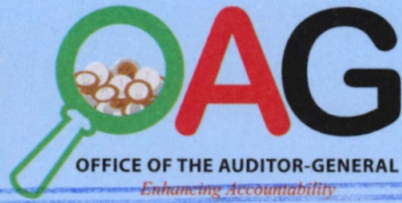


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 14 APR 2026

DAY.

Tuesday

REPORT

BY:

Hon. Naomi Wago, CBS, MP
(Deputy Majority Whip)

CLERK-AT
THE-TABLE:

Inzafi Mwale, Hse

PARLIAMENT
OF KENYA
LIBRARY

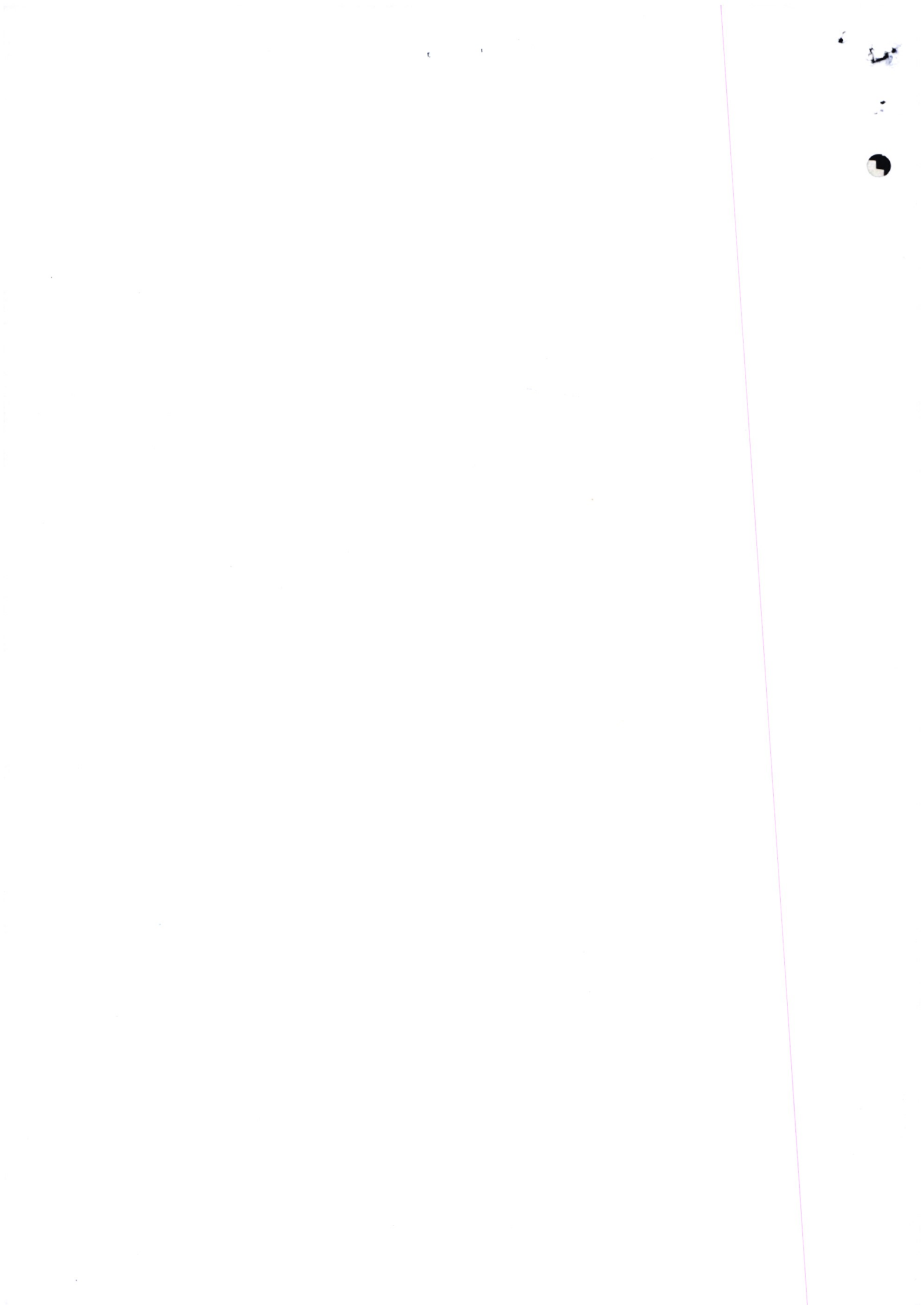
OF

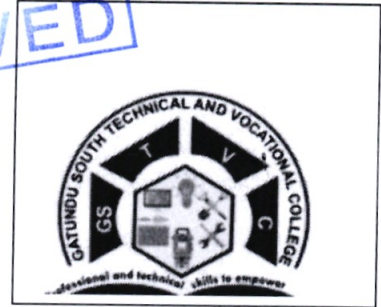
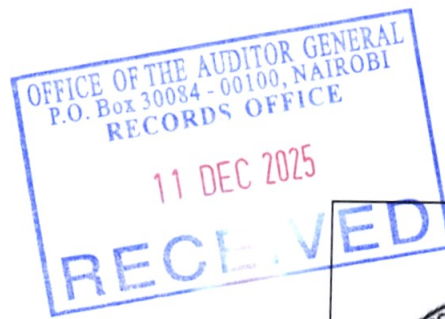
THE AUDITOR-GENERAL

ON

**GATUNDU SOUTH TECHNICAL AND
VOCATIONAL COLLEGE**

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





Gatundu South Technical and Vocational College

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Table of Contents

1.	Acronyms and Definition of Key Terms	iv
2.	Key Entity Information and Management	v
3.	The Board of Governors	viii
4.	Key Management Team	xi
5.	Chairman's Statement	xiii
6.	Report of the Principal	xiv
7.	Statement of Performance against Predetermined Objectives	xvi
8.	Corporate Governance Statement	xviii
9.	Management Discussion and Analysis	xx
10.	Environmental And Sustainability Reporting Statement	xxiii
11.	Report of the Council/Board of Governors	xxvi
12.	Statement of Board of Governors/ Council's Responsibilities	xxvii
13.	Report of the Auditor General Gatundu South Technical and Vocational College	xxix
14.	Statement of Financial Performance For The Year Ended 30 June 2025	1
15.	Statement of Financial Position As At 30th June 2025	2
16.	Statement of Changes in Net Assets for The Year Ended 30 June 2025	3
17.	Statement of Cash Flows For The Year Ended 30 June 2025	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025	5
19.	Notes to the Financial Statements	6
20.	Appendices	27

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
GSTVC	Gatundu South Technical and Vocational College
CDACC	Curriculum Development Assessment and Certification Council
CBET	Competency-Based Education and Training
NFM	New Funding Model
QUASO	Quality Assurance Officer
ILO	Industrial and Liaisons Officer

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

2. Key Entity Information and Management

(a) Background information

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

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

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

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

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

(b) Principal Activities

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

i. Vision

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

ii. Mission

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

iii. Strategic Objectives

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

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

- To improve organizational performance

CORE VALUES

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

(c) Key Management

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

- Board of Governors/ Council/ Management etc.
- Accounting officer/ Principal
- Management...;

(d) Fiduciary Management

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

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

(e) Fiduciary Oversight Arrangements

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

Academic & Research Board Committee:

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

Finance & Operations and HR Board Committee:

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

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

Audit Risk and Compliance Board Committee:

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

Senior Management:

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

Middle Level Management:

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

- (f) **GSTVC Headquarters**
P.O. Box 102 – 01030
Gatundu, KENYA

- (g) **GSTVC Contacts**
Telephone: (+254)797255245
E-mail: gatundusouthtvc@gmail.com
Website: www.gatundusouthtvc.ac.ke




- (h) **GSTVC Bankers**
Kenya Commercial Bank Limited
Gatundu Branch
P.O. Box 264 – 01030
Gatundu

- (i) **Independent Auditors**
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

