

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE NATIONAL ASSEMBLY	
DATE: 05 JUL 2023	
DAY: Wednesday	
TABLED BY:	Hon. Kimani Ichunguwa (Majority Party leader)
CLERK AT THE TABLE:	Mach

THE AUDITOR-GENERAL

ON

**MABERA TECHNICAL AND
VOCATIONAL COLLEGE**

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



KENYA
VISION 2030

MABERA TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2022**

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



Table of Contents

I.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
II.	THE BOARD OF GOVERNORS.....	vi
III.	MANAGEMENT TEAM.....	x
IV.	CHAIRMAN'S STATEMENT	xii
V.	REPORT OF THE PRINCIPAL	xv
VI.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xx
VII.	CORPORATE GOVERNANCE STATEMENT	xxi
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS	xxiii
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxv
X.	REPORT OF THE BOARD OF GOVERNORS	xxvii
XI.	STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES.....	xxviii
XII.	REPORT OF THE INDEPENDENT AUDITOR ON THE MABERA TECHNICAL AND VOCATIONAL COLLEGE.....	xxix
XIII.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022	
	1	
XIV.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.....	2
I.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022...3	
II.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	- 4 -
III.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022	- 5 -
IV.	NOTES TO THE FINANCIAL STATEMENTS.....	6
	APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	35
	APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	40



I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Mabera Technical and Vocational College was incorporated/ established under the TVET Act 2013 Act on (September 2019). The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education State department of Vocational and Technical Training.

Mabera Technical & Vocational College is situated along the main highway Migori-Sirare, 200m away from Mabera town. The centre is located in Migori County, Kuria West sub-County, Kuria West constituency, Kubweye location, Mabera Sub location. The centre sits on a 5-acre piece of land and experiences high rainfall conducive for agricultural practice. The MTVC operates within the mandate of Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education. The centre currently has 49 staff of which 39 are teaching staff and 10 support staff. The MTV has the following departments Hospitality, Business, Electrical and Electronics, Motor Vehicle engineering, Building and Civil engineering. Mabera Technical and Vocational College is a centre of excellence for Hospitality.

(b) Principal Activities

The core mandate of Mabera Technical & Vocational College is to offer training to Students in technical courses and entrepreneurship courses as per the industry needs and examined by KNEC and KASNEB.

Vision

A centre of excellence in, technical and vocational skills development to meet societal needs.

Mission

To develop qualified, self-motivated, globally competitive, innovative persons through practical oriented, training, applied research and entrepreneurial skills that are responsive to societal needs.

Motto

Technology for peace and development.

Core values

- ❖ Professionalism
- ❖ Integrity
- ❖ Innovativeness
- ❖ Team work
- ❖ Accountability and transparency

(c) Key Management

Mabera Technical and Vocational College is managed by the Board of Governors, appointed by The Cabinet Secretary in charge of Education. The B.O.G. provides leadership in; policy direction and ensures that the institutes programmes and activities are in line with its mandate and set objectives. The principal is the secretary to the Board and executes all policies in line with the institute's core mandate. The principal is assisted by one deputy who is Administration and Academics in charge of the day-to-day



activities of the school, all the non-teaching staff and implementation of the curriculum. The heads of departments report to the deputy principal.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Stalin Olwenge
2.	Deputy principal	Walter J.O. Ouma
3	Registrar (s)	Veronica Wangare
4	Dean of students	Arther Brown Amimo
5	Head of Finance	Domnic Liech
6	Procurement	John Chacha

(e) Fiduciary Oversight Arrangements



Finance Infrastructure and ICT committee in a meeting

The Board has the overall mandate of ensuring the sound management of the college. This includes; Approving policies, strategic governance, planning and reviewing policies and plans, approving budgets, quarterly and annual financial statements.

The Management team has the responsibility of ensuring that the policies approved by the Board are implemented and enhancing sound financial management for effective operations.



