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**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**MSAMBWENI TECHNICAL AND  
VOCATIONAL COLLEGE**

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





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**MSAMBWENI TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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

**A. Acronyms**

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
TVET	Technical and Vocational Education Training
NITA	National Industrial Training Authority
KNEC	Kenya National Examination Council
TVET CDAAC	Curriculum Development Assessment and Certification Council
MDGs	Millennium Development Goals
HODs	Head of Department

**B. Definition of Key Terms**

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

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

## **2. Key Entity Information and Management**

### **(a) Background information**

Msambweni Technical and Vocational College abbreviated (MTVC) was established under the Technical and Vocational Education Training Act in 2020 by the government to provide business and technical skills. The Institute is domiciled in Kenya in Kwale County, Msambweni town. The institute is under the Ministry of Education. The institute implements TVET-curriculum in all its fields as developed and examined by NITA, KNEC and TVET-CDACC. Msambweni TVC is staffed by the Ministry of Education through the State Department of Vocational and Technical Training, Directorate of TVET.

The expansion and reforms witnessed in technical and vocational training has been necessitated by Kenya's objective of industrialization as contained in the Vision 2030 and the MDGs. For these to be realized, it is imperative to develop and effectively utilize the country's human, physical and financial resources. The Kenya Vision 2030 blue print recognizes human resource development as key to rapid development. Highly trained and flexible human resource that has the relevant knowledge and skills requires sustained and continuous Training and re-training of content developed and implemented in close consultation with industry.

### **(b) Principal Activities**

The principal activity of the Institute is to train and equip trainees with modern technology for global market competition.

#### **Vision Statement:**

Technology is the key for innovation.

#### **Mission Statement:**

To train and equip trainees with modern technology for global market competition.

#### **Core Values**

- i. **Uprightness and honesty:-** Msambweni Technical and Vocational College will endeavor to promote uprightness and honesty in all undertakings with stakeholders and other interested parties.
- ii. **Transparency and accountability:-** The Msambweni Technical and Vocational College will promote transparency and accountability to its stakeholders through provision of adequate and timely reports and communication to the stakeholders.

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

- iii. **Integrity:-** Msambweni Technical and Vocational College employees shall conduct themselves in a manner that demonstrates high moral standards. The institute will promote high levels of integrity through implementation of relevant policies and ethical code of conduct
- iv. **Respect for change:-** Msambweni Technical and Vocational College will positively implement changes that will promote efficient and effective service delivery to the stakeholders
- v. **Prudent environmental management:-** Msambweni Technical and Vocational College shall manage its environment prudently and promote efficient utilization of the environmental resources for both the present and future generation
- vi. **Professionalism:-** All the staff of Msambweni Technical and Vocational College upholding the requirements for professional conduct. The institute is committed to the highest levels of achievement obtainable through competence and pertinent skills.
- vii. **Respect for cultural diversity:-** The Msambweni Technical and Vocational College appreciates and respect the diversity of cultural heritage

**Strategic Objectives**

- i. To enhance the college corporate image
- ii. To increase financial sustainability
- iii. To provide adequate infrastructure for learning
- iv. To improve the Human Resource Capacity
- v. To fully Integrate ICT in college management
- vi. To improve teaching and learning
- vii. To develop responsible youth to contribute to national development

**Mandate**

Msambweni Technical and Vocational College derives its mandate from the following legal framework governing TVET and the Ministry:

- (i) The Constitution of Kenya
- (ii) The Higher Education Loans Board Act (Cap 213)
- (iii) The Industrial Training Act (Cap 237)

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- (iv) The Kenya National Examinations Council Act (Cap 225)
- (v) The PSC Act

The above legal instruments have evolved over a period of time. In this regard, the Kenya Government through the Ministry of Higher Education, Science and Technology initiated and developed the National TVET Strategy (2007).

The mandate of Msambweni Technical and Vocational College is:

1. To produce morally upright, relevant, high quality and competitive graduates in the job market
2. To enhance the learning and working environment
3. To optimize utilization of human and physical resources in the institute
4. To increase capacity for training, research and consultancy services in line with changing technologies

**(c) Key Management**

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

- Board of Governors
- Accounting officer/Principal
- Deputy Principal
- Registrar
- Dean of students

**(d) Fiduciary Management**

The key management personnel who held office during the period ended **30<sup>th</sup> June, 2025** and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	<b>Ms. Maria Kimonyi</b>
2.	Deputy Principal Academics	<b>Ms.Eillen Nyakako</b>
3.	Deputy Principal Administration	<b>Mr. Ezekiel Bungei</b>
4.	Registrar (s)	<b>Mr. Billy Saha</b>
5.	Dean of students	<b>Mr. Alvanus Aron</b>
6.	Head of Finance	<b>Ms. Fatuma Bege</b>
7.	Head of Procurement	<b>Mr. John Ngowa</b>

**(e) Fiduciary Oversight Arrangements**

- Audit and Risk Management Committee
- Finance and General-Purpose Committee
- Academic Implementation Committee

**(f) Entity Headquarters**

Msambweni Technical and Vocational College

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P.O. Box 11-80404  
Msambweni- Kwale  
KENYA

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

**(g) College Contacts**

Telephone: 0702944524/0755764544  
E-mail: [msambwenitti@gmail.com](mailto:msambwenitti@gmail.com)

**(h) College Bankers**

Kenya Commercial Bank  
Voi Branch  
P.O. Box 137-80300  
Voi, 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

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**3.The Board of Governors**




NO.	BOG	DETAILS
1.	ZAHARANI HASSAN BWENGO 	Name: Eng. Zaharani Hassan Bwengo Chairman of the board Age: 59 Position: Chairman of the Board Qualifications: BSc. Electrical Engineering Work Experience: Principal Terminal Engineer- Kenya Ports Authority
2.	MR.PETER MWANGI 	Name: Mr. Peter Mwangi DOB: 24/02/1966 Qualifications: BED, Masters in Education Administration Work Experience: He is the TVET county Director for Mombasa, Kwale and Taita Taveta. He is the representative of the PS Ministry of Education, State Department Vocational and Technical Training
3.	MD.FLORENCE EPENI 	Name: Florence Ruth Epeni Age:61 Position: Member of the Board Higher National Diploma in Psychology Work Experience: Retired teacher
4.	MD.MWANAMKUU HAMISI 	Name: Mwanamkuu Hamisi DOB: 20/05/1988 Position: Member of the Board. Qualifications: degree Work experience: Worked with the Kenya National Commission on Human Rights