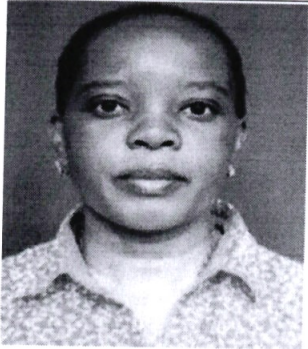


- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025




3.The Board of Governors

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

**Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025**






4.	 <p>Joyce Maguire Member of the Board</p>	<p>Date of Birth: 1973. Qualifications and Experience: Ms. Joyce Mwenja holds a Master of Science in Data Communication and a Bachelor of Information Technology from KCA University. Joyce has also contributed significantly to ERP systems implementation in several higher learning institutions. She chairs the Academic and Research Committee and sits as a member in the Audit, Risk and Compliance committee. She is an independent member.</p>
5.	 <p>CPA Moses Kuria Member of the Board</p>	<p>Date of Birth: 1990. Qualifications and Experience: CPA Moses Muhia Kuria holds a Master of Tax and Customs from Moi University (Kenya School of Revenue Administration), B. Com. (Accounting) from KCA University, CPA-K, and is a member of ICPAK in good standing. He has vast experience in the implementation of Internal control systems, Accounting, and Tax. He is the director of Dorcash Consultants Ltd. He chairs the Finance, operations and HR committee as an independent member.</p>
6.	 <p>Davis Kibet Member of the Board</p>	<p>Date of Birth: 13-04- 1991 Qualifications and Experience: Mr. Kibet holds a MSc. Project management from JKUAT and a Bachelor of Quantity Surveying from Nairobi University. Currently pursuing a PhD in project management at JKUAT. Mr. Kibet is a director at Primephase Consultants Ltd, a Quantity Surveying and Project Management firm. He is an independent member in the Finance, Operations and HR Committee.</p>

**Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025**




7.	 <p>Dr. Peter K. Thuo, PhD Member of the Board</p>	<p>Date of birth: 06/06/1961 Qualification & experience Dr. Peter K. Thuo, PhD. Holds a BSc degree in geology from the University of Nairobi, a postgraduate diploma in geology from the Royal Holloway University of London, and an MSc degree in geology from the University of St. Andrews, Scotland. He also holds a PhD degree in petroleum geoscience from Université de Bretagne Occidentale, Brest, France. Has attended numerous technical and management courses in the field of oil and gas exploration. Worked in the oil exploration industry in Kenya for more than 35 years, most of it at the National Oil Corporation of Kenya, where he rose to head of the exploration and later in the private sector as general manager in charge of Kenya operations for ERHC ENERGY, an American oil exploration company. Currently serves as an independent consultant in oil and gas exploration. He sits in the Academic and Research Committee as an independent Member representing the County Governor of Kiambu</p>
8.	 <p>Maryanne Abdi Hassan Regional Director</p>	<p>Born 12th Dec 1977 Master in education administration and planning Regional Director of TVET She is an independent member of the Academic & Research Committee representing the PS</p>
9	 <p>Muturi P. Ndiba Secretary to the Board</p>	<p>Date of Birth: 28-06-1977 Qualifications & Experience: Muturi P. Ndiba holds a B.Ed. (Science) degree from Kenyatta University. Currently an MSc. (Analytical Chemistry) at Kenyatta University. He also holds a certificate in senior management course from Kenya School of Government. And has vast experience in TVET matters as a trainer and administrator. He is not a member of ICS.</p>

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

4. Key Management Team

Member	Details
<p>1.</p>  <p>Muturi P. Ndiba</p>	<p>Principal- Accounting Officer</p> <p>B.Ed. (Science) degree from Kenyatta University. Currently MSc. (Analytical Chemistry) at Kenyatta University.</p>
<p>2.</p>  <p>Patrick N. Kiratu</p>	<p>Deputy Principal- Principal assistant to the principal An ICT and Computer studies trainer.</p> <p>MSc Computer Studies</p> <p>B.Ed. Technology</p>
<p>3.</p>  <p>Fanice Chemunyan</p>	<p>Ag. Registrar – In charge of Admissions, Records and Marketing Higher Diploma Civil Engineering</p>
<p>4.</p>  <p>Anthony Mwangi</p>	<p>Ag. Dean – In charge of trainees welfare, HeIB Applications and trainees' Leadership</p> <p>BSc. IT</p>
<p>5.</p>  <p>Paul Ngotho</p>	<p>Finance Officer– In charge of finance department.</p> <p>B Com (Finance)</p> <p>CPA (K)</p>

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

<p>6</p>  <p>Emily Musyimi</p>	<p>Procurement Officer- In charge of the procurement function and stores.</p> <p>Bachelor of Science in Procurement and Contract Management Diploma in Purchasing and Supplies Management</p>
<p>7</p>  <p>Zachary Njoroge</p>	<p>Quality Assurance and Standardization Officer Higher Diploma in Electrical Engineering Education Ongoing Pedagogical Training at Kstvet</p>
<p>8</p>  <p>Samuel Mararo</p>	<p>Performance Contracting Coordinator. BSC Computer Technology.</p>

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

5. Chairman's Statement

I am pleased to present the Annual Report and Financial Statements for the year ended 30th June 2025 for Gatundu South Technical & Vocational College.

During the year, the College remained true to its mission of providing Technical and Vocational Education, Training, and Research that fosters creativity, innovation, and incubation to address local, regional, and global challenges. We strengthened our role as a center for skills development and entrepreneurship, equipping trainees with competencies relevant to a fast-changing job market.

The Board upheld the highest standards of governance, financial prudence, and accountability while guiding management in the implementation of the College's Strategic Plan. I am pleased to report that the College fully complied with statutory obligations, including timely remittances to KRA, NSSF, and NHIF, reflecting our commitment to transparency and discipline.

Beyond compliance, the College made progress in modernizing training facilities, adopting digital learning tools, and nurturing innovation. We continued to build strong linkages with industry and community partners, ensuring that our graduates are not only employable but also prepared to drive economic growth and social transformation.

Looking ahead, the Board is committed to steering the College towards greater impact by deepening partnerships, strengthening research and innovation, and aligning our programs with national development priorities and global sustainability goals.

On behalf of the Board, I sincerely thank our trainers, staff, suppliers, trainees, and the community for their invaluable support. I especially acknowledge the Government of Kenya for sustained funding through Capitation Funds, Scholarships, HELB, and Bursaries, which remain critical in promoting access and equity in technical education.

Together, we shall continue to grow Gatundu South Technical & Vocational College into a model TVET institution that transforms lives and contributes to national development.

God bless us all



Planner Timothy G Ndorongo
Chairman Board of Governors

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

6. Report of the Principal

It gives me great pleasure to present the Principal's Report for the Financial Year 2024/2025. Gatundu South Technical & Vocational College remains steadfast in its mission of providing relevant, high-quality training that equips graduates to contribute meaningfully to Kenya's Vision 2030 strategic goals.

During the year under review, the College, with the support of the Governing Board, reviewed the Strategic Plan 2021/22–2025/26, aligning its structures and policies with institutional growth. We also introduced Competency-Based Education and Training (CBET) and Dual Training Courses to strengthen the relevance and quality of our academic programs.

On financial performance, the College received a total of KES 8,518,448 from the National Government, comprising KES 6,451,350 in capitation, KES 1,067,443 in scholarship grants, and KES 999,655 in operational grants. This amount compared favourably with the KES 8,509,493 received in the previous year. In addition, the Higher Education Loans Board allocated KES 13,003,964, both as tuition and trainees' upkeep, out of which KES 6,441,537 (49.5%) had been disbursed to the institute by 30th June 2025, leaving a balance of KES 2,665,812.62 (20.5%) in tuition disbursement expected in FY 2025/2026.

The College also sought to strengthen partnerships. A notable milestone was the negotiation of a Memorandum of Understanding with the Kiambu County Government under the Smart City Program to manufacture cabros for Gatundu town, with the County providing resources. However, delays in implementation disrupted our budget projections. Other challenges included the delayed off-take of cabros by the Gatundu South NG-CDF Board, unmet pledges by the Kiambu County Affirmative Action Fund to sponsor 30 needy trainees, and delays in the continuation of the Youth Upskill Program Phase II by the Gatundu South NG-CDF Board.

Despite these challenges, the College registered important achievements. The Jitume Lab was established, fully furnished, and is now awaiting government-supplied computers. An Agriculture Section was introduced under the Mechanical and Automotive Department, while new workshops in the Food & Beverage and Mechanical & Automotive Departments were successfully equipped.

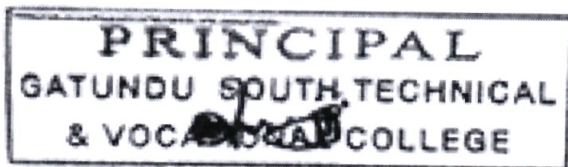
Academically, the College adopted a modularized curriculum in compliance with government directives, aiming to enhance skills development and improve industrial absorption. The College registered 254 candidates (175 CDAAC, 48 KNEC, and 31 NITA) for the July/August assessments. I extend my best wishes to all candidates preparing for the July–August examinations.

The college presented 34 candidates for the CDAAC July 2024 with a competency score 26.5%, 60 candidates in the December 2024 series with 35% competence and 72 candidates with a competence score of 43%. We also presented candidates for the KNEC examination (77 in the July 2024 series and 21 candidates in the March 2025 series). In addition, 45 candidates sat for the NITA December 2024 series with a 100% pass rate, and 21 candidates with a 100% pass rate in the April 2025 series.

