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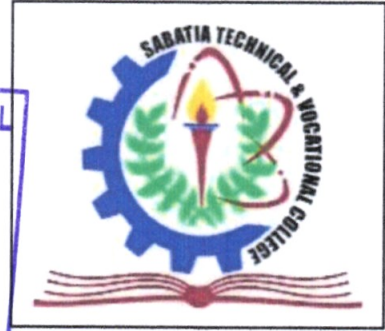
<b>REPORT</b>	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WEDNESDAY
TABLED BY: OF	LEADER OF MAJORITY PARTY
CLERK-AT THE-TABLE:	Hon. OWEN BAYA, MP J. KEMERELLE

**THE AUDITOR-GENERAL**

**ON**

**SABATIA TECHNICAL AND VOCATIONAL  
COLLEGE**

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



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**SABATIA TECHNICAL AND VOCATIONAL  
COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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



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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
TVC	Technical and Vocational College
TVET	Technical Vocational Education and Training
FY	Financial Year

### B. Definition of Key Terms

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

**Comparative Year**- Means the prior period

**Accounting documents:** The physical object upon which transactions are made; or records evidencing the transaction. These include cheque books, receipt books, invoices, payment vouchers and bank statements.

**Asset:** A resource with economic value owned or controlled by the business and from which future economic benefits are expected.

**Board:** The College Board of Governors

**Expenditure:** The outflow of economic benefits arising in the course of ordinary activities.

**Fixed assets:** Tangible assets acquired with the intention of use on a continuous basis for a period beyond 1 year.

**Financial Statements:** A collection of financial reports that show an organization's financial performance and condition. A complete set of Financial Statements contains a Statement of Financial Position, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash flows and Notes thereto.

**International Public Sector Accounting Standards:** Principles of Accounting adopted by The Institute of Certified Public Accountants of Kenya.

**Accounting Policy:** Specific principles, bases, conventions, rules and practices applied by the Institute in preparing and presenting financial statements.

**An accrual concept:** A method of recording revenue when earned and expenditure when incurred regardless of whether money is received or paid.

**Budget:** An estimate of revenue and expenditure for a specific period and time.

**Financial report:** A tool used to communicate financial information.

**Fiscal framework:** Set of rules on how to manage public finances.

**Fiscal policy:** Use of government revenue collection and expenditure to influence a country's economy.

**Internal control:** Mechanisms, rules and procedures implemented to ensure integrity of financial and accounting information.

**Liability:** Future sacrifices of economic benefits that the Institute is obliged to make to other entities as a result of past transactions or other past events.

**Revenue from exchange transactions:** A transaction in which the Institute receives assets or services, or has liability extinguished and directly gives approximately equal value to the other party in exchange.

**Revenue from Non-exchange transaction:** Where the Institute receives value from another entity without directly giving approximately equal value in exchange.

**Cash flow:** A financial statement that shows planned inflow and outflow of resources over a period covering the financial year in line with activity level.

**Depreciation:** A systematic allocation of depreciable amount of asset over its useful life.

**Equity:** The residual interest in the assets of the enterprise after deducting all its liabilities.

## **2. Key Entity Information and Management**

### **(a) Background information**

Sabatia Technical and Vocational College is a public TVET institution registered under the TVET Act of 2013. The College is domiciled in Kenya and currently does not operate any other outside campus. The college operates under the ambit of the Ministry of Education, State Department for Technical Vocational Education and Training. It is born out of the Governments initiative to construct at least one TVET College in every constituency. Its mandate and operational legal framework is derived from the TVET Act of 2013. The college's mandate includes provision of Technical and Vocational Education and Training leading to awards below the level of a degree. The college had a total on campus enrolment of ksh. 36,051,700 trainees as at 30th June 2025. The College currently operates under five main departments namely, Liberal and Business Studies, Engineering, Computing and Informatics, Applied Sciences and Hospitality and Institutional Management. The college stands on a five (5) acre piece of land. The process of transferring title is ongoing. It's located in Sabatia Constituency, Sabatia Sub-county of Vihiga County. The institution was constructed on land annexed from Lotego Primary School and Lotego Vocational Training Center. The institution is equipped with state-of-the-art training equipment for Electrical and Electronics Engineering. In addition, the college was also earmarked as a centre of excellence in training of Computing and Informatics courses. The Institution has partnered with the local community to ensure students get meals and are accommodated in decent hostels

### **(b) Principal Activities**

The principal activity/mission of the college is to provide high quality Technical Vocational Education and Training, research and innovation in partnership with industry and other stakeholders in order to produce globally competitive graduates. The college envisions to be the best in the western region and eventually in the country.

### **(c) Key Management**

Sabatia Technical and Vocational College management is under the following key organs:

- **Board of Governors**

The main role of the Board is to provide policy direction and oversight over management. To effectively discharge its mandate, the Board has formed three committees which are;

- Finance, Infrastructure and Development
- HR, Education and Research
- Audit, Risk Management and Compliance

**Key Entity Information and Management (Continued)**

• **Accounting Officer/Principal**

The Principal is responsible for the day to day management of the college operations. He is assisted by the following senior management staff

- i. Deputy Principal administration
- ii. Deputy Principal Academics
- iii. Registrar
- iv. Dean of students
- v. Heads of Departments

**(d) Fiduciary Management**

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

SN.	Designation	Name
1.	Principal	Grace ApondiTiti
2.	Deputy principal Administration	Alloice Onyango
3	Deputy principal Academics	Kennedy Makori
4	Registrar (Ag)	Philip Jumba
5	Dean of students (Ag)	Makokha Jamilah Mallo
6	Head of Finance (Ag)	CPA Hesborn Ehaji
7	Accountant	Millford Afandi
8	Procurement Officer	Joan Aluvisia

**(e) Fiduciary Oversight Arrangements**

This involves the responsibility of ensuring that the College's financial and operational resources are managed ethically, transparently, and in accordance with legal standards. This includes oversight of finances, strategic decisions, and compliance with regulations.

In its oversight responsibilities, the board has constituted three board committees which are charged with the duty of over sighting specific activities. These are as follows:

### Key Entity Information and Management (Continued)

#### i. The Audit, Risk Management and compliance Committee

This committee is charged with the responsibility of over sighting the following key activities;

**Audit function** – Development and review of the internal audit policy, internal audit planning and execution, reviewing internal audit reports and action plans and Implementation of internal audit reports and external audit recommendations.

**Risk Management** – Development and review of Risk Management Policy and plans, implementation of risk management plans.

**Compliance** – Considering compliance audit reports and plans, ensuring compliance to all relevant laws and regulations, corporate social responsibility programs

#### ii. The Finance, Infrastructure and Development Committee

This committee is charged with the responsibility of over sighting the following key activities;

**Planning and Budgeting** – overseeing project planning and budget making processes

**Implementation** – Overseeing the implementation of projects and the budget

**Strategic Planning** – Overseeing the development, review and implementation of the strategic planning process.

**Financial management** – overseeing the general management of finances to ensure their prudent use. In particular, considering and approving financial proposals, Quarterly reports, annual financial statements and other financial reports.

#### iii. The Human Resource, Education and Research Committee

This committee is charged with the responsibility of over sighting the following key activities;

**Human Resource Management** – Development and review of policy documents, staff recruitment process, staff welfare, staff training and development and staff discipline

**Education** – Development and review of policy documents, implementation of training programmes, implementation of the curricula, evaluation of trainee progress, trainee enrolment, welfare and discipline

**Research** – Development and review of the Research Policy, planning and implementation of research activities.

**(f) Entity Headquarters**

Sabatia Technical and Vocational College  
P.O Box, 29-50311 Wodanga, Kenya.  
Off-Kapsabet/Chavakali Road  
Sabatia Constituency, Vihiga County.

