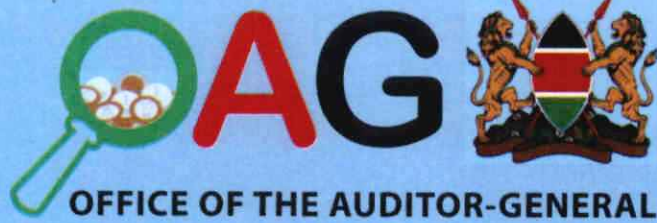


REPUBLIC OF KENYA



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REPORT

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| TABLED BY: Hon. Owen Bayo, MP Deputy Leader of Majority | |
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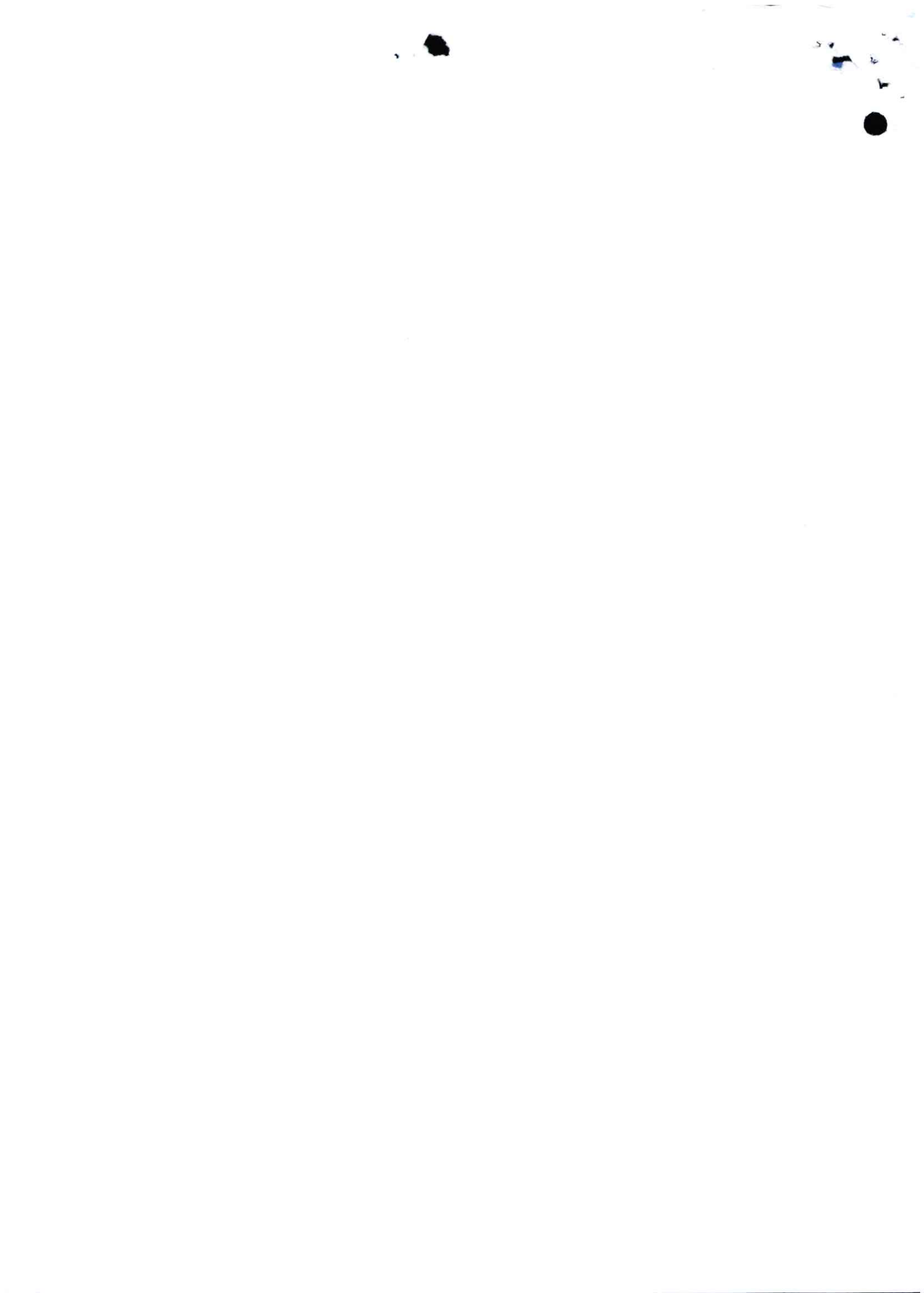
THE AUDITOR-GENERAL