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5.	<p>MR. MOHAMED KHALFAN TSUMO</p> 	<p>Name: Mohamed Khalfan Tsumo          Age: 35          Position: Member of the Board          Qualifications: Bachelor of Science in Mechatronic Engineering .          Work Experience: Supervisor Bamburi Cement</p>
6.	<p>MR. JOSEPH OMWENGA</p> 	<p>Name: Mr Joseph Omwenga          Position: Member of the Board          Qualifications: MBA-finance option.          Work Experience: Accountant -Critical Consultancy Service .</p>
7.	<p>MD.MARIA KIMONYI</p> 	<p>Name: Md. Maria Kimonyi          Position: Principal/Secretary of the Board          Qualifications: MBA- strategic management.          Work Experience: Senior Trainer at Msambweni TVC</p>

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**4. Key Management Team**

NO.	MEMBER	DETAILS
1.	MD.MARIA KIMONYI 	Name: Md. Maria Kimonyi Position: Principal/Secretary of the Board Qualifications: MBA-Strategic Management. Work Experience: Senior Principal-Msambweni TVC
2.		Name: Ezekiel Bungei Position: Deputy Principal-Administration Qualification: BSC. Information Technology. Work Experience: Senior trainer- Msambweni TVC
3.		Name: Eillen Nyakako Position: Deputy Principal -Academic Qualification: BTECH Electrical and Electronics Work Experience: Senior trainer -Msambweni TVC

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4.		<p>Name: Mr. Billy Saha          Qualification: Degree in Information Communication Technology          Work Experience: Registrar at Msambweni TVC.</p>
5.	<p>MR.ARONI ALVANUS</p> 	<p>Name: Mr. Aroni Alvanus          Position: Dean of Students          Qualification: Diploma          Work experience: Served Ag. Dean of Students at Msambweni TVC</p>
6.	<p>MD. FATUMA O. BEGE</p> 	<p>Name: Md. Fatuma O. Bege          Position: Finance officer          Qualification: CPA Part 3, Sec 5,          Work experience: Accounts Clerk since August 2021 at Msambweni TVC</p>
7.	<p>MR. HARON NGOWA</p> 	<p>Name: Mr. Haron Ngowa Mwalimu          Position: Procurement office          Qualification: Craft in supplies Management.          Work experience: Procurement officer since September 2024 at Msambweni TVC</p>

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**5. Chairman's Statement**

On behalf of Msambweni technical and Vocational College ,I am pleased to present to you Annual Reports and and financial statements for the year ended 30<sup>th</sup> June 2025.

Msambweni Technical And vocational college continues to deliver on its key mandate of provision of quality education, training and research.

The Institute projected to focus on increasing students enrollment through marketing, improvement of infrastructure and human resource to support teaching, learning and research. In that spirit the institute recruited trainers for vacancies for different departments, i.e Building technology, tourism management, Accounting, catering and accommodation, Cosmetology, hair dressing and beauty therapy, which is aimed at increasing enrollment and improvement of infrastructure.

During the financial year 2024/2025 the institute launched Jitume Lab. Computer labs benefit students by providing access to essential hardware and software, fostering digital literacy and job-ready skills, supporting collaborative and focused learning, improving academic performance, and bridging the digital divide for students lacking home access. The structured, supervised environment also allows for personalized learning, hands-on experience with specialized tools, and exposure to emerging technologies and fields like coding and automation.

The Jitume lab has benefited learners in terms of digital literacy-Students learn to use various software and hardware, developing critical digital skills for future academic and professional success.

Technical Skills-Labs offer a space to learn skills such as programming, data analysis, multimedia creation, and web design, which are valuable in the current job market.

Exposure to New Tech-Students gain experience with the latest technology, helping them stay current with industry standards and preparing them for careers in tech fields.

It has offered learners Learning Environment & Academic Support.

Access to Resources-The Jitume lab has provided access to computers, specialized software, and reliable internet that some students may not have at home.

Structured Environment:

A computer lab offers a focused and supervised environment where students can complete assignments and stay on task, often with technical and academic support available. Personalized Learning:

Adaptive learning tools in some labs can tailor education to individual student needs and learning styles.

During the financial year under review, Msambweni Technical and vocational College launched a town campus which host the business department. This is due to increase in enrollment.

The government of Kenya has largely invested on technical and vocational training as a tool to address the shortage of artisan and technician who can handle areas requiring technological and innovative skills

**Msambweni Technical And Vocational College**  
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Through various plans like vision 2030 and TVET Act 2013 the Government places an important emphasis as a way of creating jobs and acquisition of hand on skills. The government has also realized that the big 4 agenda that is, Manufacturing, Proper and Cheap Housing, Agriculture and Food security cannot be realized unless Kenyan government adopt sustainable skills to deal with this menace

Msambweni TVC is one of the technical colleges in Kenya that is charged with this responsibility of training artisan and technician in mechanical, I.C.T, Electrical and Business-related courses. On behalf of B.O.G I wish to assure our trainee's staff and all partners that, the Board will provide leadership and offer necessary advice in ensuring success in all spheres, be it allocation of required resources, in collaboration with the principal and the staff in general. Through the institutes strategic plan for the five years.

I wish to acknowledge with gratitude the Government of Kenya for its goodwill and immense support. The Board of governors shall continue to provide the much needed resources, advice and foresight to support the Institute as it continues to implement its goals and objectives.



Mr. Zaharani Bwengo

Chairman of the Board of Governors

Date ..... 24/11/2025

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**6. Report of the Senior Principal**

Msambweni Technical and Vocational College was established under the TVET Act on 2020 by the government to provide business and technical skills. The Institute is domiciled in Kenya in Kwale County, Msambweni town. The institute is under the Ministry of Education. The institute implements TVET- curriculum in all its fields as developed and examined by NITA and KNEC. Msambweni TVC is staffed by the Ministry of Education through the State Department of Vocational and Technical Training, Directorate of TVET.

The expansion and reforms witnessed in technical and vocational training has been necessitated by Kenya's objective of industrialization as contained in the Vision 2030 and the MDGs. For these to be realized, it is imperative to develop and effectively utilize the country's human, physical and financial resources. The Kenya Vision 2030 blue print recognizes human resource development as key to rapid development. Highly trained and flexible human resource that has the relevant knowledge and skills requires sustained and continuous Training and re-training of content developed and implemented in close consultation with the industry.