**(g) Entity Contacts**

Telephone :+254 702666802  
E-mail : sabatiatevc@gmail.com  
Website : www.sabatiatevc.ac.ke

**(h) Entity Bankers**

Absa Bank, Kenya, Kakamega Branch  
KCB Bank, Mbale Branch  
M-PesaPaybill




**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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




3. Board of Governors

S.NO	NAME	Brief Profile
1	 Arch. Alfred M. Lulu- Board Chairman	<p>Arch. Alfred M. Lulu was appointed as the Chairperson of the Board on 28<sup>th</sup> February 2025. He holds a Master of Architecture (M. Arch), University of Nairobi and a Bachelor of Arts BA (Architectural Studies), University of Nairobi. He is a registered member of The Architectural Association of Kenya, MAAK(A).</p> <p>Has attended various management training workshops at Kenya Institute of Administration and Irish Management Institute, Dublin, Ireland</p> <p>Has worked with Ministry of public works and National Irrigation Board, Kenya.</p> <p>He is a partner, Lulu Associates Consulting Architects.</p>
2	 Mr. Joseph Sunguti County Director of TVET	<p>Mr. Joseph Sunguti in his capacity as the County Director TVET (Kakamega and Vihiga Counties) represents the PS on the Board.</p> <p>He holds a Master of Education degree (Distance Learning) of UoN. Bachelor of Education degree of UoN (Business &amp; Geography)</p> <p>Completed a Certificate in Strategic Leadership Development Program.</p> <p>Has vast experience as a Teacher Trainer and also as a Technical Trainer. He is a Curriculum Developer and Policy implementer</p>
3	 Mr. Samuel Menyanya Board Member	<p>Mr. Samuel Menyanya was appointed to the Board on 28<sup>th</sup> February 2025.</p> <p>Holds a Bachelor of science in Horticulture from JKUAT. Has an Advanced Certificate in Agricultural Project Management from Kothari Agricultural Management Centre (India). He is currently the factory Unit Manager (KTDA). He has previously worked as a field service manager (KTDA), Production Assistant (KTDA), Assistant Estate Manager (Eastern Produce (K) LTD).</p>

<p>4</p>	 <p>Mr. Michael Musuya Board Member</p>	<p>Mr. Michael Musuya was appointed to the Board on 28<sup>th</sup> February 2025</p> <p>Holds a management degree from Egerton University, high National Diploma in Electronics Electronics Engineering. Currently pursuing a master’s degree in Industrial Engineering Systems. Mr. Michael has done Senior Management Course and Strategic Leadership Development program from Kenya School of Government. Retired Senior Principal Friends National Polytechnic Kaimosi</p>
<p>5</p>	 <p>Mr Joseph Nyotumba Board Member</p>	<p>Mr. Joseph Nyotumba was appointed to the Board on 28th February 2025. He holds a Bachelor’s Degree in Education (Science) from Kenyatta University. Mr. Nyotumba brings with him 27 years of extensive experience in educational leadership and administrative management, having served as Senior Principal in various secondary schools across the country.</p>
<p>6</p>	 <p>Mr. Joseph Shiroko Board Member</p>	<p>Mr. Joseph Shiroko was appointed to the Board on 28th February 2025. He holds a Master’s Degree in Business Administration (Management Science) and a Bachelor of Commerce (Accounting), both from the University of Nairobi</p> <p>Mr. Shiroko brings a wealth of expertise from his diverse and extensive career, which spans the banking sector, financial management, and Disability and Inclusion within the NGO world. He is a seasoned professional in financial matters, with a strong commitment to inclusive development and institutional accountability.</p>

<p>7</p>	 <p>Ms Belinda Oketch Board Member</p>	<p>Ms. Belinda Oketch was appointed to the Board on 28<sup>th</sup> February 2025 She holds a B.Sc. Environment &amp; Bio Systems Engineering, Solar T3 Certification. Belinda is a seasoned renewable energy professional She is a Yale Emerging Climate Leader fellow and an EPRA certified Solar T3 and Energy Management practitioner from Strathmore University</p>
<p>8</p>	 <p>Ms. Milka Obonyo Orare Board Member</p>	<p>Ms. Milka Obonyo Orare was appointed to the Board on 28<sup>th</sup> February 2025 She holds a Bachelor of Commerce, Operations Management (second-class upper division) from The University of Nairobi She has worked as a finance Officer at Getting united for you advocacy (GUYA).</p>
<p>9</p>	 <p>Grace Apondi Titi Principal Secretary BOG</p>	<p>Grace is a Long-serving and experienced TVET Trainer. She holds a Master of Arts in Design (Maseno University), a Bachelor of Science in Clothing, Textile and Interior Design (Egerton University), Senior Management Course (Kenya School of Government) and a Diploma in Technical Education (Kenya Technical Trainers College). A Certified Master Craft trainer for Industry, a National Examiner with the National Industrial Training Authority and a Board member of the African Foundation for Quality E-Learning in TVET. Grace is also a member of the National Technical committee implementing Open Distance Education Learning in Kenyan TVET Institutions. In addition, she is the Chairperson of the same committee at the Regional level. She is a global TVET leader and 2019 Alumni of the UNESCO-UNEVOC TVET Leadership Programme, Bonn, Germany. She was Posted to Sabatia Technical and Vocational College Principal in March 2024.</p>

4. Key Management Team

<p>1</p>	 <p>Ms. Grace Apondi Titi  <b>Accounting Officer.</b></p>	<p>She is in charge of the day-to-day management of the college.                  She holds a Master of Arts in Design and a Bachelor of Science in Clothing, Textile and Interior Design Senior Management Course (Kenya School of Government)</p>
<p>2.</p>	 <p><b>Mr Aloice Ouma Onyango</b>  <b>Deputy Principal -Administration</b></p>	<p>Deputizes the Principal. In charge of staff discipline and overseeing general administration.                  An associate member of Kenya of Institute of Management (KIM) Member No. 087 MBA (Project Management)) Senior Management Course, Essential Counselling Skills Program (KSG).</p>
<p>3</p>	 <p>Mr Kennedy Omboto Makori  <b>Deputy Principal-Academics</b></p>	<p>Deputizes the Principal. In charge of curriculum implementation, trainee discipline and Library management                  Holds Bachelor of Science in Electrical and Electronic Engineering and a Higher diploma in technical education</p>

<p>4.</p>	 <p><b>Mr. Philip Jumba</b> <b>Registrar (Ag)</b></p>	<p>In charge of trainee admissions, marketing, trainee records, assessments and library management</p> <p>Holds a B.Sc. in Computer Science</p>
<p>5.</p>	 <p><b>Ms. Makokha Jamilah Mallo</b> <b>Dean of Students(Ag)</b></p>	<p>In charge of trainee welfare, Guidance and Counselling, accommodation, clubs and societies, sports and trainee governance.</p> <p>Holds Bachelor of Education (Technology Education-Electrical and Electronics Engineering).</p>
<p>6.</p>	 <p><b>CPA Hesborn Ehaji (ICPAK No. 11369)</b> <b>Finance Officer (Ag)</b></p>	<p>In Charge of the Finance function</p> <p>Holds an MBA from Maseno University and a BCOM from Catholic University</p>

## **5. Chairman's Statement**



Arch. Alfred M. Lulu  
**Board Chairman**

Dear Stakeholders,

It is my privilege to present to you the Chairman's Report for the financial year ended 30th June, 2025. The year under review has been both exciting and challenging, marked by significant developments that have positioned our institution for continued success and growth.

### **Financial Performance and Revenue Mobilization**

The financial year 2024/2025 saw remarkable progress in revenue mobilization, a key area of focus for the institution. Through enhanced financial strategies, partnerships, we achieved notable improvements in our financial standing. The total revenue grew substantially, allowing us to meet operational needs, invest in infrastructure, and support academic programs. We were able to strengthen our financial sustainability, ensuring that the institution continues to thrive despite external economic pressures.

### **Increased Enrolment**

One of the major highlights of the year was the significant increase in student enrolment. At the beginning of the year, our student population stood at 1,878 and we are proud to report that we saw a significant rise in this number to 2,460 which has had a positive impact on both our financial health and academic programs. The increase in enrolment reflects the growing demand for quality technical and vocational education, which our institution is well-positioned to provide.

This enrolment growth is a testament to the institution's growing reputation and the effectiveness of our student recruitment strategies. The expansion has also brought new challenges, particularly in terms of managing resources and maintaining high standards of education. However, the institution is committed to ensuring that every student receives the support and quality training they need to excel in their chosen fields.

### **Infrastructure Development and Upgrades**

To accommodate the growing student population, we have embarked on a series of infrastructure development projects. Key developments include the expansion of classrooms, and workshops, which are essential for our technical and vocational programs.

Our investment in modern learning facilities is designed to enhance the learning experience and ensure that our students have access to state-of-the-art tools and resources. This infrastructure upgrade also aligns with our broader strategic goal of becoming a leading center of excellence in technical and vocational training.

### **Challenges Faced**

While the year has been filled with exciting achievements, we also encountered several challenges:

- i. **Resource Constraints:** With the rapid increase in enrolment, we faced pressures related to space, teaching staff, and learning materials. This required careful resource allocation and planning to ensure that quality was not compromised.
- ii. **Economic Conditions:** The broader economic environment affected some of our external funding sources and partnerships, requiring us to be more innovative in our revenue-generation efforts.
- iii. **Regulatory and Compliance Adjustments:** Changes in the educational and financial regulations required additional efforts to ensure that we remained compliant with evolving standards, which added to the administrative workload.

### **Strategic Partnerships and Collaborations**


The institution continues to strengthen its strategic partnerships with both local and international stakeholders. These collaborations have been instrumental in supporting our programs, particularly in the areas of student internships, resource mobilization, and curriculum development. Our partnerships with industry players have allowed us to ensure that our training remains relevant to the evolving needs of the job market.

The coming year will no doubt bring new challenges, but I am confident that with the support of our dedicated staff, students, and stakeholders, we will continue to thrive and grow as a leading institution of technical and vocational education.

### **Conclusion**

In conclusion, I would like to express my deepest appreciation to the Board of Governors, the management team, and all the staff for their dedication and hard work throughout this challenging but rewarding year. I would also like to thank our Trainees for their commitment to excellence and their trust in our institution. Lastly, I extend my gratitude to our partners and stakeholders for their unwavering support in making this institution a beacon of quality education and innovation.