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

I wish to sincerely acknowledge the Government, through the Ministry of Education, for financial support, policy guidance, and staffing. While progress has been made, there remains a need for additional staff to reduce reliance on contractual hires. I also appreciate our training and administrative staff for their commitment to curriculum delivery, our partners and collaborators for their financial, material, and moral support, and our Board Chairman, staff, and trainees for their cooperation, which ensured peace and stability throughout the year.

In conclusion, on behalf of the College Board, staff, and trainees, I extend my deepest gratitude to the Government and all stakeholders for their unwavering support during FY 2024/2025. We look forward to continued collaboration and even greater success in FY 2025/2026 and beyond.



Muturi P. Ndiba (MR)

PRINCIPAL/SECRETARY BOG

Date: 30/08/2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

7. Statement of Performance against Predetermined Objectives

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

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

<p>Pillar 4 Trainees Welfare</p>	<p>To enhance trainee welfare</p>	<p>-VCT and wellness services provided to trainees and trainers</p> <p>-3 sessions organized</p> <p>-Operationalization of trainees' student council</p>	<p>-train guidance and counselling services officer</p> <p>-Organize guidance and counselling forums and VCT services</p>	<p>-Training done certificate available, -VCT and wellness service provided, invitation, lists and programmes available</p>
			<p>- student council elections</p>	<p>-student council leadership constituted and facilitated</p>
<p>Pillar 5 Organizational Capacity</p>	<p>To improve organizational performance</p>	<p>-Application of MIS in all modules procured - Organizational structure in place</p> <p>-Staff establishment in place -ICT policy</p> <p>-Risk Policy</p> <p>-Finance Policy Manual</p> <p>-Annual financial report submitted on time - Remittance of statutory dues</p>	<p>-Training of new staff on MIS - Enhance efficiency</p> <p>-Determine staff establishment</p> <p>-Develop institutional policies</p> <p>-Engage competent trainers</p> <p>-Compliance with statutes</p>	<p>-Full application of the finance, admissions, examination, procurement and HR modules</p> <p>-ICT, Risk and HR policies in place</p> <p>-Trainers competitively recruited</p>

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

8. Corporate Governance Statement

i. Appointment of Board Members

Board members are appointed in accordance with the TVET Act, 2013. The Board of Governors consists of nine persons appointed by the Cabinet Secretary for a three-year term, renewable for a further term. The Board Charter, adopted on 16 December 2022, guides governance processes, defining roles, responsibilities, and authority of the Board and its Committees.

ii. Roles and Functions of the Board

The Board provides strategic leadership and oversight, approves policies, employs staff, approves the annual budget, ensures proper financial reporting, and performs functions set out in the TVET Act, 2013.

iii. Induction, Training, and Development

To strengthen effectiveness, Board members undergo regular training. A comprehensive induction and capacity-building program was implemented in 2022/2023, with refresher training planned.

iv. Board and Members' Performance

The Board has instituted an evaluation framework to assess effectiveness. A formal evaluation is scheduled for FY 2025/2026.

v. Board Meetings and Attendance

In FY 2024/2025, the Board held five general meetings. Committees met as follows: Finance, Operations & HR (3), Audit, Risk & Compliance (3), and Academic & Research (2). Attendance is recorded and disclosed to demonstrate accountability.

vi. Succession Planning

The Board has established a succession planning framework to ensure leadership continuity, including a pipeline of future members aligned with the College's strategy.

vii. Conflict of Interest Policy

A register of interests is maintained. Members must declare any conflicts at the start of meetings. Transactions are handled at arm's length, with full disclosure and recusal where necessary.

viii. Board Remuneration

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Remuneration is in line with prevailing legislative provisions and SRC guidelines. Members receive sitting allowances and reimbursements for official duty, with honoraria for the Chairperson.

ix. Ethics and Conduct

The Board upholds high ethical standards, guided by the College's Code of Conduct and national integrity frameworks. Members are expected to act honestly, transparently, and in the best interests of the College.

x. Governance Audit

A governance audit will be undertaken in FY 2025/2026 in line with Mwongozo requirements to evaluate compliance and strengthen governance systems.

xi. Communication Policy

The College is developing a communication policy to ensure transparent, timely, and consistent engagement with stakeholders, regulators, and the community.

xii. Committees of the Board

The College has three committees: (i) Audit, Risk & Compliance, (ii) Finance, Operations & Human Resources, (iii) Academic & Research. Each operates under approved Terms of Reference, reporting to the full Board.

xiii. Policy on Related Party Transactions

The Board ensures all related party transactions are declared, disclosed, and managed transparently to avoid conflicts and ensure compliance with applicable laws and policies.

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

9. Management Discussion and Analysis

(SECTION A (a) The Institute’s Performance Revenue

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

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

During the year, the revenue of Kshs. 8,018,620 was received from the national government as capitation, Scholarship, and operational grants, while Kes. 23,212,747 was earned through Tuition and other fees for rendering services. The Institute’s total revenue fell by 16.6% from Kes. 37,440,750 to Kes. 31,231,368. This decrease was occasioned by a challenging macro operating environment characterized by declining household purchasing power. We recorded a notable decline in trainee retention in departments such as cosmetology and fashion, the plumbing section of the Building and Civil engineering, and the electrical and electronic department. One of the major factors contributing to this dropout was financial difficulties at the household level. The expected government scholarship under the new funding model was not disbursed for trainees admitted in the 2024 academic year.

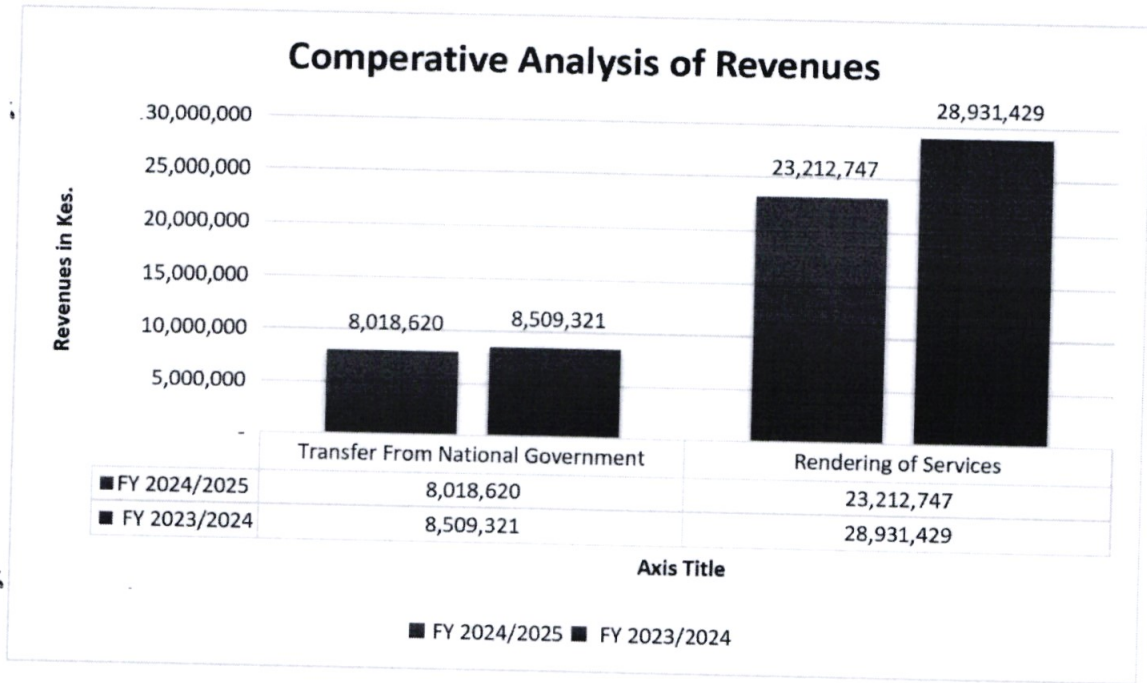


Fig. 1. The Institute’s Comparative Revenue Analysis for the period ending 30th June 2025.