The five years strategic plan (2021-2025) is a guideline on the way forward of attaining our goal/objective as BOG and administrators of TVET in general. Through various initiatives Msambweni TVC will endeavor itself in increasing enrolment, increasing courses offered and increasing infrastructure that is hostel, classes, workshop and perimeter wall. As a new technical college started in 2020, we are facing several problems. Msambweni TVC shall endeavor itself in providing market driven courses relevant courses through collaboration with the industry and other stakeholders. Msambweni TVC is registered by TVET and also accredited to Offers KNEC examinations in Mechanical, Electrical, ICT and Supply Chain Management. Msambweni TVC is also registered by NITA to offer welding and fabrication in grade 3 artisan and soon we will be accredited to offer electrical artisan.

**Principal Activities**

The principal activity of the Institute is to train and equip trainees with modern technology for global market competition.

**Entity's compliance with statutory requirements**

During the year under review, the Institute complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF within the stipulated deadlines. The Institute does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

**Major Risks facing the entity**

Msambweni Technical and Vocational College continues to face pressure on existing resources due to inadequate Teaching and learning infrastructure especially in engineering courses caused by the increase in student enrolment. The teacher and non-teaching staffs to students remains low, limited teaching and learning facilities, insufficient funds to meets all project activities.

Msambweni 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, putting the

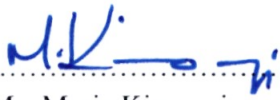
**Msambweni Technical And Vocational College**  
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customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

As the principal, I take this opportunity to sincerely thank the Board of Governors, administrative staff, HODs for their efforts and commitment to the attainment of entity's goal.

Lastly, I would like to appreciate the Government of Kenya through The National Treasury and The Ministry of Education for the support accorded to Msambweni Technical and Vocational College looking forward to your continued support.



Ms. Maria Kimonyi

Principal/Secretary of the BOG

Date 28.11.2025

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**7. Statement of Performance against Predetermined Objectives FY 2024/2025**

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.

Msambweni Technical and Vocational College develops its annual work plans based on the 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Msambweni Technical and Vocational College achieved its performance targets set for the FY 2024/25 period for its 4 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>		<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
1.	Human Resource development	To improve Human Resource Capacity	Number of staff engaged	Additional staff ,E mploy more BOG staffs	Additional BOG staff employed, 6 BOG Trainers were added during the financial year under review. 1.Edwin Cheruiyot-Mech 2. Sharon kemunto-beauty 3.Abbas Zema-plumbing 4.Hamisi Yawa-ICT 5.John Ototo-Electrical 6.Hamisi Marumu-Elect
2.	ICT	To integrate ICT in institution management	ICT equipment purchased and installed	Purchase additional ICT equipment for the institution	ICT equipment purchased.During FY 2024/2025 ICT equipments worth Ksh.462,224 were purchased
3.	Education and Training	To improve Training and learning	Introduce new learning and training methods.	Build Capacity in new and modern methods of teaching	Modern Techniques adopted-Students are actively involved in learning to build and apply actual knowledge and skills
4.	Gender and Youth	To develop responsible youth to contribute to national development	No of Drugs and substance Abuse /HIV/AIDs	Provision of information	Peer counselling-There's a Guidance And Counselling personel,Md Loreen Achieng

## **8. Corporate Governance Statement**

Msambweni Technical And Vocational College is committed to maintaining the highest standards of corporate governance to ensure transparency, accountability, and sustainable growth. We believe effective governance is essential for delivering value to our shareholders, employees, customers, and other stakeholders.

The Board of Directors oversees the company's overall strategic direction, risk management, and governance practices. It comprises experienced professionals who provide independent judgment and ensure that the company operates in compliance with applicable laws and regulations.

Key governance practices include:

- Clear segregation of responsibilities between the Board and management
- Regular Board meetings and comprehensive reporting
- Robust internal controls and risk management frameworks
- Commitment to ethical conduct and compliance
- Stakeholder engagement and transparent communication

We regularly review our governance policies to align with best practices and evolving regulatory requirements, reinforcing our commitment to integrity and excellence in all aspects of our operations.

The functions of a board of directors are to set the organization's strategic direction, ensure good corporate governance, oversee and evaluate the Principal, monitor financial performance, and manage risk and compliance. Boards are fiduciary agents for the organization and its stakeholders, making high-level decisions and providing guidance rather than managing daily operations.

Here are the key functions of a board:

- **Strategic Direction**-Boards are responsible for developing and setting the organization's long-term vision, mission, values, and strategic goals.
- **Governance & Ethics**-They ensure the organisation operates within legal and ethical standards, promoting a culture of transparency and accountability.
- **Management Oversight**-Boards hire, supervise, evaluate.
- **Financial Monitoring**-Boards review financial statements, ensure responsible financial management, and approve key financial decisions such as budgets and major investments.
- **Risk Management**-They ensure that appropriate systems are in place to identify, assess, and manage the significant risks the organization faces.
- **Major Decisions**-They make high-level decisions regarding operations of the organization.

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- **Compliance**-The board ensures the organization adheres to all applicable laws, regulations, and internal policies.  
Ethics and conduct are the principles and standards of behavior expected of individuals and organizations, encompassing integrity, honesty, fairness, and professional responsibility, as outlined in codes of conduct. Key elements include treating all people with respect, maintaining confidentiality, avoiding conflicts of interest, upholding transparency and accountability, and complying with laws and regulations to foster public trust and ensure ethical operations.

Core Principles

- **Integrity**-Acting with honesty, transparency, and moral uprightness in all professional and personal dealings.
- **Fairness**-Ensuring fair and ethical treatment of clients, colleagues, and stakeholders.
- **Professional Competence**-Maintaining and developing the necessary knowledge and skills to effectively serve others.
- **Confidentiality**-Protecting private information and maintaining strict confidentiality in professional relationships.
- **Public Trust**-Building and maintaining public confidence through exemplary conduct and ethical practices.

Key Practices

- **Respect for People:** Avoiding harassment and treating everyone with respect, dignity, and fairness.
- **Conflict of Interest:** Taking steps to prevent real, apparent, or potential conflicts between professional responsibilities and private affairs.
- **Transparency and Accountability:** Operating with openness, honesty, and a clear accountability framework.
- **Compliance with Laws:** Adhering to applicable laws, regulations, and professional requirements.
- **Appropriate Conduct:** Recognizing and avoiding situations that could negatively affect rights, freedoms, or professional conduct.

