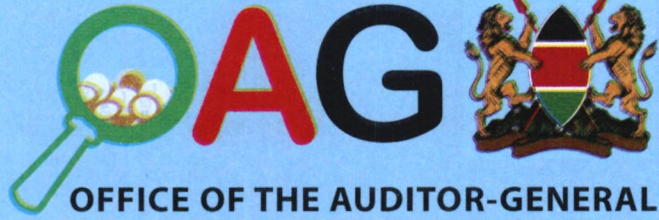


REPUBLIC OF KENYA



*Enhancing Accountability*



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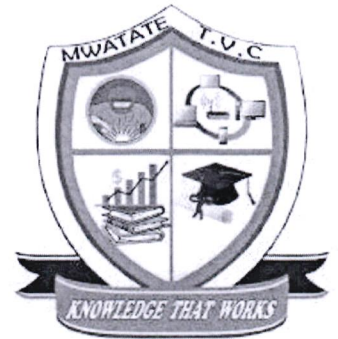
**THE AUDITOR-GENERAL**

**ON**

**MWATATE TECHNICAL AND  
VOCATIONAL COLLEGE**

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





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*MWATATE TECHNICAL AND VOCATIONAL COLLEGE*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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

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

### **A. Acronyms**

BOG	Board of Governors
BETA	Bottom Up Economic Transformation Agenda
CIT	Coast Institute of Technology
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

### **B. Definition of Key Terms**

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

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

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

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

Mwatate Technical and Vocational College was incorporated/established under the TVET Act No.29 of 2013 by the government to provide business and technical skills. The College is domiciled in Kenya in Taita Taveta County, Mwatate Sub County on the hills along the Mwatate wundanyi road, about 188 km north of Mombasa and 353 km from the Nairobi City. The College is under the Ministry of Education. MTVC is built on a 7 acres piece of land registered by the TVETA as per the TVET Act 2013. The College implements KNEC curriculum in all its fields as developed and examined by KNEC respectively. MTVC is partly staffed by the Ministry of Education through the State Department of Vocational and Technical Training, Directorate of TVET together with Board of Governors.

The expansion and reforms witnessed in technical and vocational training has been necessitated by Kenya's objective for industrialization. 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 training of content developed and implemented in close consultation with industry partners.

MTVC is furnished with the state of the art mechanical machine and equipment fully funded by the government through ministry of education. Since its inception in 2019 the institution has been faced with the challenge of low enrollment. This has affected adversely the operations of the institution. The College has tried to work closely and in collaboration with the local leaders to ensure growth, however minimum returns have been realized.

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

The principal activity of the College is to provide technical, vocational, entrepreneurship training and research.

#### **Vision:**

To be a Center of Excellence for empowering the trainees with employable technical skills, knowledge and attitudes for participating in sustainable development

#### **Mission:**

To Empower trainees by offering relevant and high-quality technical education and training for skills and economic growth.

**Core Values**

- i. Professionalism
- ii. Teamwork
- iii. Inclusivity
- iv. Quality
- v. Accountability
- vi. Community involvement
- vii. Lifelong learning

**Motto**

Knowledge that works

**The key Quality Objectives are to:**

- Achieve and maintain a level of quality training which enhance the institutions' reputation with customers.
- Ensure compliance with the TVET Act 2013 and other relevant statutory and safety requirements.
- Endeavour to always maximize customer satisfaction.

**The Mandate of MTVCis to:**

The mandate of Mwatate Technical and Vocational College is to train skilled workforce that is suitable for further professional development through high quality inclusive market oriented TVET programmes, responsive to national and global needs through:

- i. Implementing training in TVET programmes
- ii. Undertaking innovations and research programmes
- iii. Adopting programmes that address the needs of the local community
- iv. Produce morally upright, relevant, high quality and competitive graduates to the job market.
- v. Optimize utilization of human and physical resources in the institute.
- vi. Improve exploitation of locally available resources for innovation.
- vii. Increase access taking into account gender balance and regional disparities.
- viii. Enhance the utilization of ICT in training and management of the institution.

**(c) Key Management**

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

- Governing board
- Accounting officer / Principal
- Deputy Principal academics
- Registrar
- Dean of students

**(d) Fiduciary Management**

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

SN.	Designation	Name
1.	Principal	<b>Mr. Gideon Gitonga</b>
3	Deputy principal Academics	<b>Mr. Chief Omwenga</b>
4	Registrar	<b>Mr. Benard Ruto</b>
5	Dean of students	<b>Mr. Japhet Mutuku</b>
6	Head of Finance	<b>Outsourced - CIT</b>
7	Head of procurement	<b>Outsourced - CIT</b>

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

**(e) Fiduciary Oversight Arrangements**

**Roles**

**Audit and risk committee activities**

Review Annual reports and financial statements.

Review the Quarterly Internal Audit reports, Internal Audit policies and Risk management policies.

**Finance and operations committee activities**

**Roles.**

Review draft Annual budgets and report to the full Board.

Review Annual reports and quarterly financial statements.

**Academic committee activities**

**Roles**

Formulate, review and recommend academic policies for implementation.