ON

**RARIEDA TECHNICAL AND VOCATIONAL
COLLEGE**

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

**STATE DEPARTMENT FOR TECHNICAL AND
VOCATIONAL EDUCATION AND TRAINING**



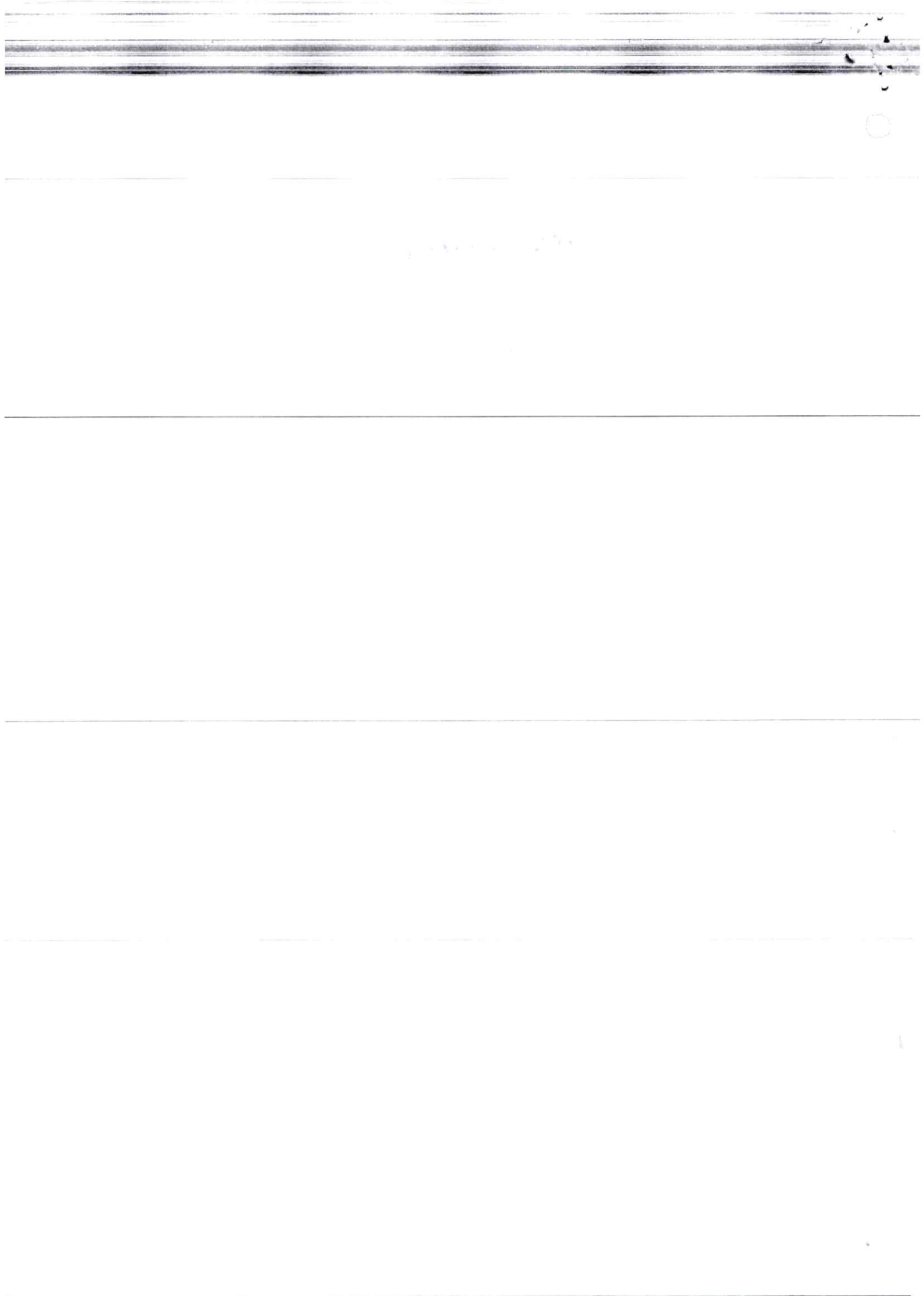


RARIEDA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

Table of Contents

| | | |
|-----|---|-------|
| 1. | Acronyms and Definition of Key Terms..... | ii |
| 2. | Key Rarieda TVC Information and Management..... | iii |
| 3. | The Board of Governors | vi |
| 4. | Key Management Team | viii |
| 5. | Chairman's Statement | x |
| 6. | Report of the Chief Principal..... | xi |
| 7. | Statement of Performance against Predetermined Objectives | xii |
| 8. | Corporate Governance Statement..... | xiv |
| 9. | Management Discussion and Analysis | xviii |
| 10. | Environmental And Sustainability Reporting Statement..... | xviii |
| 11. | Report of the Council/Board of Governors | xxii |
| 12. | Statement of Board of Governors/ Council's Responsibilities..... | xxiii |
| 13. | Report of the Independent Auditor on Rarieda Technical and Vocational College xxiv | |
| 14. | Statement of Financial Performance For The Year Ended 30 June 2024 | 1 |
| 15. | Statement of Financial Position As At 30th June 2024 | 2 |
| 16. | Statement of Changes in Net Asset For The Year Ended 30 June 2024..... | 3 |
| 17. | Statement of Cash Flows For The Year Ended 30 June 2024..... | 4 |
| 18. | Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024 | 5 |
| 19. | Notes to the Financial Statements..... | 7 |
| 20. | Appendices | 30 |

1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |

| | |
|------|---|
| TVC | Technical Vocational College |
| TVET | Technical Vocational Education Training |

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Rarieda TVC Information and Management

(a) Background information

The Rarieda TVC was established through the ministry of education, State Department of Technical and Vocational College under the TVET Act 2013. The Rarieda TVC is domiciled in Kenya.

The institution has seven academic departments. These include:

- i. Electrical department
- ii. Fashion and design Department
- iii. Food and beverage department
- iv. Liberal studies department
- v. Building and civil engineering department
- vi. Automotive Department
- vii. Business department

(b) Principal Activities

The principal mandate of Rarieda TVC is to offer Technical and Business Training.

Vision

To be a world class centre of excellence in Technical Training and Research

Mission

To produce competent and innovative manpower in technical disciplines and research to meet the changing needs of society.

Core values

(c) Key Management

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

- Board of Management
- Principal
- Deputy principal
- Registrar
- Dean of Students

(d) Fiduciary Management

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

| SN. | Designation | Name |
|-----|---------------------|-------------------|
| 1. | Principal | Linda Ayuku W |
| 2. | Deputy Principal | Dr. Samwel Obalah |
| 3 | Registrar | Duncan Ojowi |
| 4 | Dean of Students | Toney Okundi |
| 5 | Head of Finance | Alice Owade |
| 6 | Head of Procurement | David Otigo |

Key Rarieda TVC Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

The institute has various oversight committees, such as:

- i. **Audit and Risk Management committee** - This committee is charged with the responsibility of ensuring the proper functioning and statutory compliance in the execution of the functions of the college. This duty is performed by the internal auditor in conjunction with the Board of Governors Audit and Research Committee.
- ii. **Finance and operations committee** – This committee is responsible for the supervision of College Budget preparation, preparation and review of finance policy, compilation of financial reports and financial advice to the management of the college.
- iii. **Training, Research, Publicity Committee**- This committee is chaired by the deputy principal. The function of this committee is to ensure compliance and achievement of the core mandate of the college, that is, training. This committee also coordinates the preparation of the academic policies and internal quality assurance policy.

(f) Rarieda TVC Headquarters

P.O. Box 77
Bondo-Lwak Road
40611- Nyilima, KENYA

(g) Rarieda TVC Contacts

Telephone: (254) 759622279
E-mail: rariedatvc@gmail.com

(h) Rarieda TVC Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(i) Independent Auditors

Auditor-General
Office of Auditor General

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024






Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

Key Rarieda TVC Information and Management (Continued)






(j) Principal Legal Adviser

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






3.The Board of Governors

| SN. | Member | Details |
|-----|--|---|
| 1. |  ENG. STEPHEN AUMA | <p>CHAIRPERSON</p> <p>Academic Qualification: BSc. Mechanical Engineering</p> <p>Work Experience: Principal/Mechanical Engineer, M/s Quadrant Engineering Consultants Ltd</p> |
| 2. |  LINDA AYUKU | <p>PRINCIPAL/ SECRETARY</p> <p>Academic Qualification: Bachelor of Education Technology (Electrical Engineering)</p> |
| 3. |  DR. PAUL SAOKE | <p>CHAIRPERSON of Education, Training, Research And Publicity Committee</p> <p>Academic Qualification:</p> <p>Work Experience: a leading consultant in Health and Environment, Chemicals and Health and HIV/AIDS impact analyst.</p> |
| 4. |  MS. RODAH MISOI | <p>CHAIRPERSON of Audit and Risk Management Committee</p> <p>Academic Qualification: Bachelor of Business Administration (Accounting Option)</p> <p>Work Experience: Entrepreneur</p> |
| 5. |  MR. PETERSON MORARA | <p>Chairperson of Finance, Infrastructure and Human Resource Committee</p> <p>Academic Qualification: Degree in Business Administration</p> <p>Work Experience: Bank Branch Manager</p> |


Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

| | | |
|-----|---|--|
| 6. |  MS. GRACE ADERA | <p>Member of education, training committee Academic Qualification: Bachelor of Laws Work Experience: Practicing Laws</p> |
| 7. |  MR. OKUMU MAKAGOLA | <p>Academic Qualification: Master of Philosophy in Food Technology BSc. in Biological Sciences Work Experience: Retired Civil Servant Consultant in Fish Technology and other related natural resources.</p> |
| 8. |  ENG. BOB ODAWA | <p>Academic Qualification: BSc. Mechanical Engineering Work Experience: Consulting Engineer in Building Services</p> |
| 9. |  MR. JOHN WAMAE | <p>County Director of TVET, Kisumu-Siaya-Homa Bay Region Academic Qualification: Msc applied statistics Bsc. Maths and Computer Science</p> <p>Work Experience: Worked with TSC as a teacher. worked with ministry as quality assurance and standards officer for TVET and currently regional director for Tvet Kisumu</p> |
| 10. |  Allan Malachi Okatch | <p>Governor's Representative Academic Qualification: BSc Agriculture Work Experience: Agripreneur</p> |

4. Key Management Team

| <i>SN.</i> | <i>Member</i> | <i>Details</i> |
|------------|--|------------------|
| 1. |  LINDA AYUKU W. BTED. Electrical and Electronics Engineering | PRINCIPAL |
| 2. |  DR. SAMWEL OBALAH Ph.D. Entrepreneurship Management MBA. Entrepreneurship BEd. Arts (Business With IT) | DEPUTY PRINCIPAL |
| 3. |  DUNCAN OJOWI BSc. Manufacturing Engineering and Technology | REGISTRAR |
| 4. |  TONNEY OKUNDI BSc. Agriculture | DEAN OF STUDENTS |
| 5. |  | FINANCE OFFICER |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

| | | |
|----|---|---------------------|
| | ALICE OWADE BSc. Business Administration (Finance Option) CPA Part 2 | |
| 6. |  DAVID OTIGO Bachelor of Procurement and Supply Chain Management | PROCUREMENT OFFICER |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

5. Chairman's Statement

The Board of Governors of Rarieda Technical and Vocational College once again demonstrates accountability through the submission of the prepared FY2023/24 budget. The Board has embraced a results-based management strategy aligned with the TVET Act, 2012.