Examples of Unethical Behavior

- **Misusing Information**-Using privileged or confidential information for personal gain or for the benefit of others.
- **Discrimination**-Treating any person unfairly based on factors like age, gender, race, or disability.

**9. Management Discussion and Analysis**

The Institute continues to deliver on its key mandate of provision of quality education, training, and research.

**Entity's compliance with statutory requirements**

During the financial year under review, the college complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF within the stipulated deadlines. The Institute does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

**Major risks facing the entity**

Msambweni Technical and Vocational College continues to face pressure on existing resources due to inadequate Teaching and learning infrastructure especially in engineering courses caused by the increase in student enrolment. The teacher and non-teaching staffs to students remains low, limited teaching and learning facilities, insufficient funds to meet all project activities.  
Poor fees payment.

**Material arrears in statutory/financial obligations**

The institute does not have any loan default, pending bill, outstanding obligations

**The entity's financial probity and serious governance issues**

During the year under review the Institute did not have any governance issues.

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

Msambweni 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, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

### **Sustainability strategy and profile**

Msambweni Technical and vocational College does not have any Sustainability Strategy and profile

### **Environmental performance**

Msambweni Technical and Vocational College did not engage in any environmental activities and does not have environmental policy. It's in the Process of developing an Environmental Policy.

### **Employee welfare**

Msambweni technical and Vocational College has no Employee Welfare but is considering establishing one in the near future.

### **Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.**  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations -** explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement -** outline efforts to maintain ethical marketing practices.
- d) Product stewardship -** outline efforts to safeguard consumer rights and interests.

### **Corporate Social Responsibility/Community Engagements**

Msambweni technical and Vocational College did not engage in any Community Engagements during the year ended 30<sup>th</sup> June, 2025.

**Msambweni Technical And Vocational College**  
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**11. Report of the Board of Governors**

The Board members submit their report together with the Financial statements for the year ended June 30<sup>th</sup>, 2025, which show the state of Msambweni Technical and Vocational College affairs.

**Principal activities**

The principal activities of the Institute is to train and equip trainees with modern technology for global market competition.

**Results**

The results of the entity for the year ended June 30<sup>th</sup> 2025, are set out on page 1 - 4

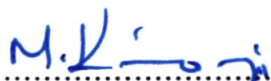
**Board of Governors**

The members of the Board who served during the year are shown on page vii & viii.

**Auditors**

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

By Order of the Board

  
.....

**Ms. Maria Kimonyi**  
**Secretary of the Board/Council**

Date: 28.11.2025  
.....

## **12. Statement of Board of Governors Responsibilities**

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

The Board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year ended on June 30<sup>th</sup>, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Msambweni Technical and Vocational College, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Msambweni Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Technical and Vocational Education and Training Act 2013. The board members are of the opinion that the Msambweni Technical and Vocational College financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30<sup>th</sup>, 2025, and of the entity's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Msambweni Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

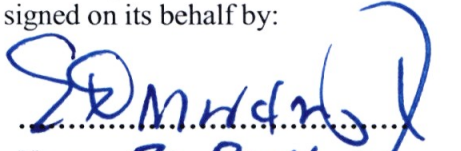
In preparing the financial statements, the Board has assessed the college's ability to continue as a going concern. Nothing has come to the attention of the Board to indicate that Msambweni Technical and Vocational College will not remain a going concern for at least the next twelve months from the date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

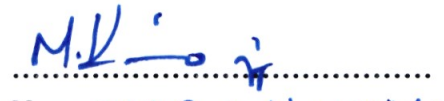
**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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**Approval of the financial statements**

The entity's financial statements were approved by the Board on 28/11/ 2025 and signed on its behalf by:

  
.....  
Name Z. Bwalya  
Chairperson of the Board/Council

  
.....  
Name MARIA KIMONTI  
Accounting Officer/Principal

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON MSAMBWENI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Msambweni Technical and Vocational College set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2025 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 Msambweni Technical and Vocational College as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Presentation of Financial Statements**

The financial statements presented for audit reflects accuracy, presentation and disclosure anomalies as detailed below contrary to the requirements of the template prescribed by the Public Sector Accounting Standards Board.

- (i) The statement of financial position reflects current portion of receivables from exchange transactions, long term receivables from exchange transactions, trade and other payables from exchange transactions, refundable deposits from customers and payments received in advance balances of Kshs.9,276,481, Kshs.21,983,985, Kshs.119,652, Kshs.208,500 and Kshs.126,583 respectively. However, aging analysis of the balances was not provided under Notes 18, 21, 22 and 24 to the financial statements.
- (ii) Management did not provide explanations for budget utilization difference with regards to transfers from national government, use of goods and services, board / council expenses, and repairs and maintenance whose utilization difference was less than 90% and should have been explained as per the reporting template issued by the Public Sector Accounting Standards Board.
- (iii) Note 18(b) to the financial statements presents long-term receivables from exchange transactions. However, refundable deposits balance of Kshs.208,500 is inadvertently misclassified in the Note.

The statement of cash flows reflects net cash flows from operating activities of Kshs.675,627 which is calculated using the direct method of preparing a statement of cash flows. However, Management has not included a Note to the financial statements to confirm the cash generated from operations using the indirect method of preparing cash flow statements.

(vii) The guiding statement below the statement of financial performance on page 1 indicates that the notes to the financial statements are set out on page 1 to 40, instead of indicating pages 9 to 38 in which the notes are presented.

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

## 2. Discrepancies in the Financial Statements on Accumulated Surplus

The statement of financial position reflects accumulated surplus balance of Kshs.32,308,097 which however differs with Kshs.12,747,630 in the statement of changes in net assets resulting in unreconciled and unexplained difference of Kshs.19,560,467.

In the circumstances, the accuracy and completeness of the accumulated surplus balance of Kshs.32,308,097 could not be confirmed.

## 3. Misstatement of Property, Plant and Equipment Balance

The statement of financial position and Note 20 to the financial statements reflects property, plant and equipment (PPE) balance of Kshs.137,765,859. The balance has been determined after deducting an accumulated depreciation of Kshs.27,820,126 from the cost of PPE as at 30 June, 2025 of Kshs.165,585,985. However, the accumulated depreciation balance of Kshs.27,820,126 comprises of annual depreciation amounts of Kshs.13,802,873 and Kshs.14,017,253 for the 2022/2023 and 2024/2025 financial years respectively, and has omitted depreciation amount of Kshs.12,316,396 charged during the 2023/2024 financial year.