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

**(f) MTVC Headquarters**

Mwatate Technical and Vocational College  
P.O. Box 215,  
Mwatate-Kenya

**(g) MTVC Contacts**

0778917185  
admin@mwatatevc.ac.ke | mwatatevc@gmail.com  
www.mwatatevc.ac.ke

**(h) MTVC Bankers**

Kenya Commercial Bank  
Voi-Branch  
Account Number-1276995253

**(i) Independent Auditors**







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

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

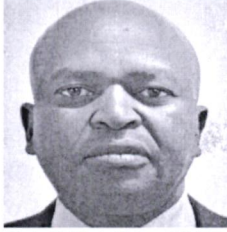



**(j) Principal Legal Adviser**

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





3. The Council/Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 CHRISTINE NYAMBURA MWAENGO	DOB: 23/09/1959 Key Qual.: B.Ed. Education Work Experience: 32 Years Executive Member – Chair BOG
2.	 BONIFACE LEWELA MAGHANGA	DOB: 05/11/1983 Key Qual.: Bachelor of Business Management Work Experience: 8 Years Executive Member – Finance and HR Committee
3.	 JOHNSON MJOMBA MWAMBURI	DOB: 24/11/1952 Key Qual.: Business Administration Work Experience: 33 Years Executive Member – Academic Committee
4.	 PETER MWAZIGHE JUMWA	DOB: 28/03/1977 Key Qual.: BSc Electrical and Electronic Engineering Work Experience: 16 Years Independent Member – Audit and Risk Committee
5.	 ESTHER NJOKI	DOB: 28/11/1984 Key Qual.: MSc. Construction Project Management Work Experience: 13 Years Executive Member – Academic Committee
6.	 ALICE OLUDHE	DOB: 25/05/1961 Key Qual.: Master's in business administration – Strategic Management Work Experience: 25 Years Executive Member – Audit Committee

**Mwatate Technica and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

7.	 <b>RAPHAEL CHOLA</b>	<p><i>DOB: 07/07/1974</i>  <i>Key Qual.: Master's in electrical and Electronics Engineering</i>  <i>Work Experience: 27 Years</i>  <i>Executive Member – Representative of Governor – Academic Committee</i></p>
8.	 <b>ELIZABETH KATIO</b>	<p><i>DOB: 23/01/1983</i>  <i>Key Qual.: BSc. in Business Information Systems</i>  <i>Work Experience: 8 Years</i>  <i>Executive Member – Finance and HR Committee</i></p>
9.	 <b>GIDEON GITONGA</b>	<p><i>DOB: 30/06/1968</i>  <i>Key Qual.: B`ed business studies and economics</i>  <i>Work Experience: 29yrs</i>  <i>Executive Member – Secretary</i></p> <p><i>Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.</i></p>
10.	 <b>PETER MWANGI</b>	<p><i>DOB:</i>  <i>Key Qual.: Bachelor of Education</i>  <i>Work Experience: 27 Years</i>  <i>Executive Member – CD TVET – Academic and Audit Committee</i></p>

#### 4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <b>GIDEON GITONGA</b>	<i>DOB:30/06/1968</i> <i>Work Experience: 25 Years</i> <i>Executive Member – Principal / Secretary to the Board of Governanors .</i>
2.	 <b>PETER CHIEF OMWENGA</b>	<i>DOB:24/12/1968</i> <i>Key Qual.:</i> <i>Bachelor of Education</i> <i>Work Experience: 25 Years</i> <i>The Deputy Principal</i>
3.	 <b>JAPHETH MUNYAO MUTUKU</b>	<i>DOB:15/03/1996</i> <i>Key Qual.:</i> <i>Bachelor of mechanical engineering</i> <i>Work Experience: 3 Years</i> <i>Dean of student.</i>
4.	 <b>BENARD RUTOH KIPROTICH</b>	<i>DOB:07/01/1987</i> <i>Key Qual.: Bachelor of Information Communication Technology</i> <i>Work Experience: 3 Years</i> <i>Registrar</i>

**5. Chairman’s Statement**

On behalf of the Institute Council, I am pleased to present to you the Mwatate Technical and Vocational College Annual Reports and financial statements for the year ended 30th June 2024. During the period, the institute continued to deliver on our core mandate of provision of quality technical educational and training (TVET), research and community outreach, that is market driven and well aligned with the big four agenda.

The government of Kenya has embarked on a comprehensive reform on technical and vocational training in order to develop highly skilled manpower to provide the technical skills needed by the industry. The national plans and other strategic priorities have consistently placed emphasis on development of skills that match the industry requirements. Mwatate Technical and Vocational College strategic plan (2023 -2027) based on the vision 2030 and the BETA agenda of the government of the day as outlined in the constitution of Kenya 2010. I recognize with much appreciation the critical role that TVET's play in building the foundation which will move this country to a fully industrialized economy.

During the F/Y year 2023/2024, the Institute projected to focus on increasing student enrollment and human resource to support teaching, learning and research. In that spirit the institute new ways of enrolment and marketing strategies which included partnering with Area member of parliament of our constituency i.e. Mwatate, this has gone a long way to increase students’ population and thereby increasing revenue.

Finally, I wish to acknowledge with gratitude the Government of Kenya, through the Ministry of Education for its goodwill and immense support to the institute as it strives to implement its strategic goals and objectives. I also wish to appreciate the vital support that we have continued to receive from our development partners, students, customers, staff and sponsors. The Board shall continue to provide the much-needed resources, advice and foresight to support the Institute and ensure it grows to the next level.

*CHRISTINE MUSAONGA*

**Md.**.....*Christine Musaonga*.....

**Chair of the Council/Board**

**DATE**.....*8/5/2025*.....

## **6. Report of the Principal**

### **Dear Stakeholder,**

Mwatate Technical and Vocational College has positioned itself as a leading technical training institution in the region. In line with the Institute growth aspirations, the strategic plan (2023-2027) based on the vision 2030 and the BETA agenda of the Government of Kenya as outlined in the constitution of Kenya 2010. Our commitment is to improve service delivery, efficiency and leadership.

