

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 24 FEB 2026 DAY: Tuesday

TABLED BY:	Deputy Leader Majority Party Hon. Owen Baya, MP
CLERK-AT-TABLE:	Mr Benson Inzofu

**REPORT**

PARLIAMENT OF KENYA LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**THARAKA TECHNICAL AND VOCATIONAL COLLEGE**

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

THE NATIONAL ASSEMBLY  
PAPERS LAID

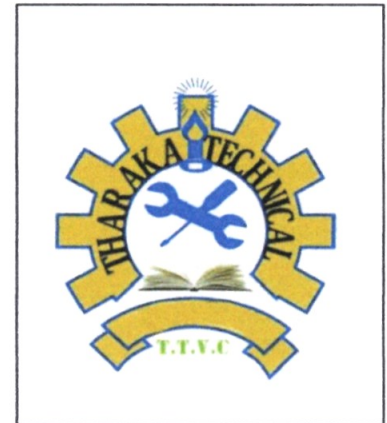
DATE: 24 FEB 2026

TABLED BY:	
CLERK-AT-TABLE:	

**THARAKA TECHNICAL & VOCATIONAL COLLEGE Amended  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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*Revised 30th June 2025*



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*(THARAKA TECHNICAL & VOCATIONAL COLLEGE)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

**THARAKA TECHNICAL & VOCATIONAL COLLEGE Amended  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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**THARAKA TECHNICAL & VOCATIONAL COLLEGE Amended  
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**1. ACRONYMS AND DEFINITION OF KEY TERMS**

**A. Acronyms**

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

**B. Definition of Key Terms**

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

**Comparative Year**- Means the prior period.

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**2. KEY ENTITY INFORMATION AND MANAGEMENT**

**Background information**

The institution was incorporated/ established under the TVET Act/ 2013. The institute is under the Ministry of Education. The institution started in September 2017 with few trainees with the Technical & business department currently the institution has gross enrolments of 1500 trainees. Under the following departments: building and civil engineering, Electrical, Automotive, business, cosmetology, hospitality & Fashion & designs.

**(a) Principal Activities**

The principal activity is to enable skills acquisition through training

**Vision**

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

**Mission**

To equip our trainees with transformative technical skills appropriate for the need of the society.

**(b) Key Management**

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

- Board of Governors.
- Accounting officer/ Principal
- Management

**(c) Fiduciary Management**

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

SN.	Designation	Name
1.	Principal	Miss.Tikva Wangari Gichohi
2.	Deputy Principal Finance	Mr.Julius Mutugi Nyaga
3.	Deputy Principal Academics	Mr.Albanus Mutua Mutuku
4.	Registrar	Mr.Paul Muchai Mwai
5.	Dean of Students	Miss. SusanMakena Muthengi
6.	Head of Finance	Mr,David Kimathi Kamwara
7.	Head of Procurement	Miss.Jebichi Brenda Komen

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

**(d) Fiduciary Oversight Arrangements**

**i. Audit and risk committee activities**

1. Review in consultation with the internal auditors, the Office of the Auditor General or any appropriate independent auditor, significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial reporting requirements;
2. Develop Risk Management framework /Plan for audit)
3. Apply appropriate level of scepticism, ask probing questions, and engage in frank discussions with management on the results of the audit, including any difficulties encountered- e.g with the office of OAG regional & (National)
4. Review the quarterly and annual financial reports and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
5. Review other sections of the annual report and disclosures before release and consider the accuracy and completeness of the information;
6. Review with management and the auditors all matters required to be communicated to the Committee under IPPF Standards; and
7. Review any significant disagreement between management and the Office of the Auditor General or the internal audit department in connection with the preparation of the financial statements and management's response to such matters.
8. Audit plan to be implemented by the Internal Auditor who is the Secretary to the committee.

The members of the committee during the period under review were:

1. Mr. Justus Kanga- Chairperson
2. Mr. Silas Muguongo- Member

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**ii. Finance and operations committee activities**

1. To ensure that the budget is prepared by 30<sup>th</sup> June of every year the Procurement Plan in tandem with budget.
2. To ensure that the procurement process is undertaken as per the guidelines as stipulated in the public procurement and Asset disposal Act 2015
3. To ensure that application of expenditure complies with PFM Act 2012, treasury circulars and any other circulars released from time to time and ministry guidelines on use of grants.
4. To ensure financial statements are prepared by 9<sup>th</sup> September of every year and submitted to the auditor general by 20<sup>th</sup> September of every year and full Board for approval
5. To ensure that the idle and unserviceable/obsolete assets are disposed in a manner prescribed in the PPAD Act 2015 (must bring report to the committee, and then to the full board)
6. To explore new ways of raising funds for the College and any savings be used for projects as it shall be determined by the Board. (Resource mobilization )
7. To enable Board of Cash survey is done before 30<sup>th</sup> June of every FY.
8. To advise on the expansion of the institute facilities engage a consultant to do (Master Plan)
9. To ensure repair and maintenance of the existing institute's facilities RI vote head
10. To ensure enhancement of ICT infrastructure development as per performance Contracting (PC)/strategic plan (SP)
11. Asses the emerging needs of the Institute and advise on new infrastructure
12. To appoint a mobilizer of funds person for the College.

The members of this committee during period review were:

1. Mr. Stanley Murithi - Chairperson
2. Miss. Christine Makena - Member
3. Mr. Alex Barasa - Member
4. Mr. Samuel Waweru - Member

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

1. To ensure eligible students are admitted to the right programs
2. To ensure continued improvement in academic performance
3. To ensure high completion rate

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4. To grow enrolment to achieve a target of 5000 trainees. This should be cascaded to heads of departments, heads of sections and trainers to promote achievement of this target
5. To continuously improve integration of ICT Resources in teaching learning.
6. To motivate trainees and trainers well by lobbying further studies from stake holders
7. Develop CBA/CBET training and assessment policies and guidelines
8. Ensure quality training by provision of appropriate tools and equipment in place including using them in production units to generate income
9. Integrate production in Training and establish a commercial hub for innovation
10. To ensure there are competent trainers
11. To ensure full transition to CBET and Dual training
12. To deliberately mount short courses that are in tandem with job requirements both at local and international market
13. Conduct bench marking activities in education and training
14. To ensure 100% transition/Completion rate.
15. Introduce RPL program
16. To ensure that only trainers with relevant expertise undertake training in specific areas
17. To ensure that only trainers with relevant expertise undertake training in specific areas
18. To develop courses that are relevant to the market in consultation with the industry
19. To encourage capacity building for trainers (this include attachment, further training and refresher courses)
20. To deliberately develop centres of excellence in specific target disciplines
21. To promote participation in Co-Curricular activities
22. To enhance discipline among the trainees and Staff
23. To encourage Collaboration with other Training institutions and the industry

The Members of this committee were:

- |                        |              |
|------------------------|--------------|
| 1. Miss. Ann Mburu-    | -Chairperson |
| 2. Mr. Samuel Waweru   | -Member      |
| 3. Mr. Stanely Murithi | -Member      |

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**Entity Headquarters**

P.O. Box 51 – 60215  
Marimanti-Gatunga Road  
Tharaka Nthi,- KENYA

**Entity Contacts**

Telephone: (254) 742951657  
E-mail: [tharakatechnical@gmail.com](mailto:tharakatechnical@gmail.com)  
Website: [tharakatechnical.ac.ke](http://tharakatechnical.ac.ke)

