

REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY



OAG



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 01 MAR 2023

DAY:
Wed

OF

TABLED
BY:

The Majority Whip

APPROVED
THE TABLES:

Mudo

THE AUDITOR-GENERAL

ON

**DAVID MBITI WAMBULI TECHNICAL
AND VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**

OFFICE OF THE AUDITOR GENERAL
P.O. BOX 30084-00100, NAIROBI
MACHAKOS HUB.
24 JUN 2022
RECEIVED



International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
P.O BOX 3308-90100 Machakos. Cell: 07430896827
Email: Davidwambulitvc@gmail.com
Website: davidmbitiwtvc.ac.ke

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th June 2021

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 01 MAR 2023
TABBED BY: _____ DAY: _____
CLERK-AT-THE-TABLE: _____

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

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Table of Contents

I.	DAVID MBITI WAMBULI TVC INFORMATION AND MANAGEMENT.....	i
II.	THE BOARD OF GOVERNORS.....	iv
III.	MANAGEMENT TEAM.....	vii
IV.	CHAIRMAN’S STATEMENT.....	viii
V.	REPORT OF THE PRINCIPAL.....	ix
VI.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	xi
VII.	CORPORATE GOVERNANCE STATEMENT.....	xiv
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS.....	xv
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xvi
X	REPORT OF THE BOARD OF GOVERNORS.....	xx
XI	STATEMENT OF BOARD OF GOVERNORS/ BOARD OF GOVERNORS RESPONSIBILITIES.....	xxi
XII	REPORT OF THE INDEPENDENT AUDITOR ON THE COLLEGE	xxii
XIII	STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 TH JUNE 2021...1	
XIV	STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2021.....	2
XV	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 TH JUNE 2021.....	3
XVI	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2021.....	4
XVII.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2021.....	5
XVIII.	NOTES TO THE FINANCIAL STATEMENTS.....	6
	APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	46
	APPENDIX II: PROJECTS IMPLEMENTED BY THE COLLEGE.....	47
	APPENDIX III: INTER-COLLEGE TRANSFERS	48
	APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	49

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

I DAVID MBITI WAMBULI TVC INFORMATION AND MANAGEMENT

(a) Background information

The proposition of establishing the college started early in 2010. The government requested the local community to provide the land and then the area MP committed to fund 10m from the CDF then the government funded the rest. The government through the tendering procedures approved for the construction of college in 2012 by Admo Construction Company, the community through the TAA group proposed the college to be named David Mbiti who was the donor of the land in honor of his name. After the completion of the college the government equipped the electrical departments with machines, ICT department and the office furniture. David Mbiti Wambuli is located in Makueni County, Mbooni West Sub Country. From Machakos its located 15KM through Kikima - Kali route. It occupies 5ha of land and is in semi-arid region. The college was officially opened in September 2018 teaching the varieties of courses, the courses offered are examined by KNEC. The college is managed by a board of governors (BOG) appointed by the cabinet secretary, Ministry of education as stipulated by the TVETA Act (January, 2013

(b) Principal Activities

The core mandate of the college is provision of TVET training and skills impartation to the youth in Kenya and beyond.

(c) Key Management

The college day-to-day management is under the following key organs:

- Board of Board of Governors
- Accounting officer/ Principal
- Deputy principal
- Head of Finance

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Daniel Muumbi
2	Deputy principal	Josephine Nzyoki
3	Head of Finance	Jackson Swili

(e) Fiduciary Oversight Arrangements

Finance and resource mobilization committee activities

- i. The role of the committee is to monitor the financial status of the college on behalf of the Board of Governors
- ii. To receive the reports from the principal and the assistant accountant on the financial matters of the college.
- iii. To supervise the financial administration of the institute and make the recommendations to Board of Governors where appropriate
- iv. To supervise the arrangements for safeguarding the college assets
- v. To ensure proper financial evaluation and control of projects

Academic committee activities

- i. To direct and regulate the teaching and instruction within the college subjects to the powers of the board.
- ii. To determine the academic policy and advice the board on the provision of facilities to carry out that policy.
- iii. To approve programmes of study of the college.

Risks and Audit committee

- i. Financial management
- ii. Reporting of financial information to users of financial reports
- iii. Application of the accounting policies
- iv. Protection of the college assets
- v. Facilitating communication between the board of directors and internal and external auditors

Governance/strategies/Human Resource committee

- i. Take a strategic overview of performance in all areas of college activities.
- ii. Ensure that the board of Governance is able to take strategic decision relating to college activities.
- iii. Provide leadership in communicating the mission, vision and achievements of the college.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

DAVID MBITI WAMBULI TVC INFORMATION AND MANAGEMENT (Continued)

- (f) College Headquarters**
DAVID MBITI WAMBULI TVC
P.O.BOX 3308-90100
MACHAKOS
- (g) College Contacts**

Telephone: 0743896827
E-mail: davidwambulitvc@gmail.com
Website: www.davidmbitiwtvc.ac.ke
- (h) College Bankers**



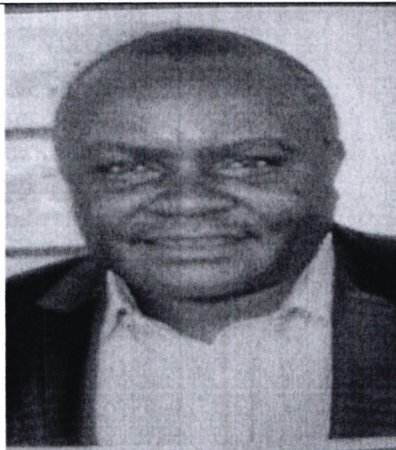
Kenya Commercial Bank
Machakos Branch
Machakos, Kenya
- (i) Independent Auditors**

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) Principal Legal Adviser**





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

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021


THE COUNCIL/BOARD OF GOVERNORS

S/N o	Governor	Title	photograph	Responsibility	Date of birth qualifications and work experience
1	Amb:Dennis Awori	Chairman		Overall management of the board of governor's activities	Date of birth:1957 BSC Aeronautical Engineering
2	Mr. Samuel Mativo	Member		Risk and Audit committee	Date of birth 1960 M.A. Economics
3	Dr. Fredrick Kasomi	Member		Finance and resource mobilization committee	Date of birth :1977 PHD in business Administration/Bachelor in economics

