

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY

**REPORT**

DATE: 10 AUG 2023

Tabled

TABLED BY: Hon Owen Baya, MP  
Deputy leader, majority party

OF Gertrude Chebet

CLERK AT THE TABLE

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

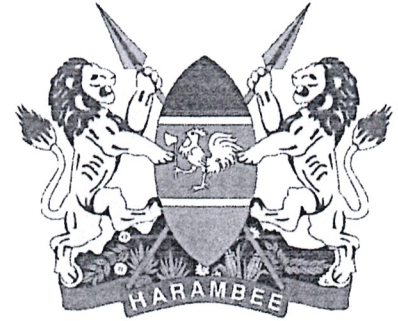
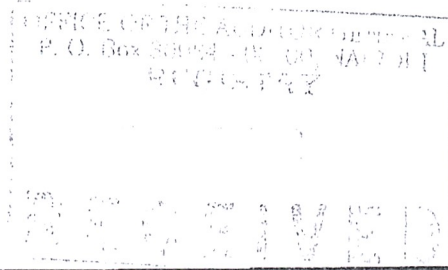
**MUNGATSI TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**June 30<sup>th</sup> 2022**



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**MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**June 30<sup>th</sup> 2022**

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **Background information**

The institution was incorporated/ established under the TVET Act on 26<sup>th</sup> April 2021. The entity is domiciled in Kenya and has no branches for now. The institute is under the Ministry of Education. Prior to registration and in pursuit to conform to the provisions of the TVET Act the college was visited by TVET officials in early March 2021 after making an online registration and by filling the relevant forms. The entity is domiciled in Kenya and has no branches in any other place in Kenya. The college is a public entity and domiciled under the Ministry of Education.

### **Principal Activities**

#### **The Institute Vision**

To be a centre of excellence in engineering, research and innovations for sustainable development.

#### **The Institute Mission**

to provide quality skills training in research and innovation for competitive global outreach.

#### **Institutional Motto**

Technical training for sustainable development

#### **The Institute's Philosophy Statement**

To provide a well-trained market-oriented workforce that is certified to international standards which contributes to the improved productivity and prosperity of the nation

### **The Institute's Core Values**

Accountability

Customer focus

Equity

Integrity

Public private partnership

The principal activity/mission/ mandate of the entity is to ...

- 1: To develop the priority infrastructure for expansion of technical training programs
- 2: To identify market/industry driven and diverse technical training programs that will lead to raise the inaugural trainee population of 2000 by June 2025
- 3: To offer Quality and Relevant programmes and undertake delivery of technical skills that produce high-end TVET graduates as to achieve vision 2030
- 4: To foster innovations and basic research that will enable enhanced knowledge creation, production and repairs of equipment in our area of training as to meet current and emerging societal needs.
- 5: To adopt and promote innovative and responsive corporate and management systems and structures
- 6: To build and strengthen collaborative networks and partnerships, that, cultivate active industry-based learning, community engagement and national linkages
- 7: To efficiently manage the human, infrastructural and financial resources for optimal sustainability and development of the institution
- 8: To develop and strengthen internal quality assurance that will guarantee continuous improvement of service delivery

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**Key Management**

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

Board of governors  
 Accounting officer/ Principal  
 Heads of departments

**Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	-Kenneth Mung'aho Agoi
2.	Head of Finance	-James Opiyo
3.	Head of Procurement	-Mercyline Khasungu
4.	Deputy Principal	-Henry Odhiambo Nyongesa
5.	Ag. Registrar	-Samuel Okoth Athiambo
6.	Ag. Dean of students	-Naibei Remmy Sasia

**Fiduciary Oversight Arrangements**

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

Audit committee activities

Annual audit-where MTVC will conduct atleast one audit during each calendar year

Continuous audit-in lieu of performing annual audit, MTVC may adopt/arrange discrete continuous internal/external audits and such audit will be entrenched in the minutes of the board.

Fiduciary audit committee-it will consist of 3 members where the internal auditor shall be the secretary. The principal is not a member of this committee and a member of any other sub-committee of the BOG shall not be a member.

Development partner oversight activities

Budgeting

Memorandum of understanding drafting

Revision of the budgets

Reporting-narrative and financial

verification

Other oversight activities

Third party information

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**II. KEY ENTITY INFORMATION AND MANAGEMENT**

**Entity Headquarters**

P.O. Box 238-50409

Nambale

KENYA

**Entity Contacts**

Telephone: (254) 97777684

E-mail: mungatsitvc@gmail.com

**Entity Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

Kenya Commercial Bank

Busia Branch

**Independent Auditors**

Auditor General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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REV. PROF. JUDITH ACHOKA



Date of Birth: 18-12-1955

**ABRIDGED PREVIEW OF CURRICULUM VITAE**

**CURRENT POSITION:**

Director of Research and post Graduate since 2004-to date.

**Career Progression:** Assistant Lecturer (1992); Lecturer (1994); Senior Lecturer (2008); Associate Professor (2012); Full Professor of Education (2019).

**Professional Bodies – 04**

**Professional Experience:** From 1978 to-date been in the teaching fraternity; held various positions including Founder Chair of Department;

Director of a study centre to Director of Research and

Postgraduate studies/

**Graduate Student Supervisor:** Since 1996 to-date. Completed works: 8 Doctorates and 7 Masters.

**PROFESSIONAL MEMBERSHIP**

YEAR	INSTITUTION
2016	Kenyan Universities Quality Network (KNQN)
2015	Kenya National Academy of Sciences (KNAS)