**Entity Bankers**

1 .Equity bank  
Meru Makutano Branch  
P.O. Box 400-60200  
Meru, KENYA

2. Transnation sacco ltd  
P.o box 15-60400  
Chuka- Kenya




**Independent Auditors**

Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
NAIROBI, KENYA


**Principal Legal Adviser**

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


**3. BOARD OF GOVERNORS**

<b>SN.</b>	<b>Member/ Director</b>	<b>Details</b>
1.		<p><b>Mr. Geoffrey Mucee Rukunja OGW.</b> He was born in Tharaka Nithi county, in 1958. He holds master degree in human resource management, he has vast experience in TVET, he has been a Chief Principal for over 14 years and also a National KATTI chairperson education &amp; he is director of TANA - Water Works Development Agency. He is currently board Chairperson</p>
2.		<p><b>Mr. Stanely Murithi Nyaga</b> was born in Embu County in 1970 ,he hold BA in counselling psychology he is currently the Chairperson finance &amp; infrastructure committee</p>
3.		<p><b>Mr. Justus Mwiti Kanga</b> he was born in 1975 in Embu county he holds MBA in strategic management he is currently the Chairperson of audit &amp; risk committee</p>

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4.		<p><i><b>Mr. Silas G. muguongo</b> was born in 1961 in Nyeri county he holds a masters in microbiology he is currently senior lecturer at Outspan medical college he is a member of Audit &amp; Risk Management Committee.</i></p>
5.		<p><i><b>Miss. Ann Muthoni Mburu</b> she was born in 1964 in Nyeri key qualifications she hold a bachelor degree in economics &amp; a master of science in human resource management she is the Chairperson for Education Training Research &amp; Human Resource Committee</i></p>
6.		<p><i><b>Mr. Alex Nyoto Barasa</b> he was born in 1982 in Bungoma County, Kenya he holds BSC in computer science he is the CEO of Abno Software International he is a member of Finance ,Planning &amp; Infrastructure Committee.</i></p>
7.		<p><i><b>Miss. Christine Makena Kaburu</b> she was born in 1992 in Tharaka-Nithi ; key qualification Holds bachelor degree in LLB she has over 8 years' experience in practice she is a legal assistant at Otieno C&amp; CO Advocates she is member of Finance ,Planning &amp; Infrastructure Committee.</i></p>

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8.		<p>Mr. <b>Samuel Waweru Kungu</b> He was born in Kiambu County August 1972 he hold MSc. in Computer Based Information System he has worked for the ministry of Education over 29 years he is currently County Director of Technical Education (Embu and Tharaka-Nithi)</p>
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9.		<p>Miss. <b>Tikva Wangari Gichohi</b>, she was born in 1968 in Nyeri County. She holds degree in BED and a master in counselling psychology she has over 26 years of experience in TVET training she is Principal/ Secretary to the Board.</p>
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**4. KEY MANAGEMENT TEAM**

<i>Member/ Director</i>	<i>Details</i>
	<p><b>Miss. Tikva Wangari Gichohi</b> she was born in 1968 in Nyeri County. She holds degree in BED and a master in counselling psychology she has over 26 years of experience in TVET training She is directly responsible for implementing board resolutions &amp; daily operation of the institution.</p>
	<p><b>Mr. Julius Mutugi Nyaga</b> was born in 1967 in Tharaka Nithi county: key qualification he holds masters of Education (administration) he is currently the Deputy Principal Administration.</p>
	<p><b>Mr. Albanus Mutua Mutuku</b>  <b>DoB: 23<sup>rd</sup> December 1988</b>                      Place of Birth: Machakos County. Key Qualification: Bachelor of Technology Education(Electrical and Electronics Technology) Refrigeration and Air Conditioning                      Designation: Deputy Principal Academic Affairs</p>

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	<p><i>Mr. Paul Mwai Muchai</i> was born in 1969 Kirinyaga County; key qualification he holds a bachelor degree in building technology he has over 30 years in TVET he is Currently the Registrar.</p>
	<p><i>Miss. Susan makena muthengi</i> was born in 1991 in Tharaka-Nithi county key qualification: she holds a <b>BSc</b> in Agriculture she is Currently the Deans of Trainees.</p>
	<p><i>Miss. Brenda Jebichi Komen:</i> she was born in 1986 in Baringo County: Key qualification she holds a degree and Diploma in supplies management with over 12 years procurement she is Currently the Procurement Officer.</p>



***Mr. David Kimathi Kamwara** born in 1989 Tharaka Nithi county he Holds a diploma in accountancy, he is certified public accountant **CPAK** holder and a **Certified secretary Graduate** with over 14 years of experience in Finance, Auditing and Consultancy services.*

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**5. CHAIRMAN'S STATEMENT**

Tharaka Technical and Vocational College has a board of eight members whose main work is oversight and to give guidance on the implementation of the strategic plan. This plan guides infrastructure developments from year to year and enables the institution to focus on the core mandate of quality training. The Board works closely with the administration headed by the principal in this annual "visioning" process. In the year under review, the Board envisioned to carry out various developmental activities among them, reliable water supply , central stores, college street lighting, completion of student Centre ,phase1 tuition& multipurpose hall, however we able to put up reliable water supply and commencing central store ,due to inadequate funds.

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

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



.....  
Name

Chairperson of the Board

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**6. REPORT OF THE SENIOR PRINCIPAL**

**(REPORT OF THE PRINCIPAL**

At the close of the year under review, the college had a current human resource combination of 64 workers in different cadres 35 employed by the public service while the rest were employed by the board.

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

- Installed college portal & E-citizen.
- Activated college website.
- Fabricated trainees. Lecture chairs
- Put up printing booth at the reception. And bought high speed printer for CDACC assessment
- Fixed water harvesting gutters,
- Participated in drama music festival up to nationals and athletics.
- Developed 21 policies and approved by the board.
- Developed board charter
- Developed college master plan.
- Embodied to offer Dual training &RPL,
- Participated in various trainers and support staff capacity building workshops
- Performance contracting implementation scores aggregate from 3.3-2.9


The college has embraced the competence based education and training (CBET) and is putting terms in place to commence the following CBET program

**Challenges**

The college budgeted to spend shillings One hundred and five million Seven hundreds and seventy five thousands seven hundreds only Kshs. 105,775,700. However, by the close of the year, only Kenya shillings Fifty Four million Six hundreds and Ninety one thousands Eight hundred and Fifty Nine only (54,691,859.94)

had been collected.

This shortfall led to some envisioned programs and projects not realized.

TIKVA GICHOTHU  


.....  
**Name**

**Accounting Officer/Principal**

## **7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

### **1. Introduction**

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

### **2. Key Performance Areas and Achievements**

#### **A. Academic Excellence and Skills Development**

- **Target:** Ensure 100% completion and certification rate for students enrolled in various programs.
- **Performance:** Achieved 95% completion rate, with 90% of graduates obtaining certification in their respective courses.
- **Impact:** Enhanced employability and self-employment opportunities for graduates.

#### **B. Curriculum Implementation and Quality Assurance**

- **Target:** Develop and review at least three new market-driven programs.
- **Performance:** Successfully developed and accredited one in apiary management.
- **Impact:** Improved alignment of training programs with industry needs.

#### **C. Infrastructure and Learning Facilities**

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

#### **D. Student Enrolment and Retention**

- **Target:** Increase enrolment by 50% compared to the previous year.
- **Performance:** Achieved a 70% increase in student enrolment.
- **Impact:** Strengthened the institution's capacity to provide technical education to a larger population.

#### **E. Industry Linkages and Partnerships**

- **Target:** Establish at least five new partnerships with industries and employers.

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- **Performance:** Signed Memorandums of Understanding (MoUs) with six new industry partners for student internships and apprenticeships.