Together, we will continue to build on the achievements of this past year and work toward even greater successes in the future.

Signed: 

Arch. Alfred Lulu  
**Chairman, Board of Governors**

## **6. Report of the Senior Principal**



Grace Apondi Titi  
**Principal/Secretary to The Board**

Dear Stakeholders,

I am pleased to present the Principal's Report for the financial year ended 30th June, 2025. This has been a pivotal year for our institution as we made significant strides toward enhancing our operational efficiency, improving academic programs, and laying the groundwork for sustained growth.

### **Development of Strategic Plan and Policy Documents**

One of the key milestones achieved during the year was the successful development and adoption of a Strategic Plan and other critical policy documents that will guide the college's growth and development over the next several years. These documents have been designed to align with our mission, vision, and the evolving needs of the education sector.

The Strategic Plan outlines clear goals and objectives across several areas, including:

- i. Quality and Relevance Training and learning
- ii. Financial and Human Resources
- iii. Research, Innovation and dual training
- iv. Accessibility and Equity in TVET
- v. Environmental Sustainability

These documents will serve as a blueprint for the institution's future, ensuring that we remain focused on our goals while also being responsive to external challenges and opportunities.

### **Active Oversight and Support from the Board**

Throughout the year, the Board of Governors has been highly engaged in providing strategic direction and oversight. Their active involvement has been instrumental in shaping the institution's policies and guiding our management team through key decisions.

The board's commitment to its oversight role has ensured that:

- i. Policy direction is clear and well-communicated to management.
- ii. There is strong support for institutional growth and innovation.
- iii. Financial resources are managed prudently, with a focus on transparency and accountability.

The support from the board has enabled us to navigate challenges effectively while taking advantage of emerging opportunities to enhance our programs and services.

### **Academic Achievements and Growth**

In line with our strategic objectives, this year saw continued growth in our academic programs. We introduced several new courses tailored to meet the demands of the modern workforce and to offer our students relevant and practical skills.

Additionally, we made significant progress in:

- i. **Improving Student Performance:** With enhanced teaching methods, professional development for lecturers, and better access to learning resources, we have seen improvements in academic outcomes across various programs.
- ii. **Expanding Enrollment:** As highlighted in the Chairman's Report, we experienced a notable increase in student enrollment, reflecting the institution's growing reputation and the value of our programs.

### **Infrastructure Development**

In response to the growing student population, we have initiated several infrastructure development projects aimed at expanding our capacity and enhancing the overall learning environment. Some of the major projects include:

- i. Construction of new Tuition rooms and Workshops to accommodate the increasing demand for technical and vocational training.
- ii. Upgrading of ICT facilities to support digital learning and improve access to online resources.
- iii. Purchase of College Van and Bus.

These infrastructure projects are critical to ensuring that our students receive the best possible education and that we can continue to attract top talent to our teaching staff.

### **Financial Management and Resource Allocation**

We have continued to improve our financial management practices, ensuring that resources are allocated efficiently and in line with the priorities outlined in our strategic plan. Some key achievements in financial management include:

- i. Timely preparation of financial reports and the successful completion of both internal and external audits.
- ii. Implementation of cost-saving measures to improve operational efficiency without compromising the quality of education.

- iii. Diversification of revenue streams through partnerships with industry, government funding, and income-generating activities.

Our efforts to maintain financial discipline and transparency have placed the institution on a strong footing for future growth.

### **Challenges Faced**

Despite the many successes we achieved during the year, there were also several challenges that we had to navigate:

- i. **Resource Constraints:** The rapid increase in student enrollment has placed a strain on our resources, particularly in terms of physical space and teaching staff.
- ii. **Economic Conditions:** External economic factors impacted some of our financial resources, requiring us to adopt innovative approaches to revenue generation and cost management.
- iii. **Regulatory Changes:** The changing regulatory environment in the education sector necessitated additional compliance measures, which required significant administrative effort.

While these challenges have tested our resilience, they have also provided valuable lessons and opportunities for growth.

### **Staff Development and Capacity Building**

Our staff remains at the core of the institution's success. To ensure that they are well-equipped to meet the evolving needs of our students and programs, we have prioritized capacity-building initiatives. These include:

- i. Professional development programs for teaching staff, focused on modern pedagogical methods and industry-relevant skills.
- ii. Recruitment of additional staff to support the growing student population and expanding academic offerings.

By investing in our staff, we are building a strong foundation for academic excellence and institutional growth.

### **Student Welfare and Support Services**

We recognize that the welfare and success of our Trainees are central to our mission. This year, we continued to enhance our student support services, including:

- i. Career guidance and counseling services to help students navigate their academic and career paths.
- ii. Scholarships and bursaries for deserving students to ensure that financial constraints do not hinder their access to quality education.
- iii. Student mentorship programs, where industry professionals provide guidance and practical insights to help students succeed in their chosen fields.

These initiatives have helped us create a supportive and inclusive learning environment where all students can thrive.

### **Looking Ahead**

As we move into the next financial year, we are committed to:

- i. Continuing the implementation of our strategic plan, with a focus on academic excellence, infrastructure development, and financial sustainability.
- ii. Expanding our academic programs to meet the growing demand for skilled professionals in key sectors.
- iii. Strengthening partnerships with industry and government to enhance our students' learning experiences and improve their employment prospects.

We remain focused on positioning our institution as a leader in technical and vocational education, both locally and regionally.

### **Conclusion**

In conclusion, I would like to extend my sincere gratitude to the Board of Governors for their continued support and guidance, to the management team and staff for their dedication and hard work, and to our students and stakeholders for their commitment to our institution's mission.

Together, we have achieved great things this year, and I am confident that we will continue to build on this success in the years to come.

**Thank you.**

Signed: 

Grace ApondiTiti  
**Principal/Secretary-BOG**

## 7. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives

Sabatia TVC has five strategic issues and objectives within current Strategic Plan for the FY 2022- FY 2027. These strategic pillars are as follows:

Issue 1: Quality and relevant Training and learning

Issue 2: Financial, physical and human resources capabilities

Issue 3: Research, Innovation and dual training

Issue 4: Accessibility and Equity in TVET

Issue 5: Environmental Sustainability

Sabatia TVC develops its annual work plans based on the above 5 issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Sabatia TVC achieved its performance targets set for the FY 2022/2025 period for its 5 strategic pillars, as indicated in the diagram below

	<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Issue 1	Quality and Relevance Training and learning	Provide quality and market-driven programmes	Increase in number of quality market-driven courses offered and enrolment	Attend public open forums Sensitization visits to secondary schools and enhance practical skills in training, strengthen trainees welfare services and mentorship activities.	Increased enrolment from 1,878 to 2,460. Number of quality market driven courses offered
Issue 2	Financial and Human Resources	Strengthen financial, physical and human capabilities.	Strengthened financial, physical, and human capabilities.	Digitalization of services, installation of safety and security systems, prudent utilization of funds	Percentage completion of projects, implementation of human resource policy
Issue 3	Research, Innovation and dual training	Promote research, innovation,	Strengthened Research, innovation, dual	Implement, STI, Research, initiate and enhance dual training, enhance	No. of research papers and innovations, No. of enhanced linkages,

		dual training programs, partnership and linkages	training programmes, partnerships and linkages.	community outreach services and enhance dissemination of information.	partnerships and collaborations and No. of community outreach services
Issue 4	Accessibility and Equity in TVET	Promote accessibility and Equity in TVET	Revitalized IGAs and implementation of short courses, initiated and implemented hybrid ODEL courses.	Increase access to short courses, revitalize short courses, initiate and implement hybrid ODEL programs, enhance marketing activities and ensure buildings have ramps.	No. of revitalized IGAs, No. of units under hybrid ODEL program, no. of marketing activities, % increase in female trainees enrolled in SET courses and 40% ramp inclusion in college buildings.
Issue 5	Environmental Sustainability	Integrate environmental sustainability	Awareness activities on Environmental Sustainability incorporated.	Participation in tree planting and college beautification and adoption of greening practices in the college including solar lighting and E-waste disposal.	No. of lighting points increased

## **8. Corporate Governance Statement**

The Statement Outlines College commitment to maintaining high standards of corporate governance, ensuring transparency, accountability, and ethical conduct in our operations. We believe that effective governance is crucial for sustaining stakeholder trust and long-term success.

Our governance framework is designed to align with best practices and regulatory requirements. Key components include:

### **i. Board Composition**

Our Board is composed of diverse members with a balance of skills, experience, and perspectives. Independent directors play a crucial role in decision-making processes.

### **ii. Roles and Functions of the Board**

The roles of the Board are as outlined in article 29 of the TVET Act of 2013 and includes among others; to'

- i. Provide policy direction to management
- ii. Develop and implement the strategic plan
- iii. Consider and approve the budget
- iv. Consider and approve the financial statements and reports
- v. Oversee the human resource management
- vi. Oversee staff and student discipline
- vii. Help mobilise resources for the institution

### **iii. Induction, training, and development**

The board charter is finalized. Board members have all been inducted. Succession is guided by the TVET Act which guides that member to the board should be appointed in a manner that guarantees continuity.

