


REPUBLIC OF KENYA



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2026	DAY: wed
TABLED BY:	Hon. Samuel Chelimo
CLERK AT THE TABLE:	Mabel Adabo

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THE AUDITOR-GENERAL

ON

**KITUTU CHACHE TECHNICAL AND
VOCATIONAL COLLEGE**

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



KITUTU CHACHE 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)

Kitutu Chache Technical and Vocational College

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

(This list is an indication of the common acronyms and abbreviations; Entity to insert all the relevant acronyms and key terms used in the annual report and financial statements)

2. Key Entity Information and Management

(a) Background information

Kitutu Chache Technical and Vocational College was established under the TVET Act 2013 and commenced its operations on 15/07/2023. The Institution is domiciled in Kiamwasi approximately 1 kilometre from Kisii Town the institution is under the Ministry of Education.

(b) Principal Activities

CORE VALUE

Kitutu Chache Technical and Vocational College is committed to and will be identified by the following core values:

- Relevance;
- Excellence;
- Equity;
- Quality;
- Integrity

VISION

To be a Centre of Excellence in Research and Skills Training Commensurate with Industry and Community Demands.

MISSION

To promote skill training in Technical and Vocational Education Training (TVET), Research, Science, Technology and Innovation Commensurate with Industry and Community Demands.

(c) Key Management

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

- 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:

SN.	Designation	Name
1.	Principal	Kennedy Anyona
2.	Deputy principal	Samuel Sagwe
3	Registrar (s)	Vincent Obare
4	Dean of students	Elmelda Kemunto Moranga
5	Head of Finance	Margaret Rwara

e) Fiduciary Oversight Arrangements

Committee member

- Administration Finance and Infrastructure
- Audit, Risk and Compliance (ARC) Committee
- Education, Research and Training committee

The council/Board of Governors

The college doesn't have a board currently

- f) **Entity Headquarters**
P.O. Box 1809
Kisii
Kisii-Kisumu highway
KENYA
- g) **Entity Contacts**
Telephone-0774703453
E-mail: kitutuchachetvc@gmail.com
Website: www.kitutuchachetvc.go.ke
- h) **Entity Bankers**
Cooperative Bank
Kisii
Kisii Kisumu highway
- 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

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3.The Council/Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
<i>1.</i>	<i>The college doesn't have the Board</i>	

4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <i>Samwel Geke Sagwe</i>	<i>Principal</i>
2.	 <i>Vincent Obare</i>	<i>Registrar</i>

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3.	 <p><i>Elmelda Moranga</i></p>	<p><i>Dean of student</i></p>
4	 <p><i>Margaret Rwara</i></p>	<p><i>Finance officer</i></p>

5. Report of the Principal

Introduction.

Presented here is the yearly report and financial statements of Kitutu Chache Technical and Vocational College for the financial year ended 30 June 2025 as required by the public finance management act 2012.

Kitutu Chache Technical and Vocational College's performance during the year under review is impressive despite few challenges faced in its maiden year. The government capitation still remains as the institute's main source of income.

The college has continued with its core business of disseminating knowledge through, training and innovation. The current trainee population has increased to 240 trainees and is expected to increase further by the end of the next financial year.

Development partner's project

Currently there is no major on-going development project since the college on work on progress and not yet complete.

Operational results.

Financial resources has been a big challenge in the just ended year.

We hope to fence and secure the college compound as well as work towards getting water tanks to supply enough water in the college, we are also working in conjunction with CDF and other donors to improve infrastructure. Hopefully this will be witnessed in the next Financial year.

Conclusion

On behalf of Kitutu Chache Technical and Vocational College management and staff, I wish to take this opportunity to thank the government of Kenya, our development partners and all stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the college board of governors to help provide policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of the college.

Thank you

KENNEDY ANYONA

The principal.

6. Statement of Performance against Predetermined Objectives

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

Being the second year of operation Kitutu Chache Technical and Vocational College will develop its annual work plan based on the performance against its annual work plan will be done on quarterly basis.

7. Corporate Governance Statement

The board has not yet been constituted

Risk Management and Internal Controls.

s. The risk management policies are established to identify and analyse the risk faced by the institution and to set appropriate risk limits and controls and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently the institution identifies and manages risk through in-house risk review enhanced by compliance by internal and external audits. The institution has in place a system of internal control systems with defined operating procedures, financial and operating controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with IPSAS.

Conflict of Interest

All college members are under a duty to avoid any conflict of interest. This entails not engaging directly or indirectly in any business that competes or conflicts with the institution's business. The Board has established a robust process requiring members to disclose outside business interests that would conflict with institutions interests.

Compliance

The college confirms that it is satisfied that though the institution has inadequate resources it can continue operating for the foreseeable future. For this reason it continues to adopt the going concern basis when preparing the financial statements.