2014	Education Management Society of Kenya (EMSK)
------	--

2004	DAAD
<b>Chairperson-Mungatsi TVC Board of Governors 2021-2023</b>	

PROF. VIOLET OPATA


Date of Birth: 1963

Associate Professor of Educational Communication and

Technology, currently teaching at Moi

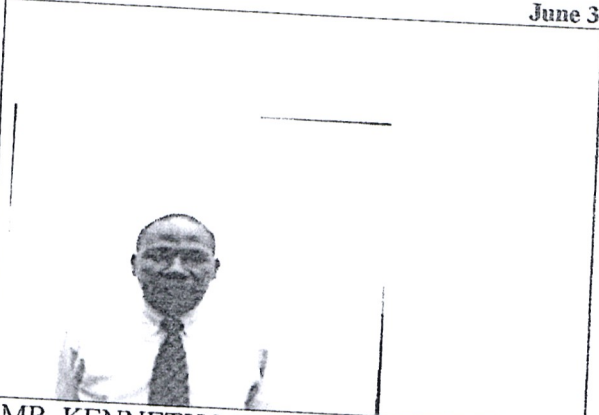
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	<p>University, school of Education, dept of Curriculum Instruction and Educational Media (CIEM). Professor Violet is a holder of Ph.D (2005) and MPhil degrees (1998) respectively from Moi University, and a Ed degree (1992) from Kenyatta University.  <b>Chairperson-Human Resource Education and Research Sub-Committee: Mungatsi TVC 2021-2023</b></p>
<p>DR. BENEDICT ONDIEK ALALA</p> 	<p><b>Chairman-Finance Sub-Committee: Mungatsi TVC 2021-2023</b>  <b>DATE OF BIRTH-04/02/1978</b>  <b>Moi University</b>          September 2008-September 2013          Doctor of Philosophy in Business Management-(Finance Option)  <b>Kenya Institute of Management</b>          September 2007-September 2008          Post-graduate Diploma in Purchasing and Supplies Management  <b>Moi University</b>          December 2005          MBA (Finance and Banking Option)  <b>Maseno University</b>          December 2002          Bachelor of Education Arts (Economics and Accounting)  <b>United Nations Development Programme</b>          July 2006          Business skills and Entrepreneurship Development, Enterprise Development Agent in Business advisory Services (BATS)  <b>Ebenezer College, Kerugoya-Kutus</b>          November 2001          Certified Public Accounts (CPA) PART 1, Kenya Accounts and Technician Certificate Part 1 and II.CPA FINALIST</p>
<p>DR. OSBORNE MABALU</p>	<p>PhD in Alternative Medicines from Indian Academy of Accupressure Science 2017, currently teaching at Maseno University. A member of the Human Resource Sducation and Research Sub-Committee: Mungatsi TVC, 2021-2023.</p>

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MR. KENNETH MUNG' AHO AGOI



ENG. FREDRICK ADEMBA

Date of Birth: 11-11-1967  
Principal  
Mungatsi Technical and Vocational College  
BOG Secretary-Mungatsi TVC 2021  
Doctor of Philosophy in Finance  
Masinde Muliro University of Science and  
Technology; 2018 ongoing



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**MR. STEPHEN NGURE GITONGA.**



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**Year of Birth: 1987**  
**Doctor of Philosophy in Information Technology** - Masinde Muliro University of Science and Technology; 2020 ongoing  
**Master of Science in Information Technology** - Masinde Muliro University of Science and Technology; 2019  
**African Advanced Level Telecommunications Institute- CCNA; 2016**  
**Chairman-Risk and Audit Committee-Mungatsi TVC 2021-2023**

**MR. ALLAN OSSAGO**





**Date of birth-1956**  
**Bachelor of commerce-University of Nairobi.**  
**Management courses locally in USA. Insurance executive several companies in Kenya and Uganda .**  
**Member of boards in several schools. Retired.**

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**MANAGEMENT TEAM**

<p>Kenneth M. Agoi</p> 	<p>Principal                  Kenneth M. Agoi                  Trainer in Finance                  Holder of MBA Finance From Masinde Muliro University of Science and Technology 2017                  Holder of Bachelor of Education from Kenyatta University 1991                  Pursuing PhD in Financa at Masinde Muliro University of Science and Technology                  Represents TVET on the Kenya Music Festival executive committee</p>
<p>Henry Odhiambo Nyongesa</p> <p style="text-align: right;">xvi</p>	<p>Deputy Principal                  Trainer in Bulding Technology                  Henry Odhiambo Nyongesa                  Holder of Higher Diploma in Entrepreneurship, Diploma in Technical Education and Diploma in Building Technology</p>
<p>Samuel Okoth Athiambo</p> 	<p>Ag. Registrar                  Trainer in Refrigeration and Air conditioning                  Holder of Bachelor of Technology in Mechanical Engineering-2018                  Currently finalizing Masters in sanitation engineering</p>

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### **III. CHAIRMAN'S STATEMENT**

The BOG was appointed by the Cabinet Secretary for Education in October 2020 as the inaugural board for Mungatsi Technical and Vocational College and inaugurated on the college grounds in December 2020. Our mandate is oversight to ensure focus on objectives set in the strategic plan. The BOG strictly focuses to develop Mungatsi TVC through a strategic plan whose strategic objectives include: -

- 1: To develop the priority infrastructure for expansion of technical training programs
- 2: To identify market/industry driven and diverse technical training programs that will lead to raise the inaugural trainee population of 2000 by June 2025
- 3: To offer Quality and Relevant programmes and undertake delivery of technical skills that produce high-end TVET graduates as to achieve vision 2030
- 4: To foster innovations and basic research that will enable enhanced knowledge creation, production and repairs of equipment in our area of training as to meet current and emerging societal needs.
- 5: To build and strengthen collaborative networks and partnerships, that, cultivate active industry-based learning, community engagement and national linkages
- 6: To efficiently manage the human, infrastructural and financial resources for optimal sustainability and development of the institution.

The college is equipped in Refrigeration and Air Conditioning and I credit the Government of Kenya for the great effort and financial commitment. The board also thanks the member of parliament for Nambale constituency Dr. Bunyasi Sakwa and Nambale CDF for their closeness and support to the baby Mungatsi TVC. A number of proposals have been made to enable the NG-CDF of Nambale to expand the tuition facilities and we are impressed to disclose that their intended support to construct institutional management tuition prefab will go a long way to leveraging MTVC to greater heights of excellence TVET programs.