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021




4	Mr. Stephen Kyande	Member		Finance and resource mobilization committee	Date of birth: 1964 MBA strategic management
5	Ms. Irene Okeyo	Member		Academic committee	Date of birth: 1972 Master of architecture Engineering
6	Ms. Redempta Kavindu	Member		Academic committee	Master's in Business Studies
7	Ms. Juliana Kivasu	Member		Governance/strategies/human resource committee	Date of birth: 1965 BA/Master in business administration

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

8	Ms.Ruth Okowa	Member		Governance/strategies/human resource committee	Date of birth:1973 Masters in democracy(population studies)
9	Mr Daniel Muumbi	Principal/secretary, BOG		In charge of the overall management of the college	Date of birth:1964 Bachelor in Education Technical Education

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

III MANAGEMENT TEAM

S/no	Manager	Title	Photograph	Responsibility	Date of birth, qualifications & work experience
1	Daniel Muumbi	Principal/Secretary, BOG		Overall in charge of institute Affairs	Date of birth: 1964 Bachelor in Education Technical Education
2	Josephine Nzyoki	Deputy principal		Planning, Administration & Academics	Date of birth: 1968 Master's in business administration (strategic management)
3	Jackson Swili	Finance Officer		Financial management of the college	Date of birth: 1972 CPA K, Diploma in business Management

IV CHAIRMAN'S STATEMENT

Key activities

During the 2020/2021 financial year the college undertook the following activities

- i. Training and assessment of trainees with the Kenya National Examination Council.
- ii. Capacity building of trainers through seminars and workshops organised by the Kenya Association of Technical Training Institutes (KATTI) and other service providers.
- iii. College repairs and improvements
- iv. College programs marketing through participation in the County Agricultural Trade Fair held at Kikima town and through radio adverts
- v. Fabrication of 100 trainee chairs.
- vi. The college is guided by a 5 years plan (20-24 that clearly outlines vision and mission.it projects the staffing level and student enrolment in the next 5 years.since th college become an examination centre for Kenya National Examination Council 2020,we have examined 113 trainees.
- vii. Management focus is to expand the training space to match the available accommodation space. The college is guided by her 5 year Strategic Plan (2020-2024) that clearly outlines the vision and mission. It projects the staffing levels and student enrolment in the next 5 years. Since the college became an examination centre for the Kenya National Examination Council, the college has examined 113 trainees. The Management focus is to expand the training space to match the available accommodation space.

Challenges

During the FY 2020/2021 the institute faced the following challenges

- i. Inadequate staff, both trainers and support staff
- ii. Inadequate staff furniture
- iii. Inadequate physical infrastructure-lecture rooms, staff houses
- iv. Delayed GOK funding.
- v. Lack of transport.

Way forward

In order to address the above challenges, the college has planned to carry out the following activities during the FY 2021/2022

- i. Construct pit latrine for both staff and trainees
- ii. Construct an automotive and a plumbing workshop block
- iii. Increase industrial linkages so as to enhance trainee industrial attachments and employment.
- iv. Strengthen college financial base through introducing income generating activities



Amb: Dennis Awori
Chairman, BOG

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

V REPORT OF THE PRINCIPAL

David Mbiti Wambuli TVC has developed the Strategic Plan 2020 – 2024 in line with Kenya Vision 2030, the Constitution of Kenya among other legal and policy documents. The Government's big four agenda has also been put in perspective in the development of the Plan.

The annual financial operations of the college are pegged to the strategic plan. The college does performance contracting with the Ministry of Education. The Board makes commitments with the Cabinet Secretary based on the college annual budget and the procurement plan. This approach focuses the college financial obligations towards the achievement of predetermined objectives and targets.

During the financial year 2020/2021 the college undertook the following activities:

Key Activities

- i. Marketing the college targeting the locals and the larger Kenyan population.
- ii. Presented candidates for KNEC examination in January/February 2021.
- iii. Capacity build staff in the areas of MIS application in TVET and in management skills
- iv. Undertook college website upgrading.
- v. Fabricated 50 trainee chairs
- vi. College marketing activities through secondary school visits.

Financial performance during FY 2020/2021

During the audit year, the college did not financially perform well. There was a huge difference between the budget estimates and the actual expenditure (51 and 10 million respectively). This was caused by the assumption during the budget making process that, the County Government and other donors would provide ksh 27 million for development. The situation is aggravated by the GOK policy to stop development fund grants and the directive to prevent the initiation of new projects.

The board has put in some corrective measure by advising the finance committee to budget within the available resources and minimise the variance between the estimates and the actual as much as possible

Challenges


- i. Inadequate physical infrastructure –the college is facing this challenge due to growing numbers of staff and students.
- ii. Inadequate staff, both support staff and teaching staff
- iii. Inadequate furniture for staff
- iv. Delayed GOK funding-due to delayed disbursement of development fund the college has not been able to meet the planned projects.
- v. Lack of transport.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Way forward/future outlook

In order to address those challenges, the college has planned to carry out the following activities during the FY 2021/2022

- i. Procure additional furniture's for both staff and trainees
- ii. Constructing the pit latrines for both trainers and staff
- iii. Recruiting support staff
- iv. Partnership with County Government of Makueni and Toyota Kenya Academy
- v. Increase industrial linkages so as to enhance trainee attachments and employment


PRINCIPAL
DAVID M. WAMBULI TECHNICAL &
VOCATIONAL COLLEGE
P.O. Box 3308-90100, MACHAKOS
CEL: 0743 896 827

Daniel Muumbi
Principal/Secretary, BOG

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

VI STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

David Mbiti Wambuli has 5 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2024/2024.