The college is satisfied that the institution as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the laws in particular to;

- . The constitution of Kenya, 2010.
- . TVET Act ,2012.
- . PFM Act ,2012.
- . Procurement and Asset disposal Act 2015.
- . IPSAS Standards.
- . All other relevant laws in its operation (ministry of education circulars).

Kitutu Chache Technical and Vocational College also has internal policies which are yet to be ratified and used in its operations. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are inter alia; financial management policy, procurement policy and academic policy.

8. Management Discussion and Analysis

Introduction

This discussion and analysis provide an overview of the results of activities and financial position of Kitutu Chache Technical and Vocational College. Being the second year of operation, comparative information is available for comparison over the previous year. This overview gives a brief financial statements and the notes that follow.

Financial Highlights

Revenue.

Kitutu Chache TVC's revenue stood at **10,565,450.13**. The students population at the close of financial year stood at 240 trainees.

It is hoped that in FY 2024/2025, income of the institution will increase as a result of successful registration with HELB and KUCCPS.

Expenditure.

Total expenditure stood at **5,042,676**

It should be noted that employee costs stood at **1,016,500** of total costs. This is below the recommended ceiling of 30%.

Use of goods and services stood at **3,739,866** of total expenditure. This comprises basically of expenses incurred to operationalize the college. It is worth noting that due to lack of enough funds, trainees are lacking enough lecture halls. However the college has managed to construct four lecture halls to facilitate smooth learning in the next financial year.

Compliance with statutory Requirements.

The college is operating under legal frameworks necessary under public sector requirement such as;

- . The constitution of Kenya, 2010
- . TVET Act, 2013
- . PFM Act, 2012
- . Procurement and Asset disposal Act, 2015
- . IPSAS standards.
- . All other relevant laws in its operation (regular circulars from treasury and the ministry).

The college has also internal policies to be ratified to be used in its future operations. The Board is to discuss and approve the following policies in the next financial year;

- . Financial Management policy for the ministry
- . Procurement Policy.
- . Risk Analysis policy.
- . Operational Risk policy.

The college has overall responsibility for the oversight of the college risk management framework. The college is developing risk management policies to identify and analyse the risk faced by the college, set appropriate risk limits and controls and monitor risk and adherence to limits. These risk management policies and systems will be reviewed regularly to reflect the changes in economic conditions and the college activities.

The principal will then oversee how management monitors compliance with the college risk management policies and procedures review the adequacy of the risk management frame work in relation to the risk faced by the college. The college can also be exposed to the following risks in the future;

Liquidity risk.

This is the risk that the college will not meet its financial obligations as they fall due. There is therefore need to increase the number of trainees to cover the fixed costs. The college's approach to manage liquidity is to ensure as far as possible, that there is always sufficient cash to meet liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage the college reputation.

Credit risk.

Credit risk is the risk of financial loss to the college if a customer or counter party to a financial instrument fails to meet its current obligations. The receipt of fees from student minimizes the credit risk exposure. The college will in the future implement fees payment policy which will define how and when fees are supposed to be paid thus minimizing the credit risk exposure.

9. Environmental And Sustainability Reporting Statement

Kitutu Chache Technical and Vocational College exists to transform lives. This is our main purpose; the driving force behind everything we do. This is what guides us to deliver our strategy of putting the customer first, delivering relevant goods and services and improve operational excellence.

Environmental performance

The college's approach to sustainability is based on the college mission to develop highly qualified human resources by providing quality education, applied research and practicability in partnership with industry players.

The institution recognises the importance of sustainable growth and has initiated programmes to generate income to cushion its operations. It is also establishing policies and programmes that are needed to promote sustainable development especially at local and regional level. The college will also sign an MOU with at least two industry players to among others enhance its capability to generate income in collaboration with industry.

Sustainability is also incorporated into student learning through both curricular and co-curricular programs by introducing practicability into the programmes as well as incorporating on job practical training. Programmes have also been planned at increasing the capacity and capability of the trainers through development workshops and trainings.

Environmental performance

Kitutu Chache Technical and Vocational College strives to be a responsible business representing the higher standards of ethics and professionalism. We have reviewed the global best practise guidelines and standards including IPSAS, in order to help inform relevant policy areas. It is therefore important that **Kitutu Chache** Technical and Vocational College is aware of current environmental issues and informs, educates and stand with the local community to improve the environment.

Our institution's social responsibilities are defined by both compliance and pro activeness. **Kitutu Chache** Technical and Vocational College, compliance refers to our commitment to upholding all legal requirements, and willing to observe acknowledgement, and respect community values and laws.

- Recognise that privacy is a fundamental right, and we will comply with all laws and expectations. In addition, we will work whenever possible to ensure that we respect the ability for all to manage their personal data.

Kitutu Chache Technical and Vocational College values our natural environment and the need to protect it. Keeping our environment unpolluted and clean is paramount to the success of our communities and business. We will also follow best practices in disposal of garbage, compost, and seek out working facilities that strive to minimize their carbon footprint through National Environmental Management Authority (NEMA) certificate and other environmentally sustainable best practice.