Providing quality training remains a key mandate of the institution. The wealth of knowledge generated by the Board offers appropriate governance to address the needs of our stakeholders. We celebrate our achievements during this reporting period, especially given the lean staffing levels and austerity measures due to constrained finances.

The Board is committed to aligning its activities with the Bottom-up Economic Transformation Agenda (BETA), MTP IVAs, and the Draft Strategic Plan 2024-2029. In accordance with the TVETA Act, 2012, the Board will implement compliance and enforcement initiatives and enhance stakeholder engagement. Additionally, it will introduce human resource instruments and bolster resource mobilization efforts through partnerships.

Finally, I would like to acknowledge and appreciate my colleagues on the Board and the management team, led by the principal, for their dedication in achieving our performance targets.



.....
ENG STEPHEN AUMA
CHAIRPERSON
RARIEDA TVC BOARD OF GOVERNORS

6. Report of the Chief Principal

I wish to present this report, providing insights into the various activities undertaken during the financial year 2023-2024. As the first year of operation, the Institute was duly registered by TVETA, fulfilling the legal requirements to operate as a TVET institution, offering a range of courses across multiple departments in both technical and business training. The Institute successfully enrolled 895 students, with numbers fluctuating across different intakes.

The college constructed a poultry house for practical training and purchased basic equipment for the eight training departments.

The government, through the Ministry of Information, Communication and Technology, equipped our computer laboratories with 100 networked computers. This initiative aims to enhance youth skills in alignment with the Bottom-Up Economic Transformation Agenda (BETA), improving computer literacy while strengthening the Institute's corporate social responsibility by onboarding the community onto the digital platform.

Challenges

We faced low funding due to non-remittance of capitation and disbursement of amounts less than anticipated. This situation has resulted in students incurring irrecoverable balances and has affected our budget absorption. Rarieda Technical and Vocational College is situated in Rarieda Sub-County, with land donated by the County Government of Siaya. The college is in the process of re-assigning the user of title from Mahaya Youth Polytechnic to Rarieda Technical and Vocational College.

Outlook

Despite these challenges and our humble beginnings, we are committed to ensuring our students receive the best training possible through teamwork and adherence to academic policies.

I would like to extend my gratitude to the management and the Board of Governors for both RTVC and our mentor institution for their support in operationalizing our goals.



.....
Ms Linda Ayuku Wekhoba
PRINCIPAL/BOG SECRETARY



Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

7. Statement of Performance against Predetermined Objectives

The strategic focus of Rarieda Technical and Vocational College (TVC) aims to strengthen, mobilize, and lobby for financial resources to improve the revenue base and diversify funding sources, thereby offering quality training.

Strategies Employed by Rarieda TVC

- Improving All Revenue Bases
- Controlling Operational Costs
- Diversifying Sources of Funds

Rarieda TVC has identified five strategic pillars within its current Strategic Plan for FY 2024–2029. Rarieda TVC develops its annual work plans based on these pillars. The performance of the Board is assessed against its annual work plan on a quarterly basis. The institution is committed to achieving the performance targets set for the FY 2024–2029 period across its five strategic pillars, as indicated in the diagram below:

| No | Strategic Focus Area | Strategic Objective | Strategies | Outcome |
|----|---|--|--|--|
| 1 | Quality delivery of Education Training and Research | To strengthen organizational systems for effective delivery in Science, Technology and Innovation. | Develop necessary Scientific and Technological Infrastructure so as to improve on quality of RTVC Education and Training | Qualified TVET graduates acceptable to the contemporary world of work and entrepreneurship |
| | | | Establish adequate physical facilities to accommodate needs of an increasing student and staff population. | |
| | | | Provide high quality education and training on technical and entrepreneurial skills to improve employability and self-employment opportunities for RTVC graduates. | |
| 2 | Financial Sustainability | To strengthen mobilization and management of resource | Improve revenue base | Financially stable institution |
| | | | Diversify sources of funds | |
| 3 | Science Technology and Innovation | To promote Science Technology and Innovation | Integrate ICT in management, learning and teaching program | Increased number of innovations in the line of Science and Technology |
| | | | Promote research activities | |
| | | | Enhance collaboration with the industry and commerce | |
| 4 | Institutional Capacity Development | To ensure human capacity development | Strengthen staff capacity | Significant improvement in the management performance of Rarieda Technical |
| | | | Sustain reward and sanction mechanism | |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

| No | Strategic Focus Area | Strategic Objective | Strategies | Outcome |
|----|----------------------|----------------------------|---|------------------------|
| | | | Improve work environment | and Vocational College |
| 5 | Corporate Image | To Improve corporate image | Create linkages with the community to construct students hostels Create linkages with the County Government and NGOs | Positive image |

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|--|---|--|-----------------------------------|
| Financial sustainability | To strengthen mobilization and management of resources | Reduced pending bills Diversified sources of funds | Prompt revenue collection Establishing Income generating Units Increased student enrolment | Financially stable institution |
| Quality Delivery of Education and Research | To provide quality higher education and technical training To strengthen organizational system for effective delivery in science, technology and innovation To improve organizational capacity for open distance and flexible learning | Placement of graduates in industries Graduates establishing their own enterprises Increased students' enrolment | Retraining of trainers Improved infrastructural development | Improved economy in the community |

8. Corporate Governance Statement

The Board of Rarieda Technical and Vocational College (TVC) is committed to upholding good corporate governance and recognizes its oversight and foresight roles in providing strategic direction and support to management. In this regard, the Board has adopted governance practices that align with the principles and standards outlined in the State Corporations Act and the Mwongozo Code of Governance for State Corporations.

The Board has clearly defined its mission, vision, and values, and is dedicated to maintaining high standards of ethical behavior characterized by integrity, professionalism, accountability, efficiency, public participation, and teamwork. Additionally, the Board has developed appropriate strategies and policies to facilitate the delivery of its strategic plan.

Moreover, the Board is focused on ensuring that management is aligned with achieving targets while fostering a culture that values ethical behaviour, integrity, and respect. The Board emphasizes the importance of conducting its business and operations in accordance with generally accepted corporate practices.

Meetings attendance by the Board

Full Board Meeting

| Name | 21 /11/2023 | 02/02/2024 | 11/04/2024 | 19/07/2024 |
|---------------------|-------------|------------|------------|------------|
| 1.Rhoda Misoi | ✓ | ✓ | ✓ | ✓ |
| 2. Dr Paul Saoke | ✓ | ✓ | ✓ | ✓ |
| 3. Okumu Makogola | ✓ | ✓ | ✓ | ✓ |
| 4.John Wamae | X | ✓ | ✓ | X |
| 5.Peterson Morara | ✓ | ✓ | ✓ | ✓ |
| 6.Eng. Bob Odawa | ✓ | ✓ | ✓ | ✓ |
| 7.Eng. Stephen Auma | ✓ | ✓ | ✓ | ✓ |
| 8.Linda Ayuku | ✓ | ✓ | ✓ | ✓ |
| 9.Grace Adera | ✓ | ✓ | ✓ | X |
| 10.Allan Oketch | ✓ | ✓ | ✓ | ✓ |
| 11.Joseph Sunguti | ✓ | X | X | X |

The Institute adheres to the Mwongozo Code of Governance for State Corporations regarding the appointment, composition, and size of the Board of Governors. Board members serve a term of three (3) years, which may be renewed once. As the Institute is newly established, there has not been a previous Board of Governors. The current members were appointed on November 23, 2023, with their term set to conclude on November 23, 2026.

