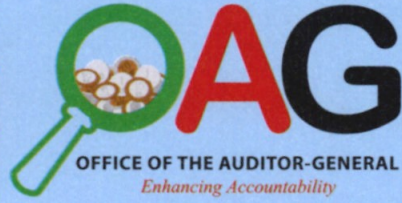
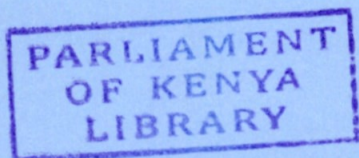


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 APR 2026	DAY. <u>Thursday</u>
TABLED BY:	<u>Leader of the majority Party</u>
CLERK-AT THE-TABLE:	<u>Kamela. T.</u>

REPORT

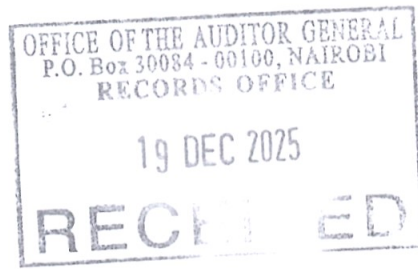
OF

THE AUDITOR-GENERAL

ON

OL KALOU TECHNICAL AND  
VOCATIONAL COLLEGE

FOR THE SIX MONTHS PERIOD  
ENDED 30 JUNE, 2023



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*Ol Kalou Technical and Vocational College*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED**  
**30<sup>TH</sup> JUNE 2023**

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Table of Contents**

1.Acronyms and Definition of Key Terms .....	iv
2.Key Entity Information and Management .....	v
3.The Board of Governors .....	viii
4.Key Management Team .....	ix
5.Chairman’s Statement .....	x
6.Report of the Principal .....	xi
7.Statement of Performance against Predetermined Objectives .....	xii
8.Corporate Governance Statement .....	xiv
9.Management Discussion and Analysis .....	xvi
<b>Revenue Performance</b> .....	xvi
10.Environmental And Sustainability Reporting Statement.....	xix
11.Report of the Board of Governors .....	xxi
12.Statement of Board of Governor Responsibilities .....	xxii
13.Report of the Independent Auditor Ol Kalau Technical and Vocational College .....	xxiv
14.Statement of Financial Performance For The Six-month period Ended 30 June 2023 .....	1
15.Statement of Financial Position As At 30th June 2023 .....	2
16.Statement of Changes in Net Asset For The Six Months Period Ended 30 June 2023 .....	3
17.Statement of Cash Flows For The Six Months Period Ended 30 June 2023 .....	4
18.Statement of Comparison of Budget & Actual amounts For Six Monthe Period Ended 30 June 2023 ..	5
19.Notes to the Financial Statements.....	6
20.Appendices.....	30

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

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

**B. Definition of Key Terms**

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

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**2. Key Entity Information and Management**

**(a) Background information**

OI Kalou Technical and Vocational College was established in the year 2023 through an initiative from the local community and leaders. The college is established by and derives its authority and mandate from TVET Act 2013. It is domiciled in Kenya and is wholly owned by the Government of Kenya under the Ministry of Education, State Department for Technical and Vocational Education and Training. The college principal activity is provision of technical and vocational education and training (TVET), research and innovation.

The college operations are guided by various legislations and regulations including TVET Act 2013, Science, Technology and Innovation (ST&I) Act 2013, TVET regulations 2015, Public Finance Management Act 2012, Public Procurement and Disposal Act 2015 among others

**(b) Principal Activities**

OI Kalou Technical and Vocational College enables trainees to acquire practical skills, knowhow and understanding necessary for employment in certain occupations or trades as follows:

- Level 3 that targets primary school's leavers that do not transit to secondary school and those with trade test qualification and may wish to proceed with their studies.
- Level 4 that targets the lower cohort of secondary school leavers who do not transit to university education and those from Level 3 who may wish to proceed with their studies
- Level 5 and Level 6 that target the upper cohort of secondary school leavers who do not transit to university education and those from Level 4 who may wish to proceed with their studies

**(c) Key Management**

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

- Board of Governors
- Accounting officer/ Principal
- Senior Management
- Trainers on Duty

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

<b>SN.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	Jacob Ndirangu Mwangi
2.	Deputy Principal (Administration) – NyNP	Mary Njeri Njane
3	Head of Finance – NyNP	Monica Wambui Ndirangu

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

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

**(e) Fiduciary Oversight Arrangements**

- **Audit and risk committee activities**  
Involved in audit and overseeing risk management in the entity
- **Finance and operations committee activities**  
Ensures sourcing and management of finances
- **Academic committee activities**  
Ensure the quality of education and conducting learning environment

**(f) Entity Headquarters**

P.O. Box 423-20303  
Gil Gil – Nyahururu Road  
KENYA

**(g) Entity Contacts**

Telephone: (254) 0113520983/722284270  
E-mail: [olkaloutvc@gmail.com](mailto:olkaloutvc@gmail.com)

**(h) Entity Bankers**

Kenya Commercial bank  
Kencom House, Moi Avenue,  
P.o box 48400-00100  
Nairobi, Kenya.