Employee welfare

We recognize the value of human relationships and put people at the heart of our business. We seek to treat all staff fairly and consistently, to create a workplace and business environment that is open, transparent, and trusted. Aligned with this approach, all members of the **Kitutu Chache** Technical and Vocational college are required to conduct their activities in accordance with our codes and policies, as they are implemented and updated from time to time.

Kitutu Chache Technical and Vocational College respect all employees, and strive to make their experience a positive one in all aspects of their relationship with the institution. Our success is closely tied to staff happiness, growth, development, and teamwork, and we work to assess, measure and support the personal and professional growth of our employees at all times, recognize that the success of **Kitutu Chache** Technical and Vocational College is led first by the success and happiness of our people.

We require our staff to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights.

As an institution, we will also ensure that we do not risk the health and safety of our employees and community, we avoid harming the lives or safety of local and indigenous people, and we respect the basic human rights all people, involved in our business. **Kitutu Chache** Technical and Vocational College is dedicated to protecting human rights. We practice and commit to equal opportunity and will always abide by fair labour practices.

Additionally, **Kitutu Chache** Technical and Vocational College will ensure that our activities do not directly or indirectly violate human rights in any way.

Market place practices

Diversity and inclusion are deeply ingrained in all aspects of our mission. There are core values to our institution because they are aligned to our institution's ethics. These policies also have the added value of improving training performance. Studies show that more diverse teams perform better, and institutions that have more inclusive environments also experience less turnover, have higher internal morale, and higher productivity rates from their employees.

Corporate Social Responsibility / Community Engagements.

Kitutu Chache Technical and Vocational College recognizes an expectation to have a positive impact on our community, and we promote this expectation through social work, volunteering and community services.

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Our pro activeness is manifested by emphasizing and recognizing human rights locally and globally and actively engaging with our communities through volunteering and community services, while always protecting and respecting our natural environment through our actions and policies.

During the year the college lost one of its trainees where the college actively participated in its burial arrangements

As an institution, we will formulate policies and take action to drive diversity and inclusion by providing an inclusive environment where all are empowered to share their diverse perspectives and experiences so we can be ultimately be better together. Our policies , practices , programs , activities and decisions regarding employment , hiring , assignment , promotion, compensation , volunteerism and internships are not based on a person's ethnicity ,colour , sex, age, religion, national origin, mental or physical disability , ancestry , sexual orientation , gender identity or expression , marital status , source of income, parental status , housing status, or other protected status. We strongly encourage women, youth, persons with disabilities and members of the community to join the institution and live our shared values.

Kitutu Chache Technical and Vocational College will always;

- . Respect and uphold applicable local, county, and national laws to the best of our abilities.
- . Honour and review all internal policies for complete and responsible implementation.
- . Ensure that all business transactions and relationships are legitimate, free of influence and bribery.
- . keep all partnerships and collaborations transparent and open.

10. Report of the Board of Governors

The college currently doesn't have Board of Governors

Principal activities.

The principal activity of Kitutu Chache Technical and vocational College is to provide training in technical and vocational skills, research, innovation and management services. In addition, the college intends to participate in technological innovation beneficial to the society as well as contributing to industrial and technological development of Kenya in partnership with industry.

Results.

The results of Kitutu Chache Technical and Vocational College for the year ended is not yet established.


Board of Governors

No board

Auditors

The Auditor General is responsible for the statutory audit of Kitutu Chache Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....
Secretary of the Board



11. Statement of Board of Governor’s Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the college members to prepare financial statements in respect of that institution, which give a true and fair view of the state of affairs of Kitutu Chache Technical and Vocational College at the end of the financial year and the operating results of the Kitutu Chache Technical and Vocational College for that year. The college members are also required to ensure that the Kitutu Chache Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kitutu Chache Technical and Vocational College. The college members are also responsible for safeguarding the assets of the Kitutu Chache Technical and Vocational College. The college members are responsible for the preparation and presentation of Kitutu Chache Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Kitutu Chache Technical and Vocational College for and as at the end of the financial year ended on 30th June 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 Kitutu Chache Technical and Vocational College;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of Kitutu Chache Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and
- (v) making accounting estimates that are reasonable in the circumstances.

The members accept responsibility for **Kitutu Chache** and vocational college’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The college members are of the opinion that Kitutu Chache Technical and Vocational College’s financial statements give a true and fair view of the state of Kitutu Chache Technical and Vocational College’s transactions during the financial year ended June 30, 2024, and of Kitutu Chache Technical and Vocational College’s financial position as at that date. The college members further confirm the completeness of the accounting records maintained for Kitutu Chache Technical and Vocational College, which have been relied upon in the preparation of Kitutu Chache Technical and Vocational College’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the college members to indicate that Kitutu Chache Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kitutu Chache TVC and vocational college’s financial statements were approved by the Board on 30th June 2025 and signed on its behalf by:

Name.....