### **iv. Board and member's performance**

The Board demonstrated commitment to governance and oversight responsibilities. While the collective performance has been commendable.

### **v. Number of Board meetings held and the attendance to those meetings by members**

During the FY 2024/2025, the board held a total of Fourteen meetings which were all very well attended by members. The Board comprises of a total of 8 members (the Principal inclusive) with 4 forming a quorum

**vi. Succession plan**

The process of appointment and removal of board members is provided for in the TVET Act.

Appointment – On expiry of the term of office, the secretary to the board in consultation with the Controller, TVET would constitute a Nomination Panel which would recommend at least 3 members for each position to the Cabinet Secretary responsible for TVET who will then appoint one.

Removal – Grounds for removal are provided for in the TVET Act of 2013

**vii. Policy to manage conflict of interest**

The maintenance of a Conflict of Interest Register has promoted integrity and accountability within the Board. The transparent management of conflicts has ensured that Board decisions remain objective and in the best interests of the institution.

**viii. Board remuneration**

The Board has received timely remuneration in line with policy, SRC circulars, government guidelines, and institutional financial regulations, reinforcing transparency, fairness, and compliance

**ix. Ethics and Conduct**

Our Code of Conduct outlines the ethical principles and expectations for all employees and directors. We are committed to fostering a culture of integrity and compliance.

**x. Governance audit**

The Board largely complied with the Mwongozo Code of Governance for State Corporations and other regulatory requirements, reinforcing transparency, accountability, and ethical leadership, while highlighting areas for improvement in capacity building, stakeholder engagement, and monitoring of resolutions.

**xi. Communication policy**

In line with the Mwongozo Code of Governance for State Corporations, the Board has adopted a Communication Policy to ensure timely, accurate, and transparent information sharing with stakeholders, thereby enhancing accountability, trust, and institutional visibility

**xii. Terms of Reference of Committees**

We have established several committees, including Audit, Risk, and Remuneration Committees, each with defined responsibilities and authority to oversee specific areas of governance. We have established several committees, each with defined responsibilities and authority to oversee specific areas of governance as illustrated.

**i. The Audit, Risk Management and compliance Committee**

The committee is comprised of the following board of Governors.

Obonyo Milka Orare- Chairperson

Joseph Nyotumba- Member

This committee is charged with the responsibility of over sighting the following key activities;

**Audit function** – Development and review of the internal audit policy, internal audit planning and execution, reviewing internal audit reports and action plans and Implementation of internal audit reports and external audit recommendations.

**Risk Management** – Development and review of Risk Management Policy and plans, implementation of risk management plans.

**Compliance** – Considering compliance audit reports and plans, ensuring compliance to all relevant laws and regulations, corporate social responsibility programs.

**ii. The Finance, Infrastructure and Development Committee**

The committee is comprised of the following board of Governors.

Joseph Shiroko- Chairperson

Belinda Oketch- Member

Samuel M.Makori - Member

This committee is charged with the responsibility of over sighting the following key activities;

**Planning and Budgeting** – overseeing project planning and budget making processes

**Implementation** – Overseeing the implementation of projects and the budget

**Strategic Planning** – Overseeing the development, review and implementation of the strategic planning process.

**Financial management** – overseeing the general management of finances to ensure their prudent use. In particular, considering and approving financial proposals, Quarterly reports, annual financial statements and other financial reports.

**iii. The Human Resource, Education and Research Committee**

The committee is comprised of the following board of Governors.

Michael Musuya - Chairperson

Obonyo Milka Orare- Member

Joseph Nyotumba - Member

This committee is charged with the responsibility of over sighting the following key activities;

**Human Resource Management** – Development and review of policy documents, staff recruitment process, staff welfare, staff training and development and staff discipline

**Education** – Development and review of policy documents, implementation of training programmes, implementation of the curricula, evaluation of trainee progress, trainee enrolment, welfare and discipline

**Research** – Development and review of the Research Policy, planning and implementation of research activities.

**xiii. Policy on related party transactions**

We prioritize open communication with our stakeholders, including shareholders, employees, customers, and the community. Regular updates and feedback mechanisms ensure their interests are considered in our decision-making processes.

## 9. Management Discussion and Analysis

### Overview of Performance

Sabatia TVC's performance generally improved during the financial year 2024/2025, though not to the levels we had anticipated. The College faced several challenges, particularly regarding Government funding and trainee enrolment.

### Capitation Funding

Throughout the year, we received capitation funding for all four quarters; however, the amounts per student were lower than in previous years and were disbursed after some delays. This has had a significant impact on our operational budget and our ability to deliver programs effectively.

### Trainee Enrolment

Trainee enrolment stood at 2,460 by the end of the year, showing resilience despite external challenges. While this figure is an improvement, we recognize the need for enhanced marketing strategies and community outreach to attract more students. Our focus remains on promoting the value of our programs and the career opportunities they provide.

### Operational Improvements

During the year, we implemented various operational enhancements aimed at increasing efficiency and effectiveness in our service delivery. This includes staff training, upgrading facilities, and integrating technology into our educational programs, all of which are designed to improve the overall student experience.

### Challenges and Opportunities

While we experienced improvements, several challenges remain:

- i. **Funding Stability:** We need to advocate for more consistent and adequate funding to support our programs.
- ii. **Market Competition:** Increasing competition from other institutions requires us to differentiate our offerings and enhance our value proposition.
- iii. **Economic Conditions:** Fluctuating economic conditions may impact enrolment and funding, necessitating a proactive approach to risk management.
- iv. **Retention Rates:** While enrolment figures are promising, retaining students throughout their programs remains a challenge. We must enhance support services to improve student satisfaction and completion rates.
- v. **Adapting to Technological Change:** Rapid advancements in technology require continual updates to our curriculum and teaching methods. Staying current with industry standards and technology integration is crucial.

- vi. **Program Diversification:** Expanding our course offerings to include in-demand skills and certifications can attract a broader range of students and meet market needs.
- vii. **Partnerships with Industry:** Building partnerships with local businesses and organizations can provide practical training opportunities for students and enhance employability.
- viii. **Community Engagement:** Strengthening our outreach efforts within the community can raise awareness of our programs and foster relationships that lead to increased enrolment.
- ix. **Online Learning Expansion:** Developing online and hybrid learning options can attract students who require flexible schedules and broaden our reach beyond local communities.
- x. **Alumni Network Development:** Leveraging our alumni network for mentorship and job placement opportunities can enhance our institution's reputation and provide valuable resources for current students.

## 10. Environmental and Sustainability Reporting Statement

Sabatia TVC is dedicated to fostering a culture of sustainability and environmental stewardship. By implementing effective initiatives and setting ambitious goals, we aim to not only reduce our environmental impact but also inspire our students and community to embrace sustainable practices. Together, we can contribute to a healthier planet for future generations.

The College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### Sustainability strategy and profile

As a College, we are focused on sustainable growth in all respects. We have put in place an innovative marketing strategy that is intended to ensure sustainable growth in enrolment. We have also put in place a monitoring and evaluation mechanism that assures of quality training in all our programmes. We are also fully aware of the current overwhelming political support and goodwill towards the TVET sub sector as a key national development pillar

### Environmental performance

As a college, we are proud to support the national goal of achieving 10% forest cover. During the year, we actively engaged in tree planting initiatives, which not only enhance the aesthetic value of our campus but also contribute to biodiversity and environmental conservation.

#### Key Achievements:

- **500 Trees Planted:** During the period, the College successfully planted 500 trees, including a variety of ornamental flowers, fruit trees, and general trees. These trees were carefully selected to suit the local environment and enhance both the greenery and the ecological balance of our campus.
- **Tree Maintenance and Protection:** Beyond planting, we have established systems to ensure that the trees are well-maintained and protected from damage, ensuring their survival and long-term growth. This includes regular watering, mulching, and monitoring

### Employee welfare

At our institution, we remain committed to fostering a healthy, equitable, and supportive working environment for all our employees. Ensuring employee well-being is not only critical for the overall success of the college but also reflects our dedication to upholding best practices in human resource management.

As part of our commitment to promoting diversity and gender equality, we are fully compliant with the national policy on gender ratio, which stipulates that no more than two-thirds of the workforce

can be from the same gender. Our workforce currently consists of: 43 male employees and 27 female employees. This gives us a two-thirds gender ratio, which aligns with national requirements. We continue to ensure that gender balance is maintained and will strive to promote gender inclusivity in recruitment, training, and leadership opportunities. Our aim is to create an environment where all employees, regardless of gender, feel valued and empowered.