As at the end of financial year Mabera Technical and Vocational College have two committees that is Finance Infrastructure and ICT committee and Education Training committee activities.
 The key fiduciary personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary oversight responsibility were;

Name of the Committee	Members
Finance Infrastructure and ICT Committee	1.Mrs. Stellah Kilwake-Chairperson 2.Mrs. Lyna Ayako-PS representative 3.Mr. Stalin Olwenge - (Principal/ BOG Secretary) 4.Mr. Gabriel Rimo Magige-Member 5.Mrs. Jane Akinyi Nyasoro-Member
Education Training Committee	1.Mrs. Mary Motongori Gikuri-Chairperson 2.Mrs. Judith Akinyi Ochieng-Member 3.Mr. Kennedy Otieno Ongeko-Member. 4.Mr. Stalin Olwenge - (Principal BOG/Secretary) 5.Mrs. Lyna Ayako-PS representative
Auditing and Risk Committee	1.Dr. Kennedy Otieno Ongeko-Chairperson 2.Mrs Jane Akinyi Nyasoro-Member 3.Mrs Mary Motongori Gikuri-Member 4.Mrs Callflax Nanyuki-Internal Auditor 5.Mrs. Lyna Ayako-PS representative



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 205-40414
Mabera Centre
Migori-Sirare Highway
Isebania, KENYA

(g) Entity Contacts

Telephone: (254) 795476528
E-mail: maberatvc@gmail.com
Website: www.maberatvc.ac.ke

(h) Entity Bankers

Kenya Commercial Bank Ltd,
Isebania Branch,
P.O. Box 134-40414
Isebania, Kenya

(i) Independent Auditors



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

(j) Principal Legal Adviser

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






II. THE BOARD OF GOVERNORS



No.	Member/ Director	Details
1.	 <p data-bbox="248 815 724 965">Mr. Joseph Boke Masiaga BoG Chairperson Bachelor of Business Administration Finance Option.</p>	<p data-bbox="831 400 1254 434">Year Of Birth: 4th October 1970</p> <p data-bbox="831 439 1219 472">Appointment: 10th July 2019</p> <p data-bbox="831 477 1310 510">Inauguration: 24th September 2019.</p> <p data-bbox="831 515 1310 584">Qualification: Bachelor of Business Administration Finance Option.</p> <p data-bbox="831 589 1417 658">Work experience: Branch Manager at KCB-Isibania.</p> <p data-bbox="831 663 1302 696">Manager Business Banking at KCB.</p> <p data-bbox="831 701 1171 734">Personal banking at KCB.</p> <p data-bbox="831 739 1342 772">In charge (supervisor) clearing at KCB.</p> <p data-bbox="831 777 1134 810">Customer care at KCB.</p> <p data-bbox="831 815 1043 848">Cashier at KCB.</p> <p data-bbox="831 853 1474 922">Mr. Boke is the BoG chairperson and an independent member of board.</p>
2.	 <p data-bbox="248 1375 692 1480">Mrs. Judith Akinyi Ochieng Vice chair BoG BSC Environmental Management.</p>	<p data-bbox="831 965 1225 999">Year Of Birth: 15th May 1985</p> <p data-bbox="831 1003 1209 1037">Appointment: 10th July 2019</p> <p data-bbox="831 1041 1294 1075">Inauguration: 24 September 2019.</p> <p data-bbox="831 1079 1305 1149">Qualifications: BSC Environmental Management.</p> <p data-bbox="831 1153 1082 1187">Work Experience:</p> <p data-bbox="831 1191 1417 1261">Environmental Impact Assessment Officer at Greenchem consultancies.</p> <p data-bbox="831 1265 1433 1335">Monitoring and evaluation officer at Evidence Action.</p> <p data-bbox="831 1339 1442 1408">Field officer at Africa Agricultural Technology Foundation.</p> <p data-bbox="831 1413 1302 1482">Field officer at Impact Research and Development Organisation.</p> <p data-bbox="831 1487 1449 1520">Mrs. Judith is an independent member of board.</p>

