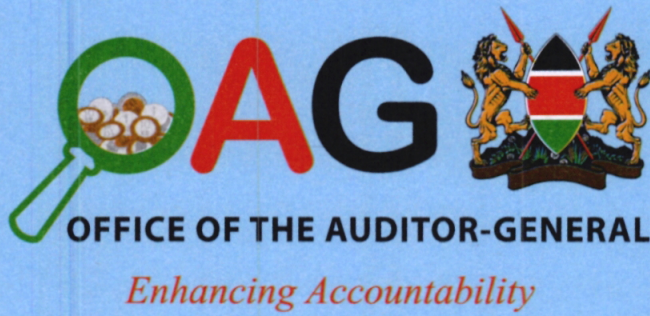


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
OF	DATE: 26 JUN 2025
	DAY: THURSDAY
TABLED BY:	LEADER OF THE MAJORITY PARTY
THE-TABLE:	WILLIS OBIERO

PARLIAMENT OF KENYA LIBRARY

THE AUDITOR-GENERAL

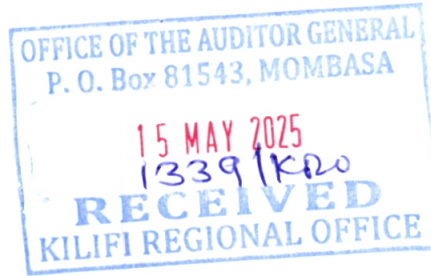
ON

FAYYA TECHNICAL AND VOCATIONAL COLLEGE

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

TANA RIVER COUNTY

Revised 30th June 2024



FAYYA TECHINCAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2024

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

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FAYYA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

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FAYYA TECHINCAL AND VOCATIONAL COLLEGE
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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
ICT	Information Communication Technology
MOE	Ministry of Education
TVETA	Technical and Vocational Education and Training Authority
TVET	Technical and Vocational Education and Training
TUM	Technical University of Mombasa
KNEC	Kenya National Examination Council
Fiduciary Management	Key management personnel who have financial responsibility in the entity

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The *Fayya Technical and Vocational College* was incorporated/ established under the Technical and Vocational Education and Training Act, 2013 (*No. 29 of 2013*) on *21st July, 2021*. The entity is domiciled in Kenya. The institute is under the Ministry of Education under State department for Technical, Vocational Education and Training (TVET.)

Fayya Technical and Vocational College is a government owned Technical Training Institute established under TVET Act in 2019. Fayya Technical and Vocational College is a new Public Institution located in Bura North Sub- County. The Institute is situated along Naibale - Garissa Road off town. It is among the 1st phase of sixty (60) colleges established in the Country. The college was initially mentored by TUM latter transferred to Coast Institute of Technology late 2018.

The College sits on a 20 Ha which is a range land which also makes it suitable for agriculture. The Institute has an allotment Letter, Beacons are in place.

It is a centre of excellence in Hospitality 1, majoring in Textile Industry, equipment's installed and tested. Registration number is TVETA/PUBLIC/TVC/0044/2021 and Training Licence TVETA /PUBLIC/TVC/0044/2021 AI.

(b) Principal Activities

The principal activity/mission/ mandate of the entity is to provide relevant Technical Education and appropriate skills training for sustainable development and train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness, implementing training in TVET programs, carrying out research programs, and innovation into products and services.

The core functions of Fayya Technical and Vocational College include;

1. Enhance access to TVET training by providing opportunities for all eligible trainees.
2. Promote equity in education and training by providing opportunities for life-long learning.
3. Provide quality and relevance in training by developing and encouraging a culture of research, creativity and innovation among trainees and staff.
4. Establish good governance for operational efficiency and effectiveness.
5. Enhance attractiveness through strategic collaboration and linkages with research institutions, industry and professional bodies both nationally and internationally.
6. Strengthen financial base of Fayya TVC.

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

Key Entity Information and Management

(a) Key Management

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

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

(b) Fiduciary Management

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

SN	Designation	Name
1.	Principal/Secretary to BOG	Margaret Wanjiru
2.	Deputy Principal (Administration)	James K. Kuria
3.	Ag. Deputy Principal Academics	Guendline H. Daiddo
4.	Ag. Registrar	Dorcas N.Mwangi
6.	Head Of Finance	Eliud K. Rwara

(c) Fiduciary Oversight Arrangements

Audit and Risk Committee

S/No.	Name	Nominated
1.	Mohammed Ali Abdi	Chairman
2.	Dr. Eunice Keziah Matuki	Member
3.	Mohamed Noor	P.S Rep

Academic and Research Committee

S/No.	Name	Nominated
1.	Henry K. Ochieng	Chairman
2.	Joseph Muthiani Malechwanzu	Member
3.	Habiba Mahdaba Mohamed	Member
4.	Guendline Habuya Daiddo	Secretary

Key Entity Information and Management (Continued)

(d) College Headquarters

Fayya Technical and Vocational College
P.O. Box 19-70104
Busia, Tana River County
Kenya.

(e) College Contacts

Telephone: (254)706328315/0737432604
Email: fayyatvc@gmail.com

(f) College Bankers

Kenya Commercial Bank
Harambee Branch
Box 100-70101
Harambee, Kenya.