The Role of the Board

The Board provides leadership and strategic direction of RARIEDA TVC. The main responsibilities of the Board are:

- i. Oversee the conduct of education and training at RTVC in accordance with the provisions of the TVET Act and any other written law;
- ii. Promoting and maintaining standards, quality and relevance in education and training in RTVC.
- iii. Administer and manage the property of the institution
- iv. Develop and implement RTVC strategic plan
- v. Prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on its behalf
- vi. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- vii. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- viii. Mobilizing resources for the institutions;
- ix. Developing and reviewing programmes for training and to make representations thereon to the Board;
- x. Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of TVET Act;
- xi. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Cabinet Secretary ;
- xii. Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;
- xiii. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- xiv. Making regulations governing Institution, conduct and discipline of the staff and students;
- xv. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Cabinet Secretary Board;
- xvi. Providing for the welfare of the students and staff of the institutions;
- xvii. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- xviii. Discharging all other functions conferred upon it by TVET Act or any other written law.

Board Size, Composition and Appointment

The constitution of the Rarieda Technical and Vocational College (TVC) Board is outlined in Section 28(2) of the TVETA Act No. 29 of 2013. The Board comprises nine (9) members: the Chairperson, six (6) independent governors as specified in Section 28(2)(d) of the TVETA Act, one (1) board member representing the Principal Secretary of the State Department for TVET, and one (1) board member representing the County Governor.

Up to November 21, 2023, Rarieda TVC operated under the council of The Kisumu National Polytechnic as its mentor institution.

The current Board members were inaugurated on November 21, 2023.

Board Charter

The Board Charter is a policy document that clearly defines the roles, responsibilities, and authority of the Board of Governors in setting direction and overseeing the Board's operations. It

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

represents the commitment of Board members to fulfil their mandate and outlines the rules that will guide their conduct.

Each Director subscribes to the Charter, acknowledging the Board's values and committing to uphold them. The Charter delineates the powers of the Board Committees, clarifies the separation of roles between the Board and Management, and establishes policies and practices related to corporate governance.

Importantly, the Charter complements existing statutes, laws, and regulations without altering or interpreting them. It is continuously reviewed to ensure its relevance and effectiveness.

Board Meetings

The Board, as outlined in the Annual Work Plan, meets quarterly or additionally as needed to address matters related to the overall control and governance of the institution.

Board Committees

The Board has three standing committees that play a crucial role in assisting it in fulfilling its responsibilities. As of the date of this report, the following committees enable the Board to play its roles of ensuring effective oversight and governance.

| S/NO | COMMITTEE NAME | MEMBERS | DESIGNATION |
|------|--|--------------------|--------------------------------------|
| 1. | AUDIT AND RISK MANAGEMENT | 1. RODAH MISOI | CHAIRPERSON |
| | | 2. MERCY ONDIGO | SECRETARY / INTERNAL AUDITOR |
| | | 3. JOHN WAMAE | Alternate to the Principal Secretary |
| | | 4. OKUMU MAKOGOLA | MEMBER |
| | | 5. ALLAN OKATCH | MEMBER |
| 2. | EDUCATION, RESEARCH, AND PUBLICITY | 1. DR PAUL SAOKE | CHAIRPERSON |
| | | 2. LINDA AYUKU | SECRETARY /PRINCIPAL |
| | | 3. JOHN WAMAE | PS REPRESENTATIVE |
| | | 4. OKUMU MAKOGOLA | MEMBER |
| | | 5. GRACE ADERA | MEMBER |
| 3. | FINANCE, INFRASTRUCTURE, AND HUMAN RESOURCE | 1. PETERSON MORARA | CHAIRPERSON |
| | | 2. LINDA AYUKU | SECRETARY /PRINCIPAL |
| | | 3. DR PAUL SAOKE | MEMBER |
| | | 4. ENG BOB ODAWA | MEMBER |

The Board Committees generally review matters on behalf of the Board and present issues for decision, accompanied by recommendations from the respective committee. Committee papers are

circulated to all Board members to ensure they are informed and prepared for discussions during Board meetings.

Board Remuneration

During every Board meeting, present Board members are entitled to a sitting allowance, airtime allowance (for virtual meetings) accommodation allowance and transport allowance where applicable within government set limits for TVET institutions. Members sitting allowance is taxable as per the representative of the Finance Act. In addition, the Chairman is paid a monthly honorarium.

Board Evaluation and Performance

Every year, the Board will undergo a rigorous self-performance evaluation overseen by the State Department of TVET to assess its effectiveness in fulfilling its mandate. This process includes a self-evaluation for each director, an evaluation of the Chairman regarding overall Board interactions and the conduct of business meetings, and an evaluation of the Principal. The results of this evaluation will inform the development of remedial training programs for the Board. The first evaluation is scheduled to take place in November 2024.

Succession Planning

The Board has approved a human resource policy that guides management in staff matters. However, since all Board members were appointed simultaneously, there is currently no succession plan in place.

Conflict of Interest

At the start of each Board meeting, the Governors are required to declare any conflicts of interest related to the business under discussion. The Principal must exclude themselves from the quorum and refrain from voting on any matters in which they have an interest. No material conflicts were reported by the Governors during the year under review.

Ethics and Code of Conduct

RARIEDA TVC recognizes the crucial role that ethical standards play in organizational growth and development. Governors and employees are expected to act with honesty, integrity, and fairness in all their interactions with each other and with stakeholders. The ongoing implementation of the Mwongozo Code of Governance for State Corporations is a significant step toward enhancing corporate governance, professionalism, ethics, and integrity in the management of RARIEDA TVC affairs.

Board Induction and Training

Upon appointment, individual Board members have undergone an induction program organized by the State Department of TVET. Furthermore, the Board requires regular training and capacity building to effectively fulfil their roles.

Governance Audit

A Governance Audit is an independent assessment of an organization aimed at evaluating the adequacy and effectiveness of its policies, systems, and practices within the legal and regulatory framework, as well as in accordance with global best practices in corporate governance for the

benefit of stakeholders. In the most recent financial year, the Board established the internal audit function and approved the Internal Auditor Charter.

9. Management Discussion and Analysis

Introduction

This section presents the management's report on the operational and financial performance of the Board during the reporting period. It includes the Board's compliance with statutory requirements, an overview of the major risks facing the organization, and any material arrears in statutory and other financial obligations. Additionally, it offers a review of the economy, an analysis of the sector, future developments, and any other information deemed relevant for the users of the financial statements.

Management Report on Operational and Financial Performance.

The fiscal year 2022/23 marked the first year the Board received funding from the Exchequer. In response, the Board has developed a five-year strategic plan (SP) for 2024-2029.

Compliance with Statutory Requirements

In fulfilling its mandate, the Board complied with all statutory requirements, regulations, and rules established by the government and relevant regulatory bodies. This compliance is essential to ensure that the Board and its officers operate within the law and uphold ethical standards. The Board recognizes that non-compliance can result in serious consequences, including legal actions, fines, penalties, loss of licenses or permits, reputational damage, and even imprisonment in some cases. During the year under review, the Board also conducted a review of the annual budget.

Risk Management

The Board has established a risk management system that includes the formation of Audit and Risk Management. This committee plays a key role in overseeing and managing risks to ensure the organization operates effectively and meets its objectives.

10. Environmental And Sustainability Reporting Statement

Introduction

The national goals of development, along with the legislative and policy framework, offer overarching guidance to the Board in fulfilling its mandate through strategies rooted in the following core values: integrity, professionalism, accountability, public participation, teamwork, and efficiency. Below is a brief highlight of the Board's achievements across four sustainability pillars: sustainability strategy and profile, environmental sustainability, and employee welfare.

Sustainability strategy and profile

To ensure sustainability and optimal performance, the Board continues to enhance its resource mobilization and utilization strategies. This includes lobbying for increased Exchequer funding, strengthening engagement with development partners, and fostering collaboration with government, industry, and other stakeholders

Environmental performance

The Board is committed to climate change initiatives, as outlined in the BETA plan, and supports the President's call for the nation to grow 15 billion trees by 2032. In response, RARIEDA TVC

is eager to be part of this national green revolution and has initiated programs aimed at ensuring environmental sustainability in collaboration with TVET institutions.