MABERA TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022





<p>3.</p>	 <p>Mrs. Stellah Kilwake BoG Member Bachelor of Commerce Finance Option. Certified Public Accountant (CPA)</p>	<p>Year Of Birth: 1982 Appointment: 10th July 2019 Inauguration: 24th September 2019. Qualifications: Bachelor of Commerce Finance Option. Certified Public Accountant (CPA). Credit Management and Debts Recovery (TCA). Certificate in Computer Operations. Work Experience: Finance officer at Kenya Institute of Risk Management. Part time lecturer in accounting at Défense Forces Pay and Clerical Training School. Mrs. Stellah chairs the Finance Infrastructure and ICT committee and she an independent member.</p>
<p>4.</p>	 <p>Mr. Gabriel Rimo Magige BoG Member Bachelor degree in Architectural studies</p>	<p>Year Of Birth: 16th May 1986 Appointment: 10th July 2019 Inauguration: 24th September 2019 Qualifications: Bachelor degree in Architectural studies. Work Experience: An architect for several design projects at Romanic Architects. Assistant architect at Achera and Partners Architects. Graduate architect at ABODE Design. Research Assistant at WAAKI Associates. Mr Rimo is an independent member of board.</p>
<p>5.</p>	 <p>Mrs. Jane Akinyi Nyasoro BoG Member Bachelor of Business Information and Technology (BBIT).</p>	<p>Year Of Birth: April 1992 Appointment: 10 July 2019 Inauguration: 24th September 2019. Qualifications: Bachelor of Business Information and Technology (BBIT). Certificate in Cisco Certified Network Associate. Work Experience: Information Technology (IT) officer at Plan International Kenya. Sponsorship Data Clerk at Plan International Kenya. Research Assistant at Plan International. Mrs. Jane is independent member.</p>






<p>6.</p>	 <p>Dr.Kennedy Otieno Ongeko BoG Member Doctor of Philosophy in Disaster Management and Sustainable Development.</p>	<p>Year Of Birth:1970 Appointment: 10th July 2019 Inauguration: 24th September 2019 Qualifications: Doctor of Philosophy in Disaster Management and Sustainable Development. Master of Education in Guidance and Counselling. Bachelors of Education in Economic and Geography. Work Experience: Director liaison and inter-governmental Relations/Civic Education and Public participation at Homa-Bay County government. County Transition Coordinator at Transition Authority. Program director at Ananda Marga Universal Relief Team. NPI Advisor Prevention and Youth Empowerment at NuPITA. Dr. Kennedy is an independent member of board</p>
<p>7.</p>	 <p>Mrs.Mary Motongori Gikuuri BoG Member Master in Education Management.</p>	<p>Year Of Birth:1955 Appointment: 10th July2019 Inauguration: 24 September 2019. Qualifications: Master in Education Management. Work Experience: Chairperson Examination Board at Public Service Commission. Acting vice chairperson at Public Service Commission. Member at Public Service Commission Director at Father Angelo Principal at Nyaroha Girls High School. Patron at Kuria Disability Network. Deputy head teacher at Moi Nyabohanse High School. Assistant teacher at Ndururumo High School. Mrs. Mary chairs the Education Training committee activities and she is and independent member of board.</p>



<p>8.</p>	 <p>Mrs Lina Ayako Deputy Director in charge of policy Strategy and Curriculum section at Directorate of Technical Education, Education Communication and Technology PHD Candidate</p>	<p>Qualification and Experience: A Deputy Director in charge of policy Strategy and Curriculum section at Directorate of Technical Education, Ministry of Education. She is a long serving public servant with over twenty-three years of experience. She has worked as quality assurance and standard and senior education officer, deputy secretary Kakamega County Public Service, secretary/CEO Kakamega Public Service Board and currently she is deputy director in charge of policy strategy and curriculum section in Ministry of Education. She is a holder of Diploma in HRM, CPS, Bachelor of education in Arts, Master of Education in Technology from Kenyatta University and currently on-going PhD on Education Communication and Technology at Maseno University. She has experience in technical training, administrative services in the public service and Human resource Management. Mrs Lina Ayako is PS representative.</p>
<p>9.</p>	 <p>Mr. Stalin Olwenge Secretary to the Council/ Board Masters in Development Studies</p>	<p>Year Of Birth: 1964 Qualifications: MDS (Masters in Development Studies) BA, Dip Ed, Cert. in SNE (HI opt), ICDL (end user), Cert. in counselling. Work Experience: Makasembo Sec. Sch. Section Head Humanities, Sikri Technical and vocational college for the Blind and Deaf Deputy principal, currently Principal Mabera Technical and Vocational College. Mr Stalin is secretary of board and independent member of board.</p>