**Impact:** Strengthened practical training and increased job placement opportunities

Tharaka Technical and Vocational College has strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2024- FY 2025 these strategic pillars are as follows:

1. Gross enrolment
2. Quality training
3. Physical facilities and infrastructure
4. Collaboration and partnership
5. Institutional capacity

Tharaka Technical and Vocational College develops its annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Tharaka Technical and Vocational College achieved its performance targets set for the FY 2024/2025 period for its (5.) strategic pillars, as indicated in the diagram below:

STRATEGIC PILLAR	OBJECTIVE	KEY PERFORMANCE INDICATORS	ACTIVITIES	ACHIEVEMENTS
Gross enrolment	To increase gross enrolment	Increased enrolment	i. Enrolment Management ii. Institutional capacity development	Increased enrolment from <b>750 trainees to 2164</b>
Quality training	To enhance the quality of training	Better performance in National Assessments/Examinations	Quality training Institutional capacity development	KNEC achievement <b>69.49</b>
Physical facilities and infrastructure	To improve physical facilities and infrastructure	Improved Physical facilities and Infrastructure	i. Quality training ii. Customer satisfaction iii. Infrastructure and facilities	Established Jitume lab, Connected to reliable water supply Constructed central store Installed alternative power energy Purchased to powerful printers & a camera
Collaboration and partnership	To enhance collaboration and partnerships	Signed MOUS for collaborations	i. Quality training ii. Institutional capacity development	Nineteen collaborations with As co-trainers

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			iii. Collaboration and partnerships	
Institutional capacity	To improve service delivery	Reports on Capacity building for the members of staff	<ul style="list-style-type: none"> <li>i. Quality training</li> <li>ii. Institutional capacity development</li> </ul>	Participated ins 13 capacity building programs

**8. CORPORATE GOVERNANCE STATEMENT**

The Institute has adopted high standards and applies strict rules of conduct based on international best practices. As part of this commitment, The Board adheres to good corporate governance by embracing the following Principles:

1. To observing high standards of ethical and moral behaviour
2. To acting in the best interests of the Institution
3. To remunerating and promoting its staff fairly and responsibly
4. To recognizing the legitimate interests of all stakeholders and
5. To ensuring that the Institution acts as a good corporate citizen.

In general, Board members shall act in the best interest of the Institution and uphold their fiduciary responsibilities and duty with care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the Institution over other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

To facilitate this, the Board adopts this charter and acknowledges that it is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the charter are in addition to and are not intended to change or interpret any statute, law or regulation.

This Board Charter shall apply to all Board members and will be subject to review as and when need arises to ensure it remains consistent with the Institutes objectives, responsibilities and best corporate governance practices. All Board members shall be expected to be aware of their duties and responsibilities and in line with section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, and shall respect the values, principles and the requirements of the Constitution of Kenya.

This Charter is available to all Board members for application.

## **9. THE BOARD**

The Board is the body of appointed members who jointly oversee the activities of the Institution. The Board is expected to provide strategic direction, exercise control and remain accountable through effective leadership, enterprise, integrity and good judgment. It should be diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Institution

### **9.1 Composition and size of the Board**

The institution shall be governed by a Board. The board members shall comprise of Nine [9] Members - Chairman, Secretary, and seven [7] members. The Principal shall be the Secretary to the Board and not more than two-thirds of the members of the Board shall be of the same gender. The Board Chair is appointed directly by the Cabinet Secretary while members appoint among themselves, members of the respective functional committees as need arise. Audit and Risk Committee must be one of such committees.

### **9.2 Appointment to the Board**

The members of the board shall be appointed by the Cabinet Secretary Ministry of Education after wide consultation from strategic partners and individuals who share the same value, commitments and have an interest to work with TTVC. The recruitment to Board membership shall be through head hunting, recommendations by management, staff and other board members, interviews and consensus among the board members.

#### **The membership of the Board of Governors shall comprise—**

- i. A chairperson;
- ii. A representative of the Principal Secretary in the Ministry responsible for technical and vocational training;
- iii. A representative of the county Governor of the county within which the institution is located; and
- iv. Six other persons appointed on the basis of their knowledge and experience in—
  - Leadership and management;
  - Financial management;
  - Technology;

- Industry;
- Engineering;
- Information communication technology or Law.

### **9.3 Powers and Duties of the Board**

#### 9.3.1 General Functions, powers and duties – TVET Act – Part V Clause 29

Generally, the Board of Members will have the following roles:

- Oversee the conduct of education and training at TTVC in accordance with the provisions of the TVET Act and any other written law;
- Promoting and maintaining standards, quality and relevance in education and training in TTVC.
- Administer and manage the property of the institution
- Develop and implement TTVC strategic plan
- Prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on its behalf
- 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;
- 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;
- Mobilizing resources for the institutions;
- Developing and reviewing programmes for training and to make representations thereon to the Board;
- Regulating the admission and exclusion of students from the institution, subject to a qualifications framework and the provisions of the Education Act;
- Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Cabinet Secretary ;
- Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;
- 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;
- Making regulations governing Institution, conduct and discipline of the staff and trainees;
- Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Cabinet Secretary Board;
- Providing for the welfare of the trainees and staff of the institution;
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution; and

- Discharging all other functions conferred upon it by this Charter or any other written law.

### **9.3.2 Conflict of Interest**

In compliance with TVET Act of 2013 second schedule article 15, Board members shall:

1. If a member is directly or indirectly interested in any contract, proposed contract or other matter before a Board of Governors and is present at a meeting of the Board of Governors at which the contract, proposed contract or other matter is the subject of consideration, he shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter.
2. A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.
3. A member of the Board of Governors who contravenes subparagraph (1) commits an offence and shall be liable as stipulated in the Act.

### **9.3.3 Commitment in Attending to the Institution's Affairs**

Board members are expected in the exercise of their role as Members to have the commitment, time, availability and energy to give due attention to the affairs of the Institution. In this regard, Board members have the duty to regularly attend all Board meetings and committees on which they serve. Failure to attend three consecutive meetings of the board without a written apology constitutes a ground for termination of a Board member.

## **9.4 Board Chair**

The Chairperson of the Board shall chair all the meetings of the Board and provide the general policy guidelines related to the institution as provided by the Constitution. In the absence of the Chair, in any of the convened Board meetings, the Members present shall appoint one Member to be the acting chair for that meeting.

Accordingly, the chairperson will ensure that:

- i) The Board satisfies its duties and responsibilities
- ii) Board members when appointed participate in an induction program and are thereafter continually developed based on identified development needs.
- iii) The board develops and adheres to an annual work plan

**THARAKA TECHNICAL & VOCATIONAL COLLEGE amended**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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- iv) The Board constitutes committees and that the committees function properly;
- v) All the meetings of the Board, Special and all General Meetings are run efficiently and effectively within the general policy directives as provided by Law.
- vi) Board room decorum is observed and maintained by ensuring disorderly or disruptive conduct is avoided;
- vii) Board Decisions or consensus is properly recorded;
- viii) Internal disputes and conflicts of interest concerning individual board members are addressed.
- ix) The performance of the board, board members and the principal are evaluated annually.

### **9.5 The Principal and Secretary to the BOG**

The institution's day to day operations shall be undertaken by the Principal who shall be appointed by the Cabinet Secretary. On the recommendation of the Board of Governors following a competitive recruitment process and who shall serve for a period of five years, which term may be renewed once The Principal as the chief executive officer shall:

- a) Head the Institution by discharging all functions of management including planning for the Institution, implementing the decisions of the Board and controlling the resources and operations of the institution;
- b) Represent and act on behalf of the Institution generally;
- c) Do all such acts as may be necessary for the efficient running of the Institution's affairs;
- d) Keep full complete, up-to-date record of Institution's affairs;

#### **9.5.1 Secretary to the BOG**

The Principal is the Secretary to the Board and is in effect the only executive member of the Board. The Secretary's roles are to:

- Keep minutes of the Board of Governors Meetings;
- Carry out all correspondence and publicity on behalf of the Institution;
- Arrange for Board Meetings in consultation with the Chairperson;

### **9.6 Board Committees**

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To effectively discharge its mandate, the Board shall establish Committees with specific terms of reference. The Board shall appoint into Committees, members with requisite skills and competence to discharge allocated responsibilities. The Board may, from time to time rotate Board members between the Committees.

The Board remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or power of the Board.