The college faces challenges in implementation of market driven courses in Hairdressing and Beauty therapy, Construction management, fashion design and garment making, motor vehicle mechanics, agribusiness and electrical engineering. Our humble request to the Kenya government to support and help actualize the dream of the many trainees who are already enrolled in such courses and those who will come in future.

In a nutshell, I see hope in the committed team of the BOG members because it is made up of scholars. It is my wish that God makes us speak more through actions than word.

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#### IV. REPORT OF THE PRINCIPAL

In a modern dynamic society, vulnerability to unemployment denies our youth the luxury of good economy and sustainable lives. The society is crowded with a large percentage of untrained school drop outs at all levels. This calls for mitigants to keep this crowd occupied.

We at Mungatsi Technical and Vocational College (MTVC) are one of the players in the Kenyan Technical Education.

MTVC is one of the Technical and vocational institutions funded by the Kenya Government to foster acquisition of market driven skills and realize vision 2030. It is located at 0.4 degrees North of the Equator and 34 degrees East. It is expected to impart knowledge and skills that will help the government realize 100% transition rate. We are Center of excellence in Refrigeration and Air Conditioning. Courses offered include:

Refrigeration and Air Conditioning, Electrical and Electronics Engineering, Automotive Engineering, Building Technology, Mechanical Engineering Plant option, Information Technology, Business Management, CPA, Diploma in Accounting (ATD-KASNEB), Supply Chain Management, Store Keeping, Secretarial Studies, Community Development and Social work, Agriculture, Food and Beverage, Hair dressing and Beauty therapy and Fashion and design.

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All the courses run from artisan certificate to diploma. The main examining body is the Kenya National Examinations Council but CDACC and NITA courses are also offered. It is expected that trade tests will be conducted by the institution to NITA candidates.

Mungatsi Technical and Vocational College is one of the new Technical and vocational institutions funded by the Kenya Government to foster acquisition of market driven skills and realize vision 2030. It is located at 0.4 degrees North of the Equator and 34 degrees East. It is expected to impart knowledge and skills that will help the government realize 100% transition rate.

The institution anticipates receiving at least 500 students by the first year of its registration and expanding thereafter. It is well equipped with great machines and equipment to help train Refrigeration and air conditioning course at artisan, craft and Diploma level. Other engineering, Technology, Business and applied science courses will also be offered. The institution will create employment for locals and other Kenyans at large and it is therefore expected to catalyze development and growth of the constituency and Busia County at large.

Mungatsi TVCs birth of an idea was in 2016 when the Nambale CDF funded procurement of 11 acre piece of land one kilometer away from Mungatsi primary school. In the neighborhood lie Madende primary and secondary schools with Mungatsi Primary School to its North. In 2017, an additional 3<sup>1/2</sup> acre parcel was procured making a total of 14<sup>1/2</sup> acres of total land ownership to date. Ground breaking to produce a magnificent one storeyed structure beautifully erected on the compound was done in April 2016 by the office of Nambale member of parliament, the CDF, and the contractor (Finetops enterprise company) and the central government of Kenya. To start the construction, Nambale CDF donated 10,000,000 (Ten Million Kenya shillings only) and the Kenya Government subsequently pumped substantial sum of money to bring the college to where it is today.

The college is mentored by Bushiangala Technical Training Institute (located in Kakamega County). A lot of machines from china have been supplied to the college by the Kenya Government through AVIC INTL in the specialization of Refrigeration and air conditioning. This gesture will witness lucrative courses such as Refrigeration and air conditioning, and other engineering courses together with soft skills courses in a bid to help the Government realize the big 4 agenda and vision 2030.

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The college also received 80 chairs for trainees, office furniture and equipment from the Ministry of Education.

The CDF undertook to fence and secure a gate. The county government of Busia through the water ministry contracted Lake Victoria North water services to deepen a borehole which will provide adequate supply of water to the college and the surrounding community. However, the College is faced with a number of challenges including.

Library text books: Being new we start from scratch hence lack any text books that trainers will require for studies.

1 Lathe machine to support introduction of hands on courses that complement air conditioning machines.

(iv) 9-acre bush part of which has been cleared and WIP to clear

v. Land scaping costs-since the college land was a murram mine for constructing the Mumias-Busia road in 1990s a depression was left which the CDF Nambale are preparing to fill.

iv. Inadequacy of buildings to provide sufficient classrooms for trainees in this era of COVID 19. More room will be needed to provide a stand-alone library, administration block, trainer's quarters and hostels.

v. Lack of Desktop computers to support training of ICT which is cross-cutting in all courses.

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

MTVC has 6 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020-2023/2024. These strategic pillars are as follows:

Pillar 1: infrastructural development

Pillar 2: training programs

Pillar 3: delivery of technical skills

Pillar 4: Knowledge creation

Pillar 5: Management structures

Pillar 6: allocation of resources

MTVC develops its annual work plans based on the above 8 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The MTVC achieved its performance targets set for the FY 2019/2020 period for its 8 strategic pillars, as indicated in the diagram below:

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: INFRASTRUCTURAL DEVELOPMENT	1: To develop the priority infrastructure for expansion of technical training programs K	Number of courses mounted Student/trainee enrolment BOG minutes Number of trainers hired	BOG nomination BOG inauguration BOG meetings held Advertisements and road shows Hire of support and teaching staff	BOG already inaugurated BOG meetings held and attended in the mentoring institution Support staff hired
Training programs	2: To identify market/industry driven and diverse technical training programs that will lead to raise the inaugural trainee population of 2000 by June 2025	Number of courses mounted Minutes for hiring trainers Sourcing curricular/syllabi	Identification of supplier for designing logo, brochures, receipt books etc Meeting holding to prepare for opening	Ricklink supplier identified Critical documents prepared and printed by supplier Meetings held
Delivery of technical skills	3: To offer Quality and Relevant programmes and undertake delivery of technical skills that produce high-end TVET graduates as to achieve vision 2030	Meetings held	Research about the needs of the industry Set up Quality assurance unit	Meeting minutes available
Knowledge creation	4: To foster innovations and basic research that will enable enhanced knowledge creation, production and repairs of equipment in our area of training as to meet current and emerging societal needs.	2 BOG Meetings	Meetings held	Minutes of Board and Staff meeting minutes
Management structures Xxvi	5: To adopt and promote innovative and responsive corporate and management systems and structures	BOG meetings TVETA organized meetings attended Invitation letters to workshops	Attending BOG meetings Attending TVETA and KATTI organized seminars	Organogram in place Letters of invitation available Receipts of registration in place
Collaborations	6: To build and	MOUs	Preparation of	MOU documents