As a college we are determined to fully comply with the national policy on gender ratio of not more than two thirds gender majority. We also take any opportunity available to improve skills and competencies of our staff through training and workshops. We have also taken measures to ensure workplace safety in all our workshops tuition rooms and offices

**Market place practices-**

- a) Our marketing policy and strategy focuses on creating awareness towards the opportunities available in the TVET sector. We also focus on value options in our college. We are committed to fair competition and respect for our competitors
- b) We are committed to fair business practices in our supply chain processes and to honoring our promises to our business partners.
- c) Our training programs are strictly organized in accordance to the recommended syllabi. We also hold regular forums with our trainees who are our main customers to address their concerns. We also have other customer engagement mechanism as a way of assuring that their rights are upheld

**Corporate Social Responsibility / Community Engagements**

Currently, our main engagement with the community is creating awareness on the training opportunities available in the TVET sub sector, employment options and the government support available.

In line with our mission to link education with industry needs, we have established partnerships with local businesses and industries to support both our students and the wider community. These partnerships provide mutual benefits, including:

**Internship and Apprenticeship Programs:** Local industries have offered internships and apprenticeships to our students, giving them hands-on experience and improving their job readiness.

## 11. Report of the Board of Governors

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

### Principal activities

The principal activities of the College are to provide quality Technical and Vocational Training in order to produce competitive graduates for the job market

### Results

The results of the College for the year ended June 30th June 2025 are set out on page 1 to 5

### Board of Governors

The members of the Board who served during the year are shown on page viii to x.

### Auditors

The Auditor General is responsible for the statutory audit of Sabatia Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants firm who were nominated by the Auditor General to carry out the audit of Sabatia Technical and Vocational College for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

### By Order of the Board

*CAPM*  
.....  
Secretary of the Board

Date: 14/07/2025

## 12. Statement of Board of Governors 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 Sabatia Technical and Vocational College, which give a true and fair view of the state of affairs of the College at the end of the financial year/period and the operating results of the College for that year/period. The Board members are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board members are also responsible for safeguarding the assets of the College.

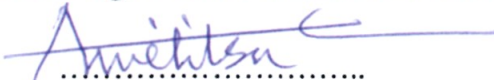
The board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the year ended on June 30<sup>th</sup>, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College; (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 College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the College'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 College's financial statements give a true and fair view of the state of College's transactions during the year ended June 30<sup>th</sup>, 2025, and of the College's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The College's financial statements were approved by the Board on 14/7/2025 and signed on its behalf by:

  
.....

**Chairman, Board of Governors**

  
.....

**Accounting Officer/Principal**

# REPUBLIC OF KENYA

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Sabatia Technical and Vocational College set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sabatia Technical and Vocational College at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical, Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the annual report and financial statements provided for audit revealed the following errors;

#### **1.1 Inventories**

The statement of financial performance reflects an amount of Kshs.8,051,427 relating to inventories. The financial statements indicate that the previous year balance was Kshs.752,731, which is an increase of Kshs.7,298,696. However, the statement of cash flows reflects an increase of Kshs.3,816,404. Although the institution prepares a cash flows statement on cash basis, no reconciliation was provided between the two amounts.

#### **1.2 Variances of Balances reported in the Statement of Financial Position and the Statement of Comparison of Budget and Actual Amounts**

The statement of financial position reflects property, plant and equipment balance of Kshs.118,632,650 as disclosed in Note 20 to the financial statements. This amount of include additions during the year amount of Kshs.15,609,250 which varies with Nil capital expenditures reflected in the statement of comparison of budget and actual amounts.

In the circumstances, the completeness and accuracy of the reported balances could not be confirmed.

### **2. Receivables from Exchange Transactions**

#### **2.1 Unexplained Variance between Current Year and Prior Year Receivables from Exchange**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects balance of Kshs.100,323,982 in respect of receivables from exchange transactions. However, there was a huge increase in receivables from exchange transactions from the prior year recording an amount of Kshs.66,740,839

and current year an amount of Kshs.100,323,982 leading to unexplained variance of Kshs.33,583,143 (33%). No reason was provided for the huge increase.

## **2.2 Long Outstanding Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivable from exchange transactions balance of Kshs.100,323,982. This amount include amount of Kshs.46,572,782 consist of Kshs.33,594,500 and Kshs.12,978,282 which have been outstanding for 1-2 years and 2-3 years respectively.

In the circumstances, the accuracy of receivables from exchange transactions balance of Kshs.46,572,782 could not be confirmed and their recoverability appears doubtful.

## **3. Ownership of Land**

The statement of financial position and as disclosed in Note 20 to the financial statements reflects a total of Kshs.118,632,650 in respect of property plant and equipment. Included in the amount is Kshs.7,500,000 in respect of land parcel no North Maragoli/Chamakanga whose ownership documents had not been obtained.

In the circumstances, the ownership of the land balance of Kshs.7,500,000 could not be confirmed.

## **4. Valuation of Assets**

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.118,632,650. Review of valuation report dated 13 February, 2025, revealed that the assets were valued at Kshs.104,333,900 and was carried out by the Ministry of Lands, Public works, House and Urban Development, Kakamega County. It is not clear, and Management has not explained how the value of the property, plant and equipment increased by Kshs.14,298,750.

In the circumstances, the accuracy and valuation of the property, plant and equipment and the revaluation reserves could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sabatia 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 summary statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs.121,398,100 and Kshs.56,178,056

respectively resulting to an under-funding of Kshs.29,168,344 or 24% of the budget. Similarly, the College spent an amount of Kshs.56,178,056 against actual receipts of Kshs.92,229,756 resulting to an under-utilization of Kshs.36,051,700.

The underfunding may have affected the planned activities of 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 effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

**Other Matter**

In the prior year’s audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Trade and Other Payables from Exchange Transaction
2	2023/2024	Property, Plant and Equipment
3	2023/2024	Partial Implementation of ERP System
4	2023/2024	Lack of Internal Audit Function
	2023/2024	Non-Compliance with Law on Ethnic Composition
5	2023/2024	Non-Compliance with Guidelines on Board Appointments
6	2023/2024	Non- Compliance with the Law on Representation of Peoples with Disabilities
7	2023/2024	Lack Proper IT Internal Controls

**Other Information**

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

In connection with my audit on the College’s financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have

performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

##### **1.1. Non-Compliance with Climate Change and Financing Requirements**

Review of climate change records revealed that the College did not establish mandatory climate change policies required by the Climate Change Act, 2016 which states that Section 15(5) of the Climate Change Act, 2016 requires that, each state department and national government public entity shall have the following duties-(c) designate a unit with adequate staff and financial resources and appoint a senior officer as head of the unit to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation.

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

#### **2. Compliance with Affirmative Action**

##### **2.1. Non-Compliance with Law on Representation of People with Disabilities**

Review of human resource records revealed that the College had fifty-eight (58) employees in their payroll. However, there was no evidence to show that persons with disabilities were represented in the work force contrary to Article 232(1) of the Constitution, 2010 and Public Service Commission Diversity Policy 2016.

In the circumstance, management was in breach of the law.

#### **3. Capacity Levy**

##### **3.1 Failure to Deduct Capacity Levy of 0.03% on Contracts Entered from 1 September, 2024**

The Public Procurement Regulatory Authority (PPRA) gave guidelines to all procuring entities to deduct 0.03% levy on all contracts entered into after September, 2024, as

well as any contract extensions, renewals and/or variations made from 1 September, 2024; Review of some of the sampled payment vouchers and procurement files revealed that four (4) contractors were paid amount of Kshs.14,492,000 for various supplies. However, Management did not deduct and remit capacity building levy amounting to Kshs.4,348 as tabulated below contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023.

In the circumstance the entity was in breach of the Public Procurement Capacity Building Levy order, 2023.

#### **4. Other Non-Compliance**

##### **4.1. Non- Compliance with Treasury Circular on Maintenance of an Integrated HR System**

Review of Human Resource information provided for audit review revealed that the entity maintains summary payrolls prepared on desktop and not integrated payroll products containing integrated details of specific and gross earnings for employees, details of specific payroll deductions and total deductions for employees generated from the HR and payroll system. Management did not adhere to the Guideline no. 32 of the Treasury Circular No. 16/2020 ref. no.ES/03 'P' (50) of 26 August, 2020 'Guidelines for preparation of the 2021/22 -2020/24 medium term Budget' stated that allocation for personnel emoluments must be supported by IPPD for personnel requirements.

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

#### **5. Non-Compliance with Guidelines on Board Appointments**

Review of Board of Governors data revealed that tenures of all the 7 members of the Board begun on 28 February, 2025 and will end on 28 February, 2028. Therefore, the tenures were not staggered to ensure a phased transition. This is contrary to Chapter 1.14(I) of Mwongozo (The Code of Governance for State Corporations) on succession planning, which requires that the appointing authority should ensure that the tenures of Board members are staggered to ensures a phased transition.

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

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

##### **Conclusion**

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

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

## **Basis for Conclusion**

### **1. Lack of Internal Audit Reports**

Review of internal audit records revealed that no internal audit reports were prepared and discussed during the year. This contravenes Regulation 160. of the Public Finance Management National Government Regulations 2015 states that, internal auditors shall— (b) have a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization; and (c) review the effectiveness of the financial and non-financial performance management systems of the entities.

