Performance

The statement of financial performance reflects use of goods and services opening balance of Kshs.11,133,412 which differs from the amount of Kshs.11,058,412 reflected in Note 8 to the financial statements. Further, an amount of Kshs.611,050 for cabros production costs has been omitted under expenses.

1.2 Statement of Cash Flows

The statement of cash flows reflects net increase in cash and cash equivalents balance of Kshs.1,048,405 against a recalculated decrease of Kshs.525,066. Further, the opening balance of Kshs.2,450,186 for net cash flows from operating activities differ from the balance in Note 21 of Kshs.2,450,634.

1.3 Statement of Financial Position

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.5,601,065 which is different from the balance in the aging analysis of Kshs.5,691,773 under Note 19 to the financial statements.

1.4 Notes to the Financial Statements

Note 21 to the financial statements reflects cash generated from operations totalling Kshs.2,162,499 against a recomputed amount of Kshs.2,162,948. Further, on page 27 under capital risk management, the opening balances for retained earnings and capital reserve of Kshs.26,073,605 and Kshs.185,691,607 were at variance with prior year amounts of Kshs.26,057,948 and Kshs.185,691,659 respectively.

1.5 Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 13 to the financial statements reflects cash and cash equivalents balance of Kshs.523,339. However, review of the board of survey report revealed unrepresented cheques of Kshs.17,000 which were not included in the bank reconciliation statement or recorded in the cashbook.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Property, Plant and Equipment

2.1 Failure to Value the College Land

The statement of financial position reflects property, plant and equipment balance of Kshs.144,002,903 as disclosed in Note 17 to the financial statements. However, the balance does not include value of land in which the College is located. Further, it was noted that the College had not carried out land valuation.

2.2 Incomplete Fixed Assets Register

During the year under review, it was noted that the College maintained an incomplete fixed asset register which lacked details of the date of acquisition, type of assets, assets code number, cost of assets including original and additions, location, expected useful lifetime, depreciation rate and charges for the year and accumulated depreciation of the year.

2.3 Lack of Ownership Documents

Review of records provided revealed that the title of the land where the College is located is not in the name of the College but in the name of County Government of Kiambu, formerly Thika Municipal Council.

In the circumstances, the accuracy, valuation and ownership of the property, plant and equipment balance of Kshs.144,002,903 could not be confirmed.

3. Unsupported Inventory Balance

The statement of financial position and as disclosed in Note 16 to the financial statements reflects a balance of Kshs.1,700,692 in respect to inventory. However, the inventories balance was not supported with stores records of details of the items received S3 (stores Ledger), S13 (counter receipt) and issues S11 (counter issue voucher) from the stores and details of items held in stock. Further, a summary of inventory movement during the year indicating opening balance at the beginning of the year, additions during the year and the closing balance were not provided for audit verification. In addition, the College did not provide quarterly and annual inventory and stock-taking reports.

In the circumstances, the accuracy, valuation and completeness of inventories balance of Kshs.1,700,692 could not be confirmed.

4. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 14 to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.16,539,724. This represents an increase of Kshs.9,377,219 compared to the previous financial year (2022-2023) balance of Kshs.7,162,505. No explanation was provided for the increase. Further, included in the balance are receivables amounting to Kshs.2,197,611 which had been outstanding for more than one (1) years. However, there was no policy on the impairment of long outstanding arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.16,539,724 could not be confirmed.

5. Bad Debts Written Off

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects an amount of Kshs.18,833,074 in respect to use of goods and services which further includes Kshs.1,140,360 relating to bad debts written off. However, although Board approval was provided for the write-off, no evidence was provided to show that the Parent Ministry and The National Treasury were informed or approved the same. In the circumstances, the accuracy and validity of the bad debts written off of Kshs.1,140,360 could not be confirmed.

6. Inconsistencies in Board Expenses

The statement of financial performance and as disclosed in Note 10 to the financial statement reflects Board expenses totalling Kshs.1,044,000. However, review of Board files revealed that there was no gazettelement of the Board members and only appointment and acknowledgement letters were provided for audit. Further, review of the payment vouchers revealed that the Board Chairman was paid Kshs.64,000 to attend PSC staff recruitment at Embu KSG for four days at the rate of Kshs.15,000 per day and Kshs.4,000 against the stipulated rates of Kshs.10,000 and not Kshs.15,000. The transport allowance of Kshs.4,000 was also not supported.