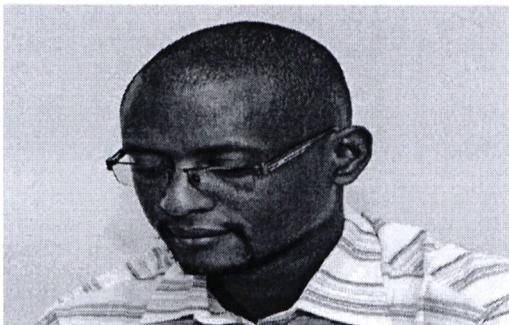



I. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 Stalin Olwenge Principal/BOG Secretary Masters in Development Studies	<p>Mr. Stalin Olwenge is in charge of day to day running of the Institute. He is the Chief Executive Officer who reports to all stakeholders. He is also the mandatory signatory to all the Institutes bank accounts and Secretary to Board of Governor.</p>
2.	 Walter J.O. Ouma Ag. Deputy principal Bachelor of Science (Eco-tourism, Hotel and Institution Management with IT)	<p>Mr. Walter J.O. Ouma is the Ag deputy principal and he is in charge of disciplinary issues concerning students. Ensures academic time tables are made in time. Also ensures that the lessons that appear on the timetable are adequately taught.</p>
3.	 Veronicah Wangare	<p>Miss Veronicah Wangare ensures that term programmes, students who apply for courses in the institute meet the relevant requirements for admission. She is also in charge of marketing of institute courses to ensure increase in number of enrolments.</p>

MABERA TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022



	<p>Ag. Registrar (Bachelor of Science in Clothing, Textile &Interior Design)</p>	
4.	 <p>Arthur Amimo Brown Ag. Dean of Student (Diploma in Technical Education)</p>	<p>Mr.Arthur Amimo is the Dean of Students who is in charge of student affairs i.e. process boarding issues accommodation and disciplinary.</p>
5.	 <p>Liech Domnic Finance Officer Becom and CPAK</p>	<p>Mr Liech is in charge of institution finances, preparing financial reports and give financial advisory to the institution.</p>
6.	 <p>John Monday Chacha Procurement Officer Becom (Logistic and Supply Chain Management)</p>	<p>Mr Chacha is in charge of institution procurement department and advises the institution on procurement related issues.</p>



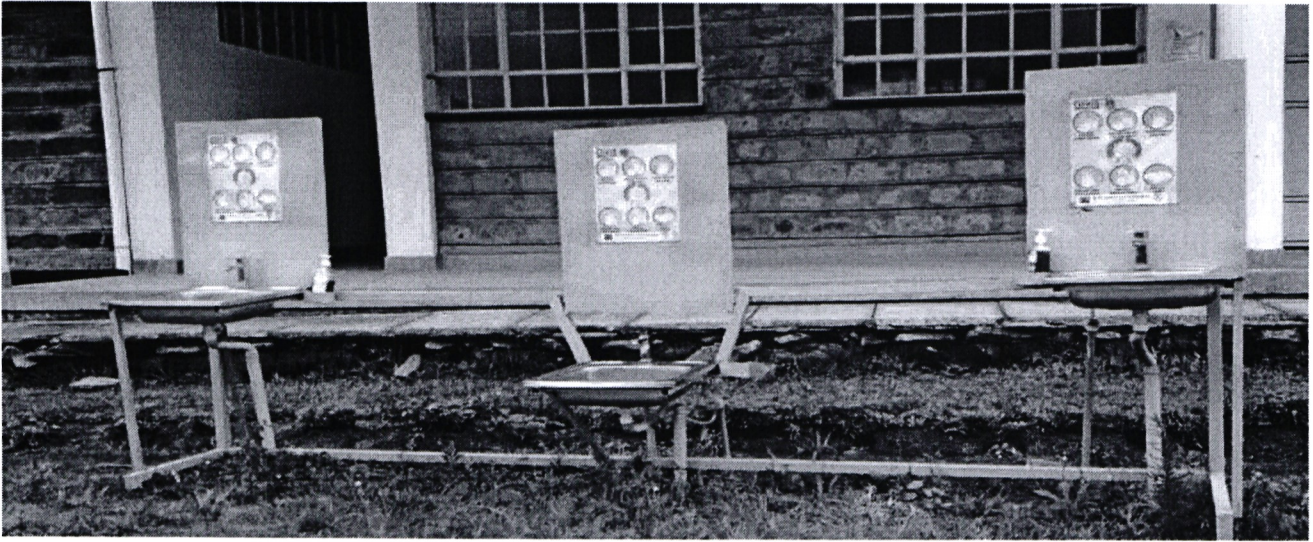
7. CHAIRMAN'S STATEMENT

On behalf of Mabera Technical and Vocational College, I'm pleased to present the Annual Report and Financial Statements for the year ended 30th June 2022. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