Name... *Samuel Geke*

Signature.....Board chairperson

Signature..... *[Signature]*Principal



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KITUTU CHACHE 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 Kitutu Chache Technical and Vocational College set out on pages 1 to 44, which comprise of the statement of financial

position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 respect, the financial position of Kitutu Chache 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 Public Finance Management Act, 2012 and comply with the Technical and Vocational Education and Training Act, 2013

Basis for Qualified Opinion

1. Anomalies in the Financial Statements

The financial statements revealed that the table of content was not in consistence with the non-financial information numbering, report of the Board of Governor's was not incorporated in the table of content and Report of the Independent Auditor was not specified as per template. Further, the statement of financial performance reflects transfers from other national government entities of Kshs.2,500,000 while Note 6 reflects Kshs.5,330,284 resulting to unexplained variance of Kshs.2,830,284. In addition, statement of financial performance reflects rendering of services of Kshs.8,065,450 while Note 7 reflects Kshs.4,065,450 resulting to unexplained variance of Kshs.4,000,000. The review of the statement of financial position reflects a nil balance of accumulated surplus while statement of changes in net asset reflects Kshs.1,151,795. Further, the statement of financial performance reflect surplus/(deficit) for the year of Kshs.5,522,774 while statement of changes in net assets reflect Kshs.711,664.54 resulting to unexplained variance of Kshs.4,811,109. The statement of cash flows does not reflect net cash flows used in financing activities and net increase/(deficit) in cash and cash equivalent. Further, cash and cash equivalent at 1 July, 2025 reflect Kshs.968,762 while closing balance of cash and cash equivalent of previous year's certificate reflects Kshs.174,134 resulting to unexplained variance of Kshs.794,628. The audit also revealed the reconciliation of budget and statement of financial performance reflect actual cash income on comparable basis in the budget as Kshs.10,565,450 while statement of comparison of budget and actual reflect Kshs.6,565,450 resulting to unexplained variance of Kshs.4,000,000.

In circumstances, financial statement was not presented fairly, and does not present true position of the College.

2. Lack of Depreciation for Property, Plant and Equipment

The statement of financial performance does not reflect a balance under depreciation and amortization expense. During the audit it was established that the institution had items of property, plant and equipment from the previous period of unknown value.

In circumstances, the correctness of the balance of property plant and equipment as disclosed in the statement of financial position could not be confirmed.

3. Lack of Valuation of Fixed Assets

The statement of financial position reflects Kshs.926,045 in respect to property, plant and equipment. However, audit verification revealed that the college held assets of furniture, computers and equipment of unknown value which were not disclosed in the financial statements.

In circumstances, total assets of Kshs.926,045 as disclosed in the statement of financial position could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of 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

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the College in 2024/2025 revealed that the following eleven (11) issues remained unresolved.

S/No	Financial Year	Audit Issue
1	2023/2024	Unsupported Transfers from Other National Government Entities
2	2023/2024	Lack of Valuation of Fixed Assets
3	2023/2024	Unsupported Inventories

S/No	Financial Year	Audit Issue
4	2023/2024	Operating Technical Training College Without a License and Accreditation
5	2023/2024	Unlicensed Trainers
6	2023/2024	Lack of Insurance for Employees
7	2023/2024	Failure to Comply with the Law on Minimum Wage
8	2023/2024	Lack of Approved Budget
9	2023/2024	Lack of Governance Structure
10	2023/2024	Unsafe Learning Environment
11	2023/2024	Lack of an Internal Audit Function

Other Information

The Management is responsible for the Other Information set out on pages iii to xvii which comprises, the Key Entity Information and Management, The Council/Board of Governance, Report of the Chief/Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of License and Accreditation

As previously reported, the audit established that the College continued to operate without being accredited, licensed and registered by TVET Authority. No evidence was provided to show that the Management of the college had applied for registration and accreditation.

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

2. Non-compliance with the Law on Minimum Wage

The statement of financial performance reflects employee costs of Kshs.1,016,500 as disclosed in Note 9 to the financial statement. An analysis of the payroll and supporting payment vouchers provided for audit revealed that the staff were earning below the minimum wage for skilled workers of Kshs.34,217.60, contrary to Regulation of Wages (General) (Amendment) Order, 2024 schedule stipulates the basic minimum monthly wages (exclusive of housing allowance) employees' cadres.

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

3. Unlicensed Trainers

The statement of financial performance reflects employee costs of Kshs.1,016,500 as disclosed in Note 9 to the financial statement. An analysis of personnel files provided for audit review revealed that eight (8) trainers employed by college were not licensed as trainers and therefore had not complied with the requirement of the TVET Act 2013.

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

4. Non-Compliance with Regulations and Guidelines on Acting Positions

Audit review of the staff personal files established that five (5) staff members had held an acting position for more than six 6 months as at the time of audit, contrary to Section 34(3) of the Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty (30) days but not exceeding a period of six (6) months.