In addition, the Chairman was remunerated at different rates of Kshs.15,000 and Kshs.10,000 to attend MOU deliberations with Kiambu County officials. No explanation was provided on the different rates. The MOU document was not presented for audit review to support the expenses. It was also noted that the College deducted the Board of Governors withholding tax of 5% from the sitting allowances instead of 30% as required by KRA.

In the circumstances, the accuracy and propriety of Board expenses amount of Kshs.1,044,000 could not be confirmed.

7. Unsupported Recruitment of Employees

The statement of financial performance reflects employee costs totalling Kshs.5,435,988 as disclosed in Note 9 to the financial statements which includes an amount of Kshs.4,774,165 under salaries and wages. Review of records provided revealed that the College recruited ten (10) contractual casuals, BOG trainers and administrative staff during the year under review. However, the recruitment plan and minutes of Board approvals for the recruitments were not provided for audit review.

Further, the appointment letters stated that the members of staff employed on contract basis could apply for renewal of their contracts one (1) month prior to expiry of the contract. However, the College did not comply with the clause on renewing the employment contracts. The appointment letters for the recruits during the financial year stated that the contracts were for one year renewable on performance basis. However, no performance appraisals or reports before renewals were provided for audit.

In the circumstances, the accuracy and validity of the wages paid to the casual staff could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.33,197,608 and Kshs.27,384,002 respectively resulting to an underfunding of Kshs.5,813,606 or 18% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

In connection with my audit on the Gatundu South Technical and Vocational College 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 and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect 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. Irregular Procurement of Advertising Materials

The statement of financial performance reflects an amount of Kshs.18,833,074 in respect to use of goods and services. Included in the expenditure is advertising expenses of Kshs.811,000 as disclosed in Note 8 to the financial statements. However, analysis of the payment vouchers presented for audit revealed that payment voucher number 11 of Kshs.160,000 paid to a firm for the supply of advertising materials had the following procurement irregularities:

- i. The quotations were opened a day after closing date on 21 July, 2023 as reported in the opening minutes.

- ii. The same committee members opened and evaluated the quotations.
- iii. The opening and evaluation minutes were combined into one minute.
- iv. Evaluation was based on price only.
- v. The College did not comply with the law in use of standard quotation document.
- vi. No requisition from user department.
- vii. No professional opinion from the head of procurement unit.

Further, payment voucher number 874 revealed that the College paid another firm Kshs.221,390 for the supply of advertising materials. However, analysis of the supporting documents presented for audit revealed the following;

- i. The College procured the goods directly from the firm without justification.
- ii. The College did not maintain a procurement file for the purchase.
- iii. No budget estimates for the procured items were provided for audit.
- iv. No inspection and acceptance reports for the procured goods.
- v. No professional opinion from the head of procurement advising the accounting officer justification to purchase the goods directly from the supplier.

In the circumstances, the value for money for the expenditure totaling Kshs.381,990 could not be confirmed.

2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.5,601,065 as disclosed in Note 19 to the financial statements. However, included in the balance are trade payables balance of Kshs.1,919,375 which had been outstanding for more than one (1) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates'.

In the circumstances, Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 Governors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Governors are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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

26 May, 2025

GATUNDU SOUTH TVC**Annual Report and Financial Statements for the year ended 30th June 2024****14. Statement of Financial Performance For The Year Ended 30 June 2024**

	Notes	30th June 2024	30th June 2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	8,509,321	6,159,000
		8,509,321	6,159,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	28,931,428	12,469,702
Revenue from Exchange transactions		28,931,428	12,469,702
Total Revenue		37,440,750	18,628,702
Expenses			
Use of Goods and Services	8	18,833,074	11,133,412
Employee Costs	9	5,435,988	4,777,923
Board Expenses	10	1,044,000	1,325,150
Depreciation And Amortization Expense	11	12,737,201	14,052,311
Repairs And Maintenance	12	593,275	623,678
Total Expenses		38,643,538	31,912,474
Net surplus/(deficit) for the year		(1,202,788)	(13,283,772)

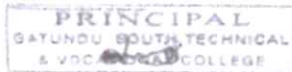
(The notes set out on pages 7 to 33 form an integral part of the Annual Financial Statements).