(g) Independent Auditors




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

Key Entity Information and Management (Continued)

(h) Principal Legal Adviser




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

3. The Board of Governors



SN	Member/ Director	Details
1.	 Mr. Abdi Isaack Hajir Board Chairman	Mr. Abdi Isaack Hajir Date of birth: 1 st January, 1980. Key Qualification: Master's Degree in Development Studies Experience: 19 Years. Email: issackhajir80@gmail.com Phone: 0733992949 Board chairman
2.	 Mr. Henry Kennedy Ochieng	Mr. Henry Kennedy Ochieng Date of birth: 24 th January, 1998 Key Qualification: Bachelor of Information Technology Experience: 3 Years Email: henryochieng94@gmail.com Phone: 0726867139 Chair Academic and Research
3.	 Mr. Peter Maina Ndirangu	Mr. Peter Maina Ndirangu Date of birth: 23 rd May, 1994 Key Qualification: Bachelors of Science Agricultural Resource Management Experience: 3 Years Email: petahmaish2016@gmail.com Phone: 0792948175

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

The Board of Governors (Continued)


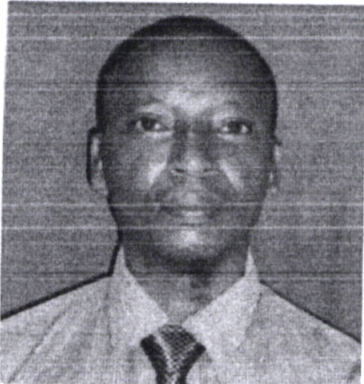

4.	 Mr. Mohammed Ali Abdi	Mr. Mohammed Ali Abdi Date of birth: 18 th November, 1991 Key Qualification: Bachelor of Commerce (Finance Option) Experience: 10 Years Email: adowali34@gmail.com Phone: 0718822240 Chair Audit and Finance
5.	 Ms. Margaret Wanjiru	Ms. Margaret Wanjiru Date of birth: 22 nd September, 1974 Key Qualification: Bachelor of Business Administration (Entrepreneurship) Experience: 26 Years Email: wanjiru.maggy@gmail.com Phone: 0723589250 Principal/ Secretary BOG
6.	 Dr. Eunice Kezia Matuki	Dr. Eunice Kezia Matuki Date of birth: 8 th February, 1973 Key Qualification: Bachelors of Pharmacy Experience: 28 Years Email: euniakm@gmail.com Phone: 0722400369.

The Board of Governors (Continued)



7.	 Mr. Joseph Muthiani Malechwanzi	Mr. Joseph Muthiani Malechwanzi Date of birth: 13 th April, 1981 Key Qualification: Masters of Education Experience: 18 Years Email: j.muthiani@pu.ac.ke Phone: 0715165077
8.	 Ms. Mohammed Habiba Mahdaba	Ms. Mohammed Habiba Mahdaba Date of birth: 5 th , 1988. Key Qualification: Bachelors of Laws Experience: 11 Years Email: mahdabahabiba@gmail.com Phone: 0722454971

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

4. Key Management Team

	<i>Member</i>	<i>Details</i>
1.	 Ms. Margaret Wanjiru	<p>Ms. Margaret Wanjiru Date of birth: 22nd September, 1974 Key Qualification: Bachelor of Business Administration (Entrepreneurship) Experience: 26 Years Email: wanjiru.maggy@gmail.com Phone: 0723589250 Principal/ Secretary BOG</p>
2.	 Mr. James. K. Kuria	<p>Mr. James. K. Kuria Date of Birth: 1973 Key Qualification: Bachelor of Science Experience: 26 Years Email: jamesbinkush@yahoo.com Deputy Principal Administration</p>
3.	 Ms. Guendline H. Daido	<p>Ms. Guendline H. Daido Date of Birth: 21st October 1993 Key Qualification: Bachelor of Procurement and Logistics Management. Experience: 6 Years Email: guendlinehabuya@gmail.com Ag. Deputy Principal Academics</p>

Key Management Team (Continued)

4.	 Ms. Dorcas. Mwangi	Ms. Dorcas. Mwangi Date of Birth: 29 th July 1997 Key Qualification: Diploma in ICT Experience: 4 Years Email: wanjirade@gmail.com Ag. Registrar
5.	 Mr. Eliud K. Rwara	Mr. Eliud Kimani Rwara Date of birth: 15 th Nov 1986 Key Qualification: CPA (sec v) Experience: 8 years Email: rwaraeliyud@gmail.com Head of Finance

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

5. Chairman’s Statement

The office of the chairperson of the Board of Governors of Fayya Technical and Vocational College has been active during the year under review in managing the affairs of the College. We reckon the existing achievements; one of our major achievements has been the completion of a fence construction project around the perimeter of the Institution. This has enhanced the safety and security of our College, providing a secure environment for our trainees to learn and grow.

In addition, we have also successfully completed the water piping and repair work, to ensure trainees have clean and safe drinking water. This is essential for their overall health and wellbeing. Furthermore, we have established a vibrant sports Department, offering our trainees opportunities to engage in physical activity and develop their skills in a variety of sports. This has helped to promote a healthy and active lifestyle among our trainees, while also fostering a sense of teamwork and sportsmanship.

Finally, I am pleased to report that our trainees have performed admirably in their KNEC Exams achieving excellent results that reflect their hardwork and dedication. This is a testament to the quality of education we provide at our Institution and I am confident that our trainees will continue to excel in their academic pursuits.

Overall, these achievements demonstrate the success and progress of our Institution, and look forward to building on this momentum in the year ahead.

The Institution is facing a number of challenges that are hindering its ability to provide quality education and training to its trainees. These challenges range from low enrolment, lack of access to clean water, shortage of trainers, lack of boarding facilities, the institution also struggles to attract sufficient financial support from the government. With low enrolment and limited resources, the institution is unable to generate the necessary income to support its operations.

We intend to collaborate with a number of agencies both public and private sector in our endeavour to grow the institution. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every partner willing to work with us.

During the year under review, the college management has made a significant investment in creating a recreational field for the trainees. The field is equipped with proper goal posts for sports such as football. Additionally, nets have been placed for games like volleyball. The ground has been levelled to ensure a safe and conducive environment for sports activities. The establishment of recreational field at our school has a positive impact on trainee numbers and their overall physical and mental wellbeing.

As a Board, we endeavour to continually put in place governance systems to ensure that we not only comply with the code of ethics but engage in prudent leadership practices that creates value for the college. The college has remained a good corporate citizen that meets its obligation for its staff and trainees as well as national obligations.