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

5. Lack of Insurance for Employees

As previously reported, the audit established the management of the College has not insured its employees against work related injuries as provided by the Work Injury Benefits Act 2007 considering the unsafe conditions under which the College operates. Similarly, the College does not deduct and remit monies to the Social Health Insurance Fund which would secure treatment for illness or injuries.

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

6. Lack of an Approved Budget

The statement of comparison of budget and actual amount reflects no figures on the final budget column. However, there was no evidence that the budget presented for audit was

submitted and approved by the cabinet secretary of the ministry of Education, contrary to Section 13 (3) of the Technical and Vocational Education and Training Act, 2013 which states that the annual estimates shall be submitted to the Cabinet Secretary for approval before the commencement of the financial year to which they relate.

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

7. Failure to Open and Maintain a Fee collection Account

The statement of financial position reflects a balance of Kshs.968,763 under cash and cash equivalents as disclosed in Note 11 to the financial statements. However, the audit established that the College did not maintain a separate fee collection bank account into which all fees received are maintained, resulting to commingling of funds in the operations account, contrary to Regulation 82 (iv) of the Public Finance Management (National Government) Regulations 2015 that states that where the National Treasury has granted authority to an accounting officer or receiver of revenue or collector of revenue to open and operate a bank account in a commercial bank for purposes of revenue collection, and that commercial bank shall have a wide branch network and is government linked.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Segregation of Duties in Store Management

Review of store ledgers documents at College and interviewing various staff established that there was no segregation of duties in the store management. The documents provided for review were prepared by one officer, checked by the same officer and authorized by the same officer exposing the transactions of the college to risk of errors

and fraud. Further, management did not conduct stock take for the year to ascertain the closing balance of the inventories in the store as at the year end.

In circumstances, the existence of effective internal control over store management could not be confirmed.

2. Lack of a Governance Structure

As it was previously reported, the audit established that since inception, the College did not have a council of governors or a board to oversee the management, running and oversight of the college's functions and achievement of its mandate.

In circumstances, the governance of the College is not effective.

3. Lack of Key Policies and Procedures Manuals and a Strategic Plan

During the period under review, Management did not institute policies and procedures to guide key financial and managerial processes and controls for management such as strategic plan, risk management policy and risk management framework, human resource manual, procurement policy, disaster recovery plan or business continuity plan to guide the operations in the areas of revenue, expenditure, personnel, inventory and liabilities for the effective and efficient running of the college, and to cushion and/or guarantee business continuity.

In circumstances, the existence of effective internal control, risk management and governance systems could not be confirmed.

4. Unsafe Learning Environment

As previously reported, the audit established that the learning in the College environment was unsafe and hazardous for students and the teaching faculty. The College continued to operate in a stalled, incomplete building with no flooring, plastering, windows and lockable doors, the guard rails on the first floor are poorly fixed and lacking in some places, also, there is no perimeter fence around the property to secure the entire property from encroachment, intruders and animals. Further, the College did not have enough furniture for faculty and students, toilets, running water, electricity, playground and other key infrastructure for a safe, serene, secure, conducive environment for learning and working. In addition, the audit revealed that during the year the College faced various security incidents that resulted in bodily harm, destruction of property and interfering and/or paralyzing operations contrary to Chapter 3 of the School Health Policy 2018.

In circumstances, the controls of the learning environment safety are not effective.

5. Lack of an Internal Audit Function and Audit Committee

During the year under review, the College continued to operate without an internal audit function and audit committee. The internal auditor would have performed various roles

which among others include; risk assessment, establishment of a risk register, assessing and putting in place internal control systems. Therefore, the College did not benefit from the oversight role and advice from the audit committee and internal audit function. This was contrary to section 73 (1) (a) of the Public Finance Management Act 2012.

In the circumstances, Management lacks the required arrangements to provide oversight over management activities.

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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL



Nairobi

27 November, 2025

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

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

	Notes	FY 24/25	FY 23/24
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,500,000	2,000,000
Revenue from Exchange transactions			
Rendering of services	7	8,065,450.13	306,850
Finance income		-	-
Revenue from Exchange transactions		-	-
Total Revenue		10,565,450.13	2,306,850
Expenses			
Use of goods and services	8	3,739,866	1,464,219
Employee costs	9	1,016,500	286,500
Repairs and maintenance	10	286,310	116,000
Total Expenses		5,042,676	1,866,719
		-	-
Other Gains/(Losses)		-	-
Total Other Gains/(Losses)			
Net surplus/(deficit) for the year		5,522,774.13	440,131

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Chairman of Council/Board **Principal** **Finance Officer**

Date **Date** **ICPAK No**

THE PRINCIPAL
KITUTU CHACHE TVC
 ★ 13 NOV 2025 ★
 P. O. Box 376 - 40200, KISII
 Email: kitutuchachetvc@gmail.com