In the circumstances, property, plant and equipment balance of Kshs.137,765,859 is misstated by Kshs.12,316,396.

## 4. Incomplete Trial Balance

Review of the financial records and comparative analysis of the financial statements and trial balance revealed that the financial statements included amounts which were not reflected in the trial balance provided for audit and as detailed below:

No	Item Description	Note No.	Amount Kshs.
1	Deferred Income	7	14,017,253
2	Depreciation and amortization expense	14	14,017,253
3	Current portion of receivables from exchange transactions	18(a)	9,276,481
4	Long-term receivables from exchange transactions	18(b)	21,983,985
5	Inventories	19	1,502,366
6	Property, plant and equipment	20	137,765,859

*Report of the Auditor-General on Msambweni Technical and Vocational College for the year ended 30 June, 2025*

No	Item Description	Note No.	Amount Kshs.
7	Trade and other payables	21	119,652
8	Deferred income liability	23	137,765,859
9	Payables received in advance	25	126,583

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

#### **5. Unsupported Rendering of Services – Fees from Students**

The statement of financial performance and Note 8 to the financial statements reflects rendering of services – fees from students amount of Kshs.10,847,725. However, audit recalculation of Note 8 to the financial statements indicates Kshs.12,379,325 resulting to a variance of Kshs.1,531,600 which Management explained as the capitation amount received from the National Government. However, the amount was recognised both as transfers from other national government entities and rendering of services – fees from students. In addition, the rendering of services – fees from students amount was not supported by detailed schedules indicating student particulars and fees invoiced during the period under review.

In the circumstances, the accuracy and completeness of the rendering of services – fees from students of Kshs.10,847,725 could not be confirmed.

#### **6. Unsupported Inventory Balance**

The statement of financial position and Note 19 to the financial statements reflects inventories balance of Kshs.1,502,366. However, the balance was not supported with inventory listing and stock take report. Management explained that no stock take was conducted and it was therefore not possible to confirm how the actual quantities and the reported values were determined.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.1,502,366 could not be confirmed.

#### **7. Inaccurate Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects final total receipts budget and utilization difference of Kshs.20,725,000 and Kshs.2,912,013 which differ with recalculated amounts of Kshs.21,822,162 and Kshs.4,009,175 resulting in difference of Kshs.1,097,162 and Kshs.1,097,162 respectively.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Msambweni Technical and Vocational College Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled

other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Emphasis of Matter**

**Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.20,725,000 and Kshs.17,812,987 respectively resulting in an under-funding of Kshs.2,912,013 or 14% of the budget. Similarly, the College expended Kshs.16,040,198 against actual receipts of Kshs.17,812,987 resulting in an under-expenditure of Kshs.1,772,789 or 10% of actual receipts.

The under-funding and under-expenditure affected implementation of planned activities resulting in a negative impact on delivery of service to the citizens.

My opinion is not modified in respect of this matter.

**Key Audit Matters**

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

**Other Matter**

**Unresolved Prior Year Matters**

In the prior years’ audit report, four (4) issues were raised under the Report on Financial Statements and one issue under Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the matters remained unresolved.

No.	Financial Year	Audit Issue
1	2023/2024	Inaccurate statement of financial position
2	2023/2024	Unsupported inventories balance
3	2023/2024	Understatement of property, plant and equipment and lack of land ownership documents
4	2023/2024	Lack of risk management policy

**Other Information**

The Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman’s Statement, Report of the Senior Principal, Statement of

Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unbudgeted Expenditure on Employee Costs and Contracted Services**

The statement of financial performance reflects employee costs and contracted services expenses of Kshs.2,517,883 and Kshs.856,393 respectively, which exceeded the respective budgeted amounts of Kshs.673,200 and Kshs.712,704 by unbudgeted expenditures of Kshs.1,844,683 and Kshs.143,689. This is contrary to section 22(2) of the Technical and Vocational Education and Training Act, 2013 which states that the board of governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

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

#### **2. Lack of Affirmative Action for Persons Living with Disabilities (PLWD)**

Review of the June 2025 payroll and salary payment vouchers revealed that the College engaged eleven (11) trainers and six (6) administration support staff on contract terms. However, none of the contract staff was a person living with disabilities. This is contrary

## **2. Lack of Affirmative Action for Persons Living with Disabilities (PLWD)**

Review of the June 2025 payroll and salary payment vouchers revealed that the College engaged eleven (11) trainers and six (6) administration support staff on contract terms. However, none of the contract staff was a person living with disabilities. This is contrary to Section 13 of the Persons with Disabilities Act, 2003 which states that the National Council for Persons with Disabilities shall endeavour to secure the reservation of five per cent of all casual, emergency and contractual positions in employment in the public and private sectors for persons living with disabilities.

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

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **Lack of Risk Management Policy**

During the year under review, the College operated without a risk management policy framework contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations 2015, which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations. The College, therefore did not have a framework for management of risk and may be unable to identify, assess, prevent, and mitigate against the risks affecting its operations.

In addition, the College had not developed disaster recovery and business continuity plans to ensure that it recovers from disruptions to its operations should risks crystallize.

In the circumstances, the effectiveness of the College's risk management could not be confirmed.

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

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**

**01 December, 2025**

**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	5,531,600	5,405,000
Deffered Government Grants	7	14,017,859	12,316,396
		<b>19,549,459</b>	<b>17,721,396</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	8	10,847,725	6,835,355
Rental revenue from facilities and equipment	9	37,000	-
Miscellaneous income	10	91,000	214,415
<b>Revenue from Exchange transactions</b>		<b>10,975,725</b>	<b>7,049,770</b>
<b>Total Revenue</b>		<b>30,525,184</b>	<b>24,771,166</b>
<b>Expenses</b>			
Use of goods and services	11	12,441,522	7,639,864
Employee costs	12	2,517,883	844,740
Board /Council Expenses	13	164,000	297,700
Depreciation and amortization expense	14	14,017,859	12,316,396
Repairs and maintenance	15	60,400	535,844
Contracted services	16	856,393	712,704
<b>Total Expenses</b>		<b>30,058,057</b>	<b>22,347,248</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets		-	-
Gain/ Loss on fair value of investments		-	-
Impairment loss		-	-
<b>Total Other Gains/(Losses)</b>		<b>-</b>	<b>-</b>
<b>Net surplus/(deficit) for the year</b>		<b>467,127</b>	<b>2,353,918</b>

The notes set out on page 1 to 40 form an integral part of the Annual Financial Statements.