The Institute's core values of uprightness, honesty, transparency, accountability, integrity, and respect for change, prudent environmental management, professionalism, respect for cultural diversity, provision of equal opportunities for all and respect for humanity have played a great role in realizing the Institute's dream of impacting knowledge that works

### **Key project**

The institution is did not undertaking any major project

### **Operational and Financial Performance**

The Institute is committed to deliver on its key mandate of provision of quality education, training, and research. The financial year 2023/2024 recorded a surplus of **Kshs 4,332,130** compared to the financial year 2022/2023 which recorded a surplus of **Kshs 4,247,292**.

### **Major risks and challenges facing the institute**

Mwatate Technical and Vocational College continues to face pressure on existing resources due to inadequate learning infrastructure caused by the increase in student enrollment. The teaching and non-teaching staff to student ratio remains low. Inadequate funds arising from failure by the government to remit the capitation for Quarter Four and also the reduced capitation disbursement from Kshs 5,000 per quarter to Kshs 4,000 and Kshs 3,500 for quarter 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> respectively contributed greatly in failure to achieve some of the budgetary plans for the year.

### **Future outlook**

We look forward to harnessing strategic plan (2022-2026) to guide the Institute's future developments, improve service delivery and achieve set goals and objectives. We also anticipate an increase in student enrollment in the future, attain adequate staffing levels, teaching and non-teaching and improve learning infrastructure. This has also been facilitated by training of teaching staff and technicians on the needs of the online platforms.

### **Conclusion**

I take this opportunity to thank our stakeholders for their continued support and partnership in the realization of our mandate.

I commend the Council, Management and staff for their tireless efforts and commitment to the attainment of the institute goals. I am truly honored to serve alongside you as we endeavor to redefine the role played by MTVC and TVETs and drive the Institute towards realizing its vision, strategic goals and objectives.

**Mwatate Technica and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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On behalf of Council, Management, Staff and Students, I would like to appreciate the support accorded to Mwatate Technical and Vocational College by the GOK through The National Treasury & the Ministry of Education, State Department for Vocational and Technical Training. We look forward to your continued support and commitment.

.....  
Mr. *Anthony G. Omondi*  
**Principal/Council Secretary**

Date..... *8/1/2025*.....

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

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

Mwatate Tvc develops its annual work plans based on 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2023/2024 period for its 4 strategic pillars, as indicated in the table below:

<b>Strategic Pillar</b>		<b>Objective</b>	<b>Key Performance Indicators.</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1:	Human Resource Development	To improve human resource capacity	Number of additional BOG staff engaged.	Employ more BOG staff	Additional BOG staff employed.
Pillar 2:	ICT	To fully integrate ICT in the Institute.	Number of ICT Equipment purchased and installed.	Purchase additional ICT equipment for the Institute. Train staff on needs of ICT.	ICT equipment purchased. More staff and technicians trained under the ODEL/LMS project
Pillar 3:	Gender and youth development	To develop responsible youth to contribute to national development.	Number of Drug and substance Abuse and HIV/AIDS sensitization forums conducted.	Conduct Free medical camps, talks on Drug abuse Put free condoms at every strategic point in the institution	Information on drugs and substance abuse and HIV/AID provided by the Guidance and Counselling office.
Pillar 4:	Education and training	New and modern methods of Training enhanced	Introduce modern ICT learning and training methods.	New modern methods of Training enhanced.	Modern Training techniques in place such as online classes.

## **8. Corporate Governance Statement**

Mwatate Technical and Vocational College is committed to the values and principles of good corporate governance as an integral part of corporate culture and guides the manner in which its Council, management, staff and students conduct the business of the organization. As a public organization dedicated to providing quality service to its stakeholders, the Institute's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, The Leadership and Integrity Act, The Authorities Code of Conduct, Corporate Governance Guidelines and Council Committee Charters. The Institute endeavors to develop, strengthen and sustain the trust that the Government, employees, students and general public has placed in it. The Council is committed to regular evaluation of national and international emerging standards in a responsible, transparent and efficient management, with a view of enhancing corporate governance at the Institution and consistently delivers on its statutory mandate.

### **Role of the Board of Governors**

The primary function of the Council is to provide effective strategic leadership and direction to enhance the long-term achievement of the Institute's strategic plan. The strategic plan overall objective is to enhance the achievement of the institute's objectives on priority basis and in line with the policies of the Ministry of Education (MOE), the Vision 2030 and the BETA agenda of the government.

### **The Board Size, Composition and Independence**

The Council is made up of 10 members. Its composition draws a perfect mix of Qualifications, skills, experience, training and proficiencies in various fields.

### **Council Remunerations**

The non-executive Council members earn sitting allowances for every meeting attended. Council fees are paid to non-executive Council members who do not represent any Government institution.

The Board had four committees constituted as follows:

<b>Name of the Committee</b>	<b>Members</b>
1. Audit and Risk Management committee.	<p>                     OUDHE ALICE                      ESTHER NJOKI                      PETER MWAZIGHE                 </p>
2. Finance and Human Resources Management committee.	<p>                     ELIZABETH NDONYE                      BONIFACE LEWELA                      RAPHAEL CHOLA                      PETER MWANGI                 </p>

**Mwatate Technica and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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3. Academic, Research, Innovation and Student Affairs Committee	JOSEPH MJOMBA PETER MWANGI ESTHER NJOKI RAPHAEL CHOLA
---	--

Council members are appointed by the Ministry of Education and serve a maximum of two terms of three years each. BOARD remuneration is in the form of sitting allowances for physical and virtual meetings attended.