Abdi Isaack Hajir

.....
BOG Chairman

Date: 12-05-2024
.....

6. Report of the Principal

Pursuant to section 83 of The Public Finance Management Act, 2012, I take this opportunity to present the college's Annual report and financial statements for the period ended 30th June 2024. The report focuses on the Enrolment, Resource mobilization, Facilities and infrastructure development, Resource mobilization, linkages, partnerships and networking, governance and students' welfare.

The above issues are part of broad initiatives undertaken by the college planning system to impact relevance to current National TVET reforms. This defines the college mandate aimed at enhancing quality, competitiveness, creativity and innovativeness in TVET education. This report is premised on involvement on account of analysis of goals, strategic issues, strategic objectives, strategies and activities that the college intends to pursue in the years to come. The mandate of the Board of Governors among other things is to provide apex management towards achieving the college mandate as per the TVET Act, 2013.

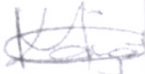
Challenges

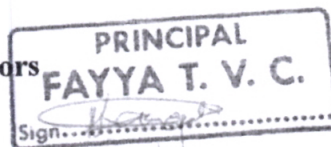
The report reflects on the challenges faced by our Institution, including low enrolment which has had a significant impact on our finances, as our revenue is largely dependent on trainee number and fees paid to the institution. The low enrolment has resulted in a decrease in income making it difficult to cover our operating expenses. Another challenge we faced during the year was lack of water supply in our Institution. This has made it difficult to maintain proper hygiene standards and has also affected our ability to provide adequate facilities for our trainees and staff.

We also faced a challenge with the shortage of trainers which has impacted the quality of education we are able to provide to our trainees. Boarding facilities has also made it difficult to attract and retain trainees who require accommodation, as the facilities we currently have are not up to standard.

Despite the challenges we faced during the year, we are pleased to report that we were able to successfully construct a fence around our institution, which has helped improve security and safety for our trainees and staff, and has also helped to enhance the overall appearance of our college. Another achievement we are proud of is the establishment of the sports department in our Institution. This has provided our trainees with opportunities to participate in various sporting activities, helping to promote physical fitness and overall well-being.

In conclusion, while our Institution faced several challenges during the year, we are proud of the achievements we have made in improving our facilities and programs. We are committed to addressing the challenges we face and working towards providing a high-quality education for our trainees. We look forward to the future with optimism and determination.


Margaret Wanjau
Principal / Secretary Board of Governors



FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

7. Statement of Performance against Predetermined Objectives

Fayya TVC has *Four* strategic pillars and objectives within current Strategic Plan for the FY 2023-
FY 2024. These strategic pillars are as follows:

- Pillar 1: To increase financial sustainability in the college
- Pillar 2: To promote relevant and quality training and learning
- Pillar 3: To continuously improve the college's human resource service effective service delivery
- Pillar 4: To integrate ICT in college management

Fayya TVC develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *College* achieved its performance targets set for the FY 2023/2024 period for its third strategic pillar, as indicated in the diagram below:

Pillar 1: To increase financial sustainability in the college

Objectives	Activity	Output	Indicator
Develop alternative sources of Funding	Develop funding proposals for donors	3 Funding proposals to donors developed	Number of funding proposals developed
Improve financial management	Enhance capacity for staff	Staff capacity enhanced	Increased revenue collection and management
	Enhance internal controls and audits	Internal controls and audits enhanced	

Statement of Performance against Predetermined Objectives (Continued)

Objectives	Activity	Output	Indicator
Enhance modern and modern methods Training	New and modern methods of Training enhanced	Modern Training techniques in place	Number of new techniques introduced -ICT
Networking and Collaborative	Establish linkages with industries	Linkages with industries established	Number of linkages established with industries
	Establish linkages with other institutes of higher learning	Linkage with institution established	Number of linkages established with institutions
Increase trainees enrolment	Enroll from all regions in the country	Enrolment done all over Kenya	number of new trainees from beyond Tana River County
Construct/provide additional infrastructure	Construct additional workshops/ labs	Equipped additional workshops/labs in place	Number of additional workshops/ labs constructed
	Construct a central store	Central store constructed	Central store in use
	Procure a plastic water tank	Plastic water tank procured (10000 litres)	Adequate water supply in the college
	Construct sports complex	Sport complex constructed	Sports complex in use
Provide equipment	Provide additional Training equipment	Additional Training equipment provided	Number of equipment provided
Develop and nurture your talents	Participate in co-curricular activities	Talents nurtured	Number of co-curriculum activities undertaken
	Provide guidance and counseling	Upright youths/trainees	Number of guidance and counselling initiatives undertaken

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

Statement of Performance against Predetermined Objectives (Continued)

Pillar 3: To continuously improve the college's human resource capacity

Objectives	Activity	Output	Indicator
Skills upgrading	Sponsor staff for training	Staff sponsored for training	Number of staff trained
	Hold capacity building workshops and seminars for staff	Workshops and seminars held for staff	Number of capacity building workshops and seminars held
Increasing number of staff	Lobby MoE for additional staff	Requests made to MoE	Number of requests made to MoE
	Employ more BOG staff	Additional BOG staff employed	Number of additional BOG staff engaged

Pillar 4: To Integrate ICT in the college management

Objectives	Activity	Output	Indicator
Build Staff capacity on ICT	Train staff on ICT integration in Training and learning	Staff trained on ICT integration in training and learning	Number of staff trained on ICT integration in Training and learning

8. Corporate Governance Statement

The college affirms that good corporate governance is simply good business. The Fayya TVC board charter is not ready considering that the board of management meet virtually and also the board is yet to be inducted officially.

The process of appointment and removal of board members is the role of the Cabinet secretary in the Ministry of Education. The appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition.