KITUTU CHACHE TECHNICAL & VOCATIONAL COLLEGE
 13 NOV 2025
 P. O. Box 376 - 40200, KISII
FINANCE

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

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

Description	Notes	Current FY 24/25	Comparative FY 23/24
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	11	968,762.99	174,134
Receivables	12	3,743,653.54	-
Inventories	13	-	239,320
Total Current Assets		4,712,416.53	-
			-
Non-Current Assets		-	-
Property, plant, and equipment	14	926,045	266,000
Total Non-Current Assets		-	-
		-	-
Total Assets (A)		5,638,461.53	-
		-	-
Liabilities		-	-
Current Liabilities		-	-
Total Current Liabilities		-	-
Non-Current Liabilities		-	-
Total non- current liabilities		-	-
		-	-
Total Liabilities (B)		-	-
		-	-
Net Assets (A-B)		5,638,461.53	679,454
		-	-
Represented By:		-	-
Revaluation Reserves		-	-
Accumulated Surplus		-	440,131
Capital Fund		239,320	239,320
Net Assets		5,638,461.53	679,454

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

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Chairman of Council/Board **Principal** **Finance Officer**

Date **Date** **ICPAK No**

Date **Date** 13/11/2025

THE PRINCIPAL
KITUTU CHACHE TVC
★ **13 NOV 2025** ★
P. O. Box 376 - 40200, KISII
Email: kitutuchachetvc@gmail.com

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

15. Statement of Changes in Net Asset for the Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2024 (previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	440,131	239,320	440,131
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2025	-	440,131	239,320	440,131
	-	-	-	-
At July 1, 2025 (current year)	-	440,131	239,320	440,131
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	711,664.54	-	711664.54
Capital grants received during the year	-	-	-	-
Transfer of depreciation /amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2025	-	1,151,795.54	239,320	1,151,795.54

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

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

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

Description		Current FY 24/25	Comparative FY 23/24
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		2,500,000	2,000,000
Grants from donors and development partners		-	-
Transfers from other levels of government		-	-
Public contributions and donations		-	-
Rendering of services- fees from students		4,065,450.13	306,850
Total Receipts		6,565,450.13	2,306,850
Payments		-	-
Use of goods and services		3,739,866	-
Employee costs		1,016,500	286,500
Board /Council Expenses		-	-
Repairs and maintenance		286,310	116,000
Contracted services		-	-
Grants and subsidies		-	-
Total Payments		5,042,676	402,500
Net Cash Flows from operating activities	15	1,522,774.13	1,904,350
Cash flows from investing activities			-
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		926,045	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		-	-
Cash and Cash equivalents at 1 JULY	16	968,762.99	174,134
Cash and Cash equivalents at 30 JUNE	17	968,762.99	174,134

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts	-	-	-	2,500,000	-	100%
Transfers from other National Government entities	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other levels of government	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- fees from students	-	-	-	4,065,450.13	-	100%
Sale of goods	-	-	-	-	-	-
Rental revenue from facilities and equipment	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Total Receipts	-	-	-	6,565,450.13	-	-
Payments	-	-	-	-	-	-
Use of goods and services	-	-	-	3,739,866	-	-
Employee costs	-	-	-	1,016,500	-	100%
Board /Council Expenses	-	-	-	-	-	-
Repairs and maintenance	-	-	-	286,310	-	100%
Total Expenditure Payments	-	-	-	5,042,676	-	100%
Capital Expenditure Payments	-	-	-	-	-	-
Surplus	-	-	-	1,522,774.13	-	100%

Budget notes

1. (Budget notes)

1. The college projected to raise ksh from other Government national entities but managed to raise only ksh 10,565,450.13. This is because the college budgeted capitation rate per trainee to be ksh but the Government only managed to fund at the rate of ksh per trainee. The government also did not give 4th quarter capitation and recurrent grant for On the other hand the government through HELB did not remit loans to much of the trainees, as this i.e HELB and Capitation are main sources of revenue.

2. Because of the above explanation in return it resulted to low spending leading to under utilization differences.

1. Reconciliation of Budget and statement of Financial performance

Actual cash income on comparable basis in the Budget 10,565,450.13 ksh

Add sale of goods not paid during the year.....ksh

Total Cash income as per the statement of financial performance 10,565,450.13 ksh

18. Notes to the Financial Statement

1. General Information.

Kitutu Chache TVC was established under the TVET Act 2013 and commenced its operations on 15/07/2023. The entity is domiciled in Kiamwasi approximately 1 kilometre from Kisii Town. The institute is under the Ministry of Education.