Expenditure

The institute’s expenditure comprises the use of goods and services, employee costs, repairs and maintenance, the board of governor’s costs, and depreciation and amortization. The overall expenditure for the period decreased by 8%, which is Kes.. 2,987,197 down from Kes. 38,568,538 to Kes. 35,656,341 in the current financial year

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

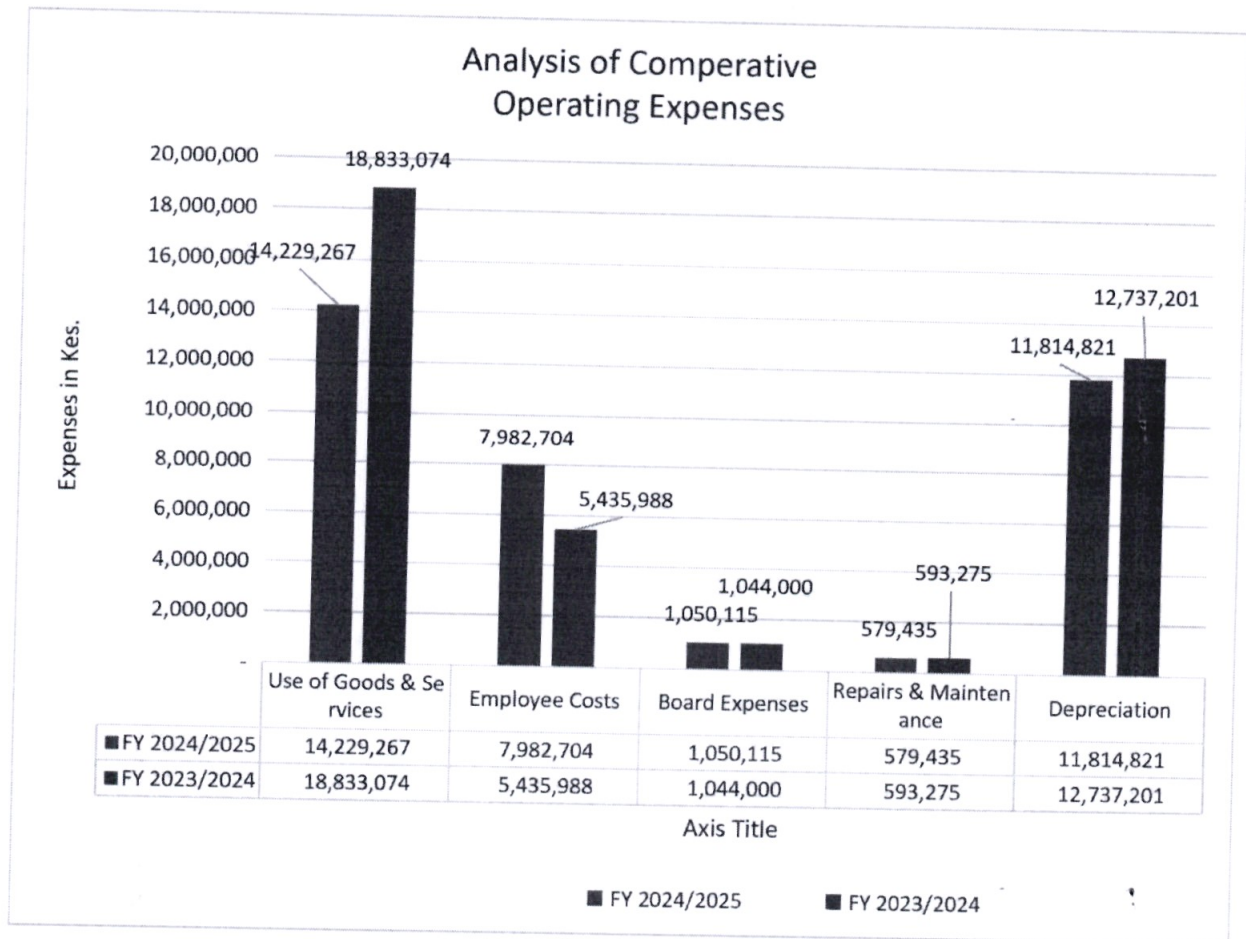


Fig. 2. The Institute’s Comparative Expenditure Analysis for the periods ending 30th June 2025.

(b) The Institute’s Compliance with Statutory Requirements

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

(c) Material Arrears in Statutory/Financial Obligations.

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

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

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

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

No.	ONGOING PROJECTS	SOURCE OF FUNDS
1	Construction of Jitume Lab	Internal generated funds
2	Equipping of the Mechanical, Automotive, and Agriculture Department	Internal generated funds
3	Operationalization of the ERP system / E-citizen onboarding	Internal generated funds

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

No.	PROPOSED PROJECTS	SOURCE OF FUNDS
1	Equipping Library	Internal generated
2	Construction of Water harvesting gutters	Internal generated
3	Construction & Equipping Automotive Workshop	Internal generated

(f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

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

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

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

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

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

Sustainability strategy and profile

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

Profit: The college has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded its capacity for internally generated income like manufacturing of cabros. **Social:** the college has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future.

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

Environmental performance

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

Employee welfare

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

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

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Activity	Description
Better training	Optimizing training operations to meet ongoing social and sustainability objectives. Providing opportunities for growth at the College by becoming involved in our local community.
Enhanced community	<ul style="list-style-type: none"> Focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	Promoting initiatives that support staff and their families, beyond the provision of employment. Promoting initiatives that recognize the contribution of the students to the community.

Policies Guiding the College's Hiring Process

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

Market place practices

Responsible Supply Chain and Supplier Relations

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

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

Ensuring proper communication channels, e.g., Telephone lines and emails are open to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.

Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.

When doing procurement planning the college has complied with preference and reservation requirements.

Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.

Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

Corporate Social Responsibility / Community Engagements

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

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

11. Report of the Council/Board of Governors

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

Principal activities

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

Results

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

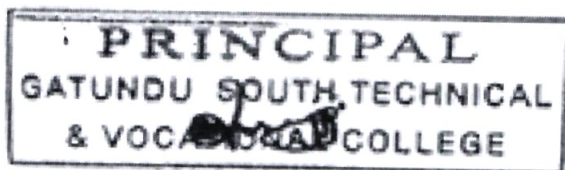
Board of Governors

The members of the Board who served during the year are shown on pages viii and ix. During the year 2024/25, board member Everlyn Mutave resigned and has not been replaced.

Auditors

The Auditor General is responsible for the statutory audit of the GSTVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The accounts of GSTVC were last audited in the financial year 2023/2024

By Order of the Board



Secretary of the Board, Gatundu South TVC

Date: 30/08/2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

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

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

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

The board members are responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of *GSTVC* for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *GSTVC*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *GSTVC*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, and the TVET Act. The Board members are of the opinion that the *GSTVC*'s financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2025, and of the financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the *GSTVC*, which have been relied upon in the preparation of the financial statements, as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Principal has assessed the *GSTVC*'s ability to continue as a going concern. Nothing has come to the attention of the board members to indicate that the *GSTVC* will not remain a going concern for at least the next twelve months from the date of this statement.

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Approval of the financial statements

GSTVC's financial statements were approved by the Board on **29th August 2025** and signed on its behalf by:



Plan Timothy T Ndorongo

Chairperson of the Board



Muturi P. Ndiba (Mr.)

Accounting Officer/Principal

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

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 Gatundu South Technical and Vocational College set out on pages 1 to 29, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Gatundu South 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance Between the Financial Statements and the Ledger Balances

Review of the financial statements balances against the ledgers revealed unreconciled variances as analyzed in the table below.

Item	Financial Statements Amount (Kshs)	Leger Amount (Kshs)	Variance (Kshs)
Sports and Games	1,330,957	1,251,257	79,700
Travelling and Subsistence	1,660,200	1,590,200	70,000
Depreciation	11,814,821	11,814,750	71
Outsourced Services	225,000	150,000	75,000
Performance Contract Implementation	267,450	281,200	(13,750)
Registration and Subscriptions	440,604	328,104	112,500

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

2. Unsupported Balances

2.1 Prior Year Adjustment

The statement of changes in net assets reflects prior year adjustment balance of Ksh.26,789,512 relating to reversal of misclassification of depreciation-equivalent charges. This adjustment has resulted in an increase in the opening capital fund and a corresponding reduction in the accumulated surplus balances. However, the prior year adjustment has not been supported with any documentary evidence.

2.2 Inventory

The statement of financial position and as disclosed in Note 15 to the financial statements reflects inventory balance of Kshs.1,790,823. However, stock take sheets were not provided and as a result, the basis of valuation of closing stock balance of Kshs.1,790,823 was not established. Further, Management had not developed an Inventory Policy to guide on inventory management, stores and optimum stock levels. In addition, Management did not prepare an annual disposal plan for items declared obsolete.

2.3 Revenue from Rendering of Services

The statement of financial performance reflects rendering of services - fees from students amount of Kshs.23,212,747 as disclosed in Note 7 to the financial statements. However, the revenue was not supported by the schedule of receipts during the year. Further, report on every revenue stream which include; tuition fees, examination, activity and registration fees and reports of revenue received per department were not provided for audit review.

2.4 Staff Training Development and Expenditure

The statement of financial performance reflects the use of goods and services expenses of Kshs.14,229,267 which includes expenditure on training and capacity building of Kshs.819,736 as disclosed in Note 8 to the financial statements. Review of payment voucher amounting to Kshs.435,160 revealed that the payment was made to various staff while attending various trainings. However, the payment was not supported by an approved training plan for the year, a needs assessment report, a back-to-office report, and evidence that the imprest had been surrendered.