Role and functions of the Board

The Board should:

- Exercise their role collectively and not individually.
- Determine the organization's mission, vision, purpose and core values.
- Set and oversee the overall strategy and approve significant policies of the organization.
- Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
- Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- Approve the organizational structure.
- Approve the annual budget of the organization.
- Monitor the organization's performance and ensure sustainability.
- Enhance the corporate image of the organization.

Fayya TVC board of management had only one sitting in the year under review. The previous board of management exited on 10th July 2023 after expiry of their term of office and a new board was appointed on 12th February 2024. All appointed board members were in attendance.

The board held an inauguration meeting on 4th April, 2024 and no conflict of interest was identified among the members. Members of the board were inducted on their roles by the TVET Regional Director awaiting further induction by Ministry of Education, State Department for Technical and Vocational Education and Training.

The college is placed under category five (5) based on the population i.e below 500 trainees, therefore the board allowances as follows;

Position	Sitting Allowance (Kshs)	Fuel Refund (Maximum)
Chairperson	10,000	5,000
Members	7,000	5,000

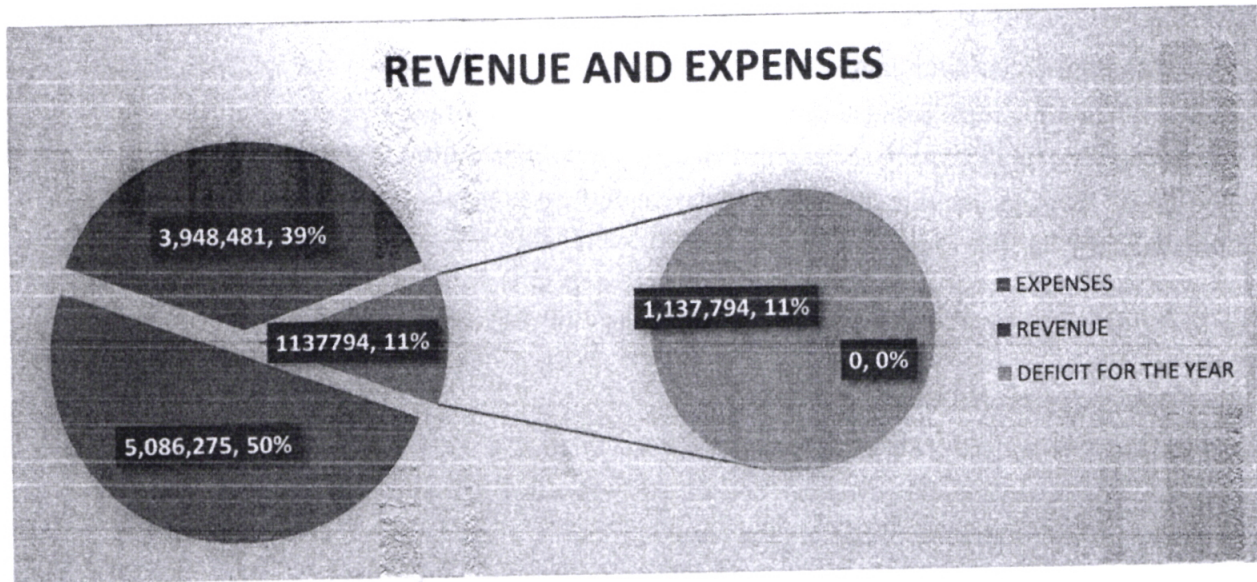
FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

9. Management Discussion and Analysis

The College’s operational and financial performance:

Income Statement

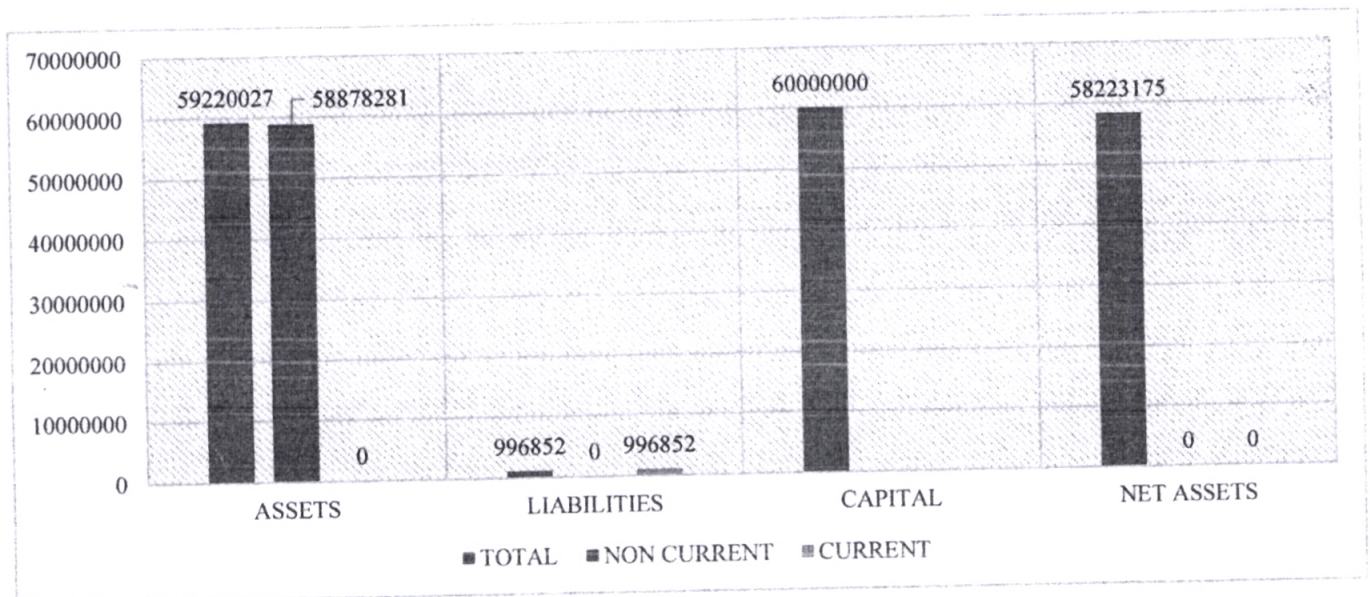
The college was able to generate a revenue of Kshs 3,948,481/= against an expenditure of Kshs 5,086,275/= which brought a deficit of Kshs 1,137,794/= in the financial year 2023-2024.