These strategic pillars are as follows:

Pillar 1: Infrastructure

Pillar 2: Training and research

Pillar 3: Governance

Pillar 4: Access and Equity

Pillar 5: Collaboration

The college develops her annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The college achieved her performance targets set for the FY 2020/2021 period for her 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Infrastructure Development	Improve and expand institutional infrastructure	Construction of physical structures that support training eg lecture rooms, labs, workshops, ablution blocks, etc	<ul style="list-style-type: none"> ➤ Improve and expand institutional infrastructure ➤ Erecting of perimeter fence, gate and land scaping Construct and equip a library ➤ Equip all the academic departments ➤ Construction of 3 pit latrines 2 for students with 4 doors, 1 for staff with 2 doors ➤ Construct and equip an electrical installation workshop ➤ Construct a tuition block with ICT lab. ➤ Equip 3 technical drawing rooms ➤ Construct Automotive, Hair & Beauty workshop ➤ Construct administration block complex ☐ Acquire additional 5 acres of land 	<ul style="list-style-type: none"> • Did a fence and a gate • Levelled a play field • Wrote a letter to the Mbiti family successors requesting for 10 more acres.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Pillar 2:	Training and research	Prudent utilization of resources	Signed budgets and procurement plans	<ul style="list-style-type: none"> ➤ Prepare budgets for approval by the BoG and submit quarterly reports to treasury. ➤ Prepare procurement plan for approval by the BoG <p>Extract annual work plans from strategic plan for implementation.</p>	<ul style="list-style-type: none"> • Prepares budgets and the BOG approves during each financial year. • Prepares annual procurement plans
Pillar 3:	Governance	Improve institutional corporate governance.	Approved policies	<ul style="list-style-type: none"> ➤ Develop institutional policies to align with the strategic plan. ➤ Carry out capacity building for the Top Management and the Staff on leadership. ➤ Carry out Benchmarking on leadership, finance, procurement and curriculum implementation. <p>Develop and issue Job descriptions to all staff in the college.</p>	<p>Developed policies on:</p> <ul style="list-style-type: none"> • Academic • Human resource • HIV • Industrial Attachment
Pillar 4:	Access and Equity	Increase student enrollment	Increased enrolments in each department	<ul style="list-style-type: none"> ➤ Marketing through the media, use of posters and brochures. ➤ Participation in trade fairs and exhibitions and one on one meeting. ➤ Introduce new programmes 	<p>Advertised through Musyi FM</p> <ul style="list-style-type: none"> • Distributed college brochures after attending the Makueni County Government Agricultural Fair held at Kikima. • Sent staff for capacity building at Mombasa

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

				<ul style="list-style-type: none"> ➤ Sensitize students and parents on various avenues of funding ➤ Capacity building and training of staff ➤ Career talks in secondary schools ➤ Sensitize the secondary schools' heads on training opportunities in TVET <p>Offer subsidized short courses to continuing students</p>	
Pillar 5:	Collaboration	Enhance collaboration with the industry	Signed MOUs	<ul style="list-style-type: none"> ➤ Sensitization on opportunities at the college ➤ MoUs ➤ Timely and accurate reports ➤ Timely information <p>Competent personnel handling information</p>	<ul style="list-style-type: none"> • Signed an MOU with the North Carolina Central University to collaborate in the matters of global peace keeping, research, staff and students exchange programs, resource mobilisation. • Signed an MOU with Mutisya Driving School to offer driving classes at the college

VII CORPORATE GOVERNANCE STATEMENT

Appointment of BOG Members

The cabinet secretary, ministry of education appoints members of the board following proposals from the principal of the college. The board consist of nine members.

Role and functions of Board of Governors

- i. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law
- ii. Developing and implementing the institutions' strategic plan
- iii. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions
- iv. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 8
- v. Mobilizing resources for the institutions
- vi. Developing and reviewing programmes for training and to make representations there on to the Board;
- vii. Approving collaboration or association with other institutions and industries in and outside Kenya
- viii. Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- ix. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- x. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- xi. Providing for the welfare of the students and staff of the institutions
- xii. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions
- xiii. Administering and managing the property of the institution

The college give the sitting allowances to board members to cater for their transport.

Full board meeting is held once every term.

VIII MANAGEMENT DISCUSSION AND ANALYSIS

Financial performance of college

The college is fairly financially stable. It operates on fees received from students, recurrent grants, capitation and H.E.L.B Funds. The trainees get a lot of support from GOK Capitation though these does not fully clear the balance. The situation was worsened by the COVID 19 pandemic that left most of the parents in unstable economic status. These led into some trainees' dropping out of training. The higher rate of inflation has negatively impacted on the college operations. The basic consumer commodities highly increased prices without any aspect of cautioned.

Institute's compliance with statutory requirements

The college complies with the legal requirements of submission of statutory deductions to the relevant bodies.

Major risks facing the college

Financial mitigation – due to limited finances, the college has not been able to start any income generating activities. However plans are underway to register driving school to serve as a production unit. A committee has been appointed to develop a risk management plan to outline the best approach to mitigate any arising financial risk.

Material arrears in statutory /financial obligations

At end of the financial year 2020/2021 no single project for the college had been constructed thus the college had no material arrears.

IX ENVIRONMENTAL AND SUSTAINABILITY REPORTING

David Mbiti Wambuli Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy, which is founded on 4 pillars: putting the customer first. We offer industry-driven courses as we improve operational excellence. We are a centre of excellence in Electrical/ Electronic Engineering. The other courses are ICT, Business Studies and Agricultural Value Addition. All the courses are offered at both Diploma and Certificate level. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile

A sustainability or corporate responsibility strategy is a prioritized set of actions. It provides an agreed framework to focus investment and drive performance, as well as engage internal and external stakeholders. Our immediate stake holders are our trainees. We endeavour to ensure that the learning environment is friendly. We have located suggestion/opinion boxes at strategic points in order to capture and implement any idea that will eventually improve our stay. Besides this is a complaints box where any unsatisfied person can drop his/her complaint. A complaints committee opens the box weekly and responds to arising issues accordingly.

The table below shows all our stake holders, their possible expectations verses ours.

NAME OF STAKEHOLDER	STAKEHOLDER EXPECTATION	DMWTVC EXPECTATION
➤ Students	<ul style="list-style-type: none"> ➤ Accessible and Confidential counselling services ➤ Comprehensive accessible and prompt service provision ➤ Quality training ➤ Timely information 	<ul style="list-style-type: none"> ➤ Pass exams ➤ Timely information ➤ Feedback ➤ Maintain discipline ➤ Avail themselves for training
➤ Parents/Guardians/Sponsors	<ul style="list-style-type: none"> ➤ Safety of their children ➤ Timely communication with identified channels of communication ➤ Value for money 	<ul style="list-style-type: none"> ➤ Prompt payment of fees ➤ Provision of relevant information ➤ Harmonious co-existence ➤ Support and guide the students
➤ Community	<ul style="list-style-type: none"> ➤ Employment and Business opportunities ➤ Good public relation ➤ Solution to their problems 	<ul style="list-style-type: none"> ➤ Harmonious co-existence ➤ Provision of relevant information
➤ Government (MOE)	<ul style="list-style-type: none"> ➤ Prudent utilization of fund resources 	<ul style="list-style-type: none"> ➤ Provision of relevant information ➤ Adequate financial and technical support