The Chairperson of each Committee, in consultation with the Board, will determine the frequency of Committee meetings as is necessary to fulfil the Committee's functions. The Chairperson of each Committee, in consultation with Principal, will develop the Committee's agenda.

**Composition of the Board**

The board of governors is constituted of 8 members appointed by the cabinet secretary in the Ministry of education with the chairperson and six others as independent members while one represents the principal secretary ministry of education department of technical and vocational training and the other represents the county governor while the principal is the secretary to the board.

**Change of board during the year**

There was no change in board during the financial year under review:

**Meetings held in the year under review were.**

1. Fully board meeting with one special 7
2. Committees meetings 15

**Table 5: Analysis of Board Meeting Attendance**

Board Member	Board Meetings – Ordinary (5No)	Special Board Meetings (2No.)	Audit and Risk Management Committee Meetings Ordinary (5No.)	Special Audit and Risk Management Committee Meetings (0No.)	Finance, Planning and Infrastructure Committee Meeting – Ordinary (6No.)	Special Finance, Planning And Infrastructure Committee Meeting – (0No.)	Education, Training, Research And Human Resource Committee Meetings Ordinary	Special Education, Training, Research And Human Resource Committee Meetings	Other Board Related Activities (2No.)

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								y (4No.)	gs (0No.)	
1	Mr. Geoffrey Rukunja Chabari  Board Chairpers on	5	2	0	0	1	0	0	0	4
2	Mr. Justus Kanga Mwiti  Chairpers on.  Audit and Risk Manage ment Committ ee	5	2	5	0	0	0	0	0	1
3	Mr. Stanley Murithi  Chairpers on Finance, Planning and Infrastruc ture Committ ee	5	2	0	0	6	0	4	0	1
4	Ms. Ann Mburu  Chairpers on	4	2	0	0	0	0	4	0	1

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	Educatio n, Training and HR Committ ee.									
5	Ms. Christine Makena Board Member	5	2	0	0	6	0	0	0	3
6	Mr. Silas Muguo o. Board Member	5	2	5	0	0	0	0	0	1
7	Mr. Alex Barasa Board Member	4	1	0	0	5	0	0	0	1

## **10. MANAGEMENT DISCUSSION AND ANALYSIS**

Tharaka Technical and Vocational College has registered growth in terms of enrolment of during the year under review. Its main activity is giving skills through training.

The college had key project on 2024/2025 financial year on reliable water supply, construction of central store and development of college master plan.

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

The college have over the year deducted and submitted to relevant authorities all statutory deductions from its employees and suppliers who qualify for these deductions. During the year under review the college was able to maintain the pending bill within the limit.

### **Core Values**

#### **Integrity and Professionalism**

- **Integrity** Tharaka technical& Vocational discharge its mandate in honest, ethical, and Ethical manner.
- **Professionalism** Tharaka technical& Vocational discharge its mandate respectfully, responsibly, and competitive manner which build trust and credibility in both personal and professional relationship.

#### **Transparency and Accountability**

- **Transparency** Tharaka technical& Vocational t is committed to culture of openness sharing information clearly and truthfully.
- **Accountability** Tharaka technical& Vocational embrace the culture of taking responsibility for your actions and decisions, and being answerable to others.
- These values promote trust, reduce corruption, and encourage ethical behaviour.

#### **Teamwork**

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- Tharaka technical& Vocational promotes Teamwork employees work collaboratively towards a common goal and bring about synergy effect in service delivery.
- It involves communication, mutual respect, and a willingness to support and learn from one another.
- Strong teamwork leads to better problem-solving and more efficient outcomes.

**Creativity and Innovation**

- **Creativity** is the ability to think outside the box and generate new ideas.
- **Innovation** is applying those ideas to create value—whether through new products, services, or processes.
- These qualities drive progress and help organizations stay competitive and relevant.

**Health and Safety**

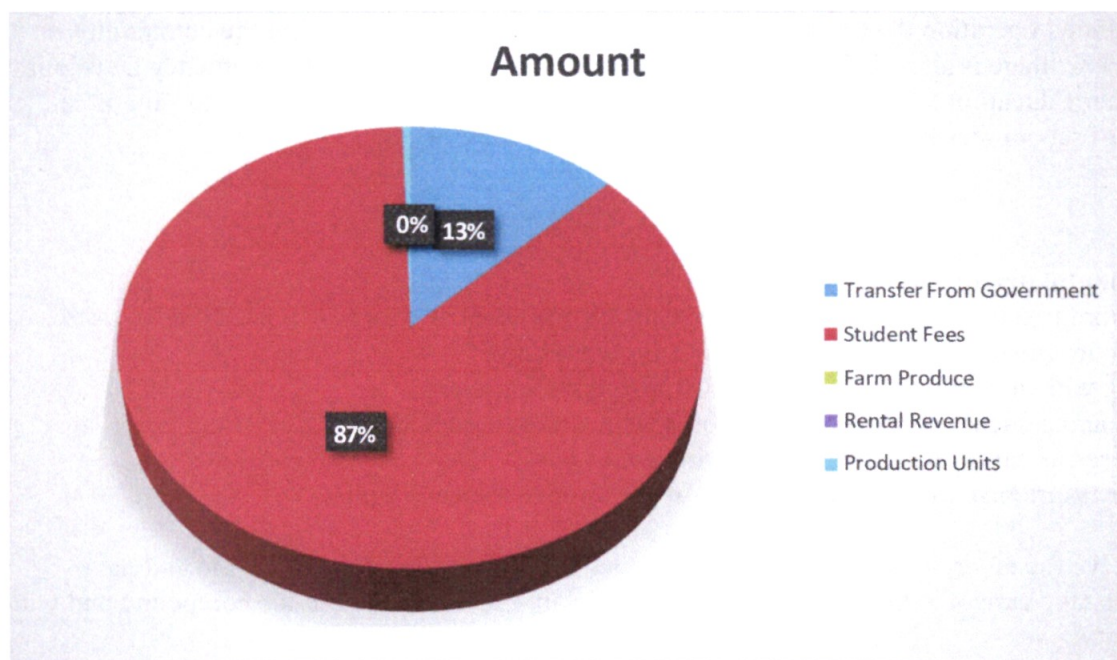
- Tharaka technical& Vocational strive to and maintain a safe and healthy environment for everyone.
- It includes preventing accidents, promoting well-being, and complying with safety regulations.
- Prioritizing health and safety protects lives and improves productivity.

**Quality Service**

- Tharaka technical& Vocational consistently strive to meet customers' expectations and exceeding customers expectation in delivering on co- mandate
- Delivering high-quality service builds loyalty and enhances reputation.

**Revenue**

The College's revenue during period under review was Kshs **104.9m** from the following revenue sources.



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

**Expenditure**

The College spend Kshs 52.9m during the period.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT**

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

### **1. Sustainability strategy and profile -**

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

### **2. Environmental performance**

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

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

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

### **3. Employee welfare**

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

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



## **11. CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS**

TTVC's CSR and community engagement efforts reflect our on-going commitment to fostering both environmental sustainability and social welfare. By educating our Trainees and the community on the importance of environmental conservation, planting trees, distributing seedlings, and supporting local schools, we are making tangible contributions to the environment and community development. Our efforts have positively impacted the lives of many and will continue to guide our future CSR activities as we strive to make a difference both within and beyond our institution.

### **Principal activities**

The principal activities of the Tharaka Technical & Vocational College is learning institution

### **Results**

The results of the Tharaka Technical & Vocational College for the year ended June 30 are set out on page 1-6

### **Board of Governors**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of the Tharaka TVC  
Income from rendering of services was due to due to increase in aggressive recruitment drive of students through advertising.

On behalf of the board

.....  
**Secretary of the Board/Council**  
**Nairobi**  
**Date:**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the board members to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board members are also required to ensure that the entity keeps proper accounting records

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**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2025**

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which disclose with reasonable accuracy the financial position of the entity. The board members are also responsible for safeguarding the assets of the entity.