Further, the statements incorporate the requirements of Article 81 of the public finance management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS. Despite the significant successes over the period, the college continued to face challenges including insufficient funding, inadequate infrastructure, staff and COVID-19 pandemic. Despite all this Mabera Technical and Vocational College managed to buy training materials and do some projects. To improve its financial position, the college has embarked on implementing various austerity measures to monitor and rationalize its financial expenditures, as well, trying to talk with other stakeholders to help in construction of more classrooms and improve its income generating unit.



Washing points along the way



Washing points in front of admin and classroom block



More advance temporary leaning make-shift



Class session is on along the corridors'



Three classroom under-construction by NG-cdf board

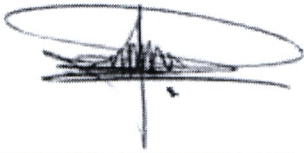
Mabera Technical and Vocational College is planning to build more classrooms within, to accommodate the growing number of students, the offices for the staffs.

Finally, I wish to thank the Government of Kenya for the continued support as well as all the stakeholders who have contributed to the successes of the Mabera Technical and Vocational College this far. My

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



utmost appreciation to the development partners that funded various infrastructure, Mabera Technical and Vocational College Management Board, the entire staff and students of Mabera Technical and Vocational College for steadfast and unrelenting effort to sustain the growth of Mabera Technical and Vocational College. These healthy collaborations are a reflection of the culture of team work and commitment that fit well into the fabric of our value system as a public college.



.....
**MR. JOSEPH BOKE MASIAGA – BOARD CHAIRPERSON
ON BEHALF OF BOARD OF GOVERNORS**

V. REPORT OF THE PRINCIPAL

It is my great pleasure to present the Annual Report and Financial Statements for the year ended 30th June, 2022. This has been a year of new challenges but also a year when the Mabera Technical and Vocational College achieved significant milestones.

Mabera Technical and Vocational College performance during the year under review is impressive despite being its maiden year since inception. The government capitation still remains as the institute's main source of income.

The college has continued with its core business of disseminating knowledge through, training and innovation. The current student population as at 30th June 2022 was 708 and is expected to increase to over 1,000 by the end of this year.

Development partners projects

Currently there is construction of three classrooms under the sponsorship of Ng-cdf board project.



Income.

Mabera Technical and Vocational College earned Kshs.15, 900,000 from the Government as recurrent income (capitation), Ksh 500,000 as operational grant, received Kshs. 6,256,000 from HELB, Ksh.578, 000 from various cdfs and Ksh. 733,058 from NGO and self-payment

Expenses

The college incurred Kshs 26,791,007 in recurrent expenses for the financial year 2021/2022.



Washing points

Mabera Technical and Vocational College installed several hand washing points as per the ministry direction against the fight of COVID-19 pandemic. This is one of the measures among other measures taken by Mabera Technical and Vocational College to fight against COVID-19 pandemic



Various stakeholder during the event organised by student leaders of universities and colleges.



Students during agricultural practical lesson.



More advance temporary leaning make-shift

Mabera Technical and Vocational College decided to replace the roofing of the temporary learning structures which were tents with iron sheets this is because the area is prone of the strong winds which used to damage the tent roofing making it quite expensive to repair each and every time.



Class session is on along the corridors'

Due to inadequate classrooms to accommodate our growing students' numbers this has forced us to use corridors as learning places.

Three classroom under-construction by NG-cdf board



Strategic Implementation

Mabera Technical and Vocational College will adopt Strategic Reporting in 2022 and is implementing its Strategic Plan for 2021-2026. In acknowledging that the journey towards integrated thinking and reporting is one that requires a great deal of commitment from all who undertake it, the College is making an attempt to move towards incorporating the strategic plan objectives into its Integrated Reporting framework. This journey has begun to shape the way the institution describes what it does, and it is reinforcing conversations and discussions within departments and with stakeholders about our purpose and our plans for the short, middle and even long-term. The journey is also increasing transparency in reporting, is ensuring closer monitoring of our activities to measure the impact of our actions in the environment we are to operate through performance contract targets. Our management discussion and analysis on page 4 explains how we are shaped by our external environment as well as our vision and strategy, risks and opportunities and the interdependencies among key resources.