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



Chairman of the Board

Date 12/04/2025



Principal

Date 12/04/2025



Finance Officer

ICPAK No 16471

Date 12/04/2025

GATUNDU SOUTH TVC
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

Description	Notes	30th June 2024	30th June 2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	523,339	1,048,405
Current portion of receivables from exchange transactions	14	16,539,724	7,162,505
Receivables from non-exchange transactions	15	499,828	500,000
Inventories	16	1,700,692	817,574
Total Current Assets		19,263,583	9,528,484
Non-Current Assets			
Property, plant, and equipment	17	144,002,903	154,452,089
Intangible assets	18	1,250,000	850,000
Total Non-Current Assets		145,252,903	155,302,089
Total Assets		164,516,485	164,830,573
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	5,601,065	4,915,992
Refundable deposits from customers	20	484,497	280,870
Total Current Liabilities		6,085,562	5,196,862
Total Liabilities		6,085,562	5,196,862
Net Assets		158,430,923	159,633,711
Represented By:			
Accumulated Surplus		(14,523,535)	(26,057,948)
Capital Fund		172,954,458	185,691,659
Net Assets		158,430,923	159,633,711

The Financial Statements set out on pages 1 to 6 were signed by:



Chairman of Council/Board

Date 12/05/2025



Principal

Date 12/05/2025



Finance Officer

ICPAK No 16471

Date 12/05/2025

GATUNDU SOUTH TVC
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16. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	(26,826,487)	199,743,970	172,917,483
Surplus/(deficit) for the year	(13,283,772)	-	(13,283,772)
Transfer of depreciation/amortisation from capital fund to Retained earnings	14,052,311	(14,052,311)	-
At June 30, 2023	(26,057,948)	185,691,659	159,633,711
At July 1, 2023	(26,057,948)	185,691,659	159,633,711
Surplus/(deficit) for the year	(1,202,788)	-	(1,202,788)
Transfer of depreciation/amortisation from capital fund to Retained earnings	12,737,201	(12,737,201)	-
At June 30, 2024	(14,523,535)	172,954,458	158,430,923

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Annual Report and Financial Statements for the year ended 30th June 2024
17. Statement of Cash Flows For The Year Ended 30 June 2024

Description	Note	30th June 2024		30th June 2023	
		Kshs	Kshs	Kshs	Kshs
Cash flows from operating activities					
Receipts					
Transfers from other National Government entities			8,509,493		7,106,500
Rendering of services- fees from students			18,858,802		12,469,702
Total Receipts			27,368,295		19,576,202
Payments					
Use of goods and services			17,347,284		10,738,200
Employee costs			5,819,556		4,438,995
Board Expenses			1,044,000		1,325,150
Repairs and maintenance			399,165		623,671
Cabros Production Costs			611,050		-
Total Payments			25,221,055		17,126,016
Net Cash Flows from operating activities	21		2,162,947		2,450,186
Cash flows from investing activities					
Purchase of property, plant, equipment, and intangible assets			(2,688,014)		(2,739,055)
Net cash flows used in investing activities			(525,067)		(2,739,055)
Net Increase/(Decrease) in Cash and Cash Equivalents			1,048,405		(288,869)
Cash and Cash equivalents at 1 JULY	13		523,338		1,337,274
Cash and Cash equivalents at 30 JUNE	13		(2,688,014)		1,048,405

GATUNDU SOUTH TVC
Annual Report and Financial Statements for the year ended 30th June 2024

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

Description	Original budget		Adjustments		Final budget		Actual up comparative basis		Performance difference		Utilization Difference	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	%	%
Revenue												
Transfers from other National Government entities	7,120,875		-		7,120,875		6,509,493		(611,382)			-9%
Grants from donors and development partners	3,345,500		(2,000,000)		1,345,500		2,000,000		654,500			49%
Rendering of services- fees from students	23,534,256		(303,023)		23,231,233		18,874,509		(4,372,431)			-19%
Sale of goods	1,500,000		-		1,500,000				(-1,500,000)			-100%
Total Income	35,500,631		(2,303,023)		33,197,608		27,384,002		(5,813,606)			-18%
Expenses												
Use of goods and services	17,113,919		806,683		17,920,602		17,347,284		(573,318.00)			-3%
Employee costs	6,964,712		(919,706)		6,045,006		5,819,556		(225,450.00)			-4%
Board Expenses	1,726,000				1,726,000		1,044,000		(682,000.00)			-40%
Repairs and maintenance	450,000		-		450,000		399,165		(50,835.00)			-11%
Total Expenditure	26,254,631		(113,023)		26,141,607		24,610,005		(1,531,603.00)			-6%
Surplus For the Period	9,246,000		(2,190,000)		7,056,000		2,773,549		(4,297,710)			-61%
Capital Expenditure	9,246,000		(1,210,000)		8,036,000		3,449,567		(4,586,433)			-57%