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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




**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**3.The Board of Governors**

The Board of Governors had not been appointed during the period ended 30 June 2023

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**4. Key Management Team**

SN.	Member/ Director	Details
1.	 <p><b>Jacob Mwangi</b>            Holds MED Educational Administration,            BED science, Diploma Education            Management.</p>	<p><b>Principal</b>            Authorization on Allocation of resources,            procurement, and Bank Signatory</p>
2.	 <p><b>Mary Njane</b>            B.Ed(Science), M.Sc. Applied            Mathematics</p>	<p><b>Deputy principal Administration of            NyNP</b>             Bank Signatory</p>
3.	 <p><b>CPA Monica Ndirangu</b>            MBA (Strategic Management)            B.Com (Accounting Option),            CPA- K,            Member ICPAK,            Member AWAK            CS II</p>	<p><b>Head of Finance in NyNP</b>             Bank Signatory</p>

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**5. Chairman's Statement**

The Chairman of the Board of Governors had not been appointed during the period ended 30 June 2023

**Oikalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**6. Report of the Principal**

The Principal reported to Ol Kalou Technical and Vocational College on 26th July, 2022. The college was still under construction. The College was completed and handed over to the principal by Public works and Nairobi TTI (mentoring institution) on 22nd August, 2023. The only finances that the college was receiving were the grants by the national government.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**7. Statement of Performance against Predetermined Objectives**

OI Kalou Technical and Vocational College (OTVC) sets annual predetermined objectives to guide the implementation of its mandate in accordance with the Technical and Vocational Education and Training Act, 2013; the Public Finance Management Act, 2012; and the strategic priorities of the State Department for Technical Vocational Education and Training. The College remains committed to measuring performance based on targets, results, efficiency, and value for public resources.

**Objective: Access, Equity, and Trainee Enrolment**

Target: Increase trainee enrollment in all level courses and promote equitable access to TVET within Nyandarua County and surrounding regions.

Performance: OTVC undertook outreach and community mobilization activities resulting in increased trainee applications and admission numbers during the reporting period. Special emphasis was placed on youth from marginalized and low-income households, in line with government priorities and the national TVET expansion framework.

**Objective: Academic Quality and Training Delivery**

Target: Deliver quality, competency-based training aligned to the CBET curriculum and industry requirements.

Performance: Training programmes were implemented through qualified trainers, approved curricula, and practical sessions. Assessment preparation, internal moderation, and compliance with the Kenya National Qualifications Authority (KNQA) and TVET CDACC standards were upheld. External examination performance and completion rates demonstrated steady improvement over the reporting period.

**Objective: Infrastructure and Institutional Development**

Target: Improve learning facilities, workshops, ICT resources, and administrative systems to support training and operations.

Performance: Incremental improvement in physical infrastructure and acquisition of training equipment were achieved through budget allocations and partnerships. This included prioritizing workshops, classroom training facilities, and ICT connectivity to support blended learning and digital administrative process

**Oikalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Objective: Financial Management and Accountability**

Target: Ensure prudent utilization of public funds, compliance with the Public Finance Management Act, 2012, and timely financial reporting to the Office of the Auditor-General.

Performance: Budget implementation reports, procurement plans, and financial statements were prepared. Internal controls were strengthened, and audit recommendations were tracked through the Finance and Resource Mobilization Committee to promote transparency and fiscal discipline.

**Objective: Human Resource Capacity**

Target: Recruit, develop, and retain qualified instructional and non-teaching personnel. Performance: Staff deployment, continuous professional development, and performance management frameworks were implemented during the reporting period. The College fostered a results-oriented work environment consistent with public service values and efficiency standards.

**Objective: Governance and Compliance**

Target: Strengthen corporate governance and adherence to Mwongozo, Board regulations, and relevant legislation.

Performance: The Board of Governors successfully conducted scheduled meetings, and oversaw committee reports. Compliance with ethics, integrity, procurement law, and conflict-of-interest regulations was confirmed as part of internal governance checks.

**Objective: Industry Linkages and Partnerships**

Target: Enhance collaboration with employers, industry players, and community stakeholders for industrial attachment, technology transfer, and curriculum relevance.

Performance: Engagement with industry stakeholders increased placement opportunities for trainees and supported curriculum input from sector experts, thereby improving graduate employability and institutional credibility.

**Conclusion**

Based on the above performance measures, OI Kalou Technical and Vocational College has demonstrated measurable progress toward meeting its predetermined objectives. Continuous monitoring, evaluation, and documentation will be undertaken to ensure sustained improvement, effective resource utilization, and alignment with national TVET development goals.

## **8. Corporate Governance Statement**

(Ol Kalou Technical and Vocational College (OTVC) is committed to the principles of transparent, accountable, ethical, and effective corporate governance in accordance with the Constitution of Kenya, 2010; the Technical and Vocational Education and Training Act, 2013; the Public Finance Management Act, 2012; the Leadership and Integrity Act, 2012; and Mwongozo — The Code of Governance for State Corporations (2015). The College seeks to uphold professionalism, integrity, equity, inclusivity, and responsiveness in all its operations, decision-making processes, and stakeholder engagements.