2.5 Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.10,261,951 as disclosed in Note 18 to the financial statements. However, the balance was not supported with ageing analysis report on what the balances represent and no justifiable explanation was provided for failure to settle the pending bills. This may adversely affect the budgetary provisions for the subsequent years as they form a first charge.

In the circumstances, the accuracy, regularity and completeness of the respective balances and amounts could not be confirmed.

3. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 14(a) to the financial statements reflects current receivables from exchange transactions balance of Kshs.24,314,595. However, the ageing analysis on Note 14(b) to financial statements indicates that receivables totaling Kshs.7,307,830 had been outstanding for more than

Report of the Auditor-General on Gatundu South Technical and Vocational College for the year Ended 30 June, 2025

one (1) year. Further, the student's debtors listing provided for audit revealed that some of the debts have been outstanding since 2019 and there is no evidence that the debts have been written off. In addition, Management did not provide any evidence or measures taken to pursue debtors with appropriate sensitivity to ensure that amounts receivable by the College are collected and banked.

In the circumstances, the accuracy and full recoverability of current portion of receivables from exchange transactions balance of Kshs.24,314,595 could not be confirmed.

4. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.136,926,472. Review of records provided revealed the following;

- i. The asset register provided by Management was incomplete and not updated.
- ii. The register did not indicate the engine number, chassis number, tag number, year of purchase, accumulated depreciation and the acquisition value of the motor vehicles.
- iii. The register provided lacked key information including the mode of acquisition, category of land, land registry number, certificate number, document of ownership held, size of land, acquisition date, registration date, encumbrances, planning status and the cost of acquisition, net book value and revalued amounts.
- iv. There is no evidence that the assets were tagged.
- v. The asset register revealed that the property, plant and equipment balances included in the financial statements were estimated balances and no valuation had been carried out to determine the value of the assets.
- vi. The property, plant and equipment balance of Kshs.136,926,472 and as disclosed in Note 16 of the financial statements, does not include the value of the land on which the College is established. Further, it was noted that the College had not carried out land valuation and lacked ownership documents.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.136,926,472 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.40,824,384 and Kshs.24,202,991 respectively resulting to an under-funding of Kshs.16,621,393 or 41% of the budget. Similarly, the College spent Kshs.24,362,960 against actual receipts of Kshs.24,202,991 resulting to an under-utilization of Kshs.363,370.

The under-funding 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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources, respectively. Review of the status during audit of the Gatundu South Technical and Vocational College in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2.	2023/2024	Plant, Property and Equipment
3.	2023/2024	Unsupported Inventory Balance
4.	2023/2024	Long Outstanding Receivables from Exchange Transactions
5.	2023/2024	Bad Debts Written Off
6.	2023/2024	Inconsistencies in Board Expenses
7.	2023/2024	Unsupported Recruitment of Employees
8.	2023/2024	Budgetary Controls and Performance
9.	2023/2024	Irregular Procurement of Advertising Materials
10.	2023/2024	Long Outstanding Trade and Other Payables

Other Information

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

In connection with my audit of the Gatundu South Technical and Vocational College financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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. Contract Expired Without Renewal

Examination of records revealed that the Institution paid Kshs.1,500,000 to a local company. However, review of the supporting documentation indicated that the contract agreement between the College and the vendor had expired. The contract commenced on 13 January, 2022 and ended 30 June, 2022 yet services continued to be provided without renewal or execution of a new agreement as required by procurement law.

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

2. Non-Compliance with the Data Protection Act

Following the review of the Institution compliance with data protection act, the following anomalies were noted;

Report of the Auditor-General on Gatundu South Technical and Vocational College for the year Ended 30 June, 2025

- i. The Institution was not registered with the Office of Data Protection as a Data Processor and Data Controller.
- ii. The Institution did not have a Data Protection Policy and a Privacy Notice that is available to the public.
- iii. The Institution did not have technical and organizational security measures taken to ensure the integrity and confidentiality of the personal data.
- iv. The Institution did not have a data protection officer.
- v. The Institution did not have contracts with data processors that contain data protection clauses or data processing agreements.
- vi. The Institution did not have a data subject complaint handling mechanism.

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

3. Irregularities in Human Resources Management and Unprocedural Recruitment

The College engaged interns during the year under review without following transparent and due process as required by human resources management policy and guidelines as analysed below;

- i. The recruitment plan was not provided for audit review.
- ii. The recruitment process could not be confirmed since it was not supported with advertisement made, list of applicants, shortlisted applicants and appointment letters.
- iii. It was established that the College did not have an approved standard rate for paying interns. The rate of stipend varied from one intern to another.
- iv. Management did not confirm staff after the lapse of the probation period of six (6) months, therefore failing to comply with its own guidelines.

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

4. Non – Compliance with the Public Procurement Capacity Building Levy Order

Management did not provide evidence to confirm that the College Management complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

5. Irregularities in Procurement of Tuition Materials

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects an amount of Kshs.14,229,267 in respect of use of goods and services. Included in the amount is Kshs.2,145,573 incurred on tuition materials. However, the following anomalies were noted;

- i. The payments were not supported with requisite procurement documents which include, the quotations, tender opening register, tender evaluation committee reports, letters appointing both opening and evaluation committee. Further, evidence of regret letters sent to the unsuccessful bidders and notification of award were not provided for audit verification.
- ii. Management did not use Standard Request for Quotations (SRFQ) documents as required under Section 57(1) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to use standard procurement and asset disposal documents issued by the Authority in all procurement and asset disposal proceedings.
- iii. The inspections and acceptance committees were not appointed to inspect, review, accept or reject services to ensure compliance with the terms and specifications. This was contrary to Section 35(6) of the Public Procurement and Asset Disposal Act, 2015.
- iv. None of the tender opening member initialized on each page of the tender opening minutes as required by Sec 78(11) of the procurement act.
- v. Committee Members did not have an executed confidentiality declaration form as prescribed by Section 67(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 65 of the Public Procurement and Asset Disposal Regulations.
- vi. Review of sampled payment vouchers amounting to Kshs.169,650 revealed that the expenditure was incurred through cash sales/direct procurement contrary to the procurement law.

In the circumstances, the validity and propriety of Kshs.2,145,573 incurred on tuition materials could not be confirmed and Management was in breach of law.

6.Unsupported Repairs and Maintenance

The statement of financial performance reflects an amount of Kshs.579,435 in respect to repairs and maintenance as disclosed in Note 12 to the financial statements. Included in the amount are sampled payments amounting Kshs.105,560 paid to technicians for, labor and casual services, transport allowances.

However, the following anomalies were observed;

Report of the Auditor-General on Gatundu South Technical and Vocational College for the year Ended 30 June, 2025

- i. Some payments lacked requisition and various supporting documentation under repairs and maintenance.
- ii. There was no clarity on the methodology, criteria, and rate used by Management to determine the amount paid for the services offered and the repairs done.
- iii. The payment vouchers provided for audit were not supported with requisite procurement documents which include, the advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders, acceptance and notification of award, bidding documents and professional opinion.
- iv. Management did not use Standard Request for Quotations (SRFQ) documents as required under Section 57(1) of the Public Procurement and Asset Disposal Act, 2015.
- v. The inspections and acceptance committees were not appointed to inspect, review, accept or reject services to ensure compliance with the terms and specifications.

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

Basis for Conclusion

1. Lack of Disaster Recovery Plan and Risk Management Policy

Review of the College's ICT environment revealed that there was no IT Disaster Recovery Plan in place as at 30 June, 2025 that would reduce impact on operations in case of outage or disruption to ICT systems. Further, the College may not recover or restore critical infrastructure services and systems which may affect all operations that rely on

Report of the Auditor-General on Gatundu South Technical and Vocational College for the year Ended 30 June, 2025

the ICT systems. In addition, the College does not have a risk management policy in place.

In the circumstances, the effectiveness of internal controls put in place in management of the ICT environment could not be confirmed.

2. Lack of Qualification in Audit Committee and Internal Audit Function

Review of Board Committee members revealed that members of the audit and risk management committee lacked qualification in finances and membership in a professional body in good standings as provided in the Mwongozo. Further, review of staff payroll revealed lack of internal audit department or personnel contrary to Section 73 paragraph 1 and 2 of the Public Finance Management Act, 2012.

In the circumstances, the effectiveness of internal controls, governance and risk management could not be confirmed.

3. Lack of Annual Governance Audit and Performance Evaluation

Review of Board activities revealed no evidence of the Board having undertaken an annual governance audit during the year under review. The Board did not conduct self-evaluation of its performance on an annual basis as required by Mwongozo and the Board Charter that requires the Board of directors to carry out annual performance evaluation and file a report with the Parent Ministry and the State Corporations Advisory Committee.