## **9. Management Discussion and Analysis**

Mwatate TVC continues to be the leading technical training institution in the region. In line with the Institute growth aspirations, the strategic plan (2023-2027) was based on the vision 2030, the BETA Agenda and other strategic priorities of the government as outlined in the constitution of Kenya 2010.

The Institute's core values have played a great role in realizing the Institute's dream of impacting skills for self-reliance. Other repair and maintenance works have also been done in the existing classrooms to ensure that the students stay in a conducive environment.

Mwatate tvc continues to face pressure on existing resources due to inadequate learning infrastructure caused by the increasing student enrolment.

The teachers and non-teaching staff to student ratio remain low.

We are looking forward to harnessing the strategic plan (2023 - 2024) to guide the Institute's future developments, improve service delivery and achieve set goals and objectives. We anticipate an increase in student enrolment, attain adequate staffing levels and improve learning infrastructure.

I take this opportunity to thank our stakeholders for their continued support and partnership in the realization of our mandate.

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

Mwatate TVC 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 first, delivering relevant technical and practical training, and improving operational excellence. Below is a highlight of strategies and activities that promote the organization's strategic objectives.

### **Sustainability strategy and profile**

The management of Mwatate Tvc through its Board of Directors is committed towards achieving sustainability in its operations. They have put in measures to ensure minimal interference and maximum focus towards achieving its strategic goals. The management has put in great strides to gain political goodwill that is vital for the existence, growth and expansion of the institution. There have been engagements with local leaders on issues affecting the institute.

### **Environmental performance**

Mwatate Tvc continues to take an interest in environmental conservation and management. It boasts a strong department managing environmental conservation, engaging in activities such as tree planting activities at least once every term, an activity that brings on board both the management and the students.

The students also participate in tree planting and waste collection and management activities within the surrounding environments including Voi town area especially during the college community days in an attempt to speed up environmental conservation and keep the environment safe.

### **Employee welfare**

Human Resource development remains a major strategic pillar of Mwatate TVC. Staffs are hired on merit through a thorough recruitment process starting from the advertisements to shortlisting to interviews.

The Institute staff gender ratio is balanced with people with disabilities and women given priority during the recruitment process. Staffs are continually appraised as this helps to improve their efficiency with promotions done when necessary. Outstanding members of staff are awarded during the college open days for their performances. The institute also undergoes Health and safety checks done by the County Government department of health services to ensure its environments are fit for stay.

### **Market place practices.**

#### **a) Responsible competition practice.**

The institute ensures adherence to principles of fair competition as outlined in the constitution. It also creates awareness and has made tremendous efforts in the fight against corruption through sensitization forums and corruption reporting boxes installed at strategic places. The institute conducts its activities and engagements in respect to the community values but does not bend to any political influence as it seeks to provide equal opportunities to all. There is an open and transparent registration and recruitment process.

#### **b) Responsible Supply chain and supplier relations.**

The institute has committed to maintain good working relationships with its creditors by ensuring equal and fair treatment when it comes to award of tenders. It also operates in line with the public procurement laws. Creditors are paid on time following availability of funds. The creditors are however required to provide high quality goods and services.

#### **c) Responsible marketing and advertisement.**

The Institute has continued to conduct extensive marketing of its services through legal and reputable print, audio and visual media sources. There has also been road show and door to door

distribution of brochures as it strives to have a personal touch with the outside community and clients. Prompt feedback and good customer relationships also enables the institute to maintain a good relationship with its customers

**d) Product stewardship.**

The institute offers high quality accredited academic programs and has highly qualified trained personnel. Students are given an equal opportunity to participate in sports, games and other extra-curricular activities. The institute has a dispensary and a trained nurse in an attempt to ensure access to emergency healthcare. Staffs are given an equal opportunity in their career advancements by attending seminars, workshops and trainings.

**Corporate Social Responsibility / Community Engagements.**

In line with its mission and values, Mwatate Technical and Vocational College is sensitive to the impact of our activities on our students, employees, partners and other stakeholders, as well as on the community and its environment.

The College is committed to maintaining standards, respect and accountability across all its activities, including: treating employees fairly and with respect, support staff development through allowing staff to attend trainings and workshops, volunteering in community, county, and national government activities

Most of the students reside within the college. This has boosted local investments especially through construction of more hostels, rental houses and food joints.

The College purposes to continue collaborating with all stakeholders on issues that benefit the development of the country, growth of industries as well as giving back to the society. MWATATE TVC therefore shall continue to play its crucial role towards attainment of vision 2030 and the BETA Agenda as spelt out clearly in the Government priorities areas under the social, political and economic pillars.

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

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

**Principal activities**

The principal activities of the MTVC is to train skilled workforce that is suitable for further professional development through high quality inclusive market oriented TVET programmes, responsive to national and global needs.

**Results**

The results of the College for the year ended June 30 are set out on page 1

**Council/Board of Governors**

The members of the Board who served during the year 2023 are shown on page VIII

**Mwatate Technica and Vocational College**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Auditors**

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

By Order of the Board



.....  
**Gideon Gitonga**  
**Secretary of the Board**

Date:.....8/1/2025.....

## **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 of 2013 require the board to prepare financial statements in respect of Mwatate Technical and Vocational College, which give a true and fair view of the state of affairs of Mwatate Technical and Vocational College at the end of the financial year and the operating results of the MTVC for that year. The board is also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Mwatate Technical and Vocational College. The board is also responsible for safeguarding the assets of the College.