### **Governance Structure**

The governance of OTVC is vested in the Board of Governors established under Section 26 of the TVET Act, 2013. The Board provides strategic direction, approves institutional policies, oversees financial management, ensures accountability to the public, and protects the interests of learners, staff, government, and development partners.

The Principal, appointed pursuant to the TVET Act, serves as the Chief Executive Officer and Secretary to the Board, responsible for the day-to-day administration of the College and implementation of Board resolutions.

### **Financial Governance and Accountability**

The College practices responsible and transparent financial management guided by the Public Finance Management Act, 2012. Annual budgets, financial statements, and internal controls are approved by the Board and subjected to review by the Office of the Auditor-General. The College promotes value-for-money principles, prudence, and proper use of public resources.

### **Risk Management and Internal Control**

OTVC maintains internal control systems to safeguard assets, ensure reliability of records, and promote operational efficiency. The Audit and Risk Committee oversees compliance, risk mitigation, internal audits, and implementation of audit recommendations. The College is committed to continuous improvement in institutional governance standards.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Stakeholder Engagement**

The College recognizes the importance of transparent communication with stakeholders including students, staff, government agencies, industry partners, and the local community. OTVC promotes participatory governance and guarantees access to information consistent with the Access to Information Act, 2016.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**9. Management Discussion and Analysis**

**Overview of the Institution**

Ol Kalou Technical and Vocational College (OTVC) is a public Technical and Vocational Education and Training (TVET) institution established under the TVET Act, 2013, with the mandate to provide competency-based education and training (CBET), promote youth skills development, and support national human capital growth. The college aims to produce graduates who are technically skilled, employable, and entrepreneurial.

**Operating Environment**

Despite many challenges, the college continued implementing strategic initiatives aligned with the Ministry of Education, State Department for TVET priorities.

**Regulatory Environment**

OTVC operated under the following legal and policy frameworks:

- TVET Act, 2013
- Public Finance Management (PFM) Act, 2012
- Mwongozo Code of Governance for State Corporations
- Public Audit Act, 2015
- Public Procurement and Asset Disposal Act, 2015

Compliance with these frameworks guided financial reporting, governance, procurement, and institutional management.

**Key Institutional Performance Highlights**

Nomination of BOG – the exercise was successful

**Infrastructure Development**

During the reporting period, OTVC recorded progress in infrastructure, including:

- Acquisition of specialized training equipment through government and donor support.

**Financial Performance**

**Revenue Performance**

Revenue for the period was derived from grants from the national government and development partners

Although the college got government grants, A-in-A remained below projected targets due to low initial enrolment levels as the institution is still growing.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Expenditure Performance**

Major expenditures included:

- Staff compensation
- Training materials and consumables
- Marketing and outreach activities
- College operations (utilities, maintenance, ICT services)

Cost optimization measures were implemented, although inflation exerted pressure on operational costs.

**Marketing and Outreach Activities**

To increase enrolment and visibility, OTVC intensified marketing through:

- Use of personal and institutional transport for mobility

The principal undertook extensive field marketing during the early stages of the college, due to lack of institutional vehicles and limited staffing.

**Key Challenges**

OTVC faced several challenges, including:

- Limited financial resources compared to institutional needs
- Inadequate training equipment in technical fields
- Low initial enrolment affecting A-in-A performance
- Lack of institutional transport, resulting in reliance on personal vehicles for official duties
- Staffing gaps in certain technical areas

**Risk Management**

Major risk areas identified included:

- Funding risks due to delayed exchequer releases
- Operational risks related to inadequate staffing
- Reputational risks due to competition from established TVET institutions Mitigation measures included prudent financial management and enhanced stakeholder engagement.

**Governance and Compliance**

The Board of Governors (BOG) provided strategic oversight in line with:

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

- Mwongozo Code of Governance
- TVET Act requirements
- Ministry of Education circulars and guidelines

The Board held regular meetings and strengthened committee structures to enhance accountability, transparency, and performance oversight.

**Outlook for the Next Financial Year**

The institution projects growth driven by:

- Registration of CBET programs
- Targeted enrolment campaigns

OTVC is committed to positioning itself as a centre of excellence in technical and vocational training within Nyandarua County and the region.

**Conclusion**

Despite facing resource constraints, Ol Kalou Technical and Vocational College made substantial strides in expanding access to quality technical and vocational education. The management remains committed to improving performance, strengthening governance, and delivering value to trainees and stakeholders.

## **10. Environmental And Sustainability Reporting Statement**

### **Statement Introduction**

The statement is guided by the Environmental Management and Coordination Act (EMCA), 1999 (Amended 2015), the Climate Change Act, 2016, the National Climate Change Action Plan (NCCAP), and the Ministry of Education and TVET sector guidelines on environmental conservation.