The Board members are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the TVET Act 2013*).

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

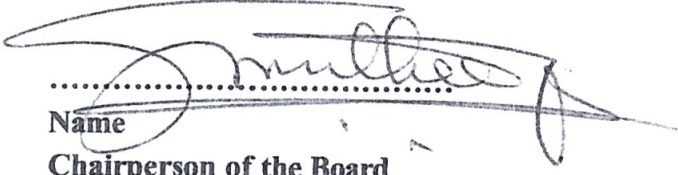
In preparing the financial statements, the board has assessed the *entity's* ability to continue as a going concern nothing has come to the attention of the board members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.


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**12. APPROVAL OF THE FINANCIAL STATEMENTS**

The *entity's* financial statements were approved by the Board on 21<sup>st</sup> November 2025 and signed on its behalf by:

  
.....  
Name  
Chairperson of the Board

  
.....  
Name T. GICHOTHU  
Accounting Officer/Principal

# REPUBLIC OF KENYA

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



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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Tharaka Technical and Vocational College set out on pages 1 to 41, which comprise of the statement of financial

position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Qualified Opinion**

#### **Lack of Valuation and Ownership Documents for Land**

As previously reported, the statement of financial position and as disclosed in Note 19 to the financial statements reflects property, plant and equipment net book value of Kshs.85,928,899 which includes a balance of Kshs.25,000,000 in respect to land whose valuation report indicating how the value was determined was not provided for audit. Further, three plots of land measuring 11.12 Hectares as per the allotment issued by County Council of Tharaka, does not have a title deed.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.25,000,000 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.105,775,700 and Kshs.58,434,740 respectively resulting to an under-funding of Kshs.47,340,960 or 45% of the budget. Similarly, the College spent Kshs.55,722,020 against actual receipts of Kshs.58,434,740 resulting to an under-utilization of Kshs.2,712,720 or 5% of the actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the matters detailed in **Appendix I** remained unresolved.

### **Other Information**

The Board of Governors is responsible for the Other Information set out on page vi to xxxv which comprise of Key Entity Information and Management, Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, The Board, Management Discussion and Analysis, Environmental And Sustainability Reporting Statement and Corporate Social Responsibility/ Community Engagements. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Deduction and Non-Remittance of Public Procurement Capacity Building Levy**

The Public Procurement Capacity Building Levy of 0.03% was not deducted and remitted to the Public Procurement Regulatory Authority (PPRA) effective on 1 September, 2024. This was contrary to circular No. 01/2024 referenced PPRA/6/5 VOL II (224) dated 30 August, 2024 which requires that all procuring entities should collect the levy from all suppliers on all procurement contracts signed between the supplier and a procuring entity. The amount should be remitted through e- citizen platform and file monthly return to the Authority by 20th day of the subsequent month.

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

#### **2. Irregular Payments to Kenya Association of Technical Training Institutions (KTTI)**

Review of the statement of financial performance revealed that the Institution transferred operations funds from various vote heads totalling to Kshs.857,727 to Kenya Association of Technical Training Institutions (KTTI). KTTI is a welfare group not subject to Public Finance Management Act, 2012 or any other public finance regulations. Payments to KTTI are as shown below:

Kenya Association of Technical Training Institutions (KTTI) is a welfare organization that draws its membership from Technical and Vocational Educational Training heads only. There is no law or Ministry circular that authorizes the transfer.

In the circumstances, the transfer of Kshs.857,727 to the Kenya Association of Technical Training Institutions for the year ending 30 June, 2025 could not be confirmed.

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

#### **3. Lack of Trainers Licenses**

Review of the documents provided for audit revealed that Tharaka Technical and Vocational college had (51) Fifty-one trainers for the various courses being undertaken at the institution. Out of this (35) Thirty-five trainers are employed by public service commission and 16 Sixteen trainers are employed by the Board of governors. However, out of the Fifty-one (51) trainers at the institution only four (4) have been licensed by the TVETA to train students as its required by law.

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

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

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

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

### Basis for Conclusion

#### 1. Board Committee Composition

During the year under review, the Institution had nine (9) Members of the Board of Governors. Out of them the Board established three Committees namely: Finance, Planning and Infrastructure Committee, Audit and Risk Management Committee, and Education, Training, Research and Human Resource Committee. However, review of the Membership of the Committees revealed that the Finance Resource mobilization does not have any Member with financial management background, Further the Committee had 4 (four) Members contrary to Paragraph B4. of Circular Ref. No OP/CAB.9/1A from the Head of Public Service dated 11 March, 2020, which stipulates that the number of members to any Committee should not be more than one third of the full Board. This means that each Committee should have only three (3) Members as per the law.

In the circumstances, the Committees may not be effective in discharging their duties.

#### 2. Irregular Appointment of Board of Governors

Note 12 to the financial statements reflects an amount of Kshs.2,918,000 in respect to Board expenses. However, it was noted that all the nine (9) Members of the Board of Governors were appointed by the Cabinet Secretary for Education on the same date of 8 March, 2024 contrary to Section 7(2) of the Second Schedule of the Technical and Vocational Education and Training Act, 2013 which states that in appointing and reappointing Members of the Boards of Governors, the Cabinet Secretary shall stagger the commencement dates of some members to maintain a proportion of new membership that ensures continuity.

In the circumstances, the continuity of the College upon expiry of the Membership could not be confirmed.

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

In the circumstances, the Board may not function on expiry of tenure of the members appointed at the same time.

### **Responsibilities of the Management and the Board of Governors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 is responsible for overseeing the College's, financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**27 November, 2025**

## Appendix I

### Prior Year Audit Matters

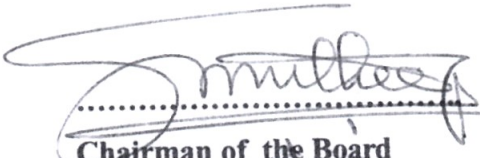
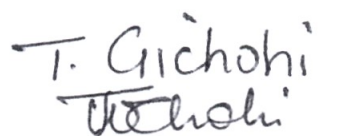
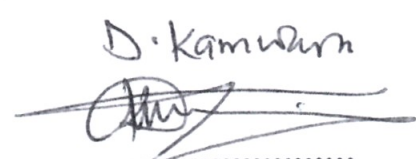
	<b>Year</b>	<b>Issue</b>
1	2023/2024	Unsupported Employee Costs
2	2023/2024	Inaccurate Cash and Cash Equivalents
3	2023/2024	Unconfirmed Inventory
4	2023/2024	Unsupported Biological Assets
5	2023/2024	Irregular Board Payments
6	2023/2024	Inaccurate Statement of Cash Flows
7	2023/2024	Inaccurate Statement of Comparison of Budget and Actual Amounts
8	2023/2024	Non-Compliance with Law on Staff Ethnic Composition

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30  
JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	15,410,741	14,010,420
		<b>15,410,741</b>	<b>14,010,420</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	88,944,825	19,608,272
Sale of goods	8	3,825	36,505
Rental revenue from facilities and equipment	9(a)	83,000	416,300
Other income( production)	9(b)	535,812	296,127
Examination fees			1,085,659
<b>Revenue from Exchange transactions</b>		<b>89,567,462</b>	<b>21,442,867</b>
<b>Total Revenue</b>		<b>104,978,203</b>	<b>35,453,265</b>
<b>Expenses</b>			
Use of goods and services	10	38,549,323	29,154,933.26
Employee costs	11	7,331,710	8,307,299
Board Expenses	12	2,918,000	1,903,200
Depreciation and amortization expense	13	3,315,445.5	2,627,042.75
Repairs and maintenance	14	799,744	233,710
<b>Total Expenses</b>		<b>52,914,222.5</b>	<b>43,353,452</b>
<b>Net surplus/(deficit) for the year</b>		<b>52,063,980.5</b>	<b>(7,900,187)</b>

(The notes set out on pages 7 to 36 form an integral part of the Annual Financial Statements).