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

3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 2023, it is applicable in Kenya from 1st July 201)

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.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

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

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> 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>

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

IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Transfers from other government entities

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

- ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

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

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

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.

g) Biological Assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

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

Financial assets

Classification

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

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. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note*

Financial liabilities

Classification

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

j) Inventories

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

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

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

Fair value through net assets/ equity

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

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

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

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

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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6. Transfers from other National Government entities

Description	FY 24/25	23/24 FY
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	-	-
Operational Grant	2,500,000	2,000,000
HELB	1,515,029.09	-
Gov. Scholarship	1,315,255.5	-
Total unconditional Grants	-	-
Conditional Grants amortised/ recognised in revenue		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Learning Facilities Grant	-	-
Other Organizational Grants	-	-
Total Government Grants and Subsidies	5,330,284.56	2,000,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	-	-	-	2,500,000	2,000,000
Education Ministry	-	-	-	-	-
Total	-	-	-	2,500,000	2,000,000

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)

The details of the reconciliation have been included under appendix

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7. Rendering of Services

Description	FY 24/25	23/24 FY
	Kshs	Kshs
Tuition Fees	1,235,165.54	306,850
Activity Fees		-
HELB	1,515,029.09	-
Gorvernment schorlarship	1,315,255.5	-
Receivables	3,743,653.54	-
Facilities And Materials	-	-
Registration Fees	-	-
Others (<i>Specify</i>)	-	-
Total Revenue from The Rendering of Services	4,065,450.13	306,850

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8. Use of Goods and Services

Description	FY 24/25	FY 23/24
	Kshs	Kshs
Teaching and learning materials	732,070	230,000
Industrial attachment costs	-	-
Electricity	-	-
Water	-	-
Security	-	-
Professional and consultancy services	-	-
Subscriptions	-	-
Activities and sports	42,750	67,000
Examination fees	-	-
Audit fees	-	-
Catering, conferences, and delegations	-	-
Travelling and accommodation	1,708,440	560,697
Fuel and oil	-	-
Insurance	-	-
Legal expenses	-	-
Licenses and permits	-	-
Postage	-	-
Printing and stationery	-	-
Hire charges	-	-
Rent expenses	-	-
Skills development levies	-	-
Telephone expenses	-	-
Administration costs	1,256,606	
Training expenses	-	-
Other (<i>specify</i>)	-	-
Permanent equipment		
Total good and services	3,739,866	857,697

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9. Employee Costs

Description	FY 24/25	FY 23/24
	Kshs	Kshs
Salaries and wages	1,016,500	286,500
Employee related costs - contributions to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Social contributions	-	-
Employee Costs	1,016,500	286,500

10. Repairs and Maintenance

Description	FY 24/25	FY 23/24
	Kshs	Kshs
Property	-	-
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	286,310	116,000
Computers and accessories	-	-
Total Repairs and Maintenance	286,310	116,000

11. Cash and Cash Equivalents

Description	FY 24/25	FY 23/24
	Kshs	Kshs
Current Account	968,762.99	174,134
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Others (Specify)	-	-
Total Cash and Cash Equivalents	968,762.99	174,134

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account number	FY 24/25	FY 23/24
		Kshs	Kshs
a) Current Account			
Cooperative Bank	01141925005300	968,762.99	174,134
Equity Bank, etc.		-	-
Sub- Total		-	-
b) On - Call Deposits		-	-
Kenya Commercial Bank		-	-
Equity Bank – etc.		-	-
Sub- Total		-	-
c) Fixed Deposits Account		-	-
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
		-	-
d) Staff Car Loan/ Mortgage		-	-
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
e) Others(Specify)		-	-
Cash in Transit		-	-
Cash in Hand		-	-
Mobile Money account		-	-
Sub- Total		-	-
Grand Total		968,762.99	174,134

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12.(a) Current Receivables from Exchange transactions

Description	FY 24/25	FY 23/24
	Kshs	Kshs
Current Receivables		
Student Debtors	3,743,653.54	-
Rent Debtors	-	-
Consultancy Debtors	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	3,743,653.54	-

13. Inventories

Description	FY24/25	FY 23/24
	Kshs	Kshs
Consumable stores	-	239,320
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning Materials stores	-	-
Catering stores	-	-
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	-	239,320

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14. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate		X%	X%	X%	X%	X%	X%		
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
At 30th June 2024 (previous FY)	-	-	-	217,000	49,000				266,000
Additions	-	-	-	72,049	545,996	42,000	-	-	660,045
Disposals	-	-	-						
At 30th June 2025 (current year)	-	-	-	289,049	594,996	42,000		-	926,045
At 30 Jun 2024 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
At 30th Jun 2025 (current year)	-	-	-	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-	-	-	-
At 30th Jun 2024 (previous year)	-	-	-	-	-	-	-	-	-
At 30th Jun 2025 (current year)	-	-	-	289,049	594,996	42,000	-	-	926,045

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

15. (b) Property, Plant and Equipment at Cost

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

description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	594,996	-	594,996
Office Equipment, Furniture, And Fittings	289,049	-	289,049
Total	884,045	-	884,045

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16. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by while are the custodians of the scheme. The scheme is based on percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at June by actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Pension Fund. Employees contribute while employers contribute of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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17. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Financial risk management (continued)

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

The entity has significant concentration of credit risk on amounts due from

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

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(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024 (current year)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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(iii) Market risk

Kitutu Chache TVC 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.