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		strengthen collaborative networks and partnerships, that, cultivate active industry-based learning, community engagement and national linkages	BOG meetings scheduling Requests for afforestation programs from Equity bank	MOUs Tree planting	in place 1000 seedlings supplied and planted
Management resources	of	xviii 7: To efficiently manage the human, infrastructural and financial resources for optimal sustainability and development of the institution	Grants from the MOE Minutes for Budget preparation Preparation of strategic plan BOG minute for hiring of key staff in finance	Actual budget preparation Advertise for the posts of Accountant and procurement officer	Budgets delivered to the MOE Strategic plan available Adopted Prequalification of suppliers from mentor and sister institutions.  Hiring of Ag. accountant and
Internal Assurance Xix	Quality	8: To develop and strengthen internal quality assurance that will guarantee continuous improvement of service delivery	QAS office Appointment of registrar Preparation of academic policy	Setting up QAS office Setting up the organogram	Registrar appointed QAS appointed

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## V. CORPORATE GOVERNANCE STATEMENT

MTVC operates on corporate governance pillars. It involves balancing interests of many stakeholders in the college. Good corporate governance forms a frame work for attaining colleges objectives, it encompasses practically every sphere of management from action plans and internal controls to performance measurement and corporate disclosures.

## IV. MANAGEMENT DISCUSSION AND ANALYSIS

The financial statements were analysed by board of governors on 17<sup>th</sup> September 2021. The statements portrayed true and view of the college operations and receipts were true receipts, expenses reflected total expenses incurred during the year. They noted the college has limited sources of income and this limited its operations.

## VII. CORPORATE, SOCIAL RESPONSIBILITY

### STATEMENT/SUSTAINABILITY REPORTING

#### Sustainability strategy and profile -

Mungatsi TVC is a public entity and therefore receives funding from fees paid in by trainees and grants from the government. Therefore, these funds are spent to provide services to present trainees while caring for the future generation. The equipment, tools, lecture rooms etc procured today will serve into the foreseeable future. Resources thus obtained need to be used prudently because resources are scarce.

Political environment is shaping up and what was viewed to flow from the central government is now devolved hence much as the government centrally administers capitation and helb funding, the NG-CDF and the county governments are gaining interest in TVET funding. Other partners like the KCB are also patronizing certain programs especially the Ajira program where they engage trainees with NITA courses to help operationalize transfer of technology and skills to the poorest of the poor. To this end, MTVC, while making projections and budgeting strives engage partners to attract funding from the above-mentioned stakeholders under the public private partnership (PPP) norm. To supplement scarce resource funding, MTVC aims to undertake income generating units IGU to create more income for future expansion.

#### Environmental performance

MTVC hinges its environmentalism on the National environmental policy, 2013 of the republics of Kenya. The policy making process draws into the Sessional Paper No. 6 of 1999 entitled Environment and Development. The legislative process gave forth the Environmental Management and Coordination Act (EMCA) No. 8 of 1999 as Kenya's first framework environmental law. Both the Sessional Paper and the Act added to a large number of existing sectoral laws and policies on various facets of the environment such as water, forest and minerals. This has created a diffuse system of environmental laws and policies, some of whose provisions are not in harmony making them ill-suited to aid the pursuit of sustainable development objectives as set out in the Vision 2030. The promulgation of The Constitution of Kenya 2010 and other new developments like climate change marked an important chapter in Kenya's environmental policy development. Hailed as a 'Green' Constitution, it embodies elaborate provisions with considerable implications for sustainable development. These range from environmental principles and implications of Multilateral Environmental Agreements (MEAs) to the right to a clean and healthy environment as enshrined in the Bill of Rights. Chapter V is entirely dedicated to land and environment. It also embodies a host

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of social and economic rights which are of environmental character such as the right to water, food and shelter, among others.

It is the responsibility of the government through the ministry responsible for environmental issues to ensure that policies are reviewed and formulated to meet the aspirations of the Constitution and emerging issues in the management of the environment for prosperity. Such a policy should aim at providing a holistic framework to guide the management of the environment and natural resources in Kenya. It should further ensure that environment is integrated in all government policies in order to facilitate and realise sustainable development at all levels. This would help promote green economy, enhance social inclusion, improve human welfare and create opportunities for employment and maintenance of a healthy ecosystem.

We at Mungatsi TVC support the National environmental policy through annual tree planting of at least 1,000 seedlings. Our aim is to green the environment sustainably by planting trees to provide shade

and moderate weather as well as implements the Presidential directive on enlargement of area under cover of trees

### **Employee welfare**

Mungatsi TVC believes that hiring qualified individuals to fill positions contributes to the overall success of the college. Each employee is hired to make significant contributions to the college. In hiring the most qualified candidates for positions, the following process is to be followed.

### **Hiring Process and Procedures**

#### **Personnel requisitions**

Personnel requisitions must be completed to fill positions declared vacant. Requisitions must be initiated by the department supervisor/manager, approved by the college principal and then forwarded to the human resource (HR) department whom currently is the Head of department for the respective department. This is then escalated to the human resource, education and training subcommittee of the board of governors that conducts interviews for hiring the personnel.

Personnel requisitions should indicate the following:

Position title.

Exempt or nonexempt status of the position.

Reason for the hiring.

Essential job functions and qualifications (or a current job description may be attached).

Any special recruitment advertising instructions.