The Financial Statements set out on page 1 to 40 were signed by:

**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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.....

Chairman of Council/Board

  
.....

Principal

  
.....

Finance Officer

Date 28.11.2025

Date 28.11.2025

ICPAK No —

Date 28/11/2025

**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**


**15. Statement of Financial Position As At 30th June 2025**

Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	1,772,789	1,097,162
Current portion of receivables from exchange transactions	18(a)	9,276,481	2,843,482
Inventories	19	1,502,366	1,526,775
<b>Total Current Assets</b>		<b>12,551,636</b>	<b>5,467,419</b>
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	18(b)	21,983,985	8,469,313
Property, plant, and equipment	20	137,765,859	138,620,593
<b>Total Non-Current Assets</b>		<b>159,749,844</b>	<b>147,089,906</b>
<b>Total Assets (A)</b>		<b>172,301,480</b>	<b>152,557,325</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	21	119,652	526,567
Refundable deposits from customers	22	208,500	32,500
Deferred income	23	14,017,253	12,316,396
Payments received in advance	24	126,583	364,617
<b>Total Current Liabilities</b>		<b>14,471,988</b>	<b>13,240,080</b>
<b>Non-Current Liabilities</b>			
Deferred income	23	123,748,606	126,304,196
<b>Total non- current liabilities</b>		<b>123,748,606</b>	<b>126,304,196</b>
<b>Total Liabilities (B)</b>		<b>138,220,594</b>	<b>139,544,276</b>
<b>Net Assets (A-B)</b>		<b>34,080,886</b>	<b>13,377,665</b>
<b>Represented By:</b>			
Accumulated Surplus		32,308,097	12,280,503
Capital Fund		1,772,789	1,097,162
<b>Net Assets</b>		<b>34,080,886</b>	<b>13,377,665</b>

**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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The Financial Statements set out on pages 1 to 40 were signed by:

  
.....  
Chairman of Council/Board

  
.....  
Principal

Date 28.11.2025

Date 28.11.2025

  
.....  
Finance Officer

ICPAK No

Date 28/11/2025

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
<b>At July 1, 2023</b>	-	9,926,585	698,746	10,625,331
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,353,918	398,416	2,752,334
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2024</b>	-	<b>12,280,503</b>	<b>1,097,162</b>	<b>13,377,665</b>
<b>At July 1, 2024</b>	-	12,280,503	1,097,162	13,377,665
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	467,127	675,627	3,337,078
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2025</b>	-	<b>12,747,630</b>	<b>1,772,789</b>	<b>14,520,419</b>

**Msambweni Technical And Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2025**

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

Description		2024-2025	2023-2024
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities		5,531,600	3,691,500
Grants from donors and development partners		-	-
Transfers from other levels of government		-	-
Public contributions and donations		-	-
Rendering of services- fees from students		10,847,725	6,835,355
Refundable deposits		208,500	32,500
Rental revenue from facilities and equipment		37,000	-
Miscellaneous income		91,000	214,415
<b>Total Receipts</b>		<b>16,715,825</b>	<b>10,773,770</b>
<b>Payments</b>			
Use of goods and services		12,441,522	7,639,864
Employee costs		2,517,883	844,740
Board /Council Expenses		164,000	297,700
Repairs and maintenance		60,400	535,844
Contracted services		856,393	712,704
Grants and subsidies		-	-
<b>Total Payments</b>		<b>16,040,198</b>	<b>10,030,852</b>
<b>Net Cash Flows from operating activities</b>		<b>675,627</b>	<b>672,918</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>675,627</b>	<b>672,918</b>
Cash and Cash equivalents at 1 JULY		1,097,162	424,243
<b>Cash and Cash equivalents at 30 JUNE</b>		<b>1,772,789</b>	<b>1,097,162</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Budget carryovers from the previous year*</b>	-	-	1,097,162	1,097,162	1,097,162	-
<b>Receipts</b>						
Transfers from other National Government entities	9,500,000	-	9,500,000	5,531,600	3,968,400.00	58%
Rendering of services- fees from students	11,225,000	-	11,225,000	10,847,725	377,275.00	97%
Refundable deposits	-	-	-	208,500	-	-
Rental revenue from facilities and equipment	-	-	-	37,000	-	-
Miscellaneous Income	-	-	-	91,000	-	-
<b>Total Receipts</b>	<b>20,725,000</b>	<b>-</b>	<b>20,725,000</b>	<b>17,812,987</b>	<b>2,912,013.00</b>	<b>86%</b>
<b>Payments</b>						
Use of goods and services	17,829,096	-	17,829,096	12,441,522	5,387,574.00	70%
Employee costs	673,200	-	673,200	2,517,883	-	374%
Board /Council Expenses	700,000	-	700,000	164,000	536,000.00	23%
Repairs and maintenance	810,000	-	810,000	60,400	749,600.00	7%
Contracted services	712,704	-	712,704	856,393	-	120%
<b>Total Expenditure Payments</b>	<b>20,725,000</b>	<b>-</b>	<b>20,725,000</b>	<b>16,040,198</b>	<b>4,684,802.00</b>	<b>77%</b>
Capital Expenditure Payments	-	-	-	-	-	-
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,772,789</b>	<b>-</b>	<b>-</b>

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,772,789
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,772,789

The overbudget of employee costs and contracted services was due to the increase in number of interns recruited during the financial year and increase in number of security guards for town campus.

**19. Notes to the Financial Statements**

**1. General Information**

The college is established by and derives its authority and accountability from TVETA Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train and equip trainers with modern technology for global market competition .

**2. Statement of Compliance and Basis of Preparation**

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

**3. Adoption of New and Revised Standards**

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. It's not applicable.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. It's not applicable.
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. -Applicable
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

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	The standard also introduces a public sector specific measurement bases called the current operational value. It's not applicable.
IPSAS 47: Revenue	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. It's not applicable.
IPSAS 49: Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. It's not applicable.</li> </ul>

*iii. Early adoption of standards*-The college did not early – adopt any new or amended standards in the financial year 2024/2025.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the Board. The college budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per income Act.