The board is responsible for the preparation and presentation of the College financial statements, which give a true and fair view of the state of affairs of Mwatate Technical and Vocational College for and as at the end of the financial year ended on June 30,2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the MTVC; (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 Mwatate Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

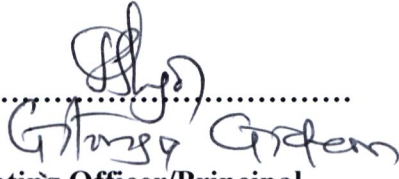
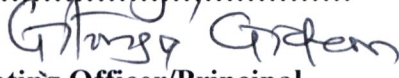
The board accepts responsibility for Mwatate Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Technical and Vocational Education and Training Act of 2013. The board is of the opinion that Mwatate Technical and Vocational College financial statements give a true and fair view of the state of MTVC transactions during the financial year ended June 30,2024, and of the College financial position as at that date. The board further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the Mwatate Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The MTVC financial statements were approved by the Board on **28-02- 2024** and signed on its behalf by:

CHRISTINE MURANGA  
.....  
Name   
Chairperson of the Board  
8/5/2025

  
.....  
Name   
Accounting Officer/Principal

# REPUBLIC OF KENYA

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



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

*Enhancing Accountability*

## **REPORT OF THE AUDITOR-GENERAL ON MWATATE TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024**

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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 Mwatate Technical and Vocational College set out on pages 1 to 33, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of

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*Report of the Auditor-General on Mwatate Technical and Vocational College for the year ended 30 June, 2024*

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 Mwatate Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Irregular Approval of the Financial Statements**

The statement of Board of Governors responsibility at page xxi to the financial statements indicate that the College's financial statements were approved by the Board on 28 February, 2024. However, they were signed by the Chairperson and the Accounting Officer/Principal on 8 May, 2025 indicative that the financial statements were adopted before they were prepared and the financial period complete.

In the circumstances, the accuracy and validity of the financial statement balances could not be confirmed.

### **2. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.171,445,542. Note 17 to the financial statements shows that property, plant and equipment comprised of Kshs.53,977,893 and Kshs.117,467,649 in respect of buildings and plant and equipment respectively. However, the cost, accumulated depreciation and impairment losses attributable to each class of assets was not disclosed. Further, land is recorded at Kshs. Nil net book value despite the College being located on the same parcel of land. A register of land and buildings was not maintained to record each parcel of land and building and the terms on which it is held, with reference to the conveyancing, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

In addition, the asset register for plant and equipment did not record type and description of each individual asset, the cost of acquisition of the asset, tag numbers, asset condition and physical location of the assets as is required by guidelines on asset and liability management as prescribed by the Public Sector Accounting Standards Board.

In the circumstances, the accuracy of property, plant and equipment balance of Kshs.171,445,542 could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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 Information**

The Management is responsible for the other information set out on page iii to xxi which comprise of Key College Information and Management, The Council/Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, 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 and 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

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*Report of the Auditor-General on Mwatate Technical and Vocational College for the year ended 30 June, 2024-Taita Taveta County*

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

## **Basis for Conclusion**

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

The financial statements for the College was submitted to the Auditor General for audit on 28 February, 2025, five months after the statutory deadline of 30 September, 2024. This is contrary to Section 68 (2) of Public Finance Management Act, 2012 which requires financial statements to be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

### **2. Un-Approved Budget**

The statement of comparison of budget and actual amounts reflects Kshs.4,477,102 and Kshs.4,392,910 as total income and total expenditure respectively. Review of financial records revealed that the budget estimates for the College for the year under review was not approved by the Board of Governors as required by Section 17 (4) of Technical and Vocational Educational Training Act, 2013 (revised 2022).

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

### **3. Failure to Remit Statutory Deductions**

The statement of financial performance and Note 9 to the financial statements reflects employee costs amounting to Kshs.995,500 which comprise of gross payments to employees. However, no statutory deductions were effected on the gross salary and remitted to the relevant institutions. The institute was therefore in violation of Section 20(1) of the National Social Security Fund Act, 2013 and Regulation 10 of the National Health Insurance Fund Regulations, 2023 on deduction of statutory payments.

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

## Basis for Conclusion

### 1. Non-Functional Audit Committee

Review of the board minutes revealed appointment of an audit and risk committee. However, the committee did not perform reviews on monitoring governance, accountability and systems control and offering objective advice on issues concerning risk control and follow up on the implementation of the recommendations of internal and external auditors during the year under review. This is contrary to the requirements of Section 155 (5) of the Public Finance Management Act, 2012. Further, the committee did not carry out its mandate as required by regulation 166 (2) of Public Finance Management (National Government) Regulations 2015 which requires it to carry out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report.

In the circumstances, the effectiveness of the governance structure, accountability and control systems could not be confirmed.

### 2. Lack of Internal Audit Services

Review of the human resource records reflect that the organization structure of the College included internal audit unit. However, there was no Internal Auditor in place and the College had not engaged internal audit services from the Ministry of Education. This was contrary to regulation 162(2) of the Public Finance Management (National Government) Regulations 2015 in ensuring that the organizational structure of the internal audit unit facilitates, the entity to accomplish its internal audit responsibilities.

In the circumstances, the effectiveness of internal control system and risk management could not be confirmed.

### 3. Lack of Risk Management Policy

Review of records revealed that Management did not have a Risk Management Policy. The entity lacked approved processes and guidelines on how to mitigate operational, legal and financial risks as stipulated under Regulation 158 of the Public Finance

Management (County Governments) Regulations, 2015. The Management therefore lacked means to identify operational and other risks faced by the College, to assess the likelihood of their occurrence and significance, and establish means to mitigate their possible effects.