### **Environmental Governance and Policy Framework**

OTVC implemented environmental sustainability practices anchored on:

- EMCA (1999, Amended 2015)
- Climate Change Act (2016)
- National Environmental Policy (2013)
- Mwongozo Code of Governance for State Corporations
- OTVC internal policies on waste management, energy use, and campus

greening Environmental initiatives were coordinated through the college management, student associations, and relevant departmental committees.

### **Energy Management**

The college undertook initiatives aimed at reducing energy consumption and improving efficiency, including:

- Use of energy-efficient lighting (LED bulbs) across classrooms, offices, and workshops
- Encouragement of responsible energy use by staff and students
- Preventive maintenance of electrical systems and equipment to reduce energy losses

### **Water Conservation and Management**

To enhance water sustainability, the institution implemented:

- Water usage controls (leak repairs, awareness campaigns)
- Regular maintenance of plumbing systems to reduce wastage
- The college plans to install rainwater harvesting capacity and install water-saving sanitary fittings.

### **Environmental Conservation and College Greening**

Key greening and conservation initiatives during the year included:

- Tree planting activities in support of the National Tree Growing and Restoration Campaign
- Involvement of students in environmental clubs and conservation drives
- Awareness campaigns in line with the Ministry of Environment's call for climate action

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

- OTVC targets to do landscaping and beautification of college grounds, increase campus tree cover to contribute to the national 15-billion trees initiative.

**Climate Change Mitigation and Adaptation**

In response to climate change priorities, OTVC implemented:

- Energy conservation strategies
- Awareness activities focusing on climate change mitigation
- The institution plans to include green skills and environmental modules in technical training, encourage sustainable transport options such as cycling and walking, introduce additional CBET programs focusing on renewable energy and green technologies.

**Sustainable Procurement**

The college promoted sustainability through:

- Procurement of energy-efficient and environmentally friendly materials
- Adherence to the Public Procurement and Asset Disposal Act (PPADA) 2015 sustainability provisions
- Preference for suppliers compliant with NEMA licensing and environmental standards
- Promotion of local suppliers to reduce carbon footprint associated with long-distance transportation

**Challenges**

The institution faced the following constraints:

- Inadequate funding for large-scale environmental projects
- Lack of infrastructure for water harvesting and recycling
- Lack of advanced waste management facilities

**Conclusion**

Ol Kalou Technical and Vocational College remains committed to integrating sustainability into its operations, training, and community engagements. Through continued investment, collaboration, and adherence to national policies, the institution aims to become a leader in environmental conservation and sustainable development in the TVET sector.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**11. Report of the Board of Governors**

The Council/Board members submit their report together with the audited financial statements for the six months ended June 30, 2023, which show the state of the *College's* affairs.

**Principal activities**

The principal activities of the College are training, research and development

**Results**

The results of the entity for the year ended June 30 are set out on page 1 to 5

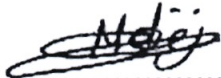
**Board of Governors**

The members of the Board who served during the year are shown on page iv. During the year there was no board of Governors

**Auditors**

The Auditor General is responsible for the statutory audit of the *College* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**12. Statement of Board of Governor 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*, require the council members to prepare financial statements in respect of that *College*, which give a true and fair view of the state of affairs of the *College* at the end of the financial year/period and the operating results of the *College* for that year/period. The Council members are also required to ensure that the *College* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *College*. The council members are also responsible for safeguarding the assets of the *College*.

The Council members are responsible for the preparation and presentation of the *College's* financial statements, which give a true and fair view of the state of affairs of the *College* for and as at the end of the six months period ended on June 30, 2023. 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 Council members accept responsibility for the *College's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the TVET Act*, 2013). The Board members are of the opinion that the *College's* financial statements give a true and fair view of the state of *College's* transactions during the six months period ended June 30, 2023, and of the *College's* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *College*, which have been relied upon in the preparation of the *College's* 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's* ability to continue as a going concern. Nothing has come to the attention of the Council members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Approval of the financial statements**

The *College's* financial statements were approved by the Board on 18/2/2023 and signed on its behalf by:



.....  
Name **PROF E. WAGAIYU**  
Chairperson of the Board/Council



.....  
Name **JACOB MWANGI**  
Accounting Officer/Principal

# REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

## REPORT OF THE AUDITOR-GENERAL ON OL KALOU TECHNICAL AND VOCATIONAL COLLEGE FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2023

### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the financial statements of Ol Kalou Technical and Vocational College set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023, 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 Ol Kalou Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Expenses**

The statement of financial performance reflects use of goods and services amount of Kshs.755,050 which as disclosed in Note 5 to the financial statements includes Kshs.201,500 paid for various goods and services. However, supporting documents such as approved programs of activities, work ticket/bus, back to office report, travel documents, program of events were not provided for audit verification.

In the circumstances, the accuracy and completeness of use of goods and services balance of Kshs.755,050 could not be confirmed.

#### **2. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.110,150 as disclosed in Note 10 to the financial statements. However, bank reconciliation statements were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.110,150 could not be confirmed.

#### **3. Unsupported Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.67,340,940 which as disclosed in Note 13 to the financial statements includes Kshs.15,000,000 in respect of land that was donated by a primary school. However, documents, showing how the value reflected in the financial statements was arrived at was not provided for audit review.