In the circumstances, Management was in breach of law.

### **2. Non-Compliance with the Procurement Requirements on the Role of Board of Governance**

The approved annual procurement plan for the Sabatia TVC was signed by the Accounting Officer and the Chair of the Board of Governance. However, the minutes for Board of Governance for approval of the procurement plan were not availed for audit review.

Further, there was no evidence that the Quarterly reports for implementation of procurement plan by Sabatia TVC were submitted to the Board of Governance, discussed and adopted.

As such, the College did not comply with the requirement on oversight of procurement processes, as provided for by the PPRA Regulations, as well as per the guidance by PPRA through the Circular No 06 of 2023.

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 the Management and those Charged with Governance**

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


02 December, 2025

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


Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from National Government Entities	6	13,456,550	16,900,425
		<b>13,456,550</b>	<b>16,900,425</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	77,227,433	66,183,954
Sale of goods	8	1,000,089	507,824
Finance income	9	537,684	150,358
Other income	10	8,000	535,250
<b>Revenue from exchange transactions</b>		<b>78,773,206</b>	<b>67,377,386</b>
<b>Total revenue</b>		<b>92,229,756</b>	<b>84,277,811</b>
<b>Expenses</b>			
Use of goods and services	11	43,374,131	26,982,024
Employee costs	12	9,505,274	5,902,251
Board Expenses	13	1,024,000	1,479,000
Amortization expense	14	173,750	4,920,948
Repairs and Maintenance	15	1,850,851	2,282,457
Contracted Services	16	250,050	0
<b>Total Expenses</b>		<b>56,178,056</b>	<b>41,566,680</b>
<b>Net Surplus for the Period</b>		<b>36,051,700</b>	<b>42,711,130</b>

(The notes set out on pages 6 to 36 form an integral part of the Annual Financial Statements).


The Financial Statements set out on pages 1 to 5 were signed by

  
Arch. Alfred Lulu

Chairman, Board of Governors

  
Grace Apondi Titi

Principal

  
CPA Hesborn Ehaji

Finance Officer  
(ICPAK) No.11369

Date 14/07/2025

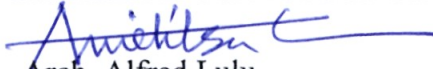
Date 14/07/2025

Date 14/07/2025

15. Statement of Financial Position as at 30th June 2025

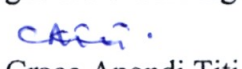
Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	2,306,059	11,523,176
Receivables from exchange Transactions	18	100,323,982	66,740,839
Inventories	19	8,051,427	752,731
<b>Total current assets</b>		<b>110,681,468</b>	<b>79,016,746</b>
<b>Non-current assets</b>			
Property, plant and equipment	20	118,632,650	59,457,999
Intangible assets	21	2,838,250	2,432,000
<b>Total non-current assets</b>		<b>121,470,900</b>	<b>61,889,999</b>
<b>Total assets (A)</b>		<b>232,152,368</b>	<b>140,906,745</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	22	12,480,913	3,249,883
<b>Total current liabilities</b>		<b>12,480,913</b>	<b>3,249,883</b>
<b>Total Liabilities (B)</b>		<b>12,480,913</b>	<b>3,249,883</b>
<b>Net assets (A-B)</b>		<b>219,671,455</b>	
<b>Represented By:</b>			
Revaluation Reserves		28,578,643	0
Accumulated surplus		116,648,055	80,596,355
Capital Fund		74,444,757	57,060,507
<b>Total net assets and liabilities</b>		<b>219,671,455</b>	<b>140,906,745</b>

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

  
Arch. Alfred Lulu

Chairman, Board of Governors

Date 14/07/2025

  
Grace Apondi Titi

Principal

Date 14/07/2025

  
CPA Hesborn Ehaji


Finance Officer

ICPAK No. 11369

Date 14/07/2025

## 16. Statement of Changes in Net Asset for The Year Ended 30th June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	-	37,885,224	57,060,507	94,945,731
Revaluation gain	-	-	-	-
Surplus for the year	-	42,711,130		42,711,130
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024		80,596,355	57,060,507	137,656,862
At July 1, 2024		80,596,355	57,060,507	137,656,862
Revaluation gain	28,578,643	0	17,384,250	45,962,893
Surplus/(deficit) for the year		36,051,700	0	36,051,700
At June 30, 2025	28,578,643	116,648,055	74,444,757	219,671,455

 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
<b>DATE: 11 MAR 2026</b>	
<b>DAY:</b> WEDNESDAY	
<b>TABLED BY:</b>	LEADER OF MAJORITY PARTY HON. OWEN BAYA, MP
<b>CLERK-AT THE-TABLE:</b>	J. LEMERELLE

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from National Government entities	6	13,456,550	16,900,425
Rendering of services- Fees from students	7	77,227,433	66,183,954
Sale of goods	8	1,000,089	507,824
Finance income	9	537,684	150,358
Other income	10	8,000	535,250
<b>Total Receipts</b>		<b>92,229,756</b>	<b>84,277,811</b>
<b>Payments</b>			
Use of goods and services	11	43,263,931	26,982,024
Employee Costs	12	9,505,274	5,902,251
Board Expenses	13	1,024,000	1,479,000
Repairs and Maintenance	15	1,850,851	2,282,457
Contracted Services	16	250,050	0
<b>Total Payments</b>		<b>(55,894,106)</b>	<b>(36,645,732)</b>
<b>Changes in Working Capital</b>			
Increase in Receivables		(33,583,143)	(32,405,275)
Decrease/increase in payables		9,231,030	(4,150,081)
Decrease/increase in Inventories		(3,816,404)	1,895,153
<b>Total Changes in Working Capital</b>		<b>(28,168,517)</b>	<b>(34,660,203)</b>
<b>Net cash flows from operating activities</b>		<b>8,167,133</b>	<b>12,971,876</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment,	20	(16,804,250)	(2,486,300)
Purchase of intangible assets	21	(580,000)	0
<b>Net cash flows used in investing activities</b>		<b>(17,384,250)</b>	<b>(2,486,300)</b>
<b>Net Decrease in cash and cash equivalents</b>		<b>(9,217,117)</b>	<b>10,485,576</b>
Cash and cash equivalents at 1. 07.2024		11,523,176	1,037,551
<b>Cash and cash equivalents 30.6.2025</b>		<b>2,306,059</b>	<b>11,523,176</b>

Cash flow Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	36,051,700
1	Reason for differences. Accrual basis of preparation	33,745,641
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,306,059

18. Statement of Comparison of Budget & Actual amounts for Year Ended 30th June 2025

Description	Original annual Budget	Adjustments	Final Annual Budget	Actual on a comparable basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=(a+b)	D	E=c-d	F=d/c
Budget carryovers from the previous year	-	-	-	11,523,176	-	-
<b>Receipts</b>				0		
Transfers from National Government entities	27,000,000	0	27,000,000	13,456,550	13,543,450	50%
Grants from donors and development partners	122,450,000		122,450,000	0	-122,450,000	
Rendering of services- Fees from students	94,248,100	0	94,248,100	38,109,951	56,138,149	40%
Sale of goods and other Income	150,000	0	150,000	1,545,773	-1,395,773	100%
<b>Total Receipts</b>	<b>243,848,100</b>		<b>243,848,100</b>	<b>64,635,450</b>		
<b>Payments</b>						
Use of goods and services	90,013,300	0	90,013,300	32,925,216	57088084	37%
Employee costs	23,182,200	0	23,182,200	9,255,274	13926926	40%
Remuneration of directors	2,190,000	0	2,190,000	1,024,000	1,166,000	47%
Amortization Expense	0	0	0	173,750	-173,750	
Repairs and Maintenance	6,012,600	0	6,012,600	1,850,851	4,161,749	31%
Capital Expenditure Payments	122,450,000		122,450,000	17,384,250	105,065,750	14%
<b>Total Expenditure Payments</b>	<b>243,848,100</b>		<b>243,848,100</b>	<b>62,613,341</b>	<b>181,234,759</b>	<b>26%</b>
<b>Surplus</b>				<b>2,022,109</b>		

**Budget notes:**

	<b>Description of Particulars</b>	
1	Transfers from National Government entities	The variance is a results of delayed funding
2	Rendering of services- Fees from students	The variance is as a result of Low trainee Enrolment
3	Use of goods and services	Delayed disbursement of government funding for Trainees, leading to lower revenue collections and reduced spending on planned activities
4	Employee costs	Budgeted positions remained unfilled due to delayed Government funding
5	Remuneration of directors	The Board suspended its workshops and training due to delayed Government funding
6	Repairs and Maintenance	Maintenance activities postponed due to cash flow constraints, prioritization of other expenses. Due to delayed Government funding

**Budget Reconciliation**

<b>Description of Particulars</b>	<b>Amount in Kshs</b>
Actual Surplus Amounts as per the statement of Budget	<b>2,022,109</b>
Reason for differences. Non -cash movement Items	283,950
Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>2,306,059</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

Sabatia TVC is established by and derives its authority and accountability from The TVET Act of 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activities of the college are providing quality technical and vocational training in order to produce competitive graduates for the job market.