In the circumstances, the Management lacked a platform to mitigate risks and prevent fraud.

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 those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease its operations.

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**

**05 June, 2025**

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

**14. Statement of Financial Performance For The Year Ended 30 June 2024**

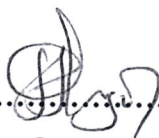
	Notes	FY 2023/2024 Kshs	FY 2022/2023 Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	2,000,000	2,000,000
<b>Total Revenue from non-exchange transactions</b>		<b>2,000,000</b>	<b>2,000,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	6,725,040	4,739,280
<b>Revenue from Exchange transactions</b>		<b>6,725,040</b>	<b>4,739,280</b>
<b>Total Revenue</b>		<b>8,725,040</b>	<b>6,739,280</b>
<b>Expenses</b>			
Use of goods and services	8	3,213,410	1,394,803
Employee costs	9	995,500	861,632
Board /Council Expenses	10	180,500	141,150
Depreciation and amortization expense	11	-	-
Repairs and maintenance	12	3,500	94,403
Contracted services	20	-	-
<b>Total Expenses</b>		<b>4,392,910</b>	<b>2,491,988</b>
<b>Net surplus/(deficit) for the year</b>		<b>4,332,130</b>	<b>4,247,292</b>

CHRISTINE MWARANDA

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**Chairman of Council/Board**

Date 8/5/2025



**Principal**

Date

8/5/2025

Mwambao MDAW  
**Finance Officer**

ICPAK No: 29181


Date 8/5/2025

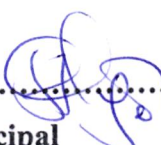
Mwatate Technica and Vocational College  
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

		FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	137,329	53,137
Current portion of receivables from exchange transactions	14(a)	12,092,458	7,844,520
Receivables from non-exchange transactions	15	1,000,000	1,000,000
Inventories	16		
<b>Total Current Assets</b>		<b>13,229,787</b>	<b>8,897,657</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	17	171,445,542	171,445,542
<b>Total Non-Current Assets</b>		<b>171,445,542</b>	<b>171,445,542</b>
<b>Total Assets (A)</b>		<b>184,675,329</b>	<b>180,343,199</b>
<b>Liabilities</b>			-
<b>Current Liabilities</b>			-
Trade and other payables from exchange transactions	18		-
<b>Total Current Liabilities</b>			
<b>Total Liabilities (B)</b>			
<b>Net Assets (A-B)</b>		<b>184,675,329</b>	<b>180,343,199</b>
<b>Represented By:</b>			
Revaluation Reserves		171,445,542	171,445,542
Accumulated Surplus		13,226,787	8,894,657
Capital Fund		3,000	3,000
<b>Net Assets</b>		<b>184,675,329</b>	<b>180,343,199</b>

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

  
CHRISTINE MWAENGO  
.....  
Chairman of Council/Board

  
.....  
Principal

  
.....  
Finance Officer

Date: 08/05/25.....

Date: 8-5-25.....

ICPAK No 29181  
Date: 8/5/25.....

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

**16. Statement of Changes in Net Asset For The Year Ended 30 June 2024**

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
<b>At July 1, 2023</b>	<b>171,445,542</b>	<b>8,894,657</b>	<b>3,000</b>	<b>180,343,199</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	4332130.00	-	4,332,130
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund				
Retained earnings				
<b>At June 30, 2024</b>	<b>171,445,542</b>	<b>13,226,787</b>	<b>3,000</b>	<b>184,675,329</b>

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

	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	2,000,000	2,000,000
Rendering of services- fees from students	7	2,477,102	520,800
<b>Total Receipts</b>		<b>4,477,102</b>	<b>2,520,800</b>
<b>Payments</b>			
Use of goods and services	8	3,213,410	1,395,843
Employee costs	9	995,500	861,632
Board /Council Expenses	10	180,500	141,150
Repairs and maintenance	12	3,500	94,403
<b>Total Payments</b>		<b>4,392,910</b>	<b>2,493,028</b>
<b>Net Cash Flows from operating activities</b>		<b>84,192</b>	<b>27,772</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>84,192</b>	<b>25,365</b>
Cash and Cash equivalents at 1 JULY 2023	13	53,137	53,137
<b>Cash and Cash equivalents at 30 JUNE 2023</b>		<b>137,329</b>	<b>53,137</b>

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other National Government entities	2,000,000	0	2,000,000	2,000,000	0	100
Rendering of services- fees from students	0	0	0	2,477,102	0	100
<b>Total Income</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>4,477,102</b>	<b>0</b>	
<b>Expenses</b>						
Use of goods and services	0	0	0	3,213,410	0	0
Employee costs	0	0	0	995,500	0	0
Board /Council Expenses	0	0	0	180,500	0	0
Repairs and maintenance	0	0	0	3,500	0	0
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,392,910</b>	<b>0</b>	<b>0</b>
					<b>0</b>	
<b>Surplus For the Period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84,192</b>	<b>0</b>	<b>0</b>
<b>Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>

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

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**19. Notes to the Financial Statements**

**1. General Information**

MTVC is established by and derives its authority and accountability from TVET Act. The MTVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The MTVC's principal activity is provision of Technical Education.

**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 MTVC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the MTVC. 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**

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

#### *i. Early adoption of standards*

The MTVC did not adopt early any new or amended standards in year 2024.

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

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

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

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

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

MTVC 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.

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**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 MTVC.