Further, the College is built on a parcel of land whose ownership documents and size was not provided for audit review.

In the circumstances, the accuracy, completeness, valuation and ownership of property, plant and equipment balance of Kshs.67,340,940 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,000,000 and Kshs.865,200 respectively, resulting to a revenue shortfall of Kshs.1,134,800 or 57% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.2,000,000 and Kshs.755,050 respectively resulting to an under-expenditure of Kshs.1,244,950 or 62% of the budget.

The revenue shortfall and under-expenditure 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.

### **Other Information**

The Management is responsible for the Other Information set out on page v to xxiii which comprises of Key Entity Information and Management, Board of Directors, Key Management Team, Chairman's Report, Report of the Executive Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors 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. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late Submission of the Financial Statements**

The financial statements for the six months period ended 30 June, 2023 were submitted to the Auditor-General on 02 December, 2025 approximately twenty (26) months after the end of legal deadline of three (3) months after the end of each financial year contrary to Section 14 (2) which provides that within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General the accounts of the Board.

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

#### **2. Irregular Transfer of Funds to Kenya Association of Technical Training Institutions**

The statement of financial performance reflects use of goods and services amount of Kshs.755,050 as disclosed in Note 5 to the financial statements includes Kshs.114,850 in respect of activity costs. The Kshs.114,850 includes Kshs.68,850 transferred to Kenya Association of Technical Training Institutions (KATTI). However, KATTI is a welfare organization that draws its membership from College Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by Colleges.

In the circumstances, value for money transferred to KATTI amounting to Kshs.68,850 could not be confirmed.

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 THE 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 effects of the matter 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**

#### **Lack of Board of Governors**

Documents provided for audit review revealed that the College did not have a board of governors during the year under review contrary to Section 1(1) of the second schedule TVET Act, 2013 which provides that the Board of Governors of a public institution shall consist of not less than seven and not more than nine members appointed by the Cabinet Secretary.

In the circumstances, the effectiveness of governance of College could not be confirmed.

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

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

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

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

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

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAI 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**

**15 December, 2025**

14. Statement of Financial Performance For The Six-month period Ended 30 June 2023

	Notes	2022-2023
		Kshs
<b>Revenue from Non-Exchange transactions</b>		
Transfers from other National Government - Recurrent/Operational	6	865,200
		<b>865,200</b>
<b>Revenue from Exchange transactions</b>		
Rendering of services- fees from students	8	0
Sale of goods	9	0
Rental revenue from facilities and equipment	10	0
<b>Revenue from Exchange transactions</b>		<b>865,200</b>
<b>Total Revenue</b>		<b>865,200</b>
<b>Expenses</b>		
Use of goods and services	11	755,050
Employee costs	12	0
Board /Council Expenses	13	0
Depreciation and amortization expense	14	0
Repairs and maintenance	15	0
<b>Total Expenses</b>		<b>755,050</b>
<b>Net surplus/(deficit) for the year</b>		<b>110,050</b>

The notes set out on pages 6 to 37 form an integral part of the 6 months period financial statement .  
The Financial Statements set out on pages 1 to 5 were signed by:

Prof. Evelyne Wagaiyu  
Chairman of Board

Date 18/12/2025

CPA Monica Ndirangu  
Finance Officer  
ICPAK No. 20670

Date 18/12/2025

Jacob Mwangi  
Principal

Date 18/12/2025

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**15. Statement of Financial Position As At 30th June 2023**

Description	Notes	2022-2023
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	10(a) & (b)	110,150
Current portion of receivables from exchange transactions	11	0
Inventories	12	0
<b>Total Current Assets</b>		<b>110,150</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	13	67,340,940
Intangible assets	14	0
Biological Assets	15	0
Deferred grants		(67,340,940)
<b>Total non-current assets</b>		<b>0</b>
<b>Total Assets (A)</b>		<b>110,150</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables from exchange transactions	16	0
Refundable deposits from customers	17	0
Deferred income	18	0
<b>Total Current Liabilities</b>		<b>0</b>
<b>Non-Current Liabilities</b>		
<b>Total non-current liabilities</b>		
<b>Total Liabilities (B)</b>		<b>0</b>
<b>Net Assets (A-B)</b>		<b>110,150</b>
<b>Represented By:</b>		
Revaluation Reserves		
Accumulated Surplus		110,150
Capital Fund		0
<b>Net Assets and Liabilities</b>		<b>110,150</b>

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

Prof. Evelyne Wagaiyu  
 Chairman of Board

Date 18/12/2025

CPA Monica Ndirangu  
 Finance Officer  
 ICPAK No. 20670

Date 18/12/2025

Jacob Mwangi  
 Principal

Date 18/12/2025

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**16. Statement of Changes in Net Asset For The Six Months Period Ended 30 June 2023**

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
<b>At July 1, 2021 (previous year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2022</b>	-	-	-	-
<b>At July 1, 2022(current year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	110,150	-	110,150
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2023</b>	-	<b>110,150</b>	-	<b>110,150</b>