Statement of Financial Position

The college capital fund as at 30th June 2024 was valued at Kshs 60,000,000/= however during the year the total accumulated deficit arrived at Kshs 1,776,825/= resulting to net assets of Kshs 58,223,175/=.

Property Plant and Equipment were valued at kshs 55,500,000/= while non-current assets were valued at Kshs 3,378,281/=. Totaling to total assets of Kshs 59,220, 027/=.



10. Environmental and Sustainability Reporting Statement

The College believes that good corporate governance is simply good business. The College commits to ensure that we comply with all the legal requirements as well as meeting set deadlines. We commit to provide excellent training environment for our students who are our major clients.

1. Environmental performance

We Fayya TVC have planted trees especially the MKILIFI trees around the compound which provide shade for the students, staff and visitors. The trees help to filter out the dust and carbon dioxide from the environment hence improving the quality of air that we breathe inside and around the institution. Despite the Institution being in a semi-arid area, the management has ensured that there is adequate flowing water for sanitation, consumption. And watering of the trees.

2. Employee welfare

The college has PSC, HRM policy manual and is in the process of preparing internal one which guides it on all issues to do with human resource. The Policy addresses key areas in human resource such as hiring, appraisals, training, discipline and dismissal. Fayya TVC has qualified staff both in training and subordinate staff composed of both male and female. To ensure that there is motivation and productivity amongst its staff, its employees attend regular workshops and trainings organised by the Institution and other stakeholders like the National Treasury, Kenya Association Technical Training Institutions (KATTI.)

3. Market place practices-

The College is guided by the TVETA Act, the PFM Act 2015 and the Public Procurement and Disposal Act 2015 among other key legislations governing public educational learning institutions.

We strive to comply all statutory requirements such as ensuring our books are submitted on time, conducting and remitting of statutory deductions like PAYE, NSSF and NHIF.

Corporate Social Responsibility / Community Engagements

The College has received piped water which has enabled the local community do their own piping from the main water pipe.

FAYYA TECHINICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

11. Report of the Board of Governors

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

Principal activities

The principal activities of the college is to continue with the provision of technical and vocational training.

Results

The results of the college for the year ended June 30th2024are set out on page 1 to page

Board of Governors

The members of the Board who served during the year are shown on pages vii-ix

Auditors

The Auditor General is responsible for the statutory audit of the *Fayya TVC* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Margaret Wanjiru


.....

Secretary of the Board
Nairobi

Date:

12/07/25


PRINCIPAL
FAYYA T. V. C.
Sign.....

12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) - require the Board of Governors to prepare financial statements in respect to Fayya Technical and Vocational college, which give a true and fair view of the state of affairs of the college at the end of the financial year and the operating results of the college for that year. The Board of Governors are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The Board of Governors are also responsible for safeguarding the assets of the college.

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

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

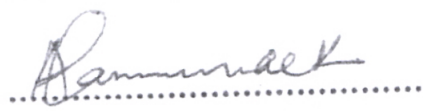
In preparing the financial statements, the Principal has assessed the college ability to continue as a going concern. Nothing has come to the attention of the Board members to indicate that the college will not remain a going concern for at least the next twelve months from the date of this statement.

FAYYA TECHINCAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

Statement of Board of Governors Responsibilities (Continued)

Approval of the financial statements

The college financial statements were approved by the Board on 12/05/2025 and signed on its behalf by:



Name: Abdi Isaack Hajir

Chairman of the Board



Name: Margaret Wanjiru

Accounting Officer/Principal

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

Telephone: +254-(20) 214000
Email: info@oagke.go.ke
Website: www.oagke.go.ke

REPORT OF THE AUDITOR-GENERAL ON FAYYA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024 – TANA RIVER COUNTY

PREFACE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in 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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the 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 of the Auditor-General on Fayya Technical and Vocational College for the year ended 30 June, 2024 – Tana River County

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Fayya Technical and Vocational College – Tana River County set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following:

- i. The statement of financial position reflects a net assets and liabilities balance of Kshs.58,223,175. However, the recomputed balance is Kshs.57,588,792 resulting in unexplained variance of Kshs.634,383. In addition, the statement reflects a net assets balance of Kshs.58,223,175 rendering the statement not to balance.
- ii. The statement of financial position reflects total non-current assets comparative balance of Kshs.59,449,331. However, the recomputed balance is Kshs.59,156,060 resulting in a variance of Kshs.293,271 attributed to erroneous inclusion of the current assets.
- iii. The statement of financial position reflects an accumulated deficit comparative balance of Kshs.980,000. However, the prior year audited balance is a deficit of Kshs.1,273,414 resulting in unreconciled variance of Kshs.293,414. In addition, the statement reflects an accumulated deficit of Kshs.1,776,825 while the recomputed balance is a deficit of Kshs.2,411,208 resulting in a variance of Kshs.634,383 attributed to omission of the accumulated deficit as at 1 July, 2022.
- iv. The statement of changes in net assets reflects a total balance of Kshs.58,223,175. However, the recomputed total balance is Kshs.57,588,792 resulting in a variance of Kshs.634,383.