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

		
Chairman of the Board	Principal	Finance Officer
		ICPAK No. ASSCO/4601
Date	Date 21/11/2025	Date 21/11/2025

**THARAKA TECHNICAL & VOCATIONAL COLLEGE amended**  
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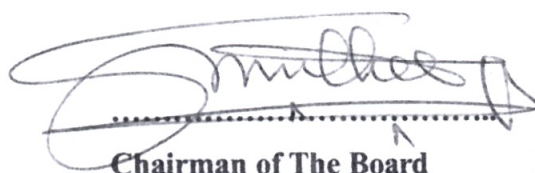
**15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025**

Description	Notes	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15(b)	2,712,719.94	3,762,879.9
Current portion of receivables from exchange transactions	16(a)	49,019,321.71	7,504,087
Inventories	17.	3,289,765	1,827,103
<b>Total Current Assets</b>		<b>55,021,806.65</b>	<b>13,094,069.9</b>
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	16(b)	485,378.17	
Property, plant, and equipment	19(b)	85,928,898.55	81,006,487
Biological Assets	20	5,423,329	239,000
<b>Total Non-Current Assets</b>		<b>91,837,605.72</b>	<b>81,302,487</b>
<b>Total Assets (A)</b>		<b>146,859,412.37</b>	<b>94,396,556.9</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	21	2,060,678	6,372,270.9
Refundable deposits from customers	22	296,000	
Current provisions( audit fees )		139,200	
Payments received in advance	23	4,036,267.87	
<b>Total Current Liabilities</b>		<b>6,532,145.87</b>	<b>6,372,270.9</b>
<b>Non-Current Liabilities</b>			
<b>Total non- current liabilities</b>			
<b>Total Liabilities (B)</b>		<b>6,532,145.87</b>	<b>6,668,270.98</b>
<b>Net Assets (A-B)</b>		<b>140,327,266.5</b>	<b>88,263,286</b>

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Description	Notes	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Represented By:</b>			
Surplus for the period		52,063,980.5	(7,900,187)
Accumulated surplus b/f		12,103,286	20,003,473
Capital Fund		76,160,000	76,160,000
<b>Net Assets</b>		<b>140,327,266.5</b>	<b>88,263,286</b>

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



Chairman of The Board

Date

T. GICHOHI

Principal

Date

21/11/2025



Finance Officer

ICPAK No. ASSCO/4601

Date

21/11/2025

**THARAKA TECHNICAL & VOCATIONAL COLLEGE amended**  
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**16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2025**

Description	Revaluation reserve	Accumulated Fund	Capital Fund	Total
At July 1, 2024		12,103,286	76,160,000	88,263,286
Revaluation gain		-	-	
Surplus for the year	-	52,063,980.5	-	52,063,980.5
At June 30 <sup>th</sup> 2025		64,167,266.5	76,160,000	140,327,266.5
At July 1, 2025		64,167,266.5	76,160,000	140,327,266.5

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

Description		FY 2024-2025	FY 2023-2024
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	15,410,741	14,010,402
Grants from donors and development partners			
Transfers from other levels of government			
Rendering of services- fees from students		38,658,481.94	19,608,272
Sale of goods		3825	36505
Rental revenue from facilities and equipment	9	83000	416,300
Production units	9(b)	535,812	
Examination fees			1,085,659
<b>Total Receipts</b>		<b>54,691,859.94</b>	<b>35,453,265</b>
<b>Payments</b>			
Use of goods and services	10	38,549,323	20,225,021
Employee costs	11	7,331,710	9,434,566
Board Expenses		2,918,000	1,903,200
Repairs and maintenance		799,744	233,710
Grants and subsidies			
<b>Total Payments</b>		<b>49,598,777</b>	<b>33,632,731</b>
<b>Net Cash Flows from operating activities</b>	24	<b>5,093,083.04</b>	<b>3,656,768</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(4,349,000)	
projects		(1,794,243)	(428,400)
Proceeds from sale of property, plant and equipment			
<b>Net cash flows used in investing activities</b>		<b>(6,143,243)</b>	<b>(428,400)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(1,050,159.96)</b>	<b>3,228,368</b>
Cash and Cash equivalents at 1 JULY	15	3,762,879.9	534,511
<b>Cash and Cash equivalents at 30 JUNE</b>	15	<b>2,712,719.94</b>	<b>3,762,879.9</b>

(PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting und

18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR YEAR ENDED 30 JUNE 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization on Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Budget carryovers from the previous year*</b>	-			3,762,879.9		
<b>Receipts</b>						
Transfers from other National Government entities	13,500,000		13,500,000	15,410,741	1,910,741	114%
Grants from donors and development partners						
Transfers from other levels of government						
Public contributions and donations						
Rendering of services- fees from students	77,010,900	14,784,500	91,795,400	38,658,481.94	57,093,635.1	42.1%
Sale of goods	50,000	25,000	25,000	3,825	21,175	15.3%
Rental revenue from facilities and equipment	18,000	62,000	80,000	83,000	3,000	103%
Driving school	80300		80300	495,872	415,572	517%
Computer packages	357,000	(302,500)	55,000	40,000	15,000	72.7%
<b>Total Receipts</b>	<b>90,991,200</b>	<b>14,569,00</b>	<b>105,775,700</b>	<b>58,434,739.94</b>	<b>47,340960.06</b>	<b>55.2%</b>
<b>Payments</b>						
Use of goods and services	46,547,100	(626,000)	45,921,100	38,549,323	7,371,777	83.9%
Employee costs	9,876,000	(174,000)	9,702,000	7,311,710	2,390,290	75%
Board Expenses	2,000,000	2,798,250	4,798,250	2,918,000	1,880,250	60.8%
Repairs and maintenance	1,950,000	(1,150,000)	800,000	799,744	256	99.9%
Contracted services						

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Grants and subsidies						
<b>Total Expenditure Payments</b>	<b>46,547,100</b>	<b>1,474,250</b>	<b>60,429,350</b>	<b>49,578,777</b>	<b>19,137,328</b>	82.0%
<b>Capital Expenditure Payments</b>	<b>30,069,723</b>	<b>765,300</b>	<b>30,835,023</b>	<b>6,143,243</b>	<b>24,691,780</b>	19.9%
<b>Surplus</b>				2,712,719.94		

*(Budget carryovers\* this is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

**Budget notes**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
3. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

	<i>Approved final budget</i>	<i>actual</i>	<i>explanation</i>
<i>Transfer from national gvt capitation</i>	<i>13,500,000</i>	<i>15,410,741</i>	<i>The government paid some arrears which were not captured in budgeting</i>
<i>Rendering of services</i>	<i>91,795,400</i>	<i>38,658,481</i>	<i>The difference is as a result of accrued income because the accrued income was 88,944,825</i>
<i>Sale of goods</i>	<i>25,000</i>	<i>3,825</i>	<i>The management had envisioned to have good harvest but the rain failed</i>

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<i>Driving school</i>	80,300	495,872	<i>The increment was as a result of trainees in other courses embodying the program</i>
<i>Use of goods and services</i>	45,921,100	38,549,323	<i>The management was not able to realise the targeted 45,921,100 because of low fees collection, hence constrain in resources available to commit to obligations</i>
<i>Employee cost</i>	9,702,000	7,311,710	<i>The management and targeted to make more hires but it was not actualised as a result of finance constrains</i>
<i>Board expenses</i>	4,798,250	2,918,000	<i>The management had envisioned to have the board workshop and training but due to finance constrained the vote was not utilised as budgeted.</i>

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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,712,719.94
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,712,719.94

## **19. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Tharaka TVC entity is established by and derives its authority and accountability from TVETA Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is impacting skills and knowledge through 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 *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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**3. Adoption of New and Revised Standards**

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There are no new and amended standards issued in the financial year.