***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

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

**e) Property, plant and equipment**

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

Depreciation of assets is allowable using the straight-line method. Any other depreciable method used by the institute shall be pre-approved by the board. Adjustments for depreciation should be made as necessary, and tracked with a capital asset depreciation schedule. At a minimum, the schedule should include: Capital asset classification (for example, Land, Equipment, Building), description of the assets, initial costs or FMV of the donated asset, depreciable life, date purchased, accumulated depreciation, current year depreciation, and net asset value at the end of the year. Below are the depreciation rates that Msambweni TVC used for the various assets owned;

Building .....	2.5% p.a
Furniture & Fitting .....	12.5% p.a
Equipment .....	12.5% p.a
Intangible Assets .....	33.3% p.a
Computers.....	20% p.a

**f) Leases**

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

**g) Intangible assets**

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

**h) Biological Assets**

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

**i) Research and development costs**

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

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

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- The ability to measure reliably the expenditure during development.

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

**j) Financial instruments**

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

***Financial assets***

***Classification***

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

***Subsequent measurement***

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

***Amortized cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are

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measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

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

#### ***Financial liabilities***

##### ***Classification***

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

#### **k) Inventories**

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

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

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

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

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

#### **l) Provisions**

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

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

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

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

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

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

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

**n) Nature and purpose of reserves**

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

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

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

**p) Employee benefits**

**Retirement benefit plans**

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

**q) Foreign currency transactions**

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

**r) Borrowing costs**

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

**s) Related parties**

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

**t) Service concession arrangements**

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

**u) Cash and cash equivalents**

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

**v) Comparative figures**

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

**w) Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

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

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

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

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

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	1,531,600	3,405,000
Operational Grant	4,000,000.	2,000,000
Development grants	-	-
Other Grants	-	-
<b>Total unconditional Grants</b>	<b>5,531,600</b>	<b>5,405,000</b>
<b>Conditional Grants amortised/ recognised in revenue</b>		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Learning Facilities Grant	-	-
Other Organizational Grants	-	-
<b>Total Government Grants and Subsidies</b>	<b>5,531,600</b>	<b>5,405,000</b>

**(a) Transfers from other Government entities (Categorized)**

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Technical Vocational Education Training	5,531,600	-	-	5,531,600	5,405,000
Ministry of Education	-	-	-	-	
<b>Total</b>	<b>5,531,600</b>	<b>-</b>	<b>-</b>	<b>5,531,600</b>	<b>5,405,000</b>

These amounts include capitation and grants receivables during the year under review.

**7. Deffered Grants**

Description	2024-2025	2023-2024
	Kshs	Kshs
JICA- Research Grant	-	-
World Bank Grants	-	-
In-Kind Donations	-	-
Donations transferred to revenue-conditions met	-	-
Deffered Grants	14,017,253	12,316,396
<b>Total Grants from Development Partners</b>	<b>14,017,253</b>	<b>12,316,396</b>

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**8. Rendering of Services-fees from students**

Description	2024-2025	2023-2024
	Kshs	Kshs
Tuition Fees	4,641,570	885,909
Activity Fees	1,103,351	366,397
Industrial Attachment Fees	9,000	180,805
Examination Fees	525,150	543,820
E.W&C	914,166	341,770
L.T&T	909,176	341,486
Admission	72,800	13,600
Development	10,000	124,030
P.E	1,725,404	881,823
I.D	123,300	18,400
R.M.I	797,497	204,472
Student Council	374,400	71,300
B.E.S	54,500	740,900
Arrears	478,311	581,932
T.Shirt	700	22,100
HELB		1,430,611
Insurance	426,000	63,500
TVETA Fees	208,500	22,500
Tender	1,000	
Kuccps	4,500	
<b>Total Revenue from The Rendering of Services</b>	<b>10,847,725</b>	<b>6,835,355</b>

Amounts relates to revenue from rendering of service.

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Hire of beds	10,000	-
Canteen Rent	27,000	-
Operating Lease Revenue	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>37,000</b>	<b>-</b>

Amounts relates to revenue from hire of beds and canteen rent.

**10. Miscellaneous Income**

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Description	2024-2025	2023-2024
	Kshs	Kshs
Imprest	29,000	41,000
Practical fee	62,000	150,595
Graduation	-	<b>22,820</b>
<b>Total other income</b>	<b>91,000</b>	<b>214,415</b>

**11. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs	Kshs
Teaching and learning materials	662,147.00	-
Industrial attachment costs	-	24,700
Electricity	265,300.00	290,480
Activity	560,405.00	574,040
L.T&T	2,812,679.00	2,303,740
Administration	3,131,608.00	1,074,414
Printer	100,540.00	-
Handing/Taking over	196,200.00	-
Examination fees	669,210.00	691,820
Student Council	40,400.00	17,400
Marketing	837,220.00	47,100
Rent	550,000.00	-
Fuel and oil	-	60,000
B.E.S	81,970.00	303,640
Refreshments	-	26,030
Stationeries	267,150.00	-
Admission	19,500.00	-
Sports	17,650.00	-

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Fees Refund	-	233,980
Internet expenses	52,200.00	75,387
Computers	259,724.00	-
Suppliers	1,044,019.00	1,779,517
Accreditation	173,000.00	24,115
Furnitures	354,400.00	
T.Shirts	-	42,500
Airtime	346,200.00	71,000
<b>Total good and services</b>	<b>12,441,522.00</b>	<b>7,639,864</b>

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**12. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	2,372,112	736,620
Employee related costs - contributions to pensions and medical aids	145,771	108,120
<b>Employee Costs</b>	<b>2,517,883</b>	<b>844,740</b>

**13. Board/Council Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors Emoluments	-	-
BOG Allowances	164,000	297,700
Other Board/Council Expenses	-	-
<b>Total</b>	<b>164,000</b>	<b>297,700</b>

**14. Depreciation and Amortization expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	14,017,253	12,316,396
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>14,017,253</b>	<b>12,316,396</b>

**15. Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property	60,400	360,384
Investment property – earning rentals	-	-
Furniture and fittings	-	165,460
Computers and accessories	-	10,000
<b>Total Repairs and Maintenance</b>	<b>60,400</b>	<b>535,444</b>

**16. Contracted Services**

Description	2024-2025	2023-2024
	Kshs	Kshs
Security guards	856,393	712,704
<b>Total contracted services</b>	<b>856,393</b>	<b>712,704</b>