In the circumstances, the effectiveness of the Board independence and governance, consistent shareholder engagement to promote transparency and disclosure could not be confirmed.

4. Weakness in Leave Management

During the audit of human resource management for the financial year under review, it was noted that the Institution does not maintain an updated and accurate leave register. Several staff files lacked approved leave application forms and in some instances, staff proceeded on leave without documented balance leave days. Additionally, there were inconsistencies between the Human Resource leave records and departmental attendance registers.

In the circumstances, the effectiveness of internal controls on staff management could not be confirmed.

5. Weakness in Payroll Management

The College maintained a manual payroll. Review and analysis of the payroll revealed that, the payroll was prepared and maintained by the finance department which also processes the payment without evidence of independent check by the by head of human resources department. Further, all employees' details such as KRA PIN, identity number,

employee unique identification number and accounts number were not included in the manual payroll.

In the circumstances, lack of a human resource department and existence of a manual payroll is prone to manipulations and irregularities.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund'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 also 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

16 December, 2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

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

Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	8,018,620	8,509,321
		8,018,620	8,509,321
Revenue from Exchange transactions			
Rendering of services- fees from students	7	23,212,747	28,931,429
Revenue from Exchange transactions		23,212,747	28,931,429
Total Revenue		31,231,368	37,440,750
Expenses			
Use of goods and services	8	14,229,267	18,833,074
Employee costs	9	7,982,704	5,435,988
Board Expenses	10	1,050,115	1,044,000
Depreciation and amortization expense	11	11,814,821	12,737,201
Repairs and maintenance	12	579,435	593,275
Total Expenses		35,656,341	38,643,538
Net surplus/(deficit) for the year		(4,424,974)	(1,202,788)

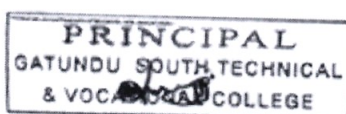
(The notes set out on pages 6 to 58 form an integral part of the Annual Financial Statements).

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



Chairman of Board

Date 30/08/2025



Principal

Date 29/08/2025



Finance Officer

ICPAK No 16471

Date 28/08/2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

13. Report of the Auditor General Gatundu South Technical and Vocational College

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position As At 30th June 2025

Description	Notes	2024/2025	2023/2024 (Restated)
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	363,370	523,339
Current portion of receivables from exchange transactions	14(a)	24,314,595	16,539,724
Receivables from non-exchange transactions	14 (c)	-	499,828
Inventories	15	1,790,823	1,700,692
Total Current Assets		26,468,788	19,263,583
Non-Current Assets			
Property, plant, and equipment	16	136,926,472	144,002,902
Intangible assets	17	1,250,000	1,250,000
Total Non-Current Assets		138,176,472	145,252,902
Total Assets		164,645,260	164,516,485
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	10,261,951	5,601,065
Refundable deposits from customers	19	377,361	484,497
Total Current Liabilities		10,639,312	6,085,562
Total Liabilities		10,639,312	6,085,562
Net Assets		154,005,948	158,430,923
Represented By:			
Accumulated Surplus		(45,738,021)	(41,313,047)
Capital Fund		199,743,970	199,743,970
Net Assets		154,005,949	158,430,923

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



Chairman of the Board

Date 30/08/2025



Principal

Date 29/08/2025



Finance Officer

ICPAK No 16471

Date 29/08/2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	(26,057,948)	185,691,659	159,633,711
Surplus/(deficit) for the year	(1,202,788)	-	(1,202,788)
Transfer of depreciation/amortisation from the capital fund to Retained earnings	12,737,201	(12,737,201)	-
At June 30, 2024	(14,523,535)	172,954,458	158,430,923
At July 1, 2024	(14,523,535)	172,954,458	158,430,923
Prior Period Adjustment:	(26,789,512)	26,789,512	-
Adjustment: Reversal of misclassification relating to depreciation-equivalent charges			
Restated Opening Balance as at 1 July 2024	(41,313,047)	199,743,970	158,430,923
Surplus/(deficit) for the year	(4,424,974)	-	(4,424,974)
At June 30, 2025	(45,738,021)	199,743,970	154,005,949

Note

The adjustment relates to a prior-period classification error where depreciation-equivalent charges for FY 2022/2023 (14,052,311) and FY 2023/2024 (12,737,201) had been transferred from the Capital Fund to Accumulated Surplus. Retrospective restatement of FY 2022/2023 comparatives was assessed as impracticable because the financial statements were already audited.

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

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

		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		8,518,448	8,509,493
Rendering of services- fees from students		15,684,544	18,874,509
Total Receipts		24,202,991	27,384,002
Payments			
Use of goods and services		12,994,307	17,347,284
Employee costs		7,282,651	5,819,556
Board Expenses		898,800	1,044,000
Repairs and maintenance		406,822	399,165
Cabros Production Costs			611,050
Total Payments		21,582,580	25,221,055
Net Cash Flows from Operating Activities		2,620,412	2,162,947
Cash flows from investing activities			
Purchase of property, plant, equipment, and intangible assets		(2,780,380)	(2,688,014)
Net cash flows used in investing activities		(2,780,380)	(2,688,014)
Net Increase/(Decrease) in Cash and Cash Equivalents		(159,968)	(525,066)
Cash and Cash equivalents at 1 JULY	13	523,339	1,048,405
Cash and Cash equivalents at 30 JUNE	13	363,370	523,339

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

Description	Original Budget	Actual	Actual	Actual	Actual	
	Ksh	Ksh	Ksh	Ksh	%	
Budget carryovers from the previous year		-	523,339	-	-	
Receipts						
Transfers from other National Government entities	9,183,349	9,183,349	8,518,448	664,901	93%	
Rendering of services- fees from students	24,777,429	24,777,429	15,684,544	9,092,885	63%	a
Sales of Goods & Services	6,863,606	6,863,606	-	6,863,606	0%	b
Total Receipts	40,824,384	40,824,384	24,202,991	(16,621,393)	59%	
Payments						
Use of goods and services	18,605,871	18,605,871	12,994,307	5,611,564	70%	c
Employee costs	7,420,646	7,420,646	7,282,651	137,996	98%	
Board Expenses	2,714,000	2,714,000	898,800	1,815,200	33%	d
Repairs and maintenance	474,138	474,138	406,822	67,316	86%	
Total Expenditure Payments	29,214,655	29,214,655	21,582,580	7,632,075	74%	
Capital Expenditure Payments	11,618,730	11,618,730	2,780,380	(8,838,350)	24%	e
Surplus	-	-	363,370	-		

Budget notes

- Kes 2,921,317 Student Helb disbursements for the FY were not disbursed. Kes 4,110,311 from government scholarship grants for both first-time and subsequent applicants was not disbursed, constituting 28% of the budgeted collections
- An MoU with the county government of Kiambu to partner in the Laying/Paving of Gatundu Town with Cabros in the Smart City program was deliberated upon but not actualized.
- Underperformance in revenue collections in a and b above affected the realization of budgeted activities
- Budgeted board retreat was deferred to the next budgeting cycle in line with revenue collection shortfall under a & b
- 27.3% of the budgeted development expenditure amounting to Kes. 3,175,095 was carried out on credit with 38% being deferred to the next budgeting cycle.

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an Entity. The new standard requires entities to recognise, measure, and present information on right-of-use assets and lease liabilities. GSTVC has not right of use assets or lease liabilities
IPSAS 44: Non- Current Assets	<i>Applicable 1st January 2025</i> The Standard requires,

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

<p>Held for Sale and Discontinued ; Operations</p>	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position, and the results of discontinued operations to be presented separately in the statement of financial performance. GSTVC has no assets meeting these criteria.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. GSTVC has not recognized any heritage assets in the books.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an 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>IPSAS 48: Transfer Expenses ;</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. GSTVC is yet to roll out the Retirement Benefit</p>

Early adoption of standards

GSTVC 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

GSTVC 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 GSTVC

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on **July 5th 2024**. **No** Subsequent revisions or additional appropriations were made to the approved budget. GSTVC 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

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

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

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment 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.

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

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

GSTVC 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

GSTVC 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. GSTVC does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Institute'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, GSTVC 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

GSTVC classifies 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 management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an 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

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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.

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

Inventories (Continued)

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

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

m) Nature and purpose of reserves

GSTVC does not maintain reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. 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

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

s) Service concession arrangements

GSTVC analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, GSTVC recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide 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, GSTVC 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 Kenya Commercial Bank 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.