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

(Budget notes)

1. *Explanation for the budget under/over utilization*

a) *The Institute received operational grant for the four quarters*

b) *Expected disbursement from the Kiambu County Women Rep for 30 sponsored trainees was delayed, amounting to 2,040,000*

c) *Cabro stock produced was not collected by the end of the financial year, valued at 698,700*

d) *A board retreat budgeted at a cost of Kshs. 550,000 was postponed due to underperformance in revenue collection*

e) *Planned capital expenditure was staggered to the next financial year due to underperformance in Cabro production and fee collections*

2) *Changes between the original and the final budget were a result of reallocation and revisions necessitated by*

a) *new trainee funding model where fees were capped at 67,189, including examination fees, which were previously levied separately.*

b) *Expected Seed capital for Cabro production upscaling was unforthcoming*

c) *Error in the original budget, where the examination cost of Kshs. 2,500,000 change for exam booking was not captured*

3. *A reconciliation is provided under note 21 to the total of actual on a comparable basis and the statement of financial performance totals due to differences in accounting basis (the budget is cash basis, statement of financial performance is accrual)*

19. Notes to the Financial Statements

1. General Information

Gatundu South Technical and Vocational College is established by and derives its authority and accountability from the TVETA Act, 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's institute's principal activity is to provide high-quality Technical and Vocational Education and Training and Research that promotes Creativity and Innovation to meet global challenges.

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 GSTVC's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of GSTVC. 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.

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 cashflows of an Entity. The new standard requires entities to recognise, measure, and present information on right-of-use assets and lease liabilities. GSTVC has no right-of-use assets..
IPSAS 44: Non-Current Assets Held for Sale and	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:

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Discontinued Operations	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. The standard is not applicable
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 an 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: <ul style="list-style-type: none"> 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 that 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. GSTVC is yet to roll out retirement benefit plan

iii. Early adoption of standards

Gatundu South TVC did not early-adopt any new or amended standards in the year 2023-2024

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that 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 Board on *16th June 2023*. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities. The revisions are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. GSTVC's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis

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using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 27 under note 21 of these financial statements.

c) Taxes

Current income tax

GSTVC is exempt from paying taxes as per the first schedule of the *Income Tax* Act.

Sales tax/ Value Added Tax

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

- When the 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 property is measured at fair value with gains and losses recognised through surplus or deficit. 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 derecognition. 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. When significant parts of property, plant, and equipment are required to be replaced at intervals, GSTVC 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

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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

GSTVC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when GSTVC 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.

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Provisions are recognized when GSTVC 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 GSTVC 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

GSTVC 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

GSTVC 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 GSTVC 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.

m) Nature and purpose of reserves

GSTVC has not created or maintained reserves in terms of specific requirements

n) Changes in accounting policies and estimates

GSTVC 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

GSTVC does not provide retirement benefits for its employees and directors other than the contributions made to NSSF. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a NSSF fund) and has 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.

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

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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

GSTVC 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 GSTVC, 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

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised, and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 8

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	30-Jun-24	30-Jun-23
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	4,849,925	4,659,000
Operational Grant	1,999,828	1,500,000
Scholarship Grants	1,659,568	-
Total unconditional Grants	8,509,321	6,159,000

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(Transfers from other Government entities (Categorized))

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial Performance ³	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Vocational Educational Training	8,509,321	-	-	8,509,321	6,159,000
Total	8,509,321	-	-	8,509,321	6,159,000

The details of the reconciliation are included in Appendix III.