Conclusion

On behalf of Mabera Technical and Vocational College management and staff, I wish to take this opportunity to thank the Government, our Development partners and all Stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the College Board of Governors to help provide, policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of Mabera Technical and Vocational College.

Thank you.

.....
Stalin Olwenge
PRINCIPAL/ C.E.O



I. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Mabera Technical and Vocational College had the following strategic pillars/issues/ themes and objectives in the FY 2021/2022.

Cultivate dynamic training experiences that evolve with the market demands. Mabera Technical and Vocational College cultivated its training experiences to the market demand dynamic, by focusing on trainings that goes with market trend both locally and globally.

Enhance students' enrolment and retention, Mabera Technical and Vocational College had devised on various ways of students enrolment and retention, since there is a lot of competition for other higher and tertiary learning institutions retaining students sometimes become a bit challenge Mabera has ensure that all the enrolled students get quality training, learning materials and conducive learning environment.

Advancing technical training through partnerships and alliances with external stake holders, Mabera Technical and Vocational College has been partnering and making alliances with stake holders to advance technical training through exchange of programmes with stakeholders.

Improve on the infrastructure and learning environment to strengthen Mabera Technical and Vocational College financial sustainability, currently there is on-going construction of three class rooms within the compound of Mabera Technical and Vocational College this will accommodate the increase number of students and intern in the fees collection. Mabera Technical and Vocational College has bought mordan training materials.

Utilize modern technology to improve operation processes and promote an environment of innovation, Mabera Technical and Vocational College has created ODEL portal this has made learning easily accessible and convenient. Mabera Technical and Vocational College has been encouraging both the trainees and trainers to take advantage of its modern infrastructures technology for innovation.

Retain a competent and motivated workforce, Mabera Technical and Vocational College has human resource policy that provides a guidelines on how to recruit, motivate and retain a competent staff. By this Mabera Technical and Vocational College has been able to recruit competent staff and retain them by providing them with a good working environment, recognising their effort and appreciating the employees this has made employees to remain loyal to the institution.



VII. CORPORATE GOVERNANCE STATEMENT

Introduction

Mabera Technical and Vocational College is governed by Board of Governors and as per the TVET Act 2013. Which gives the Board of Governors all the necessary powers for the proper performance of its functions under the act and in particular, without prejudice to the generality of the forgoing, the board of governors shall have powers to:

- Manage, supervise, and administer the assets of the Institute in such a manner as best promotes the purpose for which the institute is established.
- Receive any grants, donations or endowments on behalf of the institution and make legitimate disbursements.
- Approval of the budgets, making policies and opening of bank accounts for the funds of the Institute.

Governance Principles.

It is our view that *governance* is not just a matter for the Board; a good governance culture must be percolated through the institute system. The current socio-economic, business and political environment in which the Institution operates, underscore the need for continued high standards of corporate governance and accountability.

The emerging realities unmasked with the promulgation and implementation of the new Constitution, an enlarged space for expression and a more enlightened clientele, calls for diligence in governance.

Mabera Technical and Vocational College is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the College.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision-making body of the college, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the college in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the college. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The College's corporate governance materials, including the Corporate Governance Guidelines, the College's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the college and the college's public policy engagement and technological contributions policy.

Size and composition of the Board.

The board consists of nine (9) board members and the Principal as their Secretary who poses extensive experience in a variety of disciplines all of which are applied in the overall management of the institute. The board has the right balance of skills and experience appropriate for the requirements of the Institute, all members participate in the decision making and the board operated effectively during the year and



continues to do so. (The board has two Organs, Executive with six members and Full Board with all the line.)

Board meetings.

The technical board meeting was as follows, executive meets two (2) times and full board four (4) times and Special Meetings took place (0) in the just ended financial year. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

The following table shows the number of Board meeting held during the financial year plus the attendance of individual Board members.