*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <b><i>State the expected impact of the standard to the Entity if relevant</i></b>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <b><i>State the expected impact of the standard to the Entity if relevant</i></b>
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. <b><i>State the expected impact of the standard to the Entity if relevant</i></b>

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<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ul>

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	<p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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**iii. Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the Council or Board on *5 Th July 2025*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations **21,059,249** on the FY **2024/2025** budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented.

**c) Taxes**

***Current income tax***

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

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

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

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

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

**g) Intangible assets**

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

**h) Biological Assets**

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

**i) Research and development costs**

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

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

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

**j) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

***Financial assets***

***Classification***

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses

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which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**k) Inventories**

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

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

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

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

**Inventories (Continued)**

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

**l) Provisions**

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

***Contingent liabilities***

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

***Contingent assets***

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

**m) Social Benefits**

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

**n) Nature and purpose of reserves**

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

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

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

**p) Employee benefits**

**Retirement benefit plans**

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

**.Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**q) Borrowing costs**

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

**r) Related parties**

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

**s) Service concession arrangements**

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

**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imp rests 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<sup>th</sup>, 2025.

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. 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	FY2024-2025	FY 2023-2024
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	15,410,741	14,010,402
Operational Grant		
Development grants		
Other Grants		
<b>Total unconditional Grants</b>	<b>15,410,741</b>	<b>14,010,402</b>
<b>Conditional Grants amortised/ recognised in revenue</b>		
Library Grant		
Hostels Grant		
Administration Block Grant		
Laboratory Grant		
Learning Facilities Grant		
Other Organizational Grants		
<b>Total Government Grants and Subsidies</b>	<b>15,410,741</b>	<b>14,010,402</b>

7. Rendering of Services

Description	FY2024-2025	FY2023-2024
	Kshs	Kshs
Tuition Fees	72,031,655.	14,982,687
Activity Fees	5,979,805	2,907,176
Industrial Attachment Fees	432,650	516,250
Examination Fees	7,984,180	1,053,159
Student identity card	605,700	
Facilities And Materials	549,720	149,000
Registration Fees	1,361,115	
Others ( <i>Specify</i> )		
<b>Total Revenue from The Rendering of Services</b>	<b>88,944,825</b>	<b>19,608,272</b>

**8. Sale of Goods**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Sale of Books		
Sale of Publications		
Sale of Farm Produce	3,825	36,505
Cafeteria sales		
Other sales (specify)		
<b>Total Revenue from Sale of Goods</b>	<b>3,825</b>	<b>36,505</b>

**9. Rental revenue from facilities and equipment**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Canteen rent and cafeteria	43,000	24,000
Hostel rent	40,000	392,300
<b>Total</b>	<b>83,000</b>	<b>416,300</b>

**9(b) Other incomes (Production)**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Driving school	495,812	
Computer packages	40,000	
<b>Total</b>	<b>535,812</b>	<b>416,300</b>

**10. Use of Goods and Services**

Description	Period ended	Comparative Period
	June-25	
	KShs	KShs
Teaching and learning materials	7,565,340	7,330,461
Industrial attachment costs	233,500	723,965
Electricity	263,300	644,416
Water	295,604	207,400
Subscriptions	570,310	797,120
Advertising/ marketing	1,783,270	979,975
Examination fees	8,472,883	3,003,650
Audit fees	139,2000	208,000
Transport & DSA facilitation	2,137,030	3,290,814
production	564,300	444,127
Rent expenses	1,376,000	
postage	7,725	
Activity	606,158	2,331,852
student welfare	25,600	162,600
NYS stipends		413,500
administration expenses	13,256,303	8,617,053.26
<b>Total good and services</b>	<b>38,549,323</b>	<b>29,154,933.26</b>

### 11. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries and wages	7,167,225.5	7,628,387
Employee related costs - contributions to pensions and medical aids	164,484.5	223,751
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Social contributions		
<b>Employee Costs</b>	<b>7,331,710</b>	<b>7,852,138</b>

### 12. Board Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria	120,000	80,000
Board expenses	2,798,000	1,300,700
Other Allowances		522,500
Other Board/Council Expenses		
<b>Total</b>	<b>2,918,000</b>	<b>1,903,200</b>

### 13.14 Depreciation and Amortization expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	3,315,445.5	2,627,042.75
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>3,315,445.5</b>	<b>2,627,042.75</b>

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**14. Repairs and Maintenance**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
General repair and maintenance	307,744	
Equipment and machinery		
Vehicles	335,000	
Computers and accessories	157,000	2,33710
<b>Total Repairs and Maintenance</b>	<b>799,744</b>	<b>233,710</b>

**15(a) Cash and Cash Equivalents**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current Account	2,712,719.94	3,762,879.9
On - Call Deposits		
Fixed Deposits Account		
Staff Car Loan/ Mortgage		
Others (Specify)		
<b>Total Cash and Cash Equivalents</b>	<b>2,712,719.94</b>	<b>3,762,879.9</b>

**15 (b). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>a) Current Account</b>			
Trans nation sacco	68260900029001	1,436865.71	335,145
Equity Bank, etc.	1040262403552	1,274,454.23	3,418,830.93
<b>Sub- Total</b>			
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Equity Bank – etc.			
<b>Sub- Total</b>			
<b>c) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Bank B			
<b>Sub- Total</b>			
<b>d) Staff Car Loan/ Mortgage</b>			

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Kenya Commercial Bank			
Bank B			
<b>Sub- Total</b>			
<b>e) Others(Specify)</b>			
Cash in Transit			
Cash in Hand		1,400	8,904
Mobile Money account			
<b>Sub- Total</b>			
<b>Grand Total</b>		<b>2,712,719.94</b>	<b>3,762,879.9</b>

**Receivables from Exchange transactions**

**16 (a) Current Receivables from Exchange transactions**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	49,019,321.71	7,504,087
Rent Debtors		
Consultancy Debtors		
Other Exchange Debtors		
Less: Impairment Allowance		
<b>Total Current Receivables</b>	<b>49,019,321.71</b>	<b>7,504,087</b>

**16 (b) Long- term Receivables from Exchange transactions**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Student debtors	485,378.17	
Advance Payments		
Public Organizations		
Less: Impairment Allowance		
<b>Total</b>		
Current Portion Transferred To Current Receivables		
<b>Total Non-Current Receivables</b>		
<b>Total Receivables</b>	<b>485378.17</b>	

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**16 (c) Ageing Analysis of Receivables from Exchange transactions**

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024-2025	% of total	FY 2023-2024	% of total
Less than 1 year	49,019,321.71	99%	7,504,087	100%
Between 1- 2 years	485,378.17	1%		
Between 2-3 years				
<b>Total (a+b)</b>	<b>49,504,699.88</b>	<b>100%</b>	<b>7,504,087</b>	<b>100%</b>

**17. Inventories**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Consumable stores	160,859	425,000
Building & Civil department	216,975	189,200
Electrical stores	356,700	650,353
Cosmetology department	60,240	150,000
Mechanical Department	350,064	200000
Main store		104,050
Agriculture	666,300	108,500
ILO	2,750	
ICT	50,500	
Fashion & design	903,257	
Registrar	138,200	
Deans office	5,720	
sport	378,200	
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>3,289,765</b>	<b>1,827,103</b>

**18. Detailed disclosure on inventories**

	FY 2024-2025	FY 2024-2023
<b>Opening balance</b>	<b>1,827,103</b>	
Inventory acquired in the year	1,462,662	
Write-downs in the year		

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Closing balance	3,289,765	1,827,103
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**19(a) Property, Plant and Equipment**