Internally, we are implementing environmentally friendly practices by promoting the economical use of printing paper through a "print if you must" approach and printing on both sides of documents. We are also encouraging the exchange of e-documents (soft copies), minimizing electronic waste disposal, and applying a Just in Time philosophy for replenishing stores to reduce large stock storage. Additionally, the Board is continuing to digitize its processes. To significantly reduce paper-based practices in FY 2024/25, the Board plans to automate processes by acquiring an ERP system.





Employee welfare

Currently, staff are deployed from the State Department for TVET and the Rarieda TVC Board. The Board has approved a Human Resource Policy and Procedures Manual that guides all aspects of the hiring process. The Board is committed to continuously developing and improving staff skills and competencies through training.

RARIEDA TVC has complied with the OSH Act of 2007 by incorporating the Act into the Human Resource Manual, which includes provisions for a Safety and Health Committee responsible for ensuring the organization meets all health and safety requirements outlined in the Act.

Market place practices-

The organisation should outline its efforts to:

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

Corporate Social Responsibility / Community Engagements

RARIEDA TVC's engagement in corporate social responsibility (CSR) stems from the understanding that integrating social and environmental concerns into our operations is essential for remaining relevant to our employees, clients, community, partners, and society at large. In FY 2023/24, the Board facilitated tree planting in ten schools around the institution, thanks to 10,000 seedlings provided by the Kenya Engineering and Technologist Registration Board on March 28, 2024.

11. Report of the Council/Board of Governors

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

Principal activities

i) Results

The results of the RARIEDA TVC for the year ended June 30, 2024, are set out on page 1 to 5

ii) GOVERNORS

- iii)** The members of the Board who served during the year are listed on pages 8 to 10. The board members were appointed on November 23, 2023.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities are required to remit ninety percent of their surplus funds, as reported in the audited financial statements, into the Consolidated Fund at the end of each financial year.

v) Auditors

The Auditor-General is responsible for the statutory audit of Rarieda TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act of 2015 for the year ended June 30, 2024.

By Order of the Board

.....
Secretary of the Board
Nairobi
Date:

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

12. Statement of Board of Governors/ Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012, and Section 29 of Schedule 2 of the Technical and Vocational Education and Training Act, 2013, require the Board members to prepare financial statements for RARIEDA Technical and Vocational College that provide a true and fair view of the College's state of affairs at the end of the financial period and the operating results for that period. The Board members must also ensure that the College maintains proper accounting records that accurately disclose its financial position, as well as safeguard the College's assets.

The Board members are responsible for the preparation and presentation of the College's financial statements, which reflect a true and fair view of its affairs as of June 30, 2024. This responsibility includes:

1. Maintaining adequate financial management arrangements and ensuring their effectiveness throughout the reporting period.
2. Keeping proper accounting records that reasonably disclose the financial position of the entity at any time.
3. Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, ensuring they are free from material misstatements due to error or fraud.
4. Safeguarding the assets of the College.
5. Selecting and applying appropriate accounting policies.
6. Making reasonable accounting estimates.

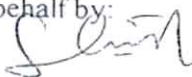
The Board members accept responsibility for the College's financial statements, prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the PFM Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

The Board members believe that the College's financial statements provide a true and fair view of the College's transactions for the financial year ending June 30, 2024, and its financial position as of that date. They further confirm the completeness of the accounting records maintained for the College, which have been relied upon in preparing the financial statements, as well as the adequacy of the internal financial control systems.

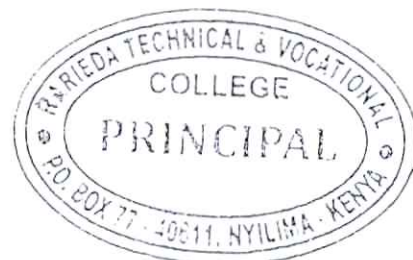
The Board members affirm that nothing has come to their attention to suggest that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The College's financial statements were approved by the Board on 09/05/25 and signed on its behalf by:


.....
Name Eng. Stephen Achue
Chairperson of the Board


.....
Name LINDA ATUKU W
Accounting Officer/Principal



REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON RARIEDA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024 – STATE DEPARTMENT FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rarieda Technical and Vocational College set out on pages 1 to 30, which comprise of the statement of financial

Report of the Auditor-General on Rarieda Technical and Vocational College for the year ended 30 June, 2024 – State Department for Technical and Vocational Education and Training

position as at 30 June, 2024, and statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements and Failure to Adhere to the Prescribed Format in the Preparation of Financial Statements

Review of the annual report and financial statements submitted for audit revealed the following anomalies:

- i. The College's statement of changes in net assets reflects unsupported and unexplained opening balance of Kshs.7,778,599.
- ii. The statement of financial position reflects an amount of Kshs.42,385,466 in respect of current portion of receivables from exchange transactions. However, no provision has been made for expected credit loss contrary to the significant accounting policy on impairment losses.
- iii. Note 18 (b) to the financial statements reflects an ageing analysis of debtors. It is however not clear how ageing was arrived at as this is the first year of preparation of the College's financial statements.

This is contrary to Section 81(3) of the Public Finance Management Act, 2012, requires an Accounting Officer of a National Government entity to prepare financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board.

In the circumstances, the financial statements do not comply with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board.

2. Variances in the Statement of Financial Performance

Review of the statement of financial performance, together with the schedules and ledgers provided for audit revealed the following unreconciled and unexplained variances;

- i. Note 11 to the financial statements reflects an amount of Kshs.5,255,324 related to administration expenses, while supporting ledgers reflects an amount of Kshs.2,692,026 resulting to unreconciled variance of Kshs.2,563,297.
- ii. In addition, the financial statements reflect an amount of Kshs.13,922,016 relating to use of goods and services, while supporting ledgers reflect an amount of Kshs.8,590,280 resulting to unreconciled variance of Kshs.5,331,736.
- iii. Further, the financial statements reflect an amount of Kshs.59,984,811 relating to rendering of services, while the supporting ledgers reflect an amount of Kshs.13,034,134, resulting to unreconciled variance of Kshs.46,950,677

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

3. Un-supported Trade and Other Payables

The statement of financial position reflects an amount of Kshs.648,230 in respect of trade and other payables and as disclosed under Note 21 to the financial statements. However, schedules and invoices to support the balance were not provided for audit.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.648,230 could not be confirmed.

4. Unsupported Current and Long-term Receivables from Exchange Transactions

The statement of financial position reflects balances of Kshs.39,329,889 and Kshs.3,055,578 in respect to current and long-term receivables from exchange transactions respectively totaling to Kshs.42,385,466 and as disclosed in Note 18(b) to the financial statements. However, no supporting documentation was provided to show movement like the opening balances, additions, receipts and payments made during the year and the closing balances. In addition, Management have not made provision for debtors. Further, Management did not indicate any measures taken to ensure collection of the outstanding student debts.

This is contrary to Section 68(2) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a national government entity shall be accountable to the National Assembly for ensuring that the resources are used in a way that is lawful and authorized and shall ensure that the entity keeps financial and accounting records that comply with this Act.

In the circumstances, the accuracy and completeness of the Current and Long-term receivables from Exchange transactions balance of Kshs.39,329,889 and Kshs.3,055,578 respectively could not be confirmed.

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

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.54,298,302 and actual amounts on comparable basis of Kshs.21,632,522 resulting in under funding of Kshs.32,665,780 or 60.16% of the budget. Similarly, the College spent Kshs.20,050,178 against an approved budget of Kshs.54,298,302 resulting in an under-expenditure of Kshs.34,248,124 or 63.07% of the budget.