#### **Intake meetings**

The principal will arrange a meeting with the hiring manager/HOD to conduct an intake meeting prior to posting a job opening to learn more about the position, the requirements and the profile of the ideal candidate. The recruiting strategy will be set during this meeting and expectations established with all the key stakeholders.

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**Internal applicants**

Current employees with a satisfactory employment status may apply for internal job openings. The consents of the employee's manager and the HOD department may be necessary for employees with less than one year of service with the college.

All applicants for a posted vacancy will be considered based on their qualifications and ability to perform the job successfully. Internal candidates who are not selected will be notified by the Principal/HOD department.

**Interview process**

The Head of department and the hiring principal will screen applications and resumes prior to scheduling interviews. Initial interviews are generally conducted by the HR subcommittee department and the hiring manager using behavior-based interview questions and a structured interview process. Candidate evaluation forms will be completed after each interview and retained with the application.

The principal department will notify applicants who are not selected for positions at the MTVC/college.

**Reference checks**

HR subcommittee will conduct professional reference checks and employment verification on the top candidates based on the results of the candidate evaluation forms completed by the interviewers. A minimum of three professional references are required from each candidate.

**Job offers**

After a decision has been made to hire a candidate, an offer will be made contingent on the satisfactory completion of required background checks and testing. Background checks will vary depending on the position and may include criminal history, credit history, driving record, drug testing or any other relevant information for the job.

Internal applicants must complete required background checks or tests not previously completed.

Once the HR subcommittee receives satisfactory results from all required background checks and tests, candidates will be provided with a final job offer. If a candidate fails to accept an offer of employment within 7 calendar days, the offer may be rescinded by the college.

**The Importance of Meaningful Stakeholder Engagement to Mungatsi TVC**

Mungatsi TVC operates on the premise that 'those groups who can affect or are affected by the achievements of an college's purpose' should be given the opportunity to comment and input into the development of decisions that affect us. We operate in a societal dispensation where if they are not actively sought out, sooner or later they may demand to be consulted.

Situations are envisaged where the college does not actively engage but are forced to do so by the demands of society as a result of a crisis situation. The college is bound to employ crisis-management techniques, and are often forced into a defensive dialogue with stakeholders in case problems arose, leading to a significant and long-lasting loss of reputation. This type of interaction is often antagonistic

and damaging of trust.

Aware of the impending scenario, meaningful engagement occurs when college, aware of the changes in the wider society and how they relate to organisational performance, chooses to establish relations with stakeholders as a means to manage the impact of those changes, such as those created as a result of global economic downturn and social misgivings. MTVC will either seek to mitigate risk through the use of stakeholder management, or exploit these new trends to identify and establish new opportunities through the use of meaningful stakeholder engagement; the latter is characterised by a willingness to be open to change.

**June 30<sup>th</sup> 2022**

### **Occupational safety and health at the college**

Mungatsi TVC integrates occupational safety and health (OSH) into the educational system as an essential aspect of the development of risk prevention culture. This allows everybody, trainers and trainees alike, to learn how to live and work in a safe and healthy environment. The educational staff must become aware of the risk factors in their working environment. They must also become acquainted with the legal regulations on safety and health at work in order to prevent accidents at the workplace. An educational institution must be a safe and healthy working environment for all the staff, trainees and other persons involved with it to make it suitable for the teaching and learning process.

June 30<sup>th</sup> 2022

**Market place practices-**

MTVC observes is in business and undertakes to offer superior value to its customers by:

Responsible competition practice-

**Anti-corruption**-The college strives to ensure that the best vetted firms are given a chance to transact business without arm-twisting the supplier or asking for kickbacks. The prices for items are those captured officially in the official contract documents.

**Political involvement**-The College encourages and adheres to non-partisan involvement with politicians always maintaining the rule of law while failing to ascribe to political patronage

**Fair competition and respect for competitors**-During procurement process, the college ensures strict adherence to sound procurement practices and guidelines. The college advertises widely and gives every applicant a chance to win. MTVC does not share supplier information with any third party unless given permission by the particular supplier.

**Maintaining good business practices**-MTVC strives to ensure that its procurement function is aligned with the broad priorities by objectively and legally collaborating with suppliers. The college ensures sound supplier relations, communicates clearly and consistently on the basis of equality and equity. The college strives to use the most appropriate and affordable technology to the suppliers. As much as is practical, the college honours contractual obligations as described by law and if any case the financials are not good, the suppliers are informed early enough.

**Ensuring ethical marketing practices**-MTVC ensures transparency, honesty and credibility of and with the information it gives to customers. The college also ensures that the customer information is kept under key and lock. The college addresses customer complaints promptly and objectively and discourages its staff from giving unverified or exaggerated information so as to unfairly exploit consumer emotions.

**Community Engagements-**

MTVC has partnered with the community by forming a joint water resource management committee that will translate into a community-based organization

*MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE*  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

June 30<sup>th</sup> 2022

## **VIII. REPORT OF THE BOARD OF GOVERNORS**

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the entity's affairs.

### **Principal activities**

The principal activities of the entity are (continue to be) Provide adequate and appropriate skilled Artisans, Craftsmen, Technicians and Technologists at all levels of the economy through practical training and work experience;

Transfer technology continuously through collaborative approach between TVET institutions and the relevant industries;

### **Results**

The results of the entity for the year ended June 30 are set out on page ....

## **COUNCIL/BOARD OF GOVERNORS**

The members of the Board /Council who served during the year are shown on page v. During the year 2021/2022 no director retired/ resigned and the principal requested the Governor of Busia County to nominate and send to the PS a representative for the county on Mungatsi TVC Board and it is expected that she will be s appointed with effect from 2021 October

### **Auditors**

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2022 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

June 30<sup>th</sup> 2022

## IX. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

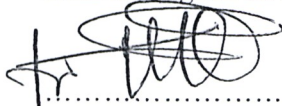
The council members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner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

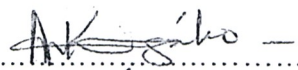
. The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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.