### **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 college's accounting policies. There are no areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the college.

The financial statements have been prepared in accordance with the PFM Act and 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2025.
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

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

Standard	Effective date and impact:
<p>IPSAS 43: Leases</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>
<p>IPSAS45: Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>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.</p>
<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p>

	<p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol>

**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2024-2025

#### **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 has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The college 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 2024/2025 was approved by the Council or Board on 28<sup>th</sup> January, 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the College upon receiving the respective approvals to conclude the final budget. The Sabatia Technical and Vocational College budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 and 6 of these financial statements.

### **c) Taxes**

#### ***Current income tax***

The College is exempt from paying taxes as per schedule of the Income Tax Act (CAP 470)

#### ***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and

depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated

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

**g) Intangible assets**

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

**h) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Research and development costs**

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

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

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

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

#### **j) Financial instruments**

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

##### ***Financial assets***

##### ***Classification***

The College classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both Sabatia Technical and Vocational College management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely

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

##### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**

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

***Financial liabilities***

***Classification***

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

**k) Inventories**

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

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

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

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

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

**l) Provisions**

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

insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

### ***Contingent assets***

The college does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the college 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) Social Benefits**

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

recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

### **n) Nature and purpose of reserves**

The college creates and maintains reserves in terms of specific requirements.

### **o) Changes in accounting policies and estimates**

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

### **p) Employee benefits**

#### **Retirement benefit plans**

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

contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**q) 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.

**r) Borrowing costs**

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

**s) Related parties**

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

**t) Service concession arrangements**

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

**u) 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.

**v) Comparative figures**

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

**w) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the college'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 College 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 College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

**6. Transfers from other National Government entities**

<b>Description</b>			<b>2024-2025</b>	<b>2023-2024</b>
			Kshs	Kshs
Unconditional Grants				
Capitation Grants	2024-2025			
<b>Grants received</b>	<b>No. Capitated</b>	<b>Amount</b>		
Capitation (Q1-2023/2025)			3,226,125	4,224,500
Capitation (Q2-2023/2025)			0	4,224,500
Capitation (Q3-2023/2025)			10,230,425	4,828,000
Capitation (Q4-2023/2025)			0	3,623,425
<b>Total government grants and subsidies</b>			<b>13,456,550</b>	<b>16,900,425</b>

### 7. Rendering of Services

Description	2024-2025	2023-2024
	KShs	KShs
Tuition fees	30,139,106	18,919,401
Activity fees	5,507,004	5,318,196
Examination fees	7,044,830	3,717,260
Library fees	220,000	737,660
Registration fees	0	28,700
Personal Emoluments	15,886,163	14,966,877
EWC	4,844,125	4,592,979
LT&T	5,018,833	5,428,077
R M I	4,340,866	5,705,433
Administration	258,000	1,733,919
Student council	93,000	280,990
ICT Levy	220,000	779,182
Development	550,000	1,770,780
Medical insurance	2,232,000	1,555,000
Industrial attachment fees	674,006	522,000
KUCCPS	199,500	127,500
<b>Total Revenue</b>	<b>77,227,433</b>	<b>66,183,954</b>

### 8. Sale of Goods

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Sale of goods</b>		
Sale of Soap	200	17,610
Cafeteria (PAYE)	898,495	468,924
Food and beverage	36,054	16,290
Building	61,000	0
ICT	0	5,000
Cosmetology	4,340	0
<b>Total revenue from the sale of goods</b>	<b>1,000,089</b>	<b>507,824</b>

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**9. Finance Income**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest income	537,684	150,358
<b>Total other income</b>	<b>537,684</b>	<b>150,358</b>

**10. Miscellaneous Income**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Accommodation Fees	8,000	527,250
Income from sale of tender	0	8,000
<b>Total other income</b>	<b>8,000</b>	<b>535,250</b>

**11. Use of Goods and Services**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Teaching and learning materials	15,255,504	8,344,746
Industrial attachment costs	303,800	343,800
Electricity	892,783	194,554
Water	101,500	0
Subscriptions	403,000	158,802
Examination fees	5,619,500	3,002,820
Catering	830,975	369,762
Accommodation	6,000	94,000
Insurance	370,509	53,804
Licenses and permits	5,400	10,000
Postage	7,775	7,725
Printing and stationery	1,466,450	22,760
Telephone expenses	415,200	280,838
Internet expenses	387,922	374,132

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Administrative costs	9,685,498	6,608,085
Activity	2,494,615	2,220,645
Student Council	227,200	515,050
Travel and subsistence	3,993,000	4,240,902
Kuccps	199,500	130,500
Sale of Soap	10,200	9,100
Motor Vehicle Expenses	587,600	0
Work Study Programme	110,200	0
<b>Total good and services</b>	<b>43,374,131</b>	<b>26,982,025</b>

**12. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	8,089,927	5,139,360
Social contributions	1,415,347	762,891
<b>Employee Costs</b>	<b>9,505,274</b>	<b>5,902,251</b>

**13. Board Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	164,000	183,000
Director's Emoluments	860,000	1,296,000
<b>Total</b>	<b>1,024,000</b>	<b>1,479,000</b>

**14. Depreciation and Amortization expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	0	4,776,198
Intangible assets	173,750	144,750
<b>Total Depreciation and Amortization</b>	<b>173,750</b>	<b>4,920,948</b>

**15. . Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property	1,631,184	1,300,057
Furniture and fittings	168,177	890,000
Computers and accessories	7,500	68,400
Hand washing Facilities	43,990	24,000
<b>Total Repairs and Maintenance</b>	<b>1,850,851</b>	<b>2,282,457</b>

**16. Contracted Services**

Description	2024-2025	2023-2024
	KShs	KShs
Property valuations	250,050	0
<b>Total contracted services</b>	<b>250,050</b>	<b>0</b>

**17. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	Kshs	Kshs
Current account Absa	2,056,196	10,991,466
Current account KCB	249,863	531,708
Cash in Hand	0	0
<b>Total cash and cash equivalents</b>	<b>2,306,059</b>	<b>11,523,176</b>

**17(a)Detailed Analysis of Cash and Cash equivalents**

		2024-2025	2023-2024
Financial Institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
Absa bank	2039624985	2,056,196	10,991,466
KCB Bank	1320195946	249,863	531,708
<b>Sub- total</b>		<b>2,306,059</b>	<b>11,523,176</b>
cash in hand		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Grand total</b>		<b>2,306,059</b>	<b>11,523,176</b>

Receivables from Exchange transactions

18. (a) Current Receivables from Exchange transactions

Description	2024-2025	2023-2024
	KShs	KShs
<b>Current receivables</b>		
Student debtors	100,323,982	66,740,839
<b>Total current receivables</b>	<b>100,323,982</b>	<b>66,740,839</b>

18. (b) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	53,751,200	54%	37,148,260	56%
Between 1- 2 years	33,594,500	33%	23,517,900	35%
Between 2-3 years	12,978,282	13%	5,795,681	7%
	<b>100,323,982</b>		<b>66,461,842</b>	
Over 3 years	0		278,997	0.04%
<b>Total (a+b)</b>	<b>100,323,982</b>	<b>100,323,982</b>	<b>66,740,839.00</b>	

19. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Tuition and learning materials	5,275,417	471,231
Maintenance stores and Office Electronics	2,310,500	145,300
Cleaning materials stores	43,990	48,700
Catering stores	421,520	87,500
<b>Total inventories at the lower of cost and net realizable value</b>	<b>8,051,427</b>	<b>752,731</b>

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**Detailed disclosure on inventories**

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Opening balance</b>	752,731	2,647,884
Additional Inventory in the year	5,313,982	0
Inventory expensed in the year	0	1,895,153
Valuation	1,984,714	0
<b>Closing balance</b>	<b>8,051,427</b>	<b>752,731</b>

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**20. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Plant and equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2024	0	60,280,328	0	5,519,075	6,957,626	1,897,442	74,654,471
Revaluation	7,500,000	4,515,672	0	593,325	(3,523,126)	18,088,058	27,173,929
Additions	0	0	10,597,000	1,487,000	1,298,250	3,422,000	16,804,250
<b>As at 30<sup>th</sup> June 2025</b>	<b>7,500,000</b>	<b>64,796,000</b>	<b>10,597,000</b>	<b>7,599,400</b>	<b>4,732,750</b>	<b>23,407,500</b>	<b>118,632,650</b>
<b>Depreciation And Impairment</b>							
As at 1 <sup>st</sup> July 2024	0	5,975,862	0	3,074,412	5,051,266	1,094,932	15,196,472
Transfer/Adjustment		(5,975,862)	0	(3,074,412)	(5,051,266)	(1,094,932)	(15,196,472)
<b>As At 30 June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NBV Prior Year Audited</b>	<b>0</b>	<b>54,304,466</b>	<b>0</b>	<b>2,444,663</b>	<b>1,906,360</b>	<b>802,510</b>	<b>59,457,999</b>
<b>NBV as at end of the period 30<sup>th</sup> June 2025</b>	<b>7,500,000</b>	<b>64,796,000</b>	<b>10,597,000</b>	<b>7,599,400</b>	<b>4,732,750</b>	<b>23,407,500</b>	<b>118,632,650</b>
<b>Appreciation/Depreciation Rate</b>		<b>2%</b>	<b>20%</b>	<b>20%</b>	<b>30%</b>	<b>20%</b>	

Asset Valuation was done on 13/02/2025

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**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were valued by on cost approach. These amounts were adopted in the financial statements on 30<sup>th</sup> June 2025.