**Olkalou Technical and Vocational College**

**Financial statements for the Six-month period ended 30th June 2023**

**17. Statement of Cash Flows For The Six Months Period Ended 30 June 2023**

Description	2022-2023	
	Note	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from other National Government -Recurrent/Operational		865,200
Rendering of services- fees from students		0
Sale of goods		0
Rental revenue from facilities and equipment		0
<b>Total Receipts</b>		<b>865,200</b>
<b>Payments</b>		
Use of goods and services		755,050
Employee costs		0
Board /Council Expenses		0
Repairs and maintenance		0
<b>Total Payments</b>		<b>755,050</b>
<b>Net Cash Flows from operating activities</b>	19	<b>110,150</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		0
Proceeds from sale of property, plant and equipment		0
<b>Net cash flows used in investing activities</b>		<b>0</b>
<b>Cash flows from financing activities</b>		
Proceeds From Borrowing		
Repayment Of Borrowings		
<b>Net cash flows used in financing activities</b>		
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		
Cash and Cash equivalents at 1 JULY 2023		0
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>110,150</b>
<b>Cash and Cash equivalents at 30 JUNE 2023</b>		<b>110,150</b>

Olkalou Technical and Vocational College  
 Financial statements for the Six-month period ended 30th June 2023

18. Statement of Comparison of Budget & Actual amounts For Six Monthe Period Ended 30 June 2023

Description	Original budget 2022-2023	Adjustments 2022-2023	Final	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Budget 2022-2023	Kshs	Kshs	%
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other National Government - Recurrent/Operational	2,000,000	-	2,000,000	865,200	1,134,800	43
Rendering of services- fees from students	0	-	0	0	0	-
<b>Total Income</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>865,200</b>	<b>1,134,800</b>	<b>43</b>
<b>Expenses</b>						
Use of goods and services	1,683,048	-	1,683,048	755,050	927,998	45
Employee costs	216,000	-	216,000	-	216,000	0
Board /Council Expenses	-	-	-	-	-	0
Depreciation and Amortization expense	0	-	-	-	-	0
Repairs and maintenance	100,952	-	100,952	-	100,952	0
<b>Total Expenditure</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>755,050</b>	<b>1,244,950</b>	<b>38</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,150</b>		

**19. Notes to the Financial Statements**

**General Information**

Ol Kalou TVC is established by and derives its authority and accountability from TVET Act 2013. The Institution is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institution’s principal activity is training.

**Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institution’s accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institution. 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 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Adoption of New and Revised Standards**

When an IPSAS becomes effective on 1st January 2024, it is applicable in Kenya from 1st July 2024

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

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

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

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

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

***iii. Early adoption of standards***

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

**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.

**Deferred grant income**

In accordance with IPSAS 23 – Revenue from Non-Exchange Transactions. The Institution applies the deferred income approach in accounting for grants, donations and other transfers. Where donations and grants are received, they are initially recognised as deferred income (a liability) and is recognised as revenue in the Statement of Financial Performance on a systematic basis over the period in which the associated assets are utilised.

**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.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2023 was approved by the Council or Board on 25th May 2023. 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 Institution upon receiving the respective approvals to conclude the final budget. The Institution's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 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

## **Olkalou Technical and Vocational College**

### **Financial statements for the Six-month period ended 30th June 2023**

a one-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately). Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

#### **e) Property, plant and equipment**

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

#### **f) Leases**

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

#### **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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Biological Assets**

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

**i) Research and development costs**

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

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

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

**j) Financial instruments**

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

## ***Financial assets***

### ***Classification***

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

***Financial liabilities***

***Classification***

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

**k) Inventories**

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

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

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

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

## **Olkalou Technical and Vocational College**

### **Financial statements for the Six-month period ended 30th June 2023**

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

#### **l) Provisions**

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

#### ***Contingent liabilities***

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

#### ***Contingent assets***

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

#### **m) Social Benefits**

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

#### **n) Nature and purpose of reserves**

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

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

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

**p) Employee benefits**

**Retirement benefit plans**

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

**q) Foreign currency transactions**

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

**r) 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.

**s) Related parties**

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

**t) Service concession arrangements**

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

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

**u) Cash and cash equivalents**

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

**v) Comparative figures**

There was no comparative figures for the six-month period ended 2023.

**w) 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, 2023.

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

**1. Transfers from other National Government entities**

Description	FY 2022/2023
	Kshs
<b>Unconditional Grants</b>	
Capitation Grants	0
Operational/Recurrent Grant	865,200
Development grants	0
Other Grants	0
<b>Total unconditional Grants</b>	<b>865,200</b>
<b>Total Government Grants and Subsidies</b>	<b>865,200</b>

**2. Rendering of Services**

Description	FY 2022/2023
	Kshs
Tuition Fees	0
Activity Fees	0
Examination Fees	0
Repair, Maintenance &Improvement	0
Personal Emoluments	0
Registration Fees	0
Travelling &Transport	0
Medical &Insurance	0
Electricity, Water &Conservancy	0
Caution Money	0
Student I.D	0
KUCCPS Validation Fees	0
TVETA Quality Assurance Fees	0
<b>Total Revenue from The Rendering of Services</b>	<b>0</b>