7. Rendering of Services

Description	30-Jun-24	30-Jun-23
	Kshs	Kshs
Tuition Fees	12,059,132	2,286,500
Activity Fees	1,609,961	609,733
Industrial Attachment & Insurance	1,234,100	1,143,250
Examination Fees	1,629,600	2,184,580
Personal Emoluments	5,270,606	2,286,500
Local Transport & Travel	1,622,501	838,383
Registration Fees	401,600	381,083
Electricity Water & Conservancies	1,469,851	952,708
Repairs & Maintenance	1,016,358	457,300
Administrative Fees	865,130	802,167
Student ID Fees	96,600	72,900
Consumable Materials	679,740	414,597
Internet Fees	322,400	
TVET-CDACC Fees	343,200	-
Student Council	310,650	40,000
Total Revenue from The Rendering of Services	28,931,429	12,469,701

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8. Use of Goods and Services

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Tuition Materials Costs	3,059,004	2,042,547
Student Insurance and Industrial attachment costs	366,780	195,045
Water & Electricity	305,161	226,510
Security Services	724,000	717,000
Outsourced Services	170,000	-
Registration & Subscriptions	517,750	131,200
Advertising	811,000	405,500
Examination fees	2,653,580	1,992,430
Administrative Expenses	1,776,993	1,389,325
Travelling and Subsistence	1,708,590	1,236,430
Research Innovations & Knowledge Management	327,700	-
Office Expenses	382,086	348,081
Sports & Games Activities	1,406,859	681,175
Cleaning Services	171,970	-
Printing and stationery	970,566	819,441
Student Ids Costs	84,400	-
Bad Debts Written Off	1,140,360	-
Student Affairs Expenses	87,825	-
Performance Contract Implementation	432,225	-
Bank & Mpesa Charges	24,240	15,351
Telephone Postage & Airtime expenses	60,734	29,000
Internet expenses	267,609	222,357
Training & Capacity Building expenses	1,383,642	607,020
Total good and services	18,833,074	11,058,412

9. Employee Costs

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Salaries and wages	4,774,165	4,341,443
Employee related costs - NSSF & NHIF	531,136	431,940
Social contributions- NITA PAYE & Housing Levy	130,687	4,540
Employee Costs	5,435,988	4,777,923

GATUNDU SOUTH TVC**Annual Report and Financial Statements for the year ended 30th June 2024****10. Board Expenses**

Description	Insert	Insert
	Current FY	Comparative FY
	Kshs	Kshs
Board Emoluments	1,044,000	1,325,150
Total	1,044,000	1,325,150

11. Depreciation and Amortization expense

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Property, plant and equipment	12,737,201	14,052,310
Intangible assets	-	-
Total depreciation and amortization	12,737,201	14,052,310

12. Repairs and Maintenance

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Property	445,215	506,028
Equipment and machinery	24,700	-
Furniture and fittings	97,580	67,600
Computers and accessories	25,780	50,050
Total Repairs and Maintenance	593,275	623,678

13. Cash and Cash Equivalents

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Current Account	517,004	1,042,705
Cash on Hand	6,335	5,700
Total Cash and Cash Equivalents	523,339	1,048,405

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

Financial Institution	Account number	30 June 2024	30 June 2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1257918135	517,004	1,042,705
Cash in Hand		6,335	5,700
Grand Total		523,339	1,048,405

14. Receivables from Exchange transactions

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Current Receivables		
Imprest Debtors	25,400	-
Advance Payments	23,500	-
Student Debtors	16,490,824	7,162,505
Total Current Receivables	16,539,724	7,162,505

Ageing Analysis of Receivables from Exchange transactions

Description	30 June 2024		30 June 2023	
	Kshs	% of the total	Kshs	% of the total
	June 2024	% of the total	June 2023	% of the total
Less than 1 year	14,342,113	87%	4,018,030	56%
Between 1- 2 years	2,197,611	13%	2,883,535	40%
Between 2-3 years	-		260,940	4%
Total	16,539,724	100%	7,162,505	100%

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15. Receivables from Non-Exchange transactions

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Current Receivables		
Operational Grants	499,828	500,000
Total Current Receivables	499,828	500,000

Ageing Analysis on Receivables from Non-Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	499,828	100%	500,000	100%
Total	499,828	100%	500,000	100%

16. Inventories

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Consumable stores	1,089,142	817,574
Income Generating Store	611,550	-
Total Inventories at lower of Cost and Net Realizable Value	1,700,692	817,574