Financial year Board meetings

	Board Members	Executive Board Meetings	Full Board Meetings	Special/Emergency Meetings
1.	Mr. Joseph Boke Masiaga	0	4	0
2.	Mrs. Judith Akinyi Ochieng	2	4	0
3.	Mrs. Stellah Kilwake	2	4	0
4.	Mr. Gabriel Rimo Magige	2	4	0
5.	Mrs. Mary Motongori	2	4	0
6.	Ms. Jane Akinyi Nyasoro	2	4	0
7.	Dr. Kennedy Otieno	2	4	0
8.	Mrs Lina Ayako	3	4	0
9.	Mr. Stalin Olwenge	3	4	0



VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Review

In the financial year 2021/22, Maberu Technical and Vocational College started the financial year with a cash balance of Kshs. 4,707,395 and collected Kshs 15,900,000 from the Government as recurrent income (capitation). The College collected Kshs 578,000 as CDF bursaries, Kshs 6,989,058 in form of fees, and sale of tender and goods/services Maberu Technical and Vocational College received Kshs. 192,850. The national Ng-cdf is currently contracting a three class room. These funds enabled the College to achieve several milestones including enhancement in infrastructural development, academic activities and refurbishment of its facilities. The expansion of infrastructure will allow admission of more students into the college which supports the government goal of expanding access to education.

In the FY 2021/2022 Maberu Technical and Vocational College acquired eleven brand new computers, various training materials for each department and reliable internet.

Maberu Technical and Vocational College had budgeted Kshs. 10,950,000 for development but at the end of the financial year Maberu Technical and Vocational did little because the college did not receive 4th quarter capitation and also Helb did not send me to some students despite allocating money to them, due to all this Maberu Technical and Vocational College was unable to start any key project.

Maberu Technical and Vocational College at the end of the financial year there was no outstanding statutory as Maberu Technical and Vocational College complied with statutory requirements.

Student and Academic Matters

There were 708 students enrolled in various programs in the different department. This number is expected to rise to over 1000 in 2022/2023 FY following the placement of 300 government sponsored students to the college.

Quality Education

Maberu Technical and Vocational College has reviewed, harmonized and developed new academic programmes in line with TVETA recommendations. In this financial year, 5 new academic programmes were developed and submitted to TVETA for evaluation and processing for accreditation. All the existing programmes have also been reviewed, harmonized and subjected to the internal quality assurance and control systems.

Governance

The College has ensured that staff and students participate in college governance through Students disciplinary Committee; cultural celebrations, and graduations. Students have also been facilitated with appropriate communication channels which include elected students' leaders

Co-curriculum Activities

Students have been supported to participate in co-curricular activities such as games and sports (volley ball, football, and athletics), music and drama festivals. Other activities include cultural weeks;

Human Resource Matters

On human resource matters, the college was able to recruit procurement officer and finance officer during the financial year.

In the interest of employee development, the College has continued to facilitate both academic and administrative staff going for conferences, workshops, trainings and even further studies whenever possible.

Higher Education Funding



Increasingly, TVET's are finding themselves over budgeted and underfunded; this is not only a local trend, but a global one. While the government has continued to be the major source of funding, it is clear that the College must strategize on how to raise additional funding. To improve on resources, board approved seed money to various income generating units. This will enable the college raise additional funding to supplement government capitation and also this one awaits government policy of IGU in TVET institutions.

Challenges

Mabera Technical and Vocational College has suffered its share of the effects of the global Covid -19 Pandemic. Complying with Ministry of Health Covid – 19 Protocols continue to limit the Institute realize its full potential in terms of revenue collection and coursing delays or postponement of projects implementation process.

The number of students keeps on fluctuating as a result of students dropping out of school due to lack of school fee. Mabera Technical is also facing the financial difficulties inadequate finance to implement its budget fully this as a result of inadequate funding from government and HELB not allocating fund to students on time this leaves the college to operate ineffectively.

Inadequate learning facilities is also posing a big challenge as administration had to create temporary class rooms along the corridors of the building and building temporary structures for learning.

Opportunities and risks facing Mabera Technical and Vocational College

Opportunities	Threats
Potential for collaboration & Linkages	Competition from other TVCS
High demand for technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills
Access to student loans & bursaries from H.E.L.B, county & NGCDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavourable economic changes
	cybercrime
	HIV/ AIDS drugs and substance abuse



IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

In pursuit of its commitment to environmental sustainability, the college in 2021/2022 has been in the forefront to lead at all levels, local, national, regional and international community in demand driven environmental technology development, best practices and innovations. The college undertook the following activities:

Planted over 600 trees within the college.