**20.(b) Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	7,500,000	-	7,500,000
Buildings	64,796,000	-	64,796,000
Plant And Machinery	23,407,500	-	23,407,500
Computers and Related Equipment	4,732,750	-	4,732,750
Furniture and Fittings	7,599,400	-	7,599,400
Motor vehicles	10,597,000	-	10,597,000
<b>Total</b>	<b>118,632,650</b>	<b>0</b>	<b>118,632,650</b>

**21. Intangible Assets-Software**

Description	Period ended 30 <sup>th</sup> June 2025	Prior year audited, 2023- 2024
	KShs	KShs
<b>Cost</b>		
At beginning of the year	2,895,000	2,895,000
Additions during the period	580,000	0
<b>At end of the period</b>	<b>3,475,000</b>	<b>2,895,000</b>
<b>Amortization and impairment</b>		
At beginning of the year	463,000	318,250
Amortization during the period	173,750	144,750
<b>At end of the period</b>	<b>636,750</b>	<b>463,000</b>
<b>NBV</b>	<b>2,838,250</b>	<b>2,432,000</b>
<b>Amortization rates (straight line)</b>	<b>5%</b>	<b>5%</b>

**22. Trade and Other Payables**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	10,948,965		2,080,340	
Fees paid in advance	800,846		643,381	
Helb control	217,749		91,580	
Bursaries	513,353		434,582	
<b>Total trade and other payables</b>	<b>12,480,913</b>		<b>3,249,883</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	12,480,913	100%	2,080,340	100%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
<b>Total (to tie to totals above)</b>	<b>12,480,913</b>		<b>2,080,340</b>	

**23. Cash generated from operations.**

	2024-2025		2023-2024	
	Kshs		Kshs	
<b>Surplus for the year before tax</b>	<b>36,051,700</b>		<b>42,830,130</b>	
<b>Adjusted for:</b>				
Depreciation	173,750		4,920,948	
<b>Working Capital Adjustments</b>				
Increase/Decrease in Inventory	-5,011,355		(1,895,153)	
Increase in Receivables	-33,583,143		(32,405,275)	
Increase/Decrease in Payables	8,978,825		(2,918,166)	
Increase in Payments received in advance	362,405		(1,231,915)	
<b>Net Cash Flow from Operating Activities</b>	<b>6,972,182</b>		<b>12,971,876</b>	

## 24. Financial Risk Management

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

Sabatia Technical and Vocational College financial risk management objectives and policies are detailed below:

### (i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing Sabatia Technical and Vocational College 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
<b>At 30 June 2024</b>				
Receivables from exchange transactions	59,959,721			
Receivables from non-exchange transactions	24,318,090			
Bank balances	11,523,176			
<b>Total</b>	<b>95,800,987</b>			
<b>At 30 June 2025</b>				

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Receivables from exchange transactions	78,773,206			
Receivables from non-exchange transactions	13,456,550			
Bank balances	2,306,059			
<b>Total</b>	<b>94,535,815</b>			

**Financial risk management (continued)**

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

The college has no significant concentration of credit risk on amounts due.

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the College Governors, who have built an appropriate liquidity risk management framework for the management of Sabatia Technical and Vocational College short, medium and long-term funding and liquidity management requirements. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade Payables	0	2,080,340	0	2,080,340
<b>Total</b>	<b>0</b>	<b>2,080,340</b>	<b>0</b>	<b>2,080,340</b>
<b>At 30 June 2025</b>				
Trade Payables	3,104,145	7,844,820	0	7,844,820
<b>Total</b>	<b>3,104,145</b>	<b>7,844,820</b>	<b>0</b>	<b>7,844,820</b>

**(iii) Market risk**

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

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

Sabatia Technical and Vocational College Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**a) Foreign currency risk**

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

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

### **Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

#### **b) Interest rate risk**

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

#### ***Management of interest rate risk***

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

#### ***Sensitivity analysis***

The College analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 1,504 (2024-2025: Kshs 0) of Kshs. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 7,518 (2024-2025: Kshs 0)

#### **(iv) Capital Risk Management**

The objective of Sabatia Technical and Vocational College capital risk management is to safeguard the College ability to continue as a going concern. The College capital structure comprises of the following funds:

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	45,962,893	0
Retained Earnings	116,648,055	80,715,355
Capital Reserve	57,060,507	57,060,507
<b>Total Funds</b>	<b>219,671,455</b>	<b>137,775,862</b>
Total Borrowings	12,480,913	3,249,883
Less: Cash and Bank Balances	(2,306,059)	(11,523,176)
<b>Net Debt/(Excess Cash and Cash Equivalents)</b>	<b>10,174,854</b>	<b>8,273,293</b>
<b>Gearing</b>	<b>85%</b>	<b>2%</b>

## 25. Related Party Balances

### Nature of related party relationships

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

### Government of Kenya

The Government of Kenya is the principal shareholder of the college, holding 100% of The Sabatia Technical and Vocational College 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;

## 26. Events After the Reporting Period

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

## 27. Ultimate and Holding Entity

The College is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

## 28. Currency

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

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
OAG/SABATIA TVC/2023/2024/(22)	Trade and other payables	Classification of fees paid in advance corrected.	Resolved	
	Property, Plant and Equipment	Asset Valuation has been done, values for land confirmed.	Resolved	
	Budgetary control performance	Underfunded activities prioritized moving forward	Resolved	
	Partial implementation of E-procurement system	The e-Government Procurement (e-GP) platform was officially launched by the Government on 7th April 2025. Law complied moving forward	Resolved	
	Lack of internal Audit function	Plans are currently underway to formally establish a dedicated internal audit function within the College	Resolved	
	Non-compliance with Law on Ethnic Composition	Recruitment panels are sensitized on diversity and inclusivity guidelines, and recruitment data is monitored to support compliance with the required thresholds	Resolved	

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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)
	Non-compliance with guidelines on Board Appointments	Timely communication with the Ministry regarding upcoming term expirations, maintaining updated records of board tenures, and recommending phased appointments or renewals where applicable to avoid leadership gaps.	Resolved	
	Non-compliance with the Law on Representation of people with Disabilities	Sabatia TVC strongly encourage individuals with physical disabilities to apply for all jobs advertised.	Resolved	
	Lack of proper IT internal Controls	IT policy is currently in place and fully in use.	Resolved	
	Non- Compliance with Treasury Circular on maintenance of an Integrated HR System	ERP system for the Human resource module is in place and fully functional.	Resolved	

CAGG.

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**GRACE APONDI TITI**  
**Accounting Officer**  
**Principal/ Sec- BOG.**  
**Date 14/07/2025**

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Appendix II- Inter-Entity Confirmation Letter

Name of transferring entity: Ministry of Education, State Department of Technical and Vocational Training

<b>Head of Accounts Department - Disbursing Entity:</b>						
Name .....						
Sign .....						
Date.....						
<b>Confirmation of amounts received by Sabatia Technical and Vocational College as at 30<sup>th</sup> June 2025</b>						
Reference Number	Date Disbursed	Recurrent -(A)	Development (B)	Capitation (C)	Scholarship (D)	Total (E)= (A+B+C+D)
	MOE State DEPT Vocational NTE 20/09/ 2024	0	0	0	5,065,475	
	MOE State DEPT Vocational NTE 20/09/ 2024	0	0	0	5,307,356	
	MOE State DEPT Vocational NTE 20/09/ 2024	0	0	0	725,468	
Q1	MOE State DEPT Vocational NTE 23/09/ 2024	0	0	3,226,125	0	
	MOE State DEPT Vocational NTE 23/09/ 2024	0	0	0	282,021	
	MOE State DEPT Vocational NTE 24/09/ 2024	0	0	0	7,840,381	
Q3	MOE State DEPT Vocational NTE 14/02/2025	0	0	10,230,425	0	
		0	0	<b>13,456,550</b>	<b>19,220,701</b>	<b>32,677,251</b>

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

**Head of Accounts Department - Disbursing Entity:**

Name GRACE A. TITI ..... Sign CAT ..... Date 14/07/2025

**Head of Accounts Department - Beneficiary Entity:**

Name CRA FITAJI HERSON ..... Sign [Signature] ..... Date 14/07/2025