**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 2023/2024 was approved by the Board on **31<sup>st</sup> January 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by MTVC upon receiving the respective approvals to conclude the final budget. MTVC budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 under section xxx of these financial statements.

**c) Taxes**

*Current income tax*

MTVC is exempt from paying taxes.

*Sales tax/ Value Added Tax*

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

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

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

**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. 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, MTVC recognizes such parts

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

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as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the MTVC. 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 MTVC 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 MTVC 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 MTVC. 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) Research and development costs**

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

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

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

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. MTVC does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the MTVC financial statements. A financial instrument is any contract that gives rise to a financial asset of one MTVC and a financial liability or equity instrument of another MTVC. At initial recognition, MTVC 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 MTVC 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 MTVC'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

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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 MTVC 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 MTVC classifies its financial Assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**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 MTVC 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**

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

**j) Inventories**

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

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

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

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

**Inventories (Continued)**

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

**k) Provisions**

Provisions are recognized when MTVC 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 MTVC 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***

MTVC 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***

MTVC 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 MTVC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Social Benefits**

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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 MTVC 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 MTVC will incur in fulfilling the present obligations represented by the liability.

**m) Nature and purpose of reserves**

MTVC creates and maintains reserves in terms of specific requirements.

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

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

**o) Employee benefits**

**Retirement benefit plans**

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

**Foreign currency transactions**

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

**p) 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.

**q) Related parties**

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

**r) Service concession arrangements**

MTVC 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, MTVC 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, MTVC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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.

**t) Comparative figures**

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

**u) Subsequent events**

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

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

The preparation of MTVC'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.**

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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. MTVC 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 MTVC. 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 MTVC.
- 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.

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.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	0	0

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Operational Grant	2,000,000	2,000,000
Development grants	0	0
Other Grants	0	0
<b>Total unconditional Grants</b>	<b>2,000,000</b>	<b>2,00,000</b>
Conditional Grants amortised/ recognised in revenue	0	0
<b>Total Government Grants and Subsidies</b>	<b>2,000,000</b>	<b>2,000,000</b>

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

Name of the MTVC 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	Comparative FY 2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	2,000,000	-	-	2,000,000	2,000,000
<b>Total</b>	<b>2,000,000</b>			<b>2,000,000</b>	<b>2,000,000</b>

**7. Rendering of Services**

Description	2023-2024	2022-2023
	Kshs	Kshs
EXAM	187,000	6,300
EWC	212,000	273,84
PE	1,429,855	729,120
Local travel and transport	1,770,080	250,740
CAUTION MONEY		0
COLLEGE ID	5,400	0
Repairs and maintenance	18,000	138,180

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Administration cost	610,383	0
B.O.M Allowance	457,620	0
TUITION	1,499,202	2,513,700
ACTIVICTY	295,000	0281,400
DEVELOPMET		218,400
INDUSTRIAL ATTACHMENT	100,000	252,000
STUDENT COUNCIL		75,600
INTERNET &POSTAGE	122,000	
REGISTRATION FEE	18,500	
<b>Total Grants from Development Partners</b>	<b>6,725,040</b>	<b>4,465,440</b>

These are amounts charged to students based on an approved fee's structure. The amount paid by each student either through their own means, parents, bursary or HELB.

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**8. Use of Goods and Services**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Local travel and transport	2,008,435	356,700
Administration cost	310,103	646,947
Training and capacity building	0	8,000
Internet and postage	41,900	79,950
Marketing and publicity	0	14,800
Activity	227,857	137,100
EWC	258,605	120,700
PRINTING AND STATIONERY	0	4,880
TUITION	324,310	25,726
EXAM FEE	42,200	
<b>Total good and services</b>	<b>3,213,410</b>	<b>1,394,803</b>

**9. Employee Costs**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Salaries and wages	995,500	861,632
Employee related costs - contributions to pensions and medical aids	0	0
<b>Employee Costs</b>	<b>995,500</b>	<b>861,632</b>

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10. Board/Council Expenses

Description	2022/2023	2022/2023
	Kshs	Kshs
Chairman's Honoraria	0	0
Directors Emoluments	180,500	141,150
<b>Total</b>	<b>180,500</b>	<b>141,150</b>

11. Depreciation and Amortization expense

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>0</b>	<b>0</b>

12. Repairs and Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Property		0
Furniture and fittings	3,500	94,403
Computers and accessories	0	0
<b>Total Repairs and Maintenance</b>	<b>3,500</b>	<b>94,403</b>

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13. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account	136,786	43,703
On - Call Deposits	0	9,434
Fixed Deposits Account	0	0
Staff Car Loan/ Mortgage	0	0
Cash in hand	543	9,434
<b>Total Cash and Cash Equivalents</b>	<b>137,329</b>	<b>53,137</b>

13 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	Insert Current FY 2023/2024	Comparative FY 2022/2023
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank		136,786	43,703
<b>Sub- Total</b>		<b>136,786</b>	<b>9,434</b>
<b>b) Others</b>			0
Cash in Hand		543	0
<b>Sub- Total</b>		<b>543</b>	0
<b>Grand Total</b>		<b>137,329</b>	<b>53,137</b>

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14. Receivables from Exchange transactions

14 (a) Current Receivables from Exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	12,092,458	8,843,480
Rent Debtors	0	0
Consultancy Debtors	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
<b>Total Current Receivables</b>	<b>12,092,458</b>	<b>8,843,480</b>

14 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,247,938	32.5	4,218,480	47.7
Between 1- 2 years	4,218,480	32.2	4,625,000	52.3
Between 2-3 years	4,625,000	35.3	0	0
Over 3 years	0	0	0	0
<b>Total (a+b)</b>	<b>13,092,458</b>	<b>100</b>	<b>8,843,480</b>	<b>100</b>