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

17. Property, Plant and Equipment

Cost	Buildings 2.5%	Furniture and fittings 2.5%	Computers 30%	Plant and equipment 12.5%	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022	65,891,654	2,576,300	302,682	132,602,721	201,373,357
Additions	761,305	500,650	501,200	375,900	2,139,055
At 30th June 2023	66,652,959	3,076,950	803,882	132,978,621	203,512,412
Additions	826,130	586,300	394,349	481,235	2,288,014
At 30th June 2024	67,479,089	3,663,250	1,198,231	133,459,856	205,800,426
Depreciation And Impairment					
At 1 Jun 2022	3,251,801	582,438	147,925	31,025,849	35,008,013
Depreciation	1,558,598	265,226	100,640	12,127,847	14,052,310
At 30 Jun 2023	4,810,399	847,664	248,565	43,153,696	49,060,323
Depreciation	1,536,793	290,039	159,120	10,751,248	12,737,201
At 30th Jun 2024	6,347,192	1,137,703	407,685	53,904,944	61,797,523
Net Book Values					
At 30th Jun 2023	61,842,560	2,229,287	555,318	89,824,925	154,452,089
At 30th Jun 2024	61,131,897	2,525,547	790,546	79,554,912	144,002,903

N/B

- a.) Additions to buildings relate to partitioning and renovations of existing buildings to create additional office space. Depreciation rates applicable are per above on a reducing method.
- b.) The college land is currently registered under the Kiambu County Government. The college is in the process of finalizing the Transfer of the land it currently occupies. The value of the land has not been included.

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Notes to the Financial Statements (Continued)

18. Intangible Assets

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Cost		
At beginning of the year	850,000	250,000
Additions	300,000	600,000
At end of the year	1,150,000	850,000
Additions—internal development	100,000	-
At end of the year	1,250,000	850,000
NBV	1,250,000	850,000

19. Trade and Other Payables

Description	30 June 2024		30 June 2023	
	Kshs		Kshs	
Trade payables	2,898,570		2,245,754	
Fees paid in advance	1,538,102		1,122,942	
Payroll Accruals	46,733		429,636	
Mentoring Institution Balance	1,117,660		1,117,660	
Total Trade and Other Payables	5,601,065		4,915,992	
Ageing analysis:	30 June 2024	% of the Total	30 June 2023	% of the Total
Under one year	3,681,690	66%	3,798,332	77%
1-2 years	585,245	10%		
2-3 years	216,470	4%	214,070	4%
Over 3 years	1,117,660	20%	903,590	18%
Total	5,691,773	100%	4,915,992	100%

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20 Refundable Deposits from Customers/Students

Description	30 June 2024		30 June 2023	
	Kshs		Kshs	
Caution money	280,870		280,870	
Other refundable deposits	203,627		-	
Total Deposits	484,497		280,870	
Ageing analysis:	30 June 2024	% of the Total	30 June 2022	% of the Total
Under one year	203,627	42%	120,500	43%
1-2 years	120,500	25%	99,370	35%
2-3 years	99,370	21%	61,000	22%
Over 3 years	61,000	13%	0	
Total	484,497	100%	280,870	100%

21 Cash generated from operations.

	30 June 2024	30 June 2023
	Kshs	Kshs
Surplus for the year before tax	(1,202,788)	(13,374,480)
Adjusted for:		
Depreciation	12,737,201	14,052,310
Working Capital Adjustments		
Increase in Inventory	(883,118)	(464,105)
Increase in Receivables	(9,377,047)	(1,307,190)
Increase in Payables	888,700	3,544,098
Net Cash Flow from Operating Activities	2,162,499	2,450,634

Financial Risk Management

GSTVC's activities expose it to a variety of financial risks, including credit and liquidity risks and effects of changes in foreign currency. The overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. GSTVC

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does not hedge any risks and has in place policies to ensure that credit is only extended to trainees with an established credit history.