Cost	Land	Buildings	Furniture and fittings	Plant and equipment	computor s	Solar energy	Total
	Kshs	Kshs	Kshs	Kshs		Kshs	kshs
Depreciat ion Rate		2.5%	10%	15%	30%	25%	
At 1July 2020	25000000	60,509,003	576,875		1,502,190		81,009,294
At 1 july 2023 Historical cost	25,000,000	60,509,003	2,572,890	3,153,569	1,502,190		92,757,652
Additions						428,400	428,400
Disposals							
At 1 July2024 book values	25,000,000	50,345,487.6	875,107	895,382.65		385,107	81,006,487
Additions during the year		1,794,243	3,700,000	1,600,000	649,000		7,743,243
Disposals		-	-	-			
Accumula ted depreciati on30 <sup>th</sup> June 20 24		5,783,368.4	2,572,890	2,258,276.3	1,502,190	42,840	12,437,802
Depreciat ion And Impairme nt for the year		1,557,581.15	627,289	713,035.35	194,700	42,840	3,315,445.5
Total cummulat ive dep at 30 <sup>th</sup> June 2025		7,340,949	2,885,565	2,971,311	1,696,890	85,680	14,980,396
Total historical cost at							

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Cost	Land	Buildings	Furniture and fittings	Plant and equipment	computor s	Solar energy	Total
	Kshs	Kshs	Kshs	Kshs		Kshs	kshs
30 <sup>th</sup> June 2025	25,000,000	62,303,246	6,272,890	4,753,569	2,151,190	428,400	100,909,295
Net book values at 30 <sup>th</sup> June 2025	25,000,000	54,962,296	3,387,324	1,782,257	454,300	342,720	85,928,898
Opening balance at 1 July 2025	25,000,000	54,962,296	3,387,324	1,782,257	454,300	342,720	85,928,898

**Notes to the Financial Statements (Continued)**

**Valuation**

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

**19 (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	25,000,000		25,000,000
Buildings	62,303,246	7,340,949.55	54,962,296.45
Plant And Machinery	4,753,569	2,971,311.6	1,782,257.4
solar	428,400	85,680	342,720
Computers and Related Equipment	2,151,190	1,696,890	454,300
Office Equipment, Furniture, And Fittings	6,272,890	2,885,565.3	3,387,324.7
<b>Total</b>	<b>100,909,295</b>	<b>14,740,356.7</b>	<b>85,928,898.55</b>

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**20. Biological Assets**

	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Trees in a plantation forest	4,980,329	39,000
Animals: Dairy Cattle, Pigs, Sheep	443,000	200,000
<b>Total</b>	<b>5,423,329</b>	<b>239,000</b>

**21. Trade and Other Payables**

<b>Description</b>	<b>FY 2024-2025</b>		<b>FY 2023-2024</b>	
	<b>Kshs</b>		<b>Kshs</b>	
Trade payables	2,060,678			
Fees paid in advance				
Salary deductions				
Third-Party Payments				
Other Payables				
<b>Total Trade and Other Payables</b>	<b>2,060,678</b>		<b>6,372,270.9</b>	
<b>Ageing analysis:</b>	<b>FY2024-2025</b>	<b>% of the Total</b>	<b>FY2023-2024</b>	<b>% of the Total</b>
Under one year	2,060,678	100%	6,372,270.9	100%
1-2 years				
2-3 years				
Over 3 years				
<b>Total (to tie to totals above)</b>	<b>2,060,678</b>	<b>100%</b>	<b>6,372,270.9</b>	<b>100%</b>

22. Refundable Deposits from Customers/Students

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Consumer deposits				
Caution money	296,00		296,000	
Other refundable deposits				
<b>Total Deposits</b>	<b>296,000</b>		<b>296,00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years	296,000	100%	296,000	100%
2-3 years				
Over 3 years				
<b>Total (to tie to totals deposits above)</b>	<b>296,000</b>	<b>%</b>	<b>296,00</b>	<b>100%</b>

(Provide brief explanation)

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. XXX per employee per month. Other than NSSF the entity also has no defined contribution scheme.

23. Payments received in advance.

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Fees received in advance	4,036,267.87			
Others (Specify)				
Total				
	<b>4,036,267.87</b>			
<b>Ageing analysis:</b>	<b>FY 2024-2025</b>	<b>% of the Total</b>	<b>FY2023 -2024</b>	<b>% of the Total</b>
Under one year	4,036,267.87	100%		0%
1-2 years				%
2-3 years				%
Over 3 years				%
<b>Total</b>	<b>4,036,267.87</b>	<b>100 %</b>		<b>0%</b>

24. Cash generated from operations.

Surplus for the year before tax	FY 2024-2025	FY 2023-204
	Kshs	Kshs
<b>Surplus for the year</b>	<b>52,398,340.3</b>	
<b>Adjusted for:</b>		
Depreciation	3,315,445.5	2,627,042.75
Non-Cash grants received		
Contributed assets		
Impairment		
Gains and Losses on Disposal of Assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance Income		
Finance Cost		
<b>Working Capital Adjustments.</b>		
Increase in Inventory	(1,462,662)	1,743,747.78
increase in Receivables( student debtors)	(43,442,297.35)	618,781.22
Decrease in trade payables	(4,311,592.9)	
Increase in Payments received in advance	4,036,267.87	
<b>Net Cash Flow from Operating Activities</b>	<b>5,093,083.04</b>	<b>1,976,676</b>

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

## **20. FINANCIAL RISK MANAGEMENT**

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

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

### **(i) Credit risk**

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

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

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

### **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 entity has significant concentration of credit risk on amounts due from student debtors

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

### **(ii) Liquidity risk management**

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are

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the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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

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

**b) Capital Risk Management**

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

**(iv) Contingent Assets and Contingent Liabilities**

**(v) Events After The Reporting Period**

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

**(vi) Ultimate And Holding Entity**

The entity is a State Corporation wholly owned by Government of Kenya under the Ministry of Ministry of Education Its ultimate parent is the Government of Kenya.

**(vii) Currency**

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

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**21. APPENDICES**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Unsupported employee cost	It was a duplicated error of ERP	Resolved	
2.	Inaccurate cash and cash equivalent	The reconciliation was done	Resolved	
3	Unconfirmed inventory	The stock taking sheet were provided	Resolved	
4	Lack of valuation & ownership documents	The process of acquiring title deed is in progress	Not resolved	six months
5	Unsupported Biological asset	The valuation on biological asset will be done	Resolved	
6	Irregular board payment	The support document were provided	Resolved	
7	Irregular payment of suppliers	The additional documents were provided	Resolved	
8	Inaccurate statement of cash flow	It was casting error	Resolved	
9	Inaccurate comparison budget vs actuals	It was a casting error and it was rectified	Resolved	

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**Guidance Notes:**

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

.....  
*Tikva Gichoth*  
Name **TIKVA GICHTH**  
Accounting Officer  
(Enter title of Head of entity)  
Date

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**Appendix II: Projects Implemented by (Tharaka Tvc)**

**Projects**

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

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

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Fabrication lecture chairs	3,700,000	3,700,000	100%	3,700,000	3,700,000	Internal source
2.	Central stores	2,500,000	1,794,243	45%	2,500,000	1,190,000	Internal sources
3.	Lithe machines	1,600,000	1,600,000	100%	1,600,000	1,600,000	donated
4.	School tent	415000	415000	100%	415000	415000	Internal sources
5.	Reliable water	650,000	650000	100%	650,000	650,000	Internal sources & partnership with Tharaka University

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**Appendix III- Inter-Entity Confirmation Letter**

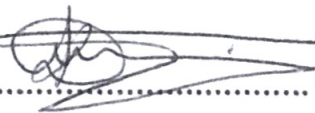
Name of transferring entity.....

Name of beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	20/09/2024	3,782,740.70		3,782,740.70	scholarship
	23/09/2024	2,788,0000		2,788,0000	capitation
	14/02/2025	8,840,000		8,840,000	capitation
<b>Total</b>		<b>15,410,740.70</b>		<b>15,410,740.70</b>	

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... *D. Kamurum* ..... Sign  ..... Date..... *21/11/2025* .....

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