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

	<ul style="list-style-type: none"> ➤ Total compliance to statutory and regulatory guides ➤ Timely information and access to information by authorized personnel 	<ul style="list-style-type: none"> ➤ Enabling Policy Framework
<ul style="list-style-type: none"> ➤ External Providers (Suppliers) 	<ul style="list-style-type: none"> ➤ Timely feedback ➤ Integrity and fairness when evaluating and awarding ➤ Prompt Payment ➤ Provision of Business opportunities ➤ Adherence to contract terms 	<ul style="list-style-type: none"> ➤ Timely feedback ➤ Timely and quality of goods service and works ➤ Adherence to contract terms
<ul style="list-style-type: none"> ➤ Staff 	<ul style="list-style-type: none"> ➤ Career development ➤ Conducive working environment ➤ Open communication channels and feed back ➤ Rewards, Team Building, Fairness & Recognition 	<ul style="list-style-type: none"> ➤ Effective delivery of service ➤ Cohesion among staff
<ul style="list-style-type: none"> ➤ Industry 	<ul style="list-style-type: none"> ➤ Competent graduates ➤ Enhanced collaborations ➤ Efficient and effective communication ➤ Insurance for the students 	<ul style="list-style-type: none"> ➤ Attachment opportunities for students ➤ Job opportunities for graduates ➤ Provision of occupational standards for CBET curriculum development ➤ Safety for the attached students
<ul style="list-style-type: none"> ➤ Local and National leaders 	<ul style="list-style-type: none"> ➤ Prudent use of public resources 	<ul style="list-style-type: none"> ➤ Goodwill

We are in the process of developing a sustainability strategy. This is an ideal opportunity to engage external stakeholders and colleagues across the education field. Top and senior management is involved in this essential process. We have involved all the staff on the issues that matter to the training. We have identified measurable objectives - alongside long-term risks and opportunities. This renders our strategy resilient, and creates value for the college community.

2. Environmental performance

The college community is aware of the effects of environmental degradation and pollution. Kenya aims to transition the waste sector in every county away from low collection rates, illegal dumping and uncontrolled dumpsites to affordable waste collection, recycling and composting, and secure final disposal in engineered landfills for the remaining fraction of the waste stream.

The national waste management Policy aims to create the necessary regulatory environment that will enable Kenya to effectively tackle the waste challenge, through systematic collection of waste sorted at source and disposal, processing activities aimed at reusing, recycling or composting waste materials into useful products or sources of energy. To promote sustainable waste management as an income generating venture, it will be necessary to create an enabling policy and regulatory environment that will incentivize and facilitate the establishment of multiple links in the waste value chain that are currently missing in Kenya.

These include: effective and affordable waste collection in all neighbourhoods; sorting posts where waste will be separated and sorted for subsequent recycling; composting facilities for the organic waste; waste to energy facilities; and fiscal incentives for investment in recycling technologies and facilities. This policy also supports the creation of the planning, finance, technical and governance capacities that county governments need to effectively deliver on their mandate under the Constitution of Kenya 2010, to be the lead actors in delivering sustainable waste management services.

In her contribution the college has planted 100 trees to help in greening the compound. We have a pit from where all solid waste like paper, cloth, rubbish is burned. The compound is drug-free.

We have not carried out a survey to determine our performance index. This will be done in the next financial year.

3. Employee welfare

The college has a human resource policy which guides in the execution of employment procedures. We have a BOG subcommittee that handles HR issues, conducts interviews during employments and attends to all HR issues.

The procedure for hiring is outlined in the HR policy. The vacancies arise as per existing staff needs/gaps and ability to pay. The other factors are gender and qualifications. The college is an equal employer and encourages people living with disabilities to apply.

Upon employment, Employees are issued with employment letters clearly describing the job and remuneration. After reporting for work, a new worker signs an acceptance letter and completes a bio-data form. Thereafter an induction process is undertaken.

The workers enter into goal/target setting each with the immediate supervisor at the beginning of each financial year. The targets are reviewed quarterly and a final evaluation done at the end of the 4th quarter. The employee performance is rated and awards or sanctions are implemented.

4. Market place practices

The market for TVET colleges is both in trainee catchment areas and enrolment. The other level is the utility of our products (graduates) to the labour market/industry. The training is such that one can work in an industry or begin some income generating activities either through innovation and creativity or Through the adaptation to the rapidly changing technology and civilization dynamics, the college has embraced online marketing by ensuring the sustainability of a website where the customers can access our products. We are interacting with our customers through Facebook.

Having presence online, in what we would consider a saturated market, is one colleges greatest marketing success. Brands need to connect with their customers through various digital channels and platforms.

Within this multichannel brand strategy is the marketplace, which is the positioning of our courses on one or more e-commerce

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

X REPORT OF BOARD OF GOVERNORS

The Board members submitted their report together with the audited financial statements for the year ended June 30, 2021 which showed the state of the college's affairs.

Principal activities

The principal activities of the college are Provision of Technical and Vocational Training.

Results

The results of the college for the year ended June 30 2021 are set as out on page 1

BOARD OF GOVERNORS

The members of the board who served during the year are shown on page vi-vii .During the year that ended 30 June 2021 none of members retired or resigned.

Auditors

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

By Order of the Board

PRINCIPAL
DAVID M. WAMBULI TECHNICAL &
VOCATIONAL COLLEGE
P. O. Box 3303-90100, MACHAKOS
TEL: 0743 876 827
Corporate Secretary
Nairobi
Date: 2nd of 6/2022

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XI STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (require the Board of Governors to prepare financial statements in respect of that college, which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year/period. The Board of Governors are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The Board of Governors are also responsible for safeguarding the assets of the college.

The Board of Governors are responsible for the preparation and presentation of the college financial statements, which give a true and fair view of the state of affairs of the college at the end of the financial year 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 college; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the college; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act) The Board of Governors are of the opinion that the college's financial statements give a true and fair view of the state of college's transactions during the financial year ended June 30, 2021, and of the college's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Governors to indicate that the college will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The college's financial statements were approved by the Board on 24.6.2022 and signed on its behalf by:

Name: Ambassador Dennis Awori

Signature.....