The underfunding and underperformance affected the planned activities may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Exclusion of Disadvantaged Groups in Annual Procurement Plan

Review of the approved annual procurement plan revealed that Management did not allocate at least thirty percent (30%) of its annual procurement budget for the purposes of procuring goods, works and services from enterprises owned by youth, women and persons with disability. This is contrary to Regulation 149 of the Public Procurement and

Assets and Disposal Regulations, 2020 which states that an accounting officer of a procuring entity shall, when processing procurement under section 157(5) of the Act, allocate at least thirty percent (30%) of its annual procurement budget for the purposes of procuring goods, works and services from enterprises owned by youth, women and persons with disability.

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

2. Lack of Ethnicity and Gender Balance

Review and analysis of staff bio data for the year under review revealed that the College had a total of fifty-three (53) members of staff are all (100%) from the dominant community in the County. Among them twenty - eight (28) are males while twenty - five (25) are females. This is contrary to Article 232 (h) of the Constitution of Kenya, 2010.

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

3. Late Remittance of Statutory Deductions

Review of the statutory deduction's records of the College revealed late payment of NSSF contrary to Section 18(1) & (2) of the NSSF Act, 2012 indicates that if an employer fails to pay a standard contribution in respect of any person employed by him a penalty equal to five times the amount of that contribution shall be payable by that person for each month or part thereof during which the contribution remains unpaid. During the year, it was observed that;

- i. An amount of Kshs.167,820, payable to NSSF for the months of September 2023 to February 2024 was remitted on 10 June, 2024.
- ii. An amount of Kshs.149,940, payable to NSSF for the month of March to May 2024 was also paid on 10 June, 2024.

In addition, Management did not deduct and remit NHIF as a statutory deduction from the employees' salaries and wages paid during the year under review amounting to Kshs.4,164,435 contrary to Section 16(1) of the National Hospital Insurance Fund Act, 2012 provides that A person liable to pay a standard contribution under section 15 shall pay such contribution through monthly deductions from his salary or other remuneration and the employer of such person shall be liable to deduct and to pay the contribution to the Board on behalf of and to the exclusion of that person.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Board of Governors'

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

In preparing the financial statements, Management is responsible for assessing the 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.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

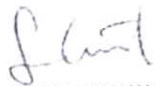
Nairobi

20 May, 2025

14. Statement of Financial Performance For The Year Ended 30 June 2024

| | Notes | June 2024 Ks. |
|---|-------|---------------------|
| Revenue from Non-Exchange transactions | | |
| Transfers from other National Government entities | 6 | 2,000,000 |
| Grants from donors and development partners | 7 | 71,042,355 |
| Transfers from other levels of government | 8 | 0 |
| | | 73,042,355 |
| Revenue from Exchange transactions | | |
| Rendering of services- fees from students | 9 | 59,984,811 |
| Sale of goods | 10 | 14,000 |
| Revenue from Exchange transactions | | 59,998,811 |
| Total Revenue | | 133,041,166 |
| Expenses | | |
| Use of goods and services | 11 | 13,922,016.4 |
| Employee costs | 12 | 5,059,095 |
| Board Expenses | 13 | 1,406,500 |
| Depreciation and amortization expense | 14 | 4,323,442 |
| Repairs and maintenance | 15 | 292,468 |
| Finance costs | 16 | 18,329 |
| Total Expenses | | 25,021,850.4 |
| Net surplus/(deficit) for the year | | 108,019,315 |

The Financial Statements set out on pages 7 to 31 were signed by:



.....
Chairman of Council/Board

Date 09/05/2025



.....
Principal

Date 09/05/2025



.....
Finance Officer

ICPAK No 1910

Date 09/05/2025



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

| Description | | Amount |
|---|-----|-----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 17 | 162,101.6 |
| Current portion of receivables from exchange transactions | 18a | 42,385,466.34 |
| Inventories | 19 | 1,200,000 |
| Total Current Assets | | 43,747,567.94 |
| Non-Current Assets | | |
| Property, plant, and equipment | 20 | 72,698,577 |
| Total Non-Current Assets | | 72,698,577 |
| Total Assets (A) | | 116,446,144.94 |
| Liabilities | | |
| Current Liabilities | | |
| Trade and other payables from exchange transactions | 21 | 648,230 |
| Refundable deposits from customers | 22 | 0 |
| Total Current Liabilities | | 648,230 |
| Net Assets (A-B) | | 115,797,914.90 |
| Represented By: | | |
| Accumulated Surplus | | 115,797,915 |
| Net Assets | | 115,797,915 |

The Financial Statements set out on pages 7 to 31 were signed by:

.....
 Chairman of Council/Board

Date 09/05/2025

.....
 Principal

Date 09/05/2025

.....
 Finance Officer

ICPAK No 1910

Date 09/05/2025



Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

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

| Description | Revaluation reserve | Accumulated Fund | Capital Grants/Fund | Total |
|--|---------------------|------------------|---------------------|--------------|
| At July 1, 2022 | - | | 0 | |
| Revaluation gain | - | - | - | 0 |
| Surplus/(deficit) for the year | - | - | - | - |
| Capital grants received during the year | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | (-) | - |
| At June 30, 2023 | - | | - | |
| At July 1, 2023 | - | 7,778,599.83 | - | 7,778,599.83 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 108,019,315 | - | 108,019,315 |
| Capital grants received during the year | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | (-) | - |
| At June 30, 2024 | - | 115,797,915 | - | 115,797,915 |

Note:

1.).

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

17. Statement of Cash Flows For The Year Ended 30 June 2024

| Description | June 2024 | |
|--|-----------|---------------------|
| | Note | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Transfers from other National Government entities | | 2,000,000 |
| Grants from donors and development partners | | 0 |
| Transfers from other levels of government | | 0 |
| Rendering of services- fees from students | | 19,618,522.49 |
| Sale of goods | | 14,000 |
| Rental revenue from facilities and equipment | | 0 |
| Total Receipts | | 21,632,522 |
| Payments | | |
| Use of goods and services | | 13,850,686.40 |
| Employee costs | | 4,482,195 |
| Board Expenses | | 1,406,500 |
| Repairs and maintenance | | 292,468 |
| Finance Costs | | 18,329 |
| Total Payments | | 20,050,178.4 |
| Net Cash Flows from operating activities | 47 | 1,582,343.6 |
| Cash flows from investing activities | | |
| Purchase of property, plant, equipment and intangible assets | | (1,440,600) |
| Proceeds from sale of property, plant and equipment | | - |
| Net cash flows used in investing activities | | (1,440,600) |
| Cash flows from financing activities | | |
| Proceeds From Borrowing | | - |
| Repayment Of Borrowings | | (-) |
| Net cash flows used in financing activities | | (-) |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 141,743.6 |
| Cash and Cash equivalents at 1 JULY | 26 | 20,358 |
| Cash and Cash equivalents at 30 JUNE | 26 | 162,101.6 |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization Difference |
|---|-------------------|-------------------|-------------------|----------------------------|------------------------|------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| Revenue | | | | | | |
| Transfers from other National Government entities | 9,580,000 | (5,165,000) | 4,415,000 | 2,000,000 | 2,415,000 | 45% |
| Rendering of services- fees from students | 15,490,900 | 34,392,402 | 49,883,302 | 19,618,522.49 | 30,264,779.5 | 39% |
| Sale of goods | 0 | (0) | 0 | 14,000 | 14,000 | 100% |
| Total Income | 25,070,900 | 29,227,402 | 54,298,302 | 21,632,522.49 | 32,693,779.5 | 40% |
| Expenses | | | | | | |
| Use of goods and services | 15,441,900 | 20,498,416 | 35,940,316 | 13,850,686.4 | 22,089,629.6 | 39% |
| Employee costs | 7,000,000 | -280,000 | 6,720,000 | 4,482,195 | 2,237,805 | 67% |
| Board /Council Expenses | 370,000 | 1,130,000 | 1,500,000 | 1,406,500 | 93,500 | 94% |
| Repairs and maintenance | 410,000 | 1,427,986 | 1,837,986 | 292,468 | 1545,518 | 16% |
| Finance costs | 0 | 0 | 0 | 18,329 | 18,329 | 100% |
| Total Expenditure | 23,221,900 | 2,557,986 | 45,998,302 | 20,050,178.4 | 25,948,123.6 | 44% |
| Surplus For the Period | 1,849,000 | 6,451,000 | 8,300,000 | 1,582,344 | 6,745,655.9 | 19% |
| Capital Expenditure | 1,849,000 | 6,451,000 | 8,300,000 | 1,440,600 | 6,859,400 | 17% |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

(Budget notes)

- 1. transfers from national Government is due to delay of disbursement*
- 2. revenue from rendering services is low due to inability of trainees to pay for services in time.*
- 3. Expenses is below absorption requirement due to lack of enough funds to enhance the deliverables*
- 4. Development is equally not absorbed due to insufficient funds.*

19. Notes to the Financial Statements

1. General Information

Rarieda TVC is established by and derives its authority and accountability from TVET Act 2013 and PFM act 2012 and other relevant laws and regulations. The Rarieda TVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The Rarieda TVC's principal activity is technical training.