Kitutu Chache TVC 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

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

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.

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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. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase

Nature of related party relationships

Kitutu Chache TVC 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 *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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

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18.Events After The Reporting Period

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

19.Ultimate And Holding Entity

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

Currency

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

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21. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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)
1	<p>Un-Supported Transfers from Other National Government Entities</p> <p>The statement of receipts and payments for the year ended 30 June, 2024 reflects transfer from other national government entities figure of Kshs.2,000,000 as disclosed under note 6 to the financial statements. However, the income was not supported with documents including schedules and authority to incur expenditure (A.I.E) receipts.</p>	<p><i>We didn't receive Authority to incur Expenditure (A.I.E) Receipts from the ministry but we have supporting evidence of bank statement and schedules that has already been prepared</i></p>	Solved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstance, accuracy and completeness of an amount of Kshs.2,000,000 in respect of transfers from other government entities could not be confirmed.			
	<p>1. Unsupported Inventories</p> <p>The statement of financial position as at 30 June 2024 reflects inventory figure of Kshs.239,320. However, the balances was not supported with no stock take at the end of financial year 2023-2024. Further, there was no segregation of duties between official ordering, receiving and recording goods and services. In addition, the stores items were not uniquely identified and there was no classified</p>	<p><i>The figure that is indicated in the inventory amounting 239,320 has been corrected as per the note in the financial statement, however management has advised when the board will be constituted they will add more staff to assist to solve the issue segregation of duties and to maintain proper record. Since we do not an office the store was not well arranged thus making it difficult to conduct stock taking.</i></p>	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	inventory schedule. Under the circumstance, inventories of Kshs.239,320 could not be confirmed.			
	<p>1. Operating a Technical Training College Without a License and Accreditation</p> <p>Our audit review revealed that Kitutu Chache Technical and Vocational Collage operated without being accredited, licensed and registered by TVET Authority. No evidence was provided to show that the management of the institution had applied for registration and accreditation. In the circumstance, the College management was in breach of law.</p>	<p><i>The college has not been licensed and registered by TVET Authority because the ministry requires completion certificate of the building which not yet hence making registration proved held until the structure is complete.</i></p>	Partially resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2. Non-Compliance with Law on Ethnic Composition Analysis of the personnel records for the College revealed that it had a total workforce of twelve (12) staff employed by the College, out of which eight (8) representing 67% were from the dominant ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008. In the circumstances, the College management was in breach of the law.</p>	<p><i>In the future salaries for Employees should be reviewed upwards so as to accommodate workers from other communities who may wish to work in Kitutu Chache TVC, as this was discovered as the main challenge</i></p>		
	<p>3. Lack of Approved Budget The statement of comparison of budget and actual amounts reflects total revenue budget as equals</p>	<p><i>The college has prepared the budget and it has been submitted to Mentor institution Kisii National Polytechnic and its pending approval.</i></p>	Partially solved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>to actual revenue on comparative basis. Similarly, the total expenditure budget is revealed as being equal to actual total expenditure on comparative basis. However, there was no evidence that the budget was submitted and approved by the Cabinet Secretary Ministry of Education contrary to Section 13(3) of the Technical and Vocational Education and Training Act 2013 which states that; The annual estimates shall be submitted to the Cabinet Secretary for approval before the commencement of the financial year to which they relate. In the circumstances, the College management was in breach of the law.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1. Unsafe Learning Environment Our audit revealed that the College learning environment was unsafe and hazardous for students and teachers since it was operating in an incomplete building with no proper floors, plasters, windows and lockable doors. Further, the guard rails on the first floor are poorly fixed and lacking in some places, there is no perimeter fence around the College to secure the entire property from intruders and animals. In addition, the institution did not have enough furniture for faculty and students, toilets, running water, playground and other key infrastructure for a safe, secure, conducive</p>	<p>Management Response <i>The ministry is aware of the issue of uncomplete structure one of the issue being variation and is working to allocate funds to complete the structure. The management also has liaised with relevant Authority to ensure funds have been released to complete the key infrastructure to enhance safe working and learning environment.</i></p>	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>environment for learning and working contrary to Chapter 3 of the School Health Policy 2018. In the circumstances, the controls of the learning environment safety are not effective.</p> <p>2. Lack of an internal Audit Function During the year under review, the College operated without an internal audit function and audit committee. Therefore, the college did not benefit from the oversight role and advice from the audit committee and the internal audit function. This was contrary to Section 73(1) (a) of the Public Finance Management Act, 2012. In circumstances, effectiveness of internal controls, risk management</p>	<p><i>The management proposed that the college should employ internal Auditor once the board of governance has been constituted when there is constant cash flow of funds. But for the meantime we have requested the mentor institution Kisii National Polytechnic to grant us permission to be using the internal auditor meanwhile.</i></p>		

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

Guidance Notes:

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

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Name
Accounting Officer
(Enter title of Head of entity)
Date