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**17. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	1,772,789	1,097,162
<b>Total Cash and Cash Equivalents</b>	<b>1,772,789</b>	<b>1,097,162</b>

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

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) <b>Current Account</b>	<b>1276994850</b>		
Kenya Commercial Bank		1,772,789	1,097,162
<b>Grand Total</b>		<b>1,772,789</b>	<b>1,097,162</b>

**18. Receivables from Exchange transactions**

**18 (a) Current Receivables from Exchange transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	9,276,481	2,77,482
Salary Advance	-	70,000
Consultancy Debtors	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>9,276,481</b>	<b>2,843,482</b>

**18 (b) Long- term Receivables from Exchange transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Refundable Deposits	208,500	32,500
<b>Total</b>	<b>208,500</b>	<b>32,500</b>
Students debtors	21,983,985	8,436,813
<b>Total Non-Current Receivables</b>	<b>21,983,985</b>	<b>8,436,813</b>
<b>Total Receivables</b>	<b>21,983,985</b>	<b>8,469,313</b>

**18 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	21,983,985	8,436,813
Provisions during the year	9,276,481	2,843,482
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	<b>31,260,466</b>	<b>11,312,795</b>

*(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)*

**19. Inventories**

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable stores	870,410	379,120
Maintenance stores	-	442,797
Mechanical stores	210,052	-
Electrical stores	421,904	670,858
Cleaning Materials stores	-	34,000
Catering stores	-	-
Less: Impairment allowance	-	-
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>1,502,366</b>	<b>1,526,775</b>



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20. Property, Plant and Equipment

Cost	Land	Buildings	Furniture and fittings	Computers	Plant and equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Depreciation Rate</b>		<b>2.50%</b>	<b>12.50%</b>	<b>20%</b>	<b>12.50%</b>	
<b>At 1 July 2023</b>	-	<b>67,561,094</b>	<b>142,660</b>	<b>264,560</b>	<b>96,344,807</b>	<b>164,313,121</b>
Additions	-	-	152,000	274,740	-	<b>426,740</b>
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>		<b>67,561,094</b>	<b>294,660</b>	<b>539,300</b>	<b>96,344,807</b>	<b>164,739,861</b>
Additions	-	-	383,900	462,224	-	<b>846,124</b>
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	<b>67,561,094</b>	<b>678,560</b>	<b>1,001,524</b>	<b>96,344,807</b>	<b>165,585,985</b>
<b>Depreciation And Impairment</b>						
<b>At 1 July 2023</b>	-	-	-	-	-	
Depreciation	-	1,689,027	17,833	52,912	12,043,101	<b>13,802,873</b>
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-

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<b>At 30 Jun 2024</b>		<b>1,689,027</b>	<b>17,833</b>	<b>52,912</b>	<b>12,043,101</b>	<b>13,802,873</b>
Depreciation	-	1,689,027	84,820	200,305	12,043,101	14,017,253
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	<b>-</b>	<b>3,378,055</b>	<b>102,653</b>	<b>253,217</b>	<b>24,086,202</b>	<b>27,820,126</b>
<b>Net Book Values</b>						
<b>At 30<sup>th</sup> Jun 2024</b>	<b>-</b>	<b>64,225,265</b>	<b>242,224</b>	<b>389,110</b>	<b>73,763,993</b>	<b>138,620,592</b>
<b>At 30<sup>th</sup> Jun 2025</b>	<b>-</b>	<b>64,183,039</b>	<b>575,908</b>	<b>748,307</b>	<b>72,258,605</b>	<b>137,765,859</b>

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**Notes to the Financial Statements (Continued)**

**Valuation**

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

**21. Trade and Other Payables**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	119,652		526,567	
Fees paid in advance	-		-	
Salary deductions	-		-	
Third-Party Payments	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	<b>119,652</b>		<b>526,567</b>	
<b>Ageing analysis:</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
Under one year	-	%	-	xxx
1-2 years	-	%	-	xxx
2-3 years	-	%	-	-
Over 3 years	-	%	-	-
<b>Total (to tie to totals above)</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>-</b>

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

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Consumer deposits	-		-	
Caution money	208,500		32,500	
Other refundable deposits	-		-	
<b>Total Deposits</b>	<b>208,500</b>		<b>32,500</b>	
<b>Ageing analysis:</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (to tie to totals deposits above)</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>

**23. Deferred Income**

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Description	2024-2025	2023-2024
	Kshs	Kshs
National Government	137,765,859	138,620,593
International Funding Bodies	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	<b>137,765,859</b>	<b>138,620,593</b>

The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	150,936,988	-	-	150,936,988
Additions during the year	846,124	-	-	846,124
Transfers to capital fund	-	-	-	-
Transfers to income statement	(14,017,253)	-	-	(14,017,253)
Other transfers	-	-	-	-
Balance carried forward	137,765,859	-	-	137,765,859

*Include columns as needed for the various sources of income deferred.*

Analysed as:

Description	Amount
	Kshs
Current	14,017,253
Non- Current	123,748,606
<b>Total</b>	<b>137,765,859</b>

**24. Payments received in advance.**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Fees received in advance	126,583		364,617	
Others (Specify)	-		-	
<b>Total</b>	<b>126,583</b>		<b>364,617</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>

## **25. Financial Risk Management**

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

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

### **(i) Credit risk**

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

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

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

### **Financial risk management**

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

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

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

### **(ii) Liquidity risk management**

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

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

### **(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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

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

**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.

**b) Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign

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exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

**26. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

**27. Events After The Reporting Period**

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

**28. Ultimate And Holding Entity**

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

**29. Currency**

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

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**30. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.5	Unsupported Inventories Balance.	The management is doing the stock counts in the current financial year	Resolved	
4.8	Understatement of Property, Plant and Equipment and Lack of Land Ownership Documents	The land was given by the Community of Msambweni. There is no document indicating the size and boundaries, even though the Community claim that it allocated five Acres for the college. The Ministry is aware of this. Officers came from Nairobi went through the land and promised to come with surveyors to demarcate the land. That is why we as the management of the Institution are not able to value land which is not demarcated. We are waiting for surveyors from headquarters to come and demarcate the land. This will enable us to value the land and process ownership documents.	Not resolved	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;

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

.....  
M.K. Kimonyi  
Name **MARA KIMONYI**  
Accounting Officer  
(Enter title of Head of entity)  
Date **28.11.2025**