- v. The financial statements reflect amounts and balance in three(3) items that reflect unexplained variances with corresponding supporting schedules as indicated below:

Particulars	Note	Financial Statement Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance Amount (Kshs)
Statement of Financial Performance				
Rendering of Services	7	1,752,981	1,948,481	(195,500)
Non-Current Receivables from Exchange Transactions	27	3,378,281	1,619,221	1,759,060
Statement of Financial Position				
Trade and Other Payables	16	996,852	995,916	936

- vi. The statement of cashflows reflects total receipts of Kshs.2,329,260, whereas the statement of comparison of budget and actual amounts reflects Kshs.3,948,481 resulting in unexplained variance of Kshs.1,619,221. Similarly, the statement of cashflows reflects total payments of Kshs.2,333,083, whereas the statement of comparison of budget and actual amounts reflects Kshs.3,586,275 resulting in a variance of Kshs.1,253,192.

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

2. Unsupported Restatement of Comparative Balances

The statement of financial position reflects restated comparative balances as detailed below:

Particulars	Statement of Financial Position (Kshs)	Comparative Balance (Kshs)	Variance (Kshs)
Current Portion of Receivables from Exchange Transactions	0	1,691,177	1,691,177
Inventories	257,862	0	257,862
Non-Current Receivables from Exchange Transactions	2,156,060	0	2,156,060
Trade Payables	429,474	340,562	88,912
Accumulated Deficit	980,000	1,273,414	293,414

However, the Journal vouchers explaining the nature of errors together with the corresponding accounting entries passed to correct them were not provided for audit.

In the circumstances, the accuracy and completeness of the restated prior year comparative balances could not be confirmed.

3. Unsupported Employee Costs

The statement of financial performance reflects employee costs of Kshs.2,670,056 as disclosed in Note 9 to the financial statements. Included in the expenditure is salaries and wages totalling to Kshs.673,456 and travel, motorcar, accommodation, subsistence and other allowances totalling to Kshs.1,996,600. However, the payroll and authority in support of the expenditure were not provided for audit. In addition, the expenditure of Kshs.1,996,600 was reimbursable and is wrongly included in the employee costs.

In the circumstances, the accuracy, completeness and propriety of employee costs totalling to Kshs.2,670,056 could not be confirmed.

4. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.31,586 in respect of bank balance as disclosed in Note 13 to the financial statements. However, the cash book reflects a balance of Kshs.41,313 resulting in unexplained variance of Kshs.9,727.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents balance of Kshs.31,586 could not be confirmed.

5. Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.55,500,000. However, the balance excludes the land and plant and equipment of undetermined value already in use by the college.

In the circumstances, the accuracy, completeness and fair statement of property, plant and equipment balance of Kshs.55,500,000 could not be confirmed.

6. Unsupported Inventory Balance

The statement of financial position reflects inventories balance of Kshs.310,160. However, the stock ledgers and stock taking sheets indicating the quantity of each item and its cost or fair value was not provided for audit review.

In the circumstances, the accuracy, completeness and valuation of inventories balance of Kshs.310,610 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Fayya Technical and Vocational College – Tana River County Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in

Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.4,821,000 and Kshs.3,948,481 respectively, resulting in an under-funding of Kshs.872,519 or 18% of the budget. Similarly, the college spent Kshs.3,586,275 against an actual revenue of Kshs.3,948,481 resulting in under-utilization of Kshs.234,381 or 6% of the revenue.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

Other Information

The College Board of Management is responsible for the other information set out on pages i to xxii, which comprises the Key Entity Information and Management, the Board of Management, Key Management Team, the Chairman's Statement, Report of the Principal Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance statement, Management discussion and Analysis, Environmental and Sustainable Reporting Statement, Report of the Board of Management and the Statement of Board of Managements' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects 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 Board of Management

The statement of financial performance reflects Board expenses totalling to Kshs.40,000 as disclosed in Note 10 to the financial statements. However, review of records revealed that only one (1) board meeting was held in the year under review as a result of expiry of the term of Board of Governors (BOG) on 10 July, 2023 and which was not replaced until 12 February, 2024. As a result, the College operated without a BOG for seven (7) months. This was in breach of the First Schedule Paragraph 1 of the Technical and Vocational Education and Training Act, 2013 which states that the Board shall meet as often as necessary for the transaction of business, but not more than four (4) months shall elapse between the date of one (1) meeting and that of the next meeting.

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

2. Lack of a Procurement Plan

The statement of financial performance reflects amounts of Kshs.3,948,481 and Kshs.5,086,275 in respect of total revenue and total expenses respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public

Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity should prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

3. Late Submission of the Financial Statements

Management submitted the financial statements to the Auditor-General on 28 February, 2025 three (3) months after the statutory deadline of 30 September, 2024. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

4. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:

- i. The table of contents reflect key management team to appear on page viii instead of
- ii. The chairman's statement, Corporate Governance Statement, Management Discussion and Analysis, Statement of Board of Governor/ Council's Responsibilities and Report of the Independent Auditor are indicated to appear on pages xiii, xviii, xv and xxii and xxiii instead of pages xii, xvii, xviii, xxi and xxiii respectively.
- iii. The statement of financial performance and financial position do not reflect the Finance Officer's ICPAK membership number.
- iv. The Notes to the financial statements begin from Note 6 instead of 1 and are not applied sequentially from Note 13 and 26 and Note 14, 15, 16, 27 and 32.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.55,500,000. Review of records revealed that the College was allocated a parcel of land measuring approximately 8.09 hectares by the County Government in September, 2014. However, the elders only consented to allocate ten (10) acres of land for development of the college which is fenced for use by the college. In addition, the land ownership documents or its valuation have not been processed by Management and the dispute on actual size of land has not been resolved.

In the circumstances, the ownership and safe custody of the land and other assets could not be confirmed.

2. Lack of Internal Audit Function and Audit Committee

Review of records revealed that the College did not have a functional internal audit department or audit committee of the Board contrary to Section 73(1)(a) of the Public Finance Management Act 2012, which states that every National Government entity shall ensure that it complies with the Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the college did not benefit from oversight role and advice from the audit committee.