### Approval of the financial statements

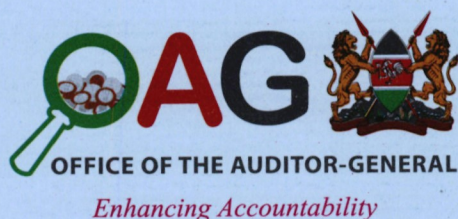
The entity's financial statements were approved by the Board on \_\_\_\_\_ 26<sup>TH</sup> September 2022 and signed on its behalf by:

  
.....  
Chairperson of the Board

  
.....  
Accounting officer/Principal

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mungatsi Technical and Vocational College set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of

changes in net assets and statement of cash flows 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 Mungatsi Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

#### **1.1 Inaccuracy of Revenue**

The statement of financial performance reflects revenue from non-exchange transactions amount of Kshs.29,389,670. However, the corresponding Note 6 to the financial statements reflects an amount of Kshs.36,978,270. The resultant variance of Kshs.7,588,600 has not been explained or reconciled.

Further, the revenue from non-exchange transactions amount includes Kshs.21,801,070 relating to learning facilities grants that was not supported by any documentation. In addition, the statement of receipts and payments reflects an amount of Kshs.2,889,180 in respect of rendering of services - fees from students. However, the amount was not supported by detailed schedules.

In the circumstances, the accuracy and completeness of the revenue amount of Kshs.32,278,850 reflected in the statement of receipts and payments could not be confirmed.

#### **1.2 Variances Between the Financial Statements and Supporting Schedules**

The financial statements provided for audit review reflects variances between amounts in the financial statements and those in supporting schedules as indicated below.

<b>Component</b>	<b>Financial Statements Balances (Kshs.)</b>	<b>Supporting Schedules (Kshs.)</b>	<b>Variances (Kshs)</b>
Rendering of Services	2,889,180	889,195	1,999,985
Learning Facilities Grants	21,801,070	21,801,070	(103,950)
Use of Goods	3,532,883	3,641,833	(108,950)
Student Debtors	2,340,698	-	2,340,698

<b>Component</b>	<b>Financial Statements Balances (Kshs.)</b>	<b>Supporting Schedules (Kshs.)</b>	<b>Variations (Kshs)</b>
Creditors	133,700	134,220	(520)
Decrease in Non-Current Receivables - Cash Flow Statement	1,020,828	-	1,020,828
Depreciation	19,251,158	19,276,158	(25,000)

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

### **1.3 Property, Plant and Equipment**

The statement of financial position reflects a property, plant and equipment balance of Kshs.340,475,968 as disclosed in Note 20 to the financial statements. However, Note 20 to the financial statements reflects an opening balance of Kshs.359,053,827 as at 1 July, 2021 while the audited financial statements for the year ended 30 June, 2021 reflected a closing balance of Kshs.359,152,025. The variance of Kshs.98,189 has not been explained or reconciled. Further, Note 20 to the financial statements excludes a depreciation amount brought forward from 2020/2021 of Kshs.19,074,898.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.340,475,968 as at 30 June, 2022 could not be confirmed.

### **2. Unsupported Expenditure on Security Services**

The statement of financial performance reflects an expenditure of Kshs.160,000 incurred on contracted security services. However, procurement documents and contract agreements were not provided for audit review.

In the circumstances, the accuracy and propriety of the expenditure of Kshs.160,000 could not be confirmed.

### **3. Unsupported Inventories**

The statement of financial position reflects Note a balance of Kshs.1,542,800 in respect of inventories. However, stock taking and Board of Survey reports were not provided to support the balance.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.1,542,800 could not be confirmed.

### **4. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects an amount of Kshs.2,340,698 in respect of current portion of receivables from exchange transactions. However, supporting documents including schedules were not provided for audit review.

In the circumstances, the accuracy and completeness of the current portion of receivables balance of Kshs.2,340,698 could not be confirmed.

#### **5. Inaccuracy in the Statement of Cash Flows**

The statement of cash flows reflects an amount of Kshs.462,100 in respect of other payments. However, the expenditure has not been reflected in the statement of receipts and payments. It was therefore not possible to establish the source of the amount.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

#### **6. Presentation of the Financial Statements**

The financial statements presented for audit do not include a statement of comparison of budget and actual amounts as required by the Public Sector Accounting Standards Board (PSASB) reporting template. In the circumstances, the completeness of the financial statements could not be confirmed.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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**

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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 control, 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 Management and the Board of Governors**

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

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease its 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 are in compliance 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

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

**Nairobi**

**14 June, 2023**

MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

June 30<sup>th</sup> 2022

X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022	2020-2021
			Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	7,588,600	2,200,000
Grants from donors and development partners	6	21,801,070	21,697,120
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	2,889,180	1,045,790
Sale of goods	8	-	36,000
<b>Revenue from exchange transactions</b>		<b>2,889,180</b>	<b>1,082,390</b>
<b>Total revenue</b>		<b>32,278,850</b>	<b>24,979,510</b>
<b>Expenses</b>			
Use of goods and services	9	3,532,883	1,078,828
Employee costs	10	6,150,128	2,324,735
Remuneration of directors	11	302,100	412,270
Depreciation and amortization expense	12	19,251,158	19,074,898
Repairs and maintenance	13	0	39,880
Contracted services	14	160,000	270,000
Finance costs	15	7,518	3,802
<b>Total expenses</b>	0	<b>29,403,787</b>	<b>23,204,413</b>
<b>Net Surplus for the year</b>	0	<b>2,875,063</b>	<b>1,775,097</b>

MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

June 30<sup>th</sup> 2022


XI. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	405,498	355,747
Current portion of receivables from exchange transactions	17	2,340,698	1,757,597
Inventories	19	1,542,800	9,745
			2,123,089
<b>Non-current assets</b>			
Property, plant and equipment	20	340,475,968	359,152,025
			359,152,025
<b>Total assets</b>		<b>344,764,964</b>	<b>361,275,114</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors	21	133,700	275,000
Refundable deposits from customers	22	21,360	73,000
			348,000
<b>Total liabilities</b>			<b>348,000</b>
Reserves		4,650,160	1,775,089
Capital Fund		339,959,744	359,152,025
<b>Total liabilities plus equity</b>		<b>344,764,964</b>	<b>361,275,114</b>

The Financial Statements set out on pages 1 to 2 were signed on behalf of the Institute Board of Governors by:

  
Board of Governors

  
Finance Officer

  
Principal

Date 29/09/2022

ICPAK No 27909  
Date 29/09/2022

Date.....

**MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**

June 30<sup>th</sup> 2022

**XII. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
<b>At July 1, 2021</b>	<b>000</b>	<b>000</b>	<b>1,775,097</b>	<b>359,033,642</b>	<b>360,808,739</b>
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-		(19,074,898)	(19,074,898)
Retained earnings for the year			2,875,063		2,875,063
<b>At June 30, 2021</b>	<b>000</b>	<b>000</b>	<b>4,650,160</b>	<b>339,959,744</b>	<b>344,609,904</b>

MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

June 30<sup>th</sup> 2022

**XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		2021-2022	2020-2021
	Note	Kshs	
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants		7,588,600	2,200,000
Rendering of services- Fees from students		2,889,180	1,045,790
Sale of goods		-	36,600
<b>Total Receipts</b>		<b>10,477,780</b>	<b>4,282,390</b>
<b>Payments</b>			
Compensation of employees		6,150,000	2,324,735
Use of goods and services		3,532,883	1,078,828
Finance cost		7,518	3,802
Other payments		462,100	109,130
<b>Total Payments</b>		<b>10,152,501</b>	<b>3,516,495</b>
<b>Net cash flows from operating activities</b>		<b>325,279</b>	<b>765,895</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(745,300)	(366,248)
decrease in non-current receivables		1,020,828	(1,041,850)
<b>Net cash flows used in investing activities</b>		<b>(275,528)</b>	<b>(1,408,098)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			<b>000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>49,751</b>	<b>(000)</b>
Cash and cash equivalents at 1 JULY 2021	26	355,747	997,950
<b>Cash and cash equivalents at 30 JUNE 2022</b>	<b>26</b>	<b>405,498</b>	<b>355,747</b>

**MUNGATSI TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**

June 30<sup>th</sup> 2022

**XIV. NOTES TO THE FINANCIAL STATEMENTS**

**GENERAL INFORMATION**

The entity is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is governed by TIVET Act.

**XV. 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 entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years present

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**XVI. ADOPTION OF NEW AND REVISED STANDARDS**  
Relevant new standards and amendments to published standards effective for the year ended  
30 June 2020

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard		Effective date and impact:
<b>IPSAS 41:</b> Instruments	Financial	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42: Social Benefits</b>		<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <p>Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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**XVII. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

**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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**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.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition**

**Revenue from exchange transactions**

**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.

**Budget information**

The original budget for FY 2021/2022 was approved by the Board on 17<sup>TH</sup> September 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2021/2022 budget following the Board's approval.

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The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a 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 under section of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**c) Taxes**

**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.

**Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of \_\_\_\_ years.

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.

**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 of the items. When

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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.

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#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

##### Intangible assets

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

##### 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.

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#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Financial instruments**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### **Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial instruments**

**Financial assets**

**Impairment of financial assets**

The debtors or a entity of debtors are experiencing significant financial difficulty  
Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**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

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### i) Inventories

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.

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.

##### 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Changes in accounting policies and estimates**

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

**Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Foreign currency transactions**

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

**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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 CEO/principal and senior managers.

**Service concession arrangements**

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

**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.

**Comparative figures**

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

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## XVIII. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### **Estimates and assumptions**

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

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

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

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

### **Provisions**

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

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**XX. NOTES TO FINANCIAL STATEMENTS**

**6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	2020-2021	2020-2021
	KShs	
<b>Unconditional grants</b>		
Operational grant-ministry		
Other grants-CDF BURSARY	1,000,000	1,000,000
Helb	610,000	1,200,000
Capitation	1,958,600	-
	4,020,000	-
<b>TOTAL</b>		
	<b>7,588,600</b>	<b>2,200,000</b>
<b>Learning facility grants</b>		
Learning facilities grant	21,697,120	21,697,120
	103,950	
<b>Total government grants and subsidies</b>	<b>36,978,270</b>	<b>24,979,510</b>

**7. RENDERING OF SERVICES**

Description	2021-2022	2020-2021
	KShs	
Tuition fees		58,400
Personal emolnment	55,870	
Activity fees	218,520	
Local travel	41,210	146,000
Repair and mntainance	34,790	
medical	31,015	
Electricity and water	15,030	
Library fees	24,330	
contigencies	16,260	73,000
Students council	8,840	549,390
Attachment fee	72,000	
development	36560	
Students insurance	2550	
registration	12050	
Caution money	61600	219000
Students ID	21360	
computer	12000	
examination	38500	
<b>Total revenue from the rendering of services</b>	<b>186,510</b>	
<b>Owing fee</b>	<b>888,995</b>	<b>1,045,790</b>
<b>Less prepaid fee</b>	<b>2,340,690</b>	
	<b>(340,505)</b>	
	<b>2,889,180</b>	

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**8. SALE OF GOODS**

Description	2021-2022	2020-2021
	KShs	
Sale of farm produce	-	36,600
<b>Total revenue from the sale of goods</b>	-	<b>36,600</b>

**9. USE OF GOODS AND SERVICES**

Description	2021-2022	2020-2021
	KShs	
Electricity	-	28,858
Water	-	17,100
Security	500,000	270,000
Subscriptions	51,600	117,725
Advertising	30,305	65,233
Admin fees-students concil		32,850
Consumables	38,000	
Postage	452,898	78,290
Printing and stationery	7,725	19,815
Office equipmnt	450,865	94,810
Registration	12,000	354,142
Tuition material	272,200	-
Students insurance cover	368,555	-
sports	36,000	-
examinations	349,840	-
Production units	1,031,045	
<b>Total good and services</b>	<b>40,800</b>	
	<b>3,532,883</b>	<b>1,078,828</b>