**3. Sale of Goods**

Description	FY 2022/2023
	Kshs
Sale of Farm Produce	0
Production Units Income	0
<b>Total Revenue from Sale of Goods</b>	<b>0</b>

**Olkalou Technical and Vocational College**  
**Financial statements for the Six-month period ended 30th June 2023**

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

Description	FY 2022/2023
	Kshs
Hire of Facilities and Equipment	0
Catering & Accommodation	0
Operating Lease Revenue	0
<b>Total</b>	<b>0</b>

**5. Use of Goods and Services**

Description	FY 2022/2023
	Kshs
Teaching and learning materials	0
Industrial attachment costs	0
Electricity	1,000
Water	0
Marketing & Advertising costs	89,000
Subscriptions	0
Administration Expenses	217,700
KUCCPS validation fees	0
Audit fees	0
Travelling and accommodation	201,500
Fuel and oil	0
Insurance Expenses	0
Printing and stationery	0
Activity Expenses	114,850
Telephone expenses	18,000
Internet expenses	0
Capacity Building	113,000
Examination costs	0
Bank Charges	0
Garbage & Sanitation Services	0
<b>Total good and services</b>	<b>755,050</b>

6. **Employee costs**

Employee Costs Description	F/Y 2022/2023
	Kshs
Basic Pay	0
House Allowance	0
Commuter Allowance	0
Employer NSSF	0
<b>Gross Pay</b>	0
PAYE	0
NHIF	0
NSSF	0
HELB loan Deductions	0
Housing Levy	0
NITA Levy	0
Total Deductions	0
<b>Net Pay</b>	0
Casual Workers	0
<b>Employee Costs</b>	<b>0</b>

7. **Board Expenses**

Description	FY 2022/2023
	Kshs
Directors Emoluments-Sitting Allowance	0
Governing Council-Accommodation	0
Governing Council -Transport expenses	0
Governing Council -Internet expenses	0
<b>Total</b>	<b>0</b>

8. **Depreciation and Amortization expense**

Description	FY 2022/2023
	Kshs
Property, plant and equipment	0
Intangible assets	0
<b>Total depreciation and amortization</b>	<b>0</b>

9. Repairs and Maintenance

Description	FY 2022/2023
	Kshs
Property, Plant & Equipment	0
Furniture and fittings	0
Computers and accessories	0
<b>Total Repairs and Maintenance</b>	<b>0</b>

10. (a) Cash and Cash Equivalents

Description	FY 2022/2023
	Kshs
Current Account	110,150
On - Call Deposits	0
Fixed Deposits Account	0
Staff Car Loan/ Mortgage	0
Others (Specify)	0
<b>Total Cash and Cash Equivalents</b>	<b>110,150</b>

(b) Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	FY 2022/2023
		Kshs
<b>a) Current Account</b>		
K.C.B-Fees collection A/C	1309012571	110,150
<b>Sub- Total</b>		
Cash in Hand		0
Mobile Money account		0
<b>Sub- Total</b>		<b>0</b>
<b>Grand Total</b>		<b>110,150</b>

11. Receivables from Exchange transactions

**Olkalou Technical and Vocational College****Financial statements for the Six-month period ended 30th June 2023**

Description	FY 2022/2023
	Kshs
<b>Current Receivables</b>	<b>Kshs</b>
Student Debtors	0
Other Debtors	0
Consultancy Debtors	0
Other Exchange Debtors-Advance	0
Less: Impairment Allowance	0
<b>Total Current Receivables</b>	<b>0</b>

**12. Inventories**

Description	2022-2023
	Kshs
Consumable stores	0
Maintenance stores	0
Electrical stores-Consumables	0
Less: Impairment allowance	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>0</b>

13. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate	0	4%	17%	12.5%	33%	8%			
At 1 July 2022	0	0	0	0	0	0	0	0	0
Additions									
Disposals									
Transfers/Adjustments									
At 30 <sup>th</sup> June 2023	15,000,000	52,340,940	0	0	0	0	0	0	67,340,940
Additions									
Disposals									
Transfer/Adjustments									
At 30 <sup>th</sup> June 2023	15,000,000	52,340,940	0	0	0	0	0	0	67,340,940

**OI Kalou Technical and Vocational College**  
**Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023**  
**Notes to the Financial Statements (Continued)**

**32 (j) 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	15,000,000	0	15,000,000
Buildings	52,340,940	0	52,340,940
<b>Total</b>	<b>67,340,940</b>	<b>0</b>	<b>67,340,940</b>

**14. Intangible Assets**

Description	2022-2023
	Kshs
Software's	0
<b>Total</b>	<b>0</b>

**15. Biological Asset**

Description	2022-2023
	Kshs
Cows	0
<b>Total</b>	<b>0</b>

**16. Trade and Other Payables**

Description	2022-2023
	Kshs
Trade payables	0
Fees paid in advance	0
Salary deductions	0
Third-Party Payments	0
Other Payables	0
<b>Total Trade and Other Payables</b>	<b>0</b>