Chairperson of the Board/Council

Name: Daniel Muumbi

Signature.....

Accounting Officer/Principal

00. MACHAKOS
CEL: 0743 896 827

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

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 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 David Mbiti Wambuli Technical and Vocational College set out on pages 1 to 46, which comprise of the statement of

Report of the Auditor-General on David Mbiti Wambuli Technical and Vocational College for the year ended 30 June, 2021

financial position as at 30 June, 2021, and the statement of financial Performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of David Mbiti Wambuli Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1. Errors in Presentation and Inaccuracies in the Financial Statements

Review of the financial statements for the year ended 30 June, 2021 revealed the following anomalies:

- i. Appendix IV on recording of transfers from other government entities is blank but the statement of financial performance reflects a figure of Kshs.3,112,500 on the same account.
- ii. The statement of comparison of budget and actual amounts does not include explanations for utilization differences of more than 10% as required.
- iii. The statement of financial performance reflects transfers from other levels of government (Wote TTI), comparative balance of Kshs.234,211. However, the related disclosure under Note 8 has Nil balance.
- iv. The statement of financial position reflects capital fund balance of Kshs.3,891,660. However, the amount relates to accumulated fund and is therefore misrepresented.
- v. The statement of cash flows reflects cash and cash equivalents balance of Kshs.3,920,992. However, the re-computed balance is Kshs.4,076,501 resulting to an unexplained variance of Kshs.155,509. In addition, the statement does not indicate the amounts for net cash generated from operating activities and net increase in cash and cash equivalents during the year of Kshs.2,568,467 for the two items.
- vi. The statement of cash flows does not indicate disclosure notes for most of the balances.

- vii. The statement of cash flows reflects other payments balance of Kshs.4,173,042 which is the total of employees' cost, remuneration of directors and repairs and maintenance balances of Kshs.1,195,530, Kshs.436,000 and Kshs.2,541,512 respectively as indicated in the statement of financial performance. These components ought to have been recorded individually in the statement of the cash flows.
- viii. Statement of comparison of budget and actual amounts reflect transfers from other government entities of Kshs.1,500,000 while the statement of financial performance reflects a balance of Kshs.3,112,500. The balance is therefore understated by Kshs.1,612,500.

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

2. Unsupported Fees from Students

Statement of financial performance and Note 10 to the financial statements reflects revenue from rendering of services-fees from students of Kshs.12,531,822. However, the amount was not supported by students' fees ledger. In addition, review of documents supporting student fees and bank statements revealed that the student fees deposited in operational bank account totalled to Kshs.12,945,962 resulting in an accounted for balance of Kshs.414,140. No reconciliation was provided for the variance.

In the circumstances, it was not possible to confirm the accuracy and completeness of the student fees amounting to Kshs.12,531,822 for the year ended 30 June, 2021.

3. Lack of Land Ownership Documents

Background information in the financial statements indicate that the College is located in a 5 hectares of land donated to the College. However, the Management did not provide the title deed of the parcel of the land to confirm ownership. Further, the land has not been valued for inclusion in the financial statements.

In the circumstances, the ownership and security of the land on which the College stands could not be confirmed.

4. Undisclosed Property, Plant and Equipment Balance

The statement of financial position reflects plant, property and equipment Nil balance. However, review of documents revealed existence of assets noted below, which are in use by the Institute but had not been included in the financial statements.

Asset	Date Procured/Received	Value (Kshs.)
Land	Not specified	Values not indicated
Building	8 August, 2016	50,876,935
Septic and external drainage	8 August, 2016	4,319,056

Asset	Date Procured/Received	Value (Kshs.)
Firefighting equipment	8 August, 2016	852,100
Office furniture	Not specified	Values not indicated
Computers and accessories	Not specified	Values not indicated
Training machines and equipment	Not specified	Values not indicated
Library books	Not specified	Values not indicated

In the circumstances, the accuracy and completeness of the property, plant and equipment balance could not be confirmed.

5. Unsupported Remuneration of Directors

The statement of financial performance and Note 17 to the financial statements reflects remuneration of Directors amounting to Kshs.436,000. However, the expenditure was not supported with attendance registers and invitation notices.

In the circumstances, the accuracy and propriety of the expenditure of Kshs.436,000 could not be confirmed.

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.51,854,296 and Kshs.15,846,322 respectively, resulting to an underfunding of Kshs.36,007,974 or 69.4% of the budget. Similarly, the College expended Kshs.13,277,855 against the actual receipts of Kshs.15,846,322 resulting to an underabsorption of Kshs.2,568,467 or 16% of the budget.

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

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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unauthorized Excess Expenditure

Comparison of the approved budget with expenditure revealed that the Management exceeded approved budgetary allocations on various components by a total of Kshs.5,997,482. There was no evidence that the over expenditure was duly authorised as required by Regulation 48 of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of law.

2. Failure to Maintain Vote Book

Review of the financial records revealed that the College did not maintain a vote book to monitor the expenditure and ensure that budgetary control was effective. This is contrary to the provisions of Section 52 (1)(d) of the Public Finance Management (National Government) Regulations, 2015, which requires commitments to be recorded in the Vote Book.

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

3. Irregular Procurement of Repairs and Maintenance Services

The statement of financial performance and Note 19 to the financial statements reflects the repairs and maintenance balance of Kshs.2,541,512. However, examination of payment vouchers and the supporting documents revealed that, out of the expenditure, services valued at Kshs.1,874,800 were procured through single-sourcing. This is contrary to the provisions of Section 58 (2) of the Public Procurement and Assets Disposal Act, 2015, which stipulates that all procurements shall be subjected to competition among the bidders.

In the circumstances, Management was in breach of law.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and a Disaster Recovery Plan

The Management did not have risk management policy, strategies, and risk register to mitigate against risk. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk management strategies for fraud prevention and develop a system of risk management and internal control that builds robust business operations. In addition, the College did not have in place a Disaster Recovery and Business Continuity Plan.

In the absence of Risk Management Policy, Disaster Recovery and Business Continuity Plan, the College lacks a blue print for identifying, preventing and mitigating against risks and disasters to ensure that its operations are not interrupted in case of unforeseen events.

2. Failure to Automate Key Processes

Review of the College's operations revealed that key processes have not been automated and an ICT Policy has not been developed. The College has adopted manual system for the financial records and reporting, which lack an inbuilt data security and do not have audit trail posing a threat to the data.