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 *Rarieda TVC* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Rarieda TVC*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

| | |
|------------------------------------|---|
| | <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Rarieda TVC 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> |
| IPSAS 48: Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49: Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |

iii. Early adoption of standards

The Rarieda TVC adopted standard. The impact of these standards are presented on Rarieda TVC's financial statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Council or Board on *11/04/2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Rarieda TVC upon receiving the respective approvals to conclude the final budget. Accordingly, the Rarieda TVC did not record additional appropriations on the FY 2023/2024 budget following the Board's approval. The Rarieda TVC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. 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 *7-8* under section *18* of these financial statements.

c) Taxes

Current income tax

The Rarieda TVC is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of 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 Rarieda TVC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

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 Rarieda TVC manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The *Rarieda TVC* recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the *Rarieda TVC* will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

The Rarieda TVC creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits**Retirement benefit plans**

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

s) **Service concession arrangements**

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

t) **Cash and cash equivalents**

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

u) **Comparative figures**

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

v) **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

6. Transfers from other National Government entities

| Description | June 2024 |
|-----------------------------------|--------------------|
| | Kshs |
| Unconditional Grants | |
| Capitation Grants | 1,534,327.5 |
| Operational Grant | 2,000,000 |
| Scholarship Grants | 2,748,029.7 |
| Development grants | 0 |
| Other Grants | 0 |
| Total unconditional Grants | 6,282,357.2 |

(the amount in relation to capitation and scholarship is already accounted for at the date of invoicing as per the accrual accounting requirement. Therefore, only operational grant of ksh 2,000,000 is disclosed explicitly on the face of statement of performance)

(a) Transfers from other Government entities (Categorized)

| Name of the Rarieda TVC Sending The Grant | Amount recognized to Statement of Financial performance * | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year |
|---|---|---------------------------------------|------------------------------------|------------------------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Ministry of Education | 2,000,000 | - | - | 2,000,000 |
| Capitation | 1,534,327.5 | | | 1,534,327.5 |
| Scholarship | 2,748,029.7 | | | 2,748,029.7 |
| Total | 6,282,357.2 | - | - | 6,282,357.2 |

The details of the reconciliation have been included under appendix II

7. Grants from Donors and Development Partners

| Description | June 2024 |
|---|-------------------|
| | Kshs |
| JICA- Research Grant | - |
| World Bank Grants | - |
| In-Kind Donations | 70,878,755 |
| Donations transferred to revenue-conditions met | - |
| Other Grants (specify) | - |
| Total Grants from Development Partners | 70,878,755 |

(a) Reconciliations of grants from donors and development partners

Rarieda Technical and Vocational College

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

| Description | June 2024 |
|--|------------|
| | Kshs |
| Balance unspent at beginning of year | - |
| Current year receipts | 70,878,755 |
| Conditions Met - Transferred to Revenue | - |
| Conditions Yet To Be Met - Remain Liabilities | - |

(The computers were provided by the Ministry of ICT to enhance the employability of trainees through JITUME)

8. Transfers from Other Levels of Government

| Description | June 2024 |
|--|-----------|
| | Kshs |
| Transfer from Kisumu Polytechnic Institute | - |
| Total Transfers | - |

9. Rendering of Services

| Description | June 2024 |
|---|-------------------|
| | Kshs |
| Personal Emolument | 10,439,920.12 |
| Electricity Water and Conservancy | 3,201,121.56 |
| Local Transport and Travel | 3,201,121.56 |
| Repair Maintenance and Improvement | 2,640,175.47 |
| Medical Insurance | 1,621,231.48 |
| Development Fund | 12,092,059.18 |
| Practical | 4,261,101.51 |
| Research And Innovation | 1,230,984.88 |
| Assessment Fee | 994,257.02 |
| School Equipment and Stores | 5,429,590.24 |
| Administrative Costs | 4,048,993.35 |
| Board And Remuneration | 1,644,785.18 |
| Activity | 2,923,618.06 |
| Trainee Council | 735,501.40 |
| Examination fee | 2,378,750.00 |
| other charges | 3,141,600.00 |
| Total Revenue from The Rendering of Services | 59,984,811 |

Revenue from rendering services include capitation of ksh 1,534,327.5 and Scholarship of ksh. 2,748,029.70

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

10. Sale of Goods

| Description | June 2024 |
|---|---------------|
| | Kshs |
| Sale of Books | 0 |
| Sale of Publications | 0 |
| Sale of Farm Produce | 0 |
| Cafeteria sales | 0 |
| Tender Collections | 14,000 |
| Total Revenue from Sale of Goods | 14,000 |

(this revenue includes sale of tender documents)

11. Use of Goods and Services

| Description | June 2024 |
|---------------------------------|---------------------|
| | Kshs |
| Teaching and learning materials | 3,578,091 |
| Electricity | 278,076.5 |
| Trainee council | 111,110 |
| Examination fees | 1,603,745 |
| Travelling and accommodation | 1,481,098 |
| Postage and telephone | 125,380 |
| Printing and stationery | 368,308 |
| Internet expenses | 796,884 |
| Administrative expenses | 5,255,323.9 |
| KUCCPS Placement | 324,000 |
| Total good and services | 13,922,016.4 |

(Use of goods include unpaid amount of ksh 71,330)

12. Employee Costs

| Description | June 2024 |
|---|------------------|
| | Kshs |
| Salaries and wages | 3,743,386 |
| Employee related costs - contributions to pensions and medical aids | 219414 |
| Employee Costs | 4,482,195 |

(Employee costs include ksh 576900 for the month of June paid in July)

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

13. Board Expenses

| Description | June 2024 |
|----------------------|------------------|
| | Kshs |
| Chairman's Honoraria | 120,000 |
| Allowances | 1,286,500 |
| Total | 1,406,500 |

14. Depreciation and Amortization expense

| Description | June 2024 |
|--|------------------|
| | Kshs |
| Property, plant and equipment | 4,323,442 |
| Total depreciation and amortization | 4,323,442 |

15. Repairs and Maintenance

| Description | June 2024 |
|--------------------------------------|----------------|
| | Kshs |
| Property | 292,468 |
| Total Repairs and Maintenance | 292,468 |

16. Finance Costs

| Description | June 2024 |
|----------------------------|---------------|
| | Kshs |
| Bank transaction costs | 18,329 |
| Total Finance Costs | 18,329 |

17. Cash and Cash Equivalents

| Description | June 2024 |
|--|------------------|
| | Kshs |
| Current Account | 162,101.60 |
| Total Cash and Cash Equivalents | 162,101.6 |

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

| Financial Institution | Account number | June 2024 |
|---------------------------|----------------|-------------------|
| | | Kshs |
| a) Current Account | | |
| Kenya Commercial Bank | 1303070405 | 162,101.60 |
| Sub- Total | | 162,101.60 |
| Grand Total | | 162,101.60 |

18. Receivables from Exchange transactions

18 (a) Current Receivables from Exchange transactions

| Description | June 2024 |
|----------------------------------|----------------------|
| | Kshs |
| Current Receivables | |
| Student Debtors | 42,385,466.34 |
| Rent Debtors | 0 |
| Total Current Receivables | 42,385,466.34 |