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**15. Receivables from Non-Exchange transactions**

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Current Receivables</b>		
Capitation Grants	1,000,000	1,000,000
<b>Total Current Receivables</b>	<b>1,000,000</b>	<b>1,000,000</b>

**15 (a) Ageing Analysis on Receivables from Non-Exchange Transactions**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	50	1000,000	50
Between 1- 2 years	1000,000	0	0	0
Between 2-3 years	0	0	0	0
<b>Total</b>	<b>1,000,000</b>	<b>50</b>	<b>1000,000</b>	<b>50</b>

**16. Inventories**

Description	2023/2024	2022/2023
	Kshs	Kshs
Consumable stores	0	0
Maintenance stores	0	0
Electrical stores	0	0
Cleaning Materials stores	0	0

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Catering stores	0	0
Less: Impairment allowance	0	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>0</b>	<b>0</b>

**17. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1 July 2021</b>	<b>0</b>	<b>53,977,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,467,649</b>	<b>0</b>	<b>0</b>	<b>171,445,542</b>
Additions	0	0	0	-	0	-	0	0	0
Disposals	0	0	-	-	0	-	0	0	0
Transfers/Adjustments	0	0	0	0	0	-	0	0	-
<b>At 30th June 2024</b>	<b>0</b>	<b>53,977,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,467,649</b>	<b>0</b>	<b>0</b>	<b>171,445,542</b>
<b>Depreciation.</b>	0	0	0	0	0	0	0	0	0
<b>Net Book Values</b>	0	53,977,893	0	0	0	117,467,649	0	0	171,445,542
<b>At 30<sup>th</sup> Jun 2022</b>	<b>0</b>	<b>53,977,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117,467,649</b>	<b>0</b>	<b>0</b>	<b>171,445,542</b>

The college had no work in progress during the financial year.

Notes to the Financial Statements (Continued)

17 (a) 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 not revalued during the year and the College adopted their initial cost in the financial statements on June 2020.

17 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	53,977,893	0	0
Plant And Machinery	117,467,649	0	0
Computers and Related Equipment	0	0	0
Office Equipment, Furniture, And Fittings	0	0	0
<b>Total</b>	<b>171,445,542</b>	<b>0</b>	<b>0</b>

18. Trade and Other Payables

Description	2023/2024		2022/2023	
	Kshs	% of the Total	Kshs	% of the Total
Trade payables	0		0	
Fees paid in advance	0		0	
Salary deductions	0		0	
Third-Party Payments	0		0	
Other Payables	0		0	
<b>Total Trade and Other Payables</b>	<b>0</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>2023/2024</b>	<b>% of the Total</b>	<b>2022/2023</b>	<b>% of the Total</b>
Under one year	0	0	0	0
1-2 years	0	0	0	0
2-3 years	0	0	0	0

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Over 3 years	0	0	0	0
<b>Total (to tie to totals above)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**19. Financial Risk Management**

MTVC'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.

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

**(i) Credit risk**

MTVC 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 MTVC's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	7,844,520	7,844,520	0	0
Receivables from non-exchange transactions	1,000,000	1,000,000	0	0
Bank balances	24,549	24,548	0	0
<b>Total</b>	<b>8,869,069</b>	<b>8,869,069</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2024</b>				
Receivables from exchange transactions	12,092,458	12,092,458	0	0
Receivables from non-exchange transactions	1,000,000	12,092,458	0	0
Bank balances	136,786	136,786	0	0

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>Total</b>	<b>13,229,244</b>	<b>13,229,244</b>	<b>0</b>	<b>0</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the MTVC's statement of financial position)*

**Financial risk management (continued)**

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables	0	0	0	0
Other payables	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2022</b>				
Trade Payables	0	0	0	0
Other payables	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**(iii) Market risk**

MTVC has put in place an internal audit function to assist it in assessing the risk faced by MTVC 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 MTVC'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.

MTVC'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 MTVC's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

MTVC 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

MTVC 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 MTVC'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***

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

**iv) Capital Risk Management**

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation Reserve	0	0
Accumulated funds	13,287,567	8,894,657
Capital Reserve	0	0
<b>Total Funds</b>	13,287,567	8,894,657
Less: Cash and Cash Equivalents	136,786	43,703

**20. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to MTVC 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 TVC, holding 100% of MTVC's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of MTVC, both domestic and external. Other related parties include:

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

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

**21. Events After The Reporting Period**

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

**22. Ultimate And Holding MTVC**

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

**23. Currency**

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

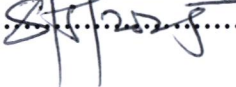
24. Appendices

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

There were no previous reports or recommendation from Auditor General.

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Name : Mr.Gideon G.Gitonga  
Accounting Officer  
Principal / Board Secretary

Date :.....  


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

**Appendix II- Inter-MTVC Confirmation Letter**

Name of transferring: Ministry of Education-State Dept of Vocational and Technical Training

Name of beneficiary: Mwatate Technical and Vocational College

**Confirmation of amounts received by Mwatate Technical and Vocational College as at 30th June 2024**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	11/07/2023	500,000	0	500,000	
	02/10/2023	500,000	0	500,000	
	18/01/2024	500,000		500,000	
	05/02/2024	500,000		500,000	
<b>Total</b>		<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	

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

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

Name Amulabo A. Ndlovu ..... Sign  ..... Date 08/05/2025 .....