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

(i) Credit risk

GSTVC 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 trainee, taking into account their 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 board. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by GSTVC management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements, GSTVC'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				
Receivables from exchange transactions	7,162,505	7,162,505	-	-
Receivables from non-exchange transactions	500,000	500,000	-	-
Bank balances	1,043,153	1,043,153	-	-
Total	8,705,658	8,705,658	-	-
At 30 June 2024				
Receivables from exchange transactions	16,588,624	16,588,624	-	-
Receivables from non-exchange transactions	499,828	499,828	-	-
Bank balances	517,004	517,004	-	-
Total	17,605,456	17,605,456	-	-

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

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

(ii) Liquidity risk management

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Ultimate responsibility for liquidity risk management rests with the GSTVC Board, which has built an appropriate liquidity risk management framework for the management of the short, medium, and long-term funding and liquidity management requirements. GSTVC manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by GSTVC 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 2023				
Trade Payables	1,071,046	101,859	3,313,451	4,486,356
Employee Benefit Obligation	429,636	-	-	429,636
Total	1,500,682	101,859	3,313,451	4,915,992
At 30 June 2024				
Trade Payables	988,549	791,930	3,773,853	5,554,332
Employee Benefit Obligation	46,733			46,733
Total	1,035,282	791,930	3,773,853	5,601,065

(iii) Market risk

GSTVC has put in place an internal audit function to assist it in assessing the risk faced on an ongoing basis, evaluating and testing 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 holdings 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 GSTVC Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

GSTVC does not purchase goods and services in currencies other than the local currency.

b) Interest rate risk

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Interest rate risk is the risk that GSTVC's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk arises from bank deposits. GSTVC operates a Current Account.

iv) Capital Risk Management

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

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Retained Earnings	(14,523,535)	(26,073,605)
Capital Reserve	172,954,458	185,691,607
Total Funds	158,430,923	159,618,002

Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties that have the 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 GSTVC, holding 100% of the GSTVC equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of Governors;
- v) Senior Management

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

Description	30 June 2024	30 June 2023
	Kshs	Kshs
Transactions with Related Parties		
Purchases from related parties		
Purchases of electricity from KPLC	273,166	197,010
Purchase of water from govt service providers	31,995	29,500
Examination Fees paid to KNEC & CDAAC & NITA	3,199,530	1,992,430
Total	3,504,691	2,218,940
Grants /Transfers from the Government		

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Grants from National Govt	8,509,321	6,159,000
Key Management Compensation		
Compensation to Key Management	5,435,988	4,868,631
Board's emoluments	1,044,000	1,325,150
Total	6,479,988	6,193,781

20. Events After The Reporting Period

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

21. Ultimate And Holding Entity

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

22. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.



Muturi P Ndiba
 Accounting Officer
 Principal
 Date 12/6/2025

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Appendix II: Projects Implemented by GSTVC

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						
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-Entity Confirmation Letter
 State Department of Technical Vocational Educational Training
 Gatundu South Technical and Vocational College

Confirmation of amounts received by Gatundu South Technical and Vocational College as at 30th June 2024

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
MoE/DTE/CAP9/35(19)	10/7/2023	500,000.00		500,000	Operational grant Qtr. 4 FY 2022/23
MOE/1/2023/24	10/2/2023	1,319,500.00		1,319,500	CAP Qtr. 1 FY 2023/24
MoE/DTE/CAP/CAP 9/37 (20)	10/2/2023	500,000.00		500,000	GRANT Qtr. 1 2023/24
DTE/CAP 9/36 (20)	1/18/2024	500,000.00		500,000	GRANT Qtr. 2 2023/24
DTE/CAP 9/39 (22)	1/18/2024	1,169,000.00		1,169,000	CAP Qtr. 2 FY 2023/24
DTE/CAP 9/41 (22)	2/5/2024	1,336,000.00		1,336,000	CAP Qtr. 3 FY 2023/24
MoE/DTE/CAP/CAP 9/37 (20)	2/5/2024	500,000.00		500,000	GRANT Qtr. 3 2023/24
DTE/CAP 9/42(21)	5/31/2024	1,025,425.00		1,025,425	CAP Qtr. 4 FY 2023/24
MOE/DTE/SCHO/Vol.III	3/6/2024	1,659,568.32		1,659,568	scholarship grant
Total		8,509,493.32		8,509,493	

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

Head of Accounts Department - Disbursing Entity:

NameCPA PAUL NGOTHO. Sign Date

Head of Accounts Department - Beneficiary Entity:

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Appendix IV: Reporting of Climate-Relevant Expenditures

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

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (K.shs.)	Comments