Ageing analysis:	2022-2023	% of the Total

**OI Kalou Technical and Vocational College**

**Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023**

Under one year	0	
1-2 years	0	
2-3 years	0	
Over 3 years	0	
<b>Total (to tie to totals above)</b>	<b>0</b>	

**17. Refundable Deposits from Customers/Students**

Description	2022-2023	
	Kshs	
Caution money-Bal.b/f		
Add: Receipts for the year		
Total Deposits		
Less: Refunds for the year		
<b>Total Refundable Deposits</b>		
<b>Ageing analysis:</b>	<b>2022-2023</b>	<b>% of the Total</b>
Under one year		
1-2 years		
2-3 years		
Over 3 years		
<b>Total (to tie to totals deposits above)</b>		

**18. Deferred Income**

Description	2022-2023	
	Kshs	
Student Fees	0	
Others(specify)	0	
<b>Total</b>		

**19. Cash generated from operations.**

Surplus for the year before tax	2022-2023	
	Kshs	
Surplus for the year before tax	<b>110,150</b>	
<b>Adjusted for:</b>		
Depreciation	0	
Finance Cost		
<b>Working Capital Adjustments</b>		
Increase in Inventory	0	
Increase in Receivables	0	
Increase in Deferred Income	0	
Increase in Payables	0	
Increase in Refundable Deposits	0	
<b>Net Cash Flow from Operating Activities</b>	<b>110,150</b>	

**20. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

<b>Description</b>	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	110,150	110,150	0	0
<b>Total</b>	<b>110,150</b>	<b>110,150</b>	<b>0</b>	<b>0</b>

**Financial risk management (continued)**

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

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

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**

## Ol Kalou Technical and Vocational College

### Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables	0	0	0	
Current Portion Of Borrowings	0	0	0	
Provisions	0	0	0	
Deferred Income	0	0	0	
Employee Benefit Obligation	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	

#### (iii) Market risk

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

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

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

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

#### iv) Capital Risk Management

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

Description	2022-2023
	Kshs
Revaluation Reserve	0
Retained Earnings	110,150
Capital Reserve	0
<b>Total Funds</b>	<b>110,150</b>
Total Borrowings	0
Less: Cash and Bank Balances	110,150
Net Debt/(Excess Cash and Cash Equivalents)	0
<b>Gearing</b>	<b>0</b>

## 21. Related Party Balances

### Nature of related party relationships

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

### Government of Kenya

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

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

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

Description	2022-2023
	Kshs
<b>Transactions with Related Parties</b>	
<b>a) Sales to related parties</b>	
Sales of electricity to govt agencies	0
Rent income from govt. agencies	0
Water sales to govt. agencies	0
Others ( <i>specify</i> )	0
<b>Total</b>	<b>0</b>
<b>B) Purchases from related parties</b>	
Purchases of electricity from kplc	0
Purchase of water from govt service providers	0

**OI Kalou Technical and Vocational College**  
**Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023**

Rent expenses paid to govt agencies	0
Training and conference fees paid to govt. agencies	0
Others ( <i>specify</i> )	0
<b>Total</b>	<b>0</b>
<b>b) Grants /Transfers from the Government</b>	
Grants from National Govt-Reccurent/Operational	865,200
Grants from National Govt-Development Grants	0
Grants from County Government	0
Donations in Kind	0
<b>Total</b>	<b>865,200</b>
<b>c) Expenses incurred on behalf of related parties</b>	
Payments of Salaries and Wages for xx Employees	0
Payments for Goods and Services for XX	0
<b>Total</b>	<b>0</b>
<b>d) Key Management Compensation</b>	
Directors' emoluments	0
Compensation to Key Management	0
<b>Total</b>	<b>0</b>

**22. Events After The Reporting Period**

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

**23. Ultimate And Holding Entity**

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

**24. Currency**

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

Ol Kalou Technical and Vocational College  
 Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023

20. Appendices

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

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

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



.....  
 Name Jacob Mwangi  
 Accounting Officer  
 Principal

Date 18/12/2025

**Appendix II: Projects Implemented by Ol Kalou Technical and Vocational College**

**Projects**

Projects implemented by Ol Kalou Technical and Vocational College

**OI Kalou Technical and Vocational College**

**Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023**

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

**Status of Projects completion**

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

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

Name of transferring entity: Nyandarua National Polytechnic

Name of beneficiary entity OI Kalou Technical and Vocational College.

**Confirmation of amounts received by OI Kalou Technical and Vocational College as at 30<sup>th</sup> June 2023**

**OI Kalou Technical and Vocational College**

**Annual Report and Financial Statements for the Six-month period ended 30<sup>th</sup> June 2023**


Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	9/1/2023	365,200	0	365,200	Recurrent Grants Quarter 3 FY 2022/23
	31/1/2023	500,000	0	500,000	Recurrent Grants Quarter 4 FY 2022/23
		<b>865,200</b>		<b>865,200</b>	
Total					

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name MONICAHINDRAN GU ..... Sign  ..... Date 18/12/2023

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
	None								

**Appendix V: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
	None					