In the circumstances, completeness and reliability of the College's financial records could not be confirmed. Further, the records are exposed manipulation and important data may be lost.

3. Lack of Approved Human Resource Policy Documents

Review of personnel documents revealed that the College does not have a Human Resource Department and staff who are trained in human resources matters.

Further, the College does not have an approved Staff Establishment and Human Resource Policy Manual to guide in staff matters including recruitment, remuneration and career progression. This is a contravention of Part II- Section B2 (1 & 2) of Human Resource Policies and Procedures Manual for Public Service, 2016.

In the circumstances, the College was in breach of law and lacks basis for human resources operations and processes.

4. Failure to Maintain Stores Records

The statement of financial performance and Note 15 to the financial statements reflects use of goods and services expenditure of Kshs.9,098,215. Included in the expenditure is an amount of Kshs.697,790 relating to payments for supply of stores items. However, the store ledger cards were not maintained as a control tool to record the receipts and issues. This is in contravention of the provisions of Section 159 (2) of the Public procurement and Assets Disposal Act, 2015 which requires the Accounting Officer to maintain adequate inventory records.

In the circumstances, inventories are exposed to misappropriation and loss.

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

Responsibilities of Management and Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as 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 appropriate basis of accounting unless Management is aware of intention to terminate the College or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 the entity 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 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 control would not necessarily disclose all matters in the internal control 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 College's 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 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

06 September, 2022

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XIII STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ Capitation	6	3,112,500	2,795,000
Grants from donors and development partners	7		
Transfers from other levels of government(wote TTI)	8		234,211
Public contributions and donations	9		
Revenue from exchange transactions			
Rendering of services- Fees from students	10	12,531,822	1,414,650
Sale of goods	11		
Rental revenue from facilities and equipment	12		
Finance income - external investments	13		
Other income	14	202,000	
Revenue from exchange transactions		12,733,822	1,414,650
Total revenue		15,846,322	4,443,861
Expenses			
Use of goods and services	15	9,098,215	169,000
Employee costs	16	1,195,530	801,473
Remuneration of directors	17	436,000	342,800
Depreciation and amortization expense	18		
Repairs and maintenance	19	2,541,512	295,360
Contracted services	20		
Grants and subsidies	21		
Finance costs	22	6,598	5,440
General expense			1,801,882
Total expenses		13,277,855	3,415,955
Other gains/(losses)			
Gain on sale of assets	23		
Unrealized gain on fair value of investments	24		
Impairment loss	25		
Total other gains/(losses)		2,568,467	1,027,906
Net Surplus for the year			
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling college			

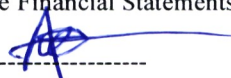
The notes set out on pages i to xxii form an integral part of the Annual Financial Statements.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XIV STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	26	3,920,992	1,508,034
Current portion of receivables from exchange transactions	27(a)		200,102
Receivables from non-exchange transactions	28		
Inventories	29		
Investments	30		
Non-current assets			
Property, plant and equipment	31		
Investments	30		
Intangible assets	32		
Investment property	33		
Long term receivables from exchange transactions	27(b)		
Total assets		3,920,992	1,708,136
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	29,262	384,943
Refundable deposits from customers	35		
Current Provisions	36		
Finance lease obligation	37		
Current portion of borrowings	41		
Deferred income	38		
Employee benefit obligation	39		
Payments received in advance			
Non-current liabilities			
Non-current employee benefit obligation	39		
Non-current provisions	40		
Borrowings	41		
Service concession liability	42		
Deferred tax liabilities	49		
Total liabilities			
Net assets			
Reserves			
Accumulated surplus			
Capital Fund		3,891,660	1,323,193
Total net assets and liabilities		3,920,992	1,708,136

The Financial Statements set out on pages 1 to 49 were signed on behalf of the Council/ Board of Governors by:



Chairman of Council/Board of Governors

Date: 24/6/2022



Finance Officer

ICPAK No.
Date: 24/6/2022



Principal

Date: 24/6/2022

TEL: 0743 896 827
 P.O. BOX 3308-9000, MACHAKOS

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XV STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019					
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income					
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2020			1,323,193		1,323,193
At July 1, 2020			1,323,193		1,323,193
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			2,568,467		2,568,467
Capital/Development grants received during the year					
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2021			3,891,660		3,891,660

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XVI STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		3,112,500	2,795,000
Public contributions and donations			
Rendering of services- Fees from students		12,531,822	1,414,650
Sale of goods			
Rental revenue from facilities and equipment			
Finance income			
Other income		202,000	234,211
Total Receipts		15,846,322	4,443,869
Payments			
Compensation of employees			
Use of goods and services		9,098,215	169,000
Finance cost		6,598	5,440
Rent paid			
Taxation paid			
Other payments		4,173,042	3,241,515
Grants and subsidies paid			
Total Payments		13,277,855	3,415,955
Net cash flows from operating activities	43		
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 JULY	26	1,508,034	129,534
Cash and cash equivalents at 30 JUNE	26	3,920,992	1,508,034

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XVII STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities	2,000,000		2,000,000	1,500,000	500,000	25%
Public contributions and donations	27,111,626		27,111,626	0	27,111,626	99%
Rendering of services- Fees from students	22,742,670		22,742,670	12,531,822	10,210,840	44%
Sale of goods						
Finance Income						
Other Income				202,000		
Gains on disposal, rental income and agency fees						
Total income	51,854,296		51,854,296	15,846,322	36,007,974	69%
Expenses						
Compensation of employees						
Use of Goods and services	46,079,626		46,079,626	9,098,215	36,981,411	80%
Finance costs				6,598	(6,598)	-100%
Employee cost	4,500,000		4,500,000	1,195,530	3,304,470	73%
Remuneration of directors	800,000		800,000	436,000	364,000	46%
Repairs and maintenance	474,670		474,670	2,541,512	(2,066,842)	435%
Grants and subsidies paid						
Total expenditure	51,854,296		51,854,296	13,277,855	38,576,441	74%
Surplus for the period						

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

XVIII NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

David Mbiti Wambuli TVC is established by and derives its authority and accountability from TVET Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The College principal activity is providing the knowledge and skills to the people in the whole world.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) 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. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. 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. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. 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. d) 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>(The college did not adopt any improvements to IPSAS during the year under review)</p>

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: 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 a college'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"> •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; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a college's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The college did not deal in any Financial instruments during the year under review</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting college 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"> (a) The nature of such social benefits provided by the college (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college financial performance, financial position and cash flows. <p><i>The college did not have any reason to early adopt this standard</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) 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.