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

Responsibilities of the Management and Those Charged with Governance

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

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

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

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

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

Auditor General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 9(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

05 June, 2025

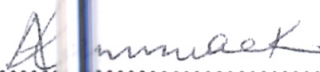
Fayya Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6(a)	2,000,000	2,000,000
Transfers from other levels of Government	6(b)	195,500	
		2,195,500	2,000,000
Revenue from Exchange transactions			
Renditioning of services- fees from students	7(a)	1,752,981	1,015,560
Total revenue		3,948,481	3,015,560
Expenses			
Use of goods and services	8(a)	853,119	432,128
Employee costs	9	2,670,056	1,556,990
Board expenses	10	40,000	85,000
Depreciation and amortization expense	11	1,500,000	1,500,000
Repairs and maintenance	12	23,100	80,473
Total expenses		5,086,275	3,654,591
Net/(Profit) for the year		(1,137,794)	(639,031)

The Financial Statements set out on pages 1 to 30 were signed by:

Abdi M. Hajir



Chairman of Board

Date 12-05-2025

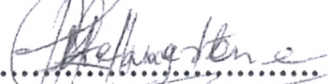
Margaret Wanjiru


 Sign.....

Principal

Date 12/05/2025

Eliud Kimani Rwara



Finance Officer

Date 12/05/2025

FAYYA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position as at 30th June 2024

		Kshs		
		2023	2022	2021
Assets				
Current Assets				
Cash and cash equivalents	13	31,586	35,409	35,409
Current portion receivables from exchange transactions		-	-	1,691,177
Inventories	14	310,160	257,862	-
Total Current Assets		341,746	293,271	1,726,586
Non-Current Assets				
Non-current receivables from exchange transactions	27(b)	3,378,281	2,156,060	
Property, plant and equipment	15	55,500,000	57,000,000	57,000,000
Total Non-Current Assets		58,878,281	59,449,331	57,000,000
Total Assets		59,220,027	59,449,331	58,726,586
Liabilities				
Current Liabilities				
Trade and other payables	16	996,852	429,474	340,562
Total Current Liabilities		996,852	429,474	340,562
Total Liabilities		996,852	429,474	340,562
Net Assets		58,223,175	59,019,857	57,520,407
Represented				
Revaluation Reserves		-	-	-
Accumulated deficit		(1,776,825)	(980,000)	(1,273,414)
Capital Fund		60,000,000	60,000,000	60,000,000
Net Assets and Liabilities		58,223,175	58,726,586	58,726,586

The Financial Statements set out on pages 1 to 30 were signed by:

Abdi Isack

Abdi Isack

Chairman Board

Date 12/05/2025

Margaret Wanjiru

PRINCIPAL
FAYYA T. V. C.

Principal

Date 12/05/2025

Eliud Kimani Rwara

Eliud Kimani Rwara

Finance Officer

Date 12/05/2025

Annual Report and Financial Statements
16. Statement of Changes in Net Asset for The Year Ended 30th June 2024

Description	Accumulated Reserve	Capital	Total
At July 1, 2022	(634,383)	60,000,000	60,000,000
Surplus/(deficit) for the year		-	
At June 30, 2023	(1,273,414)	60,000,000	58,726,586
At July 1, 2023	(1,273,414)	60,000,000	58,726,586
Surplus/(deficit) for the year		-	
At June 30, 2024	(1,776,825)	60,000,000	58,223,175

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

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Transfers from other National Government entities	6(a)	2,000,000	2000,000
Transfer from other levels Government	6(b)	195,500	
Rendering services- fees from students	7(b)	133,760	190,000
Total Receipts		2,329,260	2,190,000
Payments			
Use of goods and services	8(b)	601,287	432,128
Employee costs	9	1,668,696	1,556,990
Board Expenses	10	40,000	85,000
Repairs and maintenance	12	23,100	80,473
Total Payments		2,333,083	2,154,591
Net Cashflows from operating activities		(3,823)	35,409
Cash flows from investing activities			
Cashflows from financing activities			
Net Increase/(Decrease)in Cash and Cash equivalents		(3,823)	35,352
Cash and Cash equivalents at 1 st JULY 2023	13	35,409	57
Cash and Cash equivalents at 30th JUNE 2024	13	31,586	35,409

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

Description	Original budget	Adjustments	Final budget	Actuals comparable	Performance Difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities	2,000,000	-	2,000,000	2,000,000	-	100%
Rendering of services- fees from students	2,821,000	-	2,821,000	1,948,481	872,519	31%
Total Income	4,821,000	-	4,821,000	3,948,481	872,519	18%
		-				
Expenses		-				
Use of goods and services	830,000	-	830,000	853,119	(23,119)	2.7%
Employee costs	2,300,000	-	2,300,000	2,670,056	(370,056)	16%
Board Expenses	850,000	-	850,000	40,000	810,000	95%
Repairs and maintenance	300,000	-	300,000	23,100	276,900	92%
Total Expenditure	4,280,000	-	4,280,000	3,586,275	693,725	16%
		-				
Surplus For the Period	541,000	-	541,000	362,206	178,794	33%
Capital Expenditure	700,000	-	700,000	-	700,000	

The difference between budgeted amount with actual comparable basis in our income is due unable to reach to required trainees number whom we could have rendered services.

19. Notes to the Financial Statements

1. General Information

Fayyaa TVC is established by and derives its authority and accountability from TVETA Act 2010. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college principal activity is Training

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note -.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, (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>Not yet effective</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 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. <i>Not yet effective</i>
IPSAS45: Property Plant and Equipment	Applicable 1st January 2025 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. <i>Not yet effective</i>
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

		<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>Not yet effective</i></p>
IPSAS47 Revenue		<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>Not yet effective</i></p>
IPSAS48: Expense	Transfer	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Not yet effective</i></p>
IPSAS49: Retirement Plans	Benefit	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector <i>employees and other eligible participants</i>. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Not yet effective</i></p>

iii. **Early adoption of standards**

The college did not early adopt any new or amended standards in year 2023-2024

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.