**10 EMPLOYEE COSTS**

	2021-2022	2020-2021
	KShs	
Salaries and wages		
Nssf	3,446,270	1,587,560
Nhif	311,160	25,900
	70,000	
Travel, motor car, accommodation, subsistence and other allowances		
<b>Employee costs</b>	<b>2,322,698</b>	<b>711,275</b>
	<b>6,150,128</b>	<b>2,324,735</b>

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**11. REMUNERATION OF DIRECTORS**

Description	2021-2022	2020-2021
	KShs	
Chairman's Honoraria	52,000	61,000
Directors emoluments	302,100	193,000
Other allowances	-	-
<b>Total director emoluments</b>	<b>302,100</b>	<b>-</b>

**12. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2021-2022	2020-2021
	KShs	
Property, plant and equipment	19,074,898	-
<b>Total depreciation and amortization</b>	<b>19,074,898</b>	<b>19,074,898</b>

**13 REPAIRS AND MAINTENANCE**

Description	2022-2021	2020-2021
	KShs	kshs
Furniture and fittings	-	39,880
<b>Total repairs and maintenance</b>	<b>-</b>	<b>39,880</b>

**14. CONTRACTED SERVICES**

Description	2021-2022	2020-2021
	KShs	kshs
WAPE SECURITY	160,000	270,000
<b>Total finance costs</b>	<b>160,000</b>	<b>270,000</b>

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**15 FINANCE COSTS**

Description	2021-2022	2020-2021
	KShs	kshs
Bank charges	7,518	3,802
<b>Total finance costs</b>	<b>7,518</b>	<b>3,802</b>

**16(a). CASH AND CASH EQUIVALENTS**

Description	2021-2022	2020-2021
	KShs	
Current account	405,498	355,747
<b>Total cash and cash equivalents</b>	<b>405,498</b>	<b>355,747</b>

**16.(b) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
<b>Current account</b>			-
Kenya Commercial bank	1273839846	2022-2023 405,498	2020-2021 355,747
<b>Grand total</b>		<b>405,498</b>	<b>355,747</b>

**17. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	2,340,690	1,757,597
<b>Total current receivables</b>	<b>2,340,690</b>	<b>1,757,597</b>

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**18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Student debtors	-	355,747
<b>Total current receivables</b>	-	<b>355,747</b>

**19. INVENTORIES**

Description	2021-2022	2020-2021
	KShs	KShs
Consumable stores		9,745
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,542,800</b>	<b>9,745</b>

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**20. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and Buildings Shs	Furniture and fittings Shs	Computers Shs	Other Assets (utensils) Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
At July 2021	71,820,000	2,126,160	99,200	63,017	285,044,650	-	359,053,827
Additions-	-	-	745,300	-	-	-	745,300
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2021	71,820,000	2,126,160	844,500	63,017	285,044,650	-	359,799,127
Depreciation	(3,780,000)	(236,240)	(273,060)	-	(15,002,350)	-	(19,219,650)
Impairment/a amortization	-	-	-	(31,508)	-	-	(31,508)
Net book values	68,040,000	1,889,920	675,600	31,509	270,042,300	-	340,475,968
At 30 <sup>th</sup> June 2022							

[Motor vehicle old engine is a donation used for training hence no depreciation is charged, Land and building is depreciated at the rate of 5%, furniture and fittings 10%, computers 20%, utensils amortised over use life of 3 years, plant and equipment rate of 5%]  
 The value of plant and equipment was derived]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30<sup>th</sup> 2022

21. CREDITORS

Description	2021-2022	2020-2021
creditors	KShs	KShs
Total trade and other payables	133,700	275,000
	133,700	275,000

22. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2021-2022	2020-2021
Caution money	KShs	KShs
Total deposits	21,360	73,000
	21,360	73,000

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**23. CAPITAL RISK MANAGEMENT**

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

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Retained earnings	2,875,063	1,775,097
Capital reserve	339,959,744	359,152,025
<b>Total funds</b>	<b>344,609,904</b>	<b>360,927,122</b>
Less: cash and bank balances	(405,498)	(355,747)
<b>Net debt/(excess cash and cash equivalents)</b>	<b>344,609,904</b>	<b>360,571,375</b>

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June 30<sup>th</sup> 2022  
 APPENDIX: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount KES	Where Recorded/recognized							Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific			
Ministry of Education		Recurrent	1,000,000	1,000,000	000	000	000	000	000	000	1,000,000
Ministry of Education		Capitation	1,207,500	1,207,500	000	000	000	000	000	000	1,207,500
Ministry of Education		capitation	1,207,500	207,500	000	000	000	000	000	000	1,207,500
Ministry of Education		Capitation	1,605,000	1605000	000	000	000	000	000	000	1,605,000
Ministry of Education		HELB	1,695,200	1,695,500	000	000	000	000	000	000	1,695,200,
Ministry of Education		HELB	100,000	100,000	000	000	000	000	000	000	100,000
Ministry of Education		HELB	21400	21400	000	000	000	000	000	000	100,000
Ministry of Education		HELB	10000	10,000	000	000	000	000	000	000	21400
Ministry of Education		HELB	20000	20,000	000	000	000	000	000	000	10000
Ministry of Education		HELB	85600	85,600	000	000	000	000	000	000	20000
NAMBALE CDF		NAMBALE CDF	26400	26400	000	000	000	000	000	000	85600
NAMBALE CDF		NAMBALE CDF	25,000	25,000	000	000	000	000	000	000	26400
NAMBALE CDF		NAMBALE CDF	20,000	20,000	000	000	000	000	000	000	25,000
NAMBALE CDF		NAMBALE	565,000	565,000	000	000	000	000	000	000	20,000
NAMBALE CDF		NAMBALE	565,000	565,000	000	000	000	000	000	000	565,000

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NAMBALE CDF	NAMBALE CDF	June 30 <sup>th</sup> 2022					103700
		103,700	103,700	000	000	000	
<b>Total</b>							