18 (b) Ageing Analysis of Receivables from Exchange transactions

| Description | June 2024 | |
|--------------------|----------------------|----------------|
| | Kshs | |
| | Current FY | % of the total |
| Less than 1 year | 39,329,889 | 93% |
| Between 1- 2 years | 3,055,577.83 | 7% |
| Total (a+b) | 42,385,466.34 | % |

19. Inventories

| Description | June 2024 |
|--|------------------|
| | Kshs |
| Consumable stores | 341000 |
| Maintenance stores | 100,000 |
| Health Unit stores | 50,000 |
| Electrical stores | 259,000 |
| Cleaning Materials stores | 50,000 |
| Catering stores | 400,000 |
| Less: Impairment allowance | 0 |
| Total Inventories at lower of Cost and Net Realizable Value | 1,200,000 |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

20. Property, Plant and Equipment

| Cost | Land | Buildings | Furniture and fittings | Office Equipment | Computers | Plant and equipment | Total |
|-------------------------------------|------|-------------|------------------------|------------------|-------------|---------------------|-------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 July 2022 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 | | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | | 0 | 0 |
| Donations | 0 | 4,200,000 | 536,543 | 102,000 | | 0 | 4,838,543 |
| Transfers/Adjustments | 0 | 0 | 0 | 0 | | 0 | 0 |
| At 30th June 2023 | 0 | 4,200,000 | 536,543 | 102,000 | | 0 | 4,838,543 |
| At June 2023 | 0 | 4,200,000 | 536,543 | 102,000 | 0 | 0 | 4,838,543 |
| Additions | 0 | 0 | 1,277,000 | 0 | 0 | 163,600 | 1,440,600 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | - |
| Donations | 0 | 58,390,755 | 488,000 | 0 | 12,000,000 | 0 | 70,878,755 |
| Transfer/Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2024 | 0 | 62,590,755 | 2,301,543 | 102,000 | 12,000,000 | 163,600 | 77,157,898 |
| Depreciation And Impairment | | | | | | | |
| At Jun 2022 | - | 0 | 0 | 0 | 0 | 0 | |
| Depreciation | - | (84,000) | (27,736.5) | (24,142.5) | 0 | 0 | (135,879) |
| Impairment | - | - | - | - | - | - | - |
| At June 2023 | | (84,000) | (27,736.5) | (24,142.5) | - | - | (135,879) |
| Depreciation | - | (1,116,179) | (171,184) | (33,966) | (2,997,000) | 5,113 | 4,323,442 |
| At 30th Jun 2024 | - | (1,200,179) | (198,920.5) | (58,108.5) | (2,997,000) | (5,113) | (4,459,321) |
| Net Book Values | | | | | | | |
| At 30th Jun 2023 | 0 | 4,116,000 | 508,806.5 | 77,857.5 | 0 | 0 | 4,702,664 |
| At 30th Jun 2024 | 0 | 61,390,576 | 2,102,622.5 | 43,891.5 | 9,003,000 | 158,487 | 72,698,577 |

Rarieda Technical and Vocational College

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

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

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 | 0 | 0 | |
| Buildings | 62,590,755 | (1,200,179) | 61,390,576 |
| Plant And equipment | 163,600 | (5,113) | 158,487 |
| Computers and Related Equipment | 12,000,000 | (2,997,000) | 9,003,000 |
| Office Equipment, | 102,000 | (58,109) | 43,891 |
| Furniture, And Fittings | 2,251,543 | (198,921) | 2,052,622 |
| Total | 77,107,898 | (4,459,322) | 72,648,576 |

21. Trade and Other Payables

| Description | June 2024 | |
|---------------------------------------|-------------------|-----------------------|
| | Kshs | |
| Trade payables | 71,330 | |
| Fees paid in advance | 0 | |
| Salary and deductions | 576,900 | |
| Third-Party Payments | 0 | |
| Other Payables | 0 | |
| Total Trade and Other Payables | 648,230 | |
| Ageing analysis: | Current FY | % of the Total |
| Under one year | 648,230 | % |
| 1-2 years | - | % |
| 2-3 years | - | % |
| Over 3 years | - | % |
| Total (to tie to totals above) | 648,230 | % |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

22. Refundable Deposits from Customers/Students

| Description | June 2024 | |
|--|-------------------|-----------------------|
| | Kshs | |
| Consumer deposits | - | |
| Caution money | - | |
| Other refundable deposits | - | |
| Total Deposits | - | |
| Ageing analysis: | Current FY | % of the Total |
| Under one year | - | 100% |
| 1-2 years | - | % |
| 2-3 years | - | % |
| Over 3 years | - | % |
| Total (to tie to totals deposits above) | - | % |

23. Cash generated from operations.

| Surplus for the year before tax | June 2024 |
|--|---------------------|
| | Kshs |
| | 108,019,315 |
| Adjusted for: | 0 |
| Depreciation | 4,323,442 |
| Non-Cash grants received | (70,878,755) |
| Contributed assets | 0 |
| Impairment | 0 |
| Finance Cost | 0 |
| Working Capital Adjustments | 0 |
| Increase in Inventory | (1,200,000) |
| Increase in Receivables | (39,329,888.51) |
| Increase in Payables | 648,230 |
| Net Cash Flow from Operating Activities | 1,582,343.49 |

24. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Financial risk management (continued)

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

1. Events After The Reporting Period

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

2. Ultimate And Holding Rarieda TVC

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

3. Currency

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

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

1. Appendices 20

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

Guidance Notes:

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



Name
Accounting Officer
(Enter title of Head of Rarieda TVC)
Date

LINDA AYUKU W
PRINCIPAL
09/05/2025

**Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024**

Appendix II: Projects Implemented by (The Rarieda TVC)

Projects

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

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

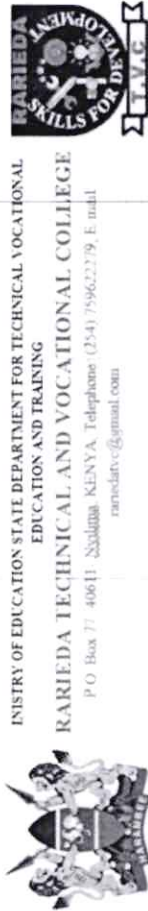
Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

| Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---------|--------------------|------------------------|----------------------|--------|--------|------------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix III- Inter-Rarieda TVC Confirmation Letter



MINISTRY OF EDUCATION STATE DEPARTMENT FOR TECHNICAL VOCATIONAL
 EDUCATION AND TRAINING
RARIEDA TECHNICAL AND VOCATIONAL COLLEGE
 P.O. Box 77 40641, Nzoia, KENYA. Telephone: (054) 759622/79, E-mail:
 rariedatvc@gmail.com

Name of transferring Rarieda TVC.....Ministry of Education.....
 Name of beneficiary Rarieda TVC.....Rarieda Technical and Vocational College.

| Confirmation of amounts received by Rarieda TVC as at 30 th June 2024 | | | | | |
|--|----------------|--------------------|-----------------|--------------------|--------------------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| | 18/01/2024 | 500,000 | - | 500,000 | Operational grants |
| | 5/2/2024 | 500,000 | - | 500,000 | Operational grants |
| | 18/1/2024 | 451,500 | - | 451,500 | Student fee |
| | 5/2/2024 | 516,000 | - | 516,000 | Student fee |
| | 31/5/2024 | 566,827.5 | - | 566,827.5 | Student fee |
| Total | | 2,534,327.5 | | 2,534,327.5 | |

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

Head of Accounts Department - Disbursing Rarieda TVC:

Name Sign Date

Head of Accounts Department - Beneficiary Rarieda TVC:

Name Sign Date.....

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix IV: Reporting of Climate Relevant Expenditures

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

Rarieda Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix V: Reporting on Disaster Management Expenditure

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