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

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, 2025

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of GSTVC 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. GSTVC based 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 GSTVC. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised, and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from other National Government entities

Description		
Unconditional Grants		
Capitation Grants	6,451,350	4,849,925
Operational Grant	499,828	1,999,828
Scholarship Grants	1,067,443	1,659,568
Total Government Grants and Subsidies	8,018,620	8,509,321

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

(a) Transfers from other Government entities (Categorized)

	Recognized in Statement of Financial Performance	Deferred under Related Items	Recognized in Capital Fund	Income during the year	Balance at the end of the year
State Department of Technical, Vocational Education and Training	8,518,448	-	-	8,018,620	8,509,321
Total	8,518,448	-	-	8,018,620	8,509,321

The details of the reconciliation have been included under the appendix III

7. Rendering of Services

Tuition Fees	7,800,380	12,059,132
Personal Emoluments	5,027,277	5,270,606
Activity Fees	1,674,675	1,609,961
Electricity, Water & Conservancy	1,504,463	1,469,851
Local Transport and Travel	1,473,753	1,622,501
Material Fee	1,201,220	679,740
Repairs, Maintenance, and Improvement	1,152,432	1,016,358
Industrial Attachment and Insurance	926,167	1,234,100
Exam Fees	1,716,950	1,629,600
Student Id	69,500	96,600
Student Council Fees	350,580	310,650
Centre Fees	33,350	-
Registration Fees	-	401,600
Administrative fees	-	865,130
Internet fees	-	322,400
TVET CDACC Fees	282,000	343,200
Total Revenue from The Rendering of Services	23,212,747	28,931,429

Gatundu South TVC**Annual Report and Financial Statements for the year ended 30th June 2025****8. Use of Goods and Services**

Tuition Materials	2,145,573	3,059,004
Travelling & Subsistence	1,660,200	1,708,590
Administrative Expenses	857,525	1,776,993
Bad Debts Written Off	-	1,140,360
Advertising	685,560	811,000
Cleaning Services	140,810	171,970
Electricity & Water Expenses	354,776	305,161
Examination Expenses	2,151,990	2,653,580
Internet & Website	292,036	267,609
Office Expenses	429,095	382,086
Outsourced Services	225,000	170,000
Performance Contract Implementation	267,450	432,225
Printing & Stationery	731,776	970,566
Registration & Subscriptions	440,604	517,750
Research, Development & Innovations	108,500	327,700
Security Expenses	724,000	724,000
Sports & Games	1,330,957	1,406,859
Student Insurance & Attachments	324,348	366,780
Training & Capacity Building	819,736	1,383,642
Telephone Postage & Airtime	128,308	60,734
Student Affairs Expenses	322,270	87,825
Student Ids	59,400	84,400
Bank & M-Pesa Charges	29,352	24,240
Total Use of Goods & Services	14,229,267	18,833,074

9. Employee Costs

Salaries and wages	7,982,704	5,435,988
Employee Costs	7,982,704	5,435,988

10. Board Expenses

Board Members Emoluments	1,050,115	1,044,000
Other Board Expenses	44,790	-
Total	1,050,115	1,044,000

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

11. Depreciation and Amortization expense

Property, plant and equipment	11,814,821	12,737,201
Total depreciation and amortization	11,814,821	12,737,201

12. Repairs and Maintenance

Property	579,435	593,275
Total Repairs and Maintenance	579,435	593,275

13. Cash and Cash Equivalents

Current Account	363,202	517,004
Cash on Hand	168	6,335
Total Cash and Cash Equivalents	363,370	523,339

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

a) Current Account			
Kenya Commercial Bank	1257918135	363,202	517,004
Cash in Hand		168	6,335
Grand Total		363,370	523,339

14. Receivables from Exchange transactions

14 (a) Current Receivables from Exchange transactions

Current Receivables		
Student Debtors	24,291,095	16,490,824
Advance Payments	23,500	23,500
Imprest Debtors	-	25,400
Less: Impairment Allowance	-	-
Total Current Receivables	24,314,595	16,539,724

14 (b) Ageing Analysis of Receivables from Exchange transactions

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	17,006,765	70%	14,303,305	87%
Between 1- 2 years	6,125,057	25%	2,197,611	13%
Between 2-3 years	789,060	3%	-	-
Over 3 years	393,713	2%	-	-
Total	24,314,595	100%	16,500,916	100%

14 (c) Receivables from Non-Exchange transactions

Description	2024/2025	2023/2024
Current Receivables		
Operational Grants	-	499,828
Total Current Receivables	-	499,828

15. Inventories

Description	2024/2025	2023/2024
Consumable stores	1,593,902	1,089,142
Income Generating Activity Stores	196,921	611,550
Less: Impairment allowance		
Total Inventories at lower of Cost and Net Realizable Value	1,790,823	1,700,692

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	1,700,692	817,574
Additional Inventory in the year	3,472,109	4,029,570
Inventory expensed in the year	3,381,978	3,146,452
Write-downs in the year	-	-
Closing balance	1,790,823	1,700,692

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

16. Property, Plant and Equipment

Depreciation Rate	2%	12.5%	30%	12.5%		
At 1 July 2023	66,652,959	3,076,950	803,882	132,978,621		203,512,412
Additions	826,130	586,300	394,349	481,235		2,288,014
At 30th June 2024	67,479,089	3,663,250	1,198,231	133,459,856		205,800,426
Additions	-	2,518,332	324,396	1,185,992	709,671	4,738,391
At 30th June 2025	67,479,089	6,181,582	1,522,627	134,645,848	709,671	210,538,816
Depreciation And Impairment						
At 1 Jun 2023	4,810,399	847,664	248,565	43,153,696	-	49,060,323
Depreciation	1,536,793	290,039	159,120	10,751,248		12,737,201
At 30 Jun 2024	6,347,192	1,137,703	407,685	53,904,944	-	61,797,523
Depreciation	1,514,029	446,513	274,470	9,579,809	-	11,814,821
At 30th Jun 2025	7,861,221	1,584,215	682,155	63,484,753	-	73,612,345
Net Book Values						
At 30th Jun 2024	61,131,897	2,525,547	790,546	79,554,912	-	144,002,903
At 30th Jun 2025	59,617,868	4,597,367	840,472	71,161,095	709,671	136,926,472

a.) *The college land is currently registered under the Kiambu County Government. The college is in the process of finalizing the Transfer of the land it currently occupies. The value of the land has not been included.*

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

Notes to the Financial Statements (Continued)

Valuation

The assets have not been revalued. These amounts adopted in the financial statements represent the cost less accumulated depreciation.

17. Intangible Assets

Description		
Cost		
At beginning of the year	1,250,000	850,000
Additions	-	400,000
At end of the year	1,250,000	1,250,000
NBV	1,250,000	1,250,000

18. Trade and Other Payables

Description				
Trade payables	5,969,932		2,898,570	
Payroll Accruals	751,960		46,733	
Other Accrued Expenses	487,200		-	
Fees Paid in Advance	1,821,949		1,538,102	
Accrued Board Expenses	113,250		-	
Mentoring Institution Balance	1,117,660		1,117,660	
Total Trade and Other Payables	10,261,951		5,601,065	
	2024/2025	% of the Total	2023/2024	% of the Total
Ageing analysis:				
Under one year	9,020,621	85.30%	3,590,982	64%
1-2 years	123,670	1.50%	675,953	12%
2-3 years	-	-	216,470	4%
Over 3 years	1,117,660	13.20%	1,117,660	20%
Total	10,261,951	100%	5,601,065	100%

19. Refundable Deposits from Customers/Students

Description		
Consumer deposits	-	-
Caution money	280,870	280,870
Other refundable deposits	96,491	203,627
Total Deposits	377,361	484,497

Gatundu South TVC**Annual Report and Financial Statements for the year ended 30th June 2025**

	Current FY	% of the Total	Comparative FY	% of the Total
Ageing analysis:				
Under one year	69,615	18.5%	203,627	42%
1-2 years	26,876	7.1%	120,500	25%
2-3 years	120,500	31.9%	99,370	21%
Over 3 years	160,370	42.5%	61,000	13%
Total (to tie to totals deposits above)	377,361	100%	484,497	100%

20. Financial Risk Management

GSTVC's activities expose it to a variety of financial risks, including credit and liquidity risks. The Institute'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 Institute does not hedge any risks and has in place policies to ensure that credit is only extended to trainees with an established credit history.

The financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

At 30 June 2024				
Receivables from exchange transactions	16,588,624	14,391,013	2,197,611	-
Receivables from non-exchange transactions	499,828	499,828	-	-
Bank balances	517,004			
Total	17,605,456	14,890,841	2,197,611	-

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

Description	Total amount Kshs	Fully performing Kshs	Partly performing Kshs	Impaired Kshs
At 30 June 2025				
Receivables from exchange transactions	24,314,595	17,006,765	7,284,330	-
Receivables from non-exchange transactions	-	-	--	-
Bank balances	363,370	--	--	-
Total	24,677,965	17,006,765	7,284,330	-

Trainees 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 institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

GSTVC has a significant concentration of credit risk on amounts due from trainees admitted in the 2024 academic year who had applied for a government scholarship under the New Funding Model.