Summary of Significant Accounting Policies (continued)

b) Budget information

The original budget for FY 2023/2024 was approved by the Board. 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 2023/2024 budget following the Board's approval. The college budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals per the statement of financial performance has been presented on page under section of these financial statements.

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 2023-2024-year period. Investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net

Summary of Significant Accounting Policies (continued)

disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

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

g) Intangible assets

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

Summary of Significant Accounting Policies (continued)

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.
- the intention to complete and its ability to use or sell the asset.
- how the asset will generate future economic benefits or service potential
- the availability of resources to complete the asset.
- the ability to measure reliably the expenditure during development.

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Financial assets (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

Raw materials: purchase cost using the weighted average cost method.

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

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.

Continuing assets(continued)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The college provides retirement benefits for its employees and directors. Defined contribution plans and 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. Defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

Employee benefits (continued)

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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

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6(a) Transfers from other National Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	-	-
Operational Grant	2,000,000	2,000,000
Development grants	-	-
Other Grants/ KUCCPS	-	-
Total unconditional Grants	2,000,000	2,000,000

6(b) Transfers from other levels of Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Capitation /KUCCPS	195,500	-

7 (a) Rendering of Services

Description	2023-2024	Restated 22-23	2022-2023
	Kshs	Kshs	Kshs
Tuition Fees	769,000	540,000	540,000
Activity Fees	189,000	63,486	162,000
Industrial Attachment Fees	60,000	54,000	54,000
Local transport and travel	404,500	51,570	51,570
Electricity, water and conservancy	62,000	58,860	58,860
Facilities and materials	148,481	-	63,486
Personal emoluments		216,000	
Repair maintenance and improvement	120,000	31,644	85,644
Total Revenue from The Rendering of Services	1,752,500	1,015,560	1,015,560

7 (b) Rendering of Services

Description	2023-2024	Restated 22-23	2022-2023
	Kshs	Kshs	Kshs
Tuition Fees paid	133,760	-	-
Total collected	133,760	-	-

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8 (a). Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Administration costs	463,060	385,680
Subscriptions (KATTI)	142,934	-
Advertising/marketing	187,400	20,000
KUCCP	18,000	-
Bank Charges	11,827	3,723
Licenses and permits	4,000	-
Postage	7,725	7,725
Telephone expenses	30,000	15,000
Total goods and services	853,119	432,128

8(b). Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Amount fully paid	601,287	432,128
Total paid	601,287	432,128

9. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	673,456	856,920
Travel, motorcar accommodation, subsistence and other allowances	1,996,600	700,070
Employee costs	2,670,056	1,556,990

10. Board Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Expenses	40,000	85,000
Total	40,000	85,000

11. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	1,500,000	1,500,000
Total depreciation and amortization	1,500,000	1,500,000

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12.Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property	21,300	80,473
Total Repairs and Maintenance	21,300	80,473

13.Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	31,586	35,409
Others (Specify)	-	-
Total Cash and Cash Equivalents	31,586	35,409

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26 (a) Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
K... Commercial Bank	1290552282	31,586	35,409
Grand Total		31,586	35,409

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27(b) Non- Current Receivables from Exchange transactions

Description	2023-2024	Restated 22-23	2022-2023
	Kshs		Kshs
Non-Current Receivables			
Student Debtors	3,378,281	2,156,060	1,691,177
Total Current Receivables	3,378,281	2,156,060	1,691,177

14. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Library stores	257,260	-
Maintenance/ accommodation stores	52,900	-
Total Inventories at lower of Cost and Net Realizable Value	310,160	-

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15. Property, Plant and Equipment

Cost	Buildings	Total
	Kshs	Kshs
At 1 July 2022 (<i>previous yr.</i>)	60,000,000	60,000,000
At 30 th June 2023 (<i>previous yr.</i>)	60,000,000	60,000,000
At 30 th June 2024 (<i>current yr.</i>)	60,000,000	60,000,000
	2.5%	
Depreciation And Impairment	-	-
At 1 Jun 2022 (<i>previous yr.</i>)	(1,500,000)	(1,500,000)
Depreciation	(1,500,000)	(1,500,000)
At 30 Jun 2023 (<i>previous yr.</i>)	(3000,000)	(3000,000)
Depreciation	(1,500,000)	(1,500,000)
At 30 th Jun 2024 (<i>current yr.</i>)	4,500,000	4,500,000
Net Book Values		
At 30 th Jun 2023 (<i>previous yr.</i>)	57,000,000	57,000,000
At 30 th Jun 2024 (<i>current yr.</i>)	55,500,000	55,500,000

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Notes to the Financial Statements (Continued)

Valuation

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

32 (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	60,000,000	4,500,000	55,500,000
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	60,000,000	4,500,000	55,500,000

16. Trade and Other Payables

Description	2023-2024	Revised 22-23	2022-2023
	Kshs		Kshs
Trade payables	296,428		-
Fees paid in advance	-		-
Salary deductions	-		-
Third-Party Payments	700,424	429,474	340,562
Other Payables	-		-
Total Trade and Other Payables	996,852	429,474	340,562

6. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by the company 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 board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

(iii) Market Risk

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

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

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

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

a) Foreign Currency Risk

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 20XX			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

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

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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.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx
20xx			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx

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.

7. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

Events After the Reporting Period

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

9. Ultimate and Holding Entity

The entity is a public college under the Ministry of Education. Its ultimate parent is the Government of Kenya.

10. Currency

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

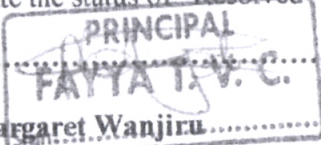
20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

- (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: Margaret Wanjiru
 Accounting Officer
 (Principal)
 Date 21/05/2025

OFFICE OF THE AUDITOR GENERAL
 P. O. Box 81543, MOMBASA
 15 MAY 2025
 RECEIVED
 KILIFI REGIONAL OFFICE

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