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

iii. Early adoption of standards

The college did not adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the college 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

ii) Revenue from exchange transactions

Rendering of services

The college 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 college.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the college's right to receive payments is established.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Council or Board 21/7/2020. 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 college upon receiving the respective approvals in order to conclude the final budget.

The college'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 1 of these financial statements.

c) Taxes

Current income tax

The college is exempt from paying taxes as per First Schedule Section 10 subsection (a) and (b) of the *2010 income tax Act*.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college 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.

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the College. 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 College 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 College 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 College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

The College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the College 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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 College 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 College 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 College assesses at each reporting date whether there is objective evidence that a financial asset or a college of financial assets is impaired. A financial asset or a college 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 college of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a college 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 College 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.

i) 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

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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 College.

j) Provisions

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the College expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an college pays fixed contributions into a separate college (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.

n) 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.

o) 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.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The College regards a related party as a person or a college with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

q) Service concession arrangements

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

r) 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.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The College 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 College. 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 College
- 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

There were no provisions raised during the year under review

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants		
Operational grant	1,500,000	2,000,000
Capitation	1,612,500	795,000
Conditional grants		
Library grant		
Hostels grant		
Administration block grant		
Laboratory grant		
Learning facilities grant		
Other organizational grants		
Total government grants and subsidies	3,112,500	2,795,000

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the College sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			KShs	KShs	KShs
Ministry/State Department					
Ministry					
Total					

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021	2019-2020
	KShs	KShs
JICA- Research grant		
World Bank grants		
In-kind Donations		
Other grants		
Total grants from development partners		

Reconciliations of grants from donors and development partners

Description	2020-2021	2019-2020
	KShs	KShs
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions to be met - remain liabilities		

There were no grants from donors and development partners during the year under review

8. TRANSFERS FROM OTHER TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021	2019-2020
	KShs	KShs
Transfer from County		
Transfer from University		
Transfer from institute		
Total Transfers		

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021	2019-2020
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from alumni		
Other donations		
Total donations and sponsorships		

There were no public contributions and donations during the year under review

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	732,100	499,350
Activity fees	125,380	13,400
Industrial attachment fees	60,600	15,400
Examination fees	54,300	56,000
Library fees		
Facilities and materials		
Registration fees	10,500	
Personnel emolument	728,850	66,500
Repair maintenance and improvement	154,955	46,500
Electricity water conservancy	227,440	20900
Local transport and travelling	385,195	13,000
Caution money	36,500	
Insurance	6600	
Student council	9402	
HELB		606,600
Accommodations & meals	24,000	77,000
National youth service	9,976,000	
Total revenue from the rendering of services	12,531,822	1,414,650

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

11. SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Sale of books		
Sale of publications		
Sale of farm produce		
Cafeteria		
Other(include in line with your organisation)		
Total revenue from the sale of goods		

There was no sale of good during the year under review

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Hire of facilities and equipment		
Contingent rental		
operating lease revenue		
Total		

There was no hire of facilities and equipment during the year under review

13. FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

There was no finance income during the year under review

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Consultancy fees		
Income from sale of tender	7,000	
Services concession income		
Reimbursements and refunds		
Graduation fees		
Toyota Kenya	195,000	
Total other income	202,000	

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

15. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Teaching and learning materials	2,459,315	
Industrial attachment costs		
Electricity Water	390,899	169,000
Security		
Professional and Consultancy services		
Subscriptions		
Advertising		
Examination fees	237,955	
Audit fees		
Catering, Conferences, and delegations		
Travelling and accommodation	1,711,800	
Fuel and oil		
Insurance	6,720	
Legal expenses		
Licenses and permits		
Postage		
Printing and stationery		
Hire charges		
Rent expenses		
Skills development levies		
Telephone expenses		
Internet expenses		
Training expenses		
Activity(sports)	142,760	
Contingencies	1,244,716	
COVID 19	215,000	
Administration Costs	49,850	
BES - Meals	965,500	
Capitation	1,462,500	
HELB	211,200	
Total good and services	9,098,215	169,000

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	1,155,410	801,473
Employee related costs - contributions to pensions and medical aids	40,120	
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Performance and other bonuses		
Social contributions		
Employee costs	1,195,530	801,473

17. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria		
Directors emoluments	436,000	342,800
Other allowances		
Total director emoluments	436,000	342,800

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization		

19. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property		
Investment property – earning rentals		
Equipment and machinery		
Vehicles		
Furniture and fittings	2,541,512	295,360
Computers and accessories		
Other		
Total repairs and maintenance	2,541,512	295,360

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations		
Investment valuations		
Property valuations		
Total contracted services		

21. GRANTS AND SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Community development		
Education initiatives and programs		
Social development		
Community trust		
Sporting bodies		
Total grants and subsidies		

22. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*		
Finance leases (amortized cost)		
Unwinding of discount		
Interest on Bank overdrafts		
Interest on loans from commercial banks		
Bank charges	6,598	5,440
Total finance costs	6,598	5,440

23. GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Other assets not capitalised		
Total gain on sale of assets		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value		
Total gain		

25. IMPAIRMENT LOSS

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Total impairment loss		

26. CASH AND CASH EQUIVALENTS

Description	2020-2021	2020-2021
	KShs	KShs
Current account	3,920,992	1,508,034
On - call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
Total cash and cash equivalents	3,920,992	1,508,034

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

26 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account	1253017115	3,897,704	1,508,034
Kenya Commercial bank			
Equity Bank, etc			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Kenya Commercial bank			
Bank B			
Sub- total			
d) Staff car loan/ mortgage			
Kenya Commercial bank			
Bank B			
Sub- total			
e) Others(specify)			
Cash in transit			
cash in hand		23,288	
Mobile Money account			
Sub- total			
Grand total		3,920,992	1,508,034

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors		200,102
Rent debtors		
Consultancy debtors		
Other exchange debtors		
Less: impairment allowance		
Total current receivables		200,102

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Non-current receivables		
Refundable deposits		
Advance payments		
Public organizations		
Less: impairment allowance		
Total		
Current portion transferred to current receivables		
Total non-current receivables		
Total receivables		