The board of governors sets the Institute'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 Board, which has built an appropriate liquidity risk management framework for the management of the short, medium, and long-term funding and liquidity management requirements. The Institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2024				
Trade Payables	988,549	791,930	3,773,853	5,554,332
Accrued Expenses	-	-	-	-
Fees Paid in Advance	-	-	-	-
Mentoring Institution			-	-
Employee Benefit Obligation	46,733	-	-	46,738
Total	1,035,282	791,930	3,773,853	5,601,070

Gatundu South TVC**Annual Report and Financial Statements for the year ended 30th June 2025**

At 30 June 2025				
Trade Payables	1,737,639	637,926	3,594,367	5,969,932
Accrued Expenses	113,250	487,200	-	600,450
Fees Paid in Advance			1,821,949	1,821,949
Mentoring Institution	-	-	1,117,660	1,117,660
Employee Benefit Obligation	751,960	-		751,960
Total	2,602,849	1,125,126	6,533,976	10,261,951

(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 no transactional currency exposures. **Foreign currency sensitivity analysis**

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

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. GSTVC has low exposure to interest rate risk.

iv) Capital Risk Management

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

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Description	2024/2025	2023/2024
	Kshs	
Retained Earnings	(7,133,688)	(14,523,535)
Capital Reserve	161,139,637	172,954,458
Total Funds	154,005,949	158,430,923

21. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) Key management;
- iv) Board of Governors;
- v) Utility Companies

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

Description	2024/2025	2023/2024
	Kshs	
Transactions with Related Parties		
A) Purchases from related parties		
Purchases of electricity from KPLC	303,411	273,166
Purchase of water from govt service providers	51,365	31,995
Examination Fees paid to KNEC, CDACC & NITA	2,151,990	3,199,530
Total	2,506,766	3,504,691
a) Grants /Transfers from the Government		
Grants from National Govt	8,518,448	8,509,493
b) Key Management Compensation		
Directors' emoluments	1,050,115	1,044,000
Compensation to Key Management	7,982,704	5,435,988
Total	9,032,819	6,479,988

Gatundu South TVC

Annual Report and Financial Statements for the year ended 30th June 2025

22. Events After The Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

**Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025**

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
2.1	Non-inclusion in the PPE and non-valuation of college land	The land is registered under the Kiambu County government. Management is the process of finalizing title acquisition with the PDP having been issued by the county, and we are awaiting allocation and titling. As disclosed under Note 17, the value of land has not been included in the PPE. Upon receiving the title, the management shall value the land and carry it in the PPE schedule. The process is now with the National Land Commission (NLC).	Not Resolved	30 th June 2026
2.3	Lack of land ownership documents			
2.2	Incomplete fixed Asset Register	The management will update the asset register in the quarterly submissions to the National Treasury in the Qtr. 4 submissions.	Resolved	NA
4	Long outstanding receivables from Exchange transactions	<ol style="list-style-type: none"> Adoption of the new funding model -The increase in student debt has been exacerbated by the adoption of the new funding model from September 2023. Under the model government is supposed to provide scholarship grants to trainees as per their level of need. In FY 2023/2024 the scholarship portion for the January and May 2024 intakes was not disbursed. Further Kes. 1,067,443 in scholarship grants for 31 trainees from the September 2023 intake had not been disbursed as at 30 June 2024. Disbursement was made in the first quarter of 2024/2025. Changes in fees invoicing from the previous financial years- Under the old capitation model trainees were invoiced Kes. 26,420 with the balance of Kes. 30,000 being met by government through capitation grants. 	Not Resolved	Ongoing

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Reference No. on the Audit Report				
		<p>Partial/Non-remittance of capitation grants would result in non-recovery of full fees from rendering of services impacting service delivery. With no unenforceability mechanism against the government the unrecovered revenue would be lost. To address this non-recovery, full fees of Kes.56,420 would be credited to trainees account and debited with capitation grants disbursement. In case of non-remittance, trainees would bear the cost of such non-remittance.</p> <p>3. Increased Revenue- The percentage increase in trainees' debt 56.7% is comparable to percentage increase in revenues from non-exchange transactions 56.9% which would indicate proportionate increase.</p> <p>4. Aging of trainee debts as per the receivables aging analysis would indicate an improvement from 56% to 86.7% of debts within one year.</p> <p>5. As per the finance policy the board approved bad debt write off for debts arising from non-remittance of capitation grants whose recovery was doubtful and exam debts wrongly invoiced to trainees who had not sat for the exam. Further, management is developing an IGA policy to guide on engaging trainees with huge debts in incoming generating Activities.</p> <p>6. Stakeholders Engagement- Management has applied for financial assistance for needy cases to the area MP. Hon. Kagombe through upskilling program of Gatundu South NG-CDF. We have also engaged our area County Woman Rep. Hon. Ann Muratha to sponsor vulnerable cases through the Kiambu County NGAAF. As at 30th June 2024, Kes 2,040,000 for 30 trainees sponsored under NGAAF had not been disbursed.</p>		
5	Non-informing and non-approval of bad debt write off by the	All internal procedures as guided in the finance policy manual were adhered to in identifying specific debts to be written off, and all approval mechanisms followed. The amount limited set under the Public Finance Management Act 2012 and	Not Resolved	31 st Dec 2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	parent Ministry and the National Treasury	regulations thereof were adhered to. The management will write to the Ministry of Education to seek concurrence on the same.		
6	Inconsistencies in Board Chair allowances	<ol style="list-style-type: none"> 1. The chair of the board was remunerated at a negotiated lower rate on different occasion where he was engaged for short time interval other than the normal sitting 2. The MoU was deliberated upon but is awaiting signing by the parties involved and was thus not available during the audit review 	Not Resolved	30 June 2026
7	Unsupported Recruitment of Employees	The management will carry out performance appraisals before renewing employee contracts	Resolved	NA
2	Long Outstanding Trade & other Payables	We negotiated a 90-day credit term with most of the suppliers and 30 days for priority services providers. As at 30 th June 2024, these terms have been adhered to. Analysis of the trade payables indicates Kes 1,538,102 representing fees advances to be applied in subsequent student sessions and Kes. 1,117,660 being balance carried forward as a soft loan from the mentoring institution. The management further asserts full compliance of the law where outstanding bills from 2022/2023 were fully settled as first charge.	Resolved	NA

PRINCIPAL
GATUNDU SOUTH TECHNICAL
& VOCATIONAL COLLEGE

Muturi P Ndiba
Accounting Officer
Date 29th August 2025

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

Appendix II: Projects Implemented by GSTVC
Projects

There were no projects implemented by GSTVC funded by development partners.

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity...State Department for Technical Vocational Education Training

Name of beneficiary entity...Gatundu South Technical and Vocational College

Confirmation of amounts received by Gatundu South Technical and Vocational College as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
MOE/DTE/CAP9/38(18)	7/15/2024	499,828		499,828	Receivable from FY 2023/2024
MOE/DTE/SCHO/VOL.1(34)	9/20/2024	255,146		255,146	Scholarship Grants
MOE/DTE/SCHO/VOL.1(35)	9/20/2024	140,924		140,924	Scholarship Grants
MOE/DTE/SCHO/VOL.1(36)	9/20/2024	335,773		335,773	Scholarship Grants
MOE/DTE/SCHO/VOL.1(14)	9/23/2024	107,330		107,330	Scholarship Grants
MOE/DTE/SCHO/VOL.I(36)	9/24/2024	228,270		228,270	Scholarship Grants
CAP QTR1 2023.24	9/24/2024	1,290,925		1,290,925	Qtr. 1 Capitation Grants
MOE/DTE/OPR/VOL(18)	10/2/2024	499,828		499,828	Qtr. 1 Operational

Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025

					Grants
CAP 2024/25	2/14/2025	5,160,425		5,160,425	Capitation Grants
Total		8,518,449		8,518,449	

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

Head of Accounts Department – State Department of Technical Vocational Education Training

Name Sign Date

Head of Accounts Department – Gatundu South Technical Vocational College

Name Paul Ngotho Nyawira..... Sign  Date.....30/08/2025

**Gatundu South TVC
Annual Report and Financial Statements for the year ended 30th June 2025**

Appendix IV: Reporting of Climate Relevant Expenditures

				Q1	Q2	Q3	Q4		
Market Clean-up	Gatundu South Sub-County Markets Clean-up	To participate in the Gatundu South Sub-County Markets Clean-up	Collecting litter in Gatundu Town		10,600	12,800	11,650	Internally Generated	Gatundu South Sub-County Director
TVET Greening Program	Tree planting in line with the presidential directive	Compliance with Presidential Directive on greening	Tree planting to reforest nearby forest area				31,700	Internally Generated	N/A

Appendix V: Reporting on Disaster Management Expenditure

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