27 (c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year		
Provisions during the year		
Recovered during the year		
Write offs during the year		
At the end of the year		

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Capitation grants*		
Transfers from other govt. entities		
Undisbursed donor funds		
Other debtors (recurrent grants)		
Less: impairment allowance		
Total current receivables		

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores		
Maintenance stores		
Health unit stores		
Electrical stores		
Cleaning materials stores		
Catering stores		
Total inventories at the lower of cost and net realizable value		

30. INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b) Investment with Financial Institutions/ Banks		
Bank x		
Bank y		
Sub- total		
c) Equity investments (specify)		
Equity/ shares in company		
Sub- total		
Grand total		

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of college where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Current year	Prior year
College A						
College B						
College C						
College D						

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

31. PROPERTY, PLANT AND EQUIPMENT
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2020								
Additions								
Disposals								
Transfers/adjustments								
At 30th June 2021								
Additions								
Disposals								
Transfer/adjustments								
At 30th June 2021								
Depreciation and impairment								
At 1 July 2020								
Depreciation								
Impairment								
At 30 June 2021								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2021								
Net book values								
At 30th June 2021								
At 30th June 2021								
[Include brief description of WIP as a footer]								

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

31 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings			
Plant and machinery			
Motor vehicles, including motorcycles			
Computers and related equipment			
Office equipment, furniture, and fittings			
Total			

32. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year		
Additions		
At end of the year		
Additions—internal development		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization		
At end of the year		
Impairment loss		
At end of the year		
NBV		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
At end of the year		

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	29,262	384,943
Fees paid in advance		
Employee advances		
Third-party payments		
Other payables		
Total trade and other payables	29,262	384,943

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits		
Caution money		
Other refundable deposits		
Total deposits		

36. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Transfers from non -current provisions					
Total provisions					

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. FINANCE LEASE OBLIGATION

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year		
Discount interest on lease liability		
Paid during the year		
At end of the year		

Maturity Analysis

Period	Amount
Year 1	
Year 2	
Year 3	
Year 4	
Year 5 and onwards	
Less: Unearned interest	

Analysed as:

Description	Amount
Current	
Non- Current	
Total	

38. DEFERRED INCOME

Description	2020-2021	2019-2020
	KShs	KShs
National government		
International funders		
Public contributions and donations		
Total deferred income		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward				
Additions during the year				
Transfers to Capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward				

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2020-2021	2019-2020
				KShs	KShs
Current benefit obligation					
Non-current benefit obligation					
Total employee benefits obligation					

Retirement benefit Asset/ Liability

The college operates a defined benefit scheme for all full-time employees from July 1, 2021. The scheme is administered by Human Resource committee while principal is the custodians of the scheme. The scheme is based on 25 percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30th June 2021 by administration actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Discount rates	%	%
Future salary increases	3.6%	%
Future pension increases	%	%
Mortality (Pre- retirement)	%	%
Mortality (Post- retirement)	%	%
Withdrawals		
Ill health		
Retirement	years	years

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2020-2021 Kshs	2019-2020 Kshs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial gains/ losses arising from changes in financial assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (Specify)		
Adjustments for restrictions on the defined benefit asset		
Remeasurement of the net defined benefit liability (asset)		

b) Amounts recognised in the Statement of Financial Position

Description	2020-2021 Kshs	2019-2020 Kshs
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded Status(=a-b)		
Restrictions on asset recognised		
Others		
Net Asset or liability arising from defined benefit obligation		

The college also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The college's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 400 per employee per month. . Employees contribute 1% while employers contribute 1% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Less: Current portion					
Total deferred income					

41. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the year		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the year		

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021	2019-2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from organization'		
Sterling Pound denominated loan from organization'		
Euro denominated loan from organization		
Domestic Borrowings		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Total balance at end of the year		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Short term borrowings(current portion)		
Long term borrowings		
Total		

42. SERVICE CONCESSION ARRANGEMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

43. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
Surplus for the year before tax	KShs	KShs
Adjusted for:		
Depreciation		
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				
At 30 June 2021				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2021				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The college has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the college's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%		
USD	10%		
2021			
Euro	10%		
USD	10%		

b) Interest rate risk

Interest rate risk is the risk that the college's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income of current floating interest rates increase by one percentage point as a increase of 3.5% . A rate increase of 5% would result in a increase in profit before tax of 7.8%

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies		
Rent Income from govt. agencies		
Water sales to Govt. agencies		
Others (Specify)		
Total		
b) Purchases from related parties		
Purchases of electricity from KPLC		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others (specify)		
Total		
b) Grants /Transfers from the Government		
Grants from National Govt		
Grants from County Government		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees		
Payments for goods and services for		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to key management		
Total		

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENT INFORMATION

Where an organisation operates in different geographical regions or in departments, IPSAS 18 or segmental reporting requires a college to present segmental information of each geographic region or department to enable users understand the college's performance and allocation of resources to different segments)

47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2020-2021	2019-2020
	Kshs	Kshs
Contingent assets		
Insurance reimbursements		
Assets arising from determination of court cases		
Reimbursable indemnities and guarantees		
Others (Specify)		
Total		

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities		
Court case against the college		
Bank guarantees in favour of subsidiary		
Contingent liabilities arising from contracts including PPPs		
Others (Specify)		
Total		

48. CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for		
Authorised and contracted for		
Total		

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the college but at the end of the year had not been contracted or those already contracted for and ongoing)

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances		
Unrealised exchange gains/(losses)		
Revaluation surplus		
Tax losses carried forward		
Provisions for liabilities and charges		
Net deferred tax liability/(asset)		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year		
Credit to revaluation reserve		
Under provision in prior year		
Income statement charge/(credit)		
Balance at end of the year		

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING COLLEGE

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

52. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

Accounting Officer

David Mbiti Wambuli TVC

Signature.....

Date. 29/06/2022
PRINCIPAL
DAVID M. WAMBULI TECHNICAL &
VOCATIONAL COLLEGE
 P. O. Box 3308-90100, MACHAKOS
 CEL: 0743 896 827

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE COLLEGE

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

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

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021**

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Other	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education		Recurrent						
Ministry of Education		Development						
USAID		Donor Fund						
Ministry of Education		Direct Payment						
Total								