Sustainability strategy and profile

Despite being new institution with limited resources Mbera Technical and Vocational College has achieved a lot and at the same time has face a lot of challenges as most new institution normally face. COVID-19 has been the biggest challenge the Mbera Technical and Vocational College has been facing among others such as inflation, inadequate political goodwill, inadequate TVET policies, and inadequate infrastructure. Despite all this challenges, Mbera Technical and Vocational College has been marketing itself to get more students by having many students Mbera Technical and Vocational College will receive more capitation funds from government its operations, also Mbera Technical and Vocational College has started income generating activities to supplement its income. Mbera Technical and Vocational College has increase number of course it offers to diversify opportunities to those who are seeking various training, Mbera Technical and Vocational College has also been participating and involving the community in its activities and also Mbera Technical and Vocational College has been co-operating with other institutions with similar cadre.

Environmental performance

Our research, teaching and activities are guided by our commitment to environmental sustainability. Mbera Technical and Vocational College partner with different stakeholders to protect the environment by planting trees, using environmentally friendly equipment's, materials and has a composite place for throwing wastes.

Employee welfare

Mbera Technical and Vocational College has developed its human resource police which is in-line with Kenyan labour laws act 2007. Mbera Technical and Vocational College always follows the laws and procedures whenever they are hiring/recruiting their employees. This is normally done through competitive shortlisting and interview and the best candidate is selected after considering level of competency, education, gender, marginalised groups and regional balance. Mbera Technical and Vocational College often take its employees for training to improve their skills, appraisal is normally done and best employees being rewarded. Mbera Technical and Vocational College has put adequate safety and health measures to protect its employees from hazards.

Market place practices-

Mbera Technical and Vocational College has been marketing itself by adhering to advertisement rules and regulations according to advertisement laws of the country. Mbera Technical and Vocational College has been ensuring that when it's advertising itself it involves some government agencies such as chiefs and assistant-chief to announce at barazas about Mbera Technical and Vocational College courses it offers.



Mabera Technical and Vocational College has employed qualified procurement officer who advises the institution on procurement laws, how to get the best prices for institution and maintaining good relationship with suppliers. Mabera Technical and Vocational College has been ensuring that all of their adverts are within the rules and regulation. Mabera Technical and Vocational College has ensured that its goods and services meet the standard and are safe for consumption.

Corporate Social Responsibility / Community Engagements

Mabera Technical and Vocational College Corporate Social Responsibility (CSR) programs reflect the College commitment to operate in an environmentally sustainable and socially responsible manner. The programs support the College strategic vision and reassures that its activities are carried out ethically, sustainably and for the public good. The College aim to make a significant contribution to the communities and society through research, education and a wide range of activities undertaken by staff, students and alumni.

In the FY 2021/22, the following Corporate Social Responsibilities were undertaken:

Health Care

The College enrolled all staff to NHIF medical Scheme.

Mabera Technical and Vocational College strategy for social responsibility includes a commitment to pursue change across the following priority areas:

Teaching & Learning

Mabera Technical and Vocational College is committed to ensuring relevance in the teaching and learning process through the development and installation of an e-learning portal.

Research with impact

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

Socially responsible graduates

Through establishing and strengthening existing collaborations and linkages, our graduates are learning to exercise ethical, social and environmental responsibility.

Engaging our communities

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities. Examples of events & activities include Sports day, Open day and National day events.

Responsible processes

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

Environmental sustainability

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



X. REPORT OF THE BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended 30 June 2022 which show the state of the Maberu Technical and Vocational College affairs.

Principal activities

The principal activities of the college are as stated,

The Core business of the Institute as provided by the TVET Act 2013 section 26 (1) (a) and (d) includes;

- Promotion of Skills Training in (TVET) through, Research, Science, Technology and Innovation incommensurate with Industry and Community demands.
- Promotion of Gender balance and equality of opportunity among students and employees.
- Promotion of Equalization for persons with disability, minorities and other marginalized groups.

Results

The results of the entity for the year ended 30th June 2022 are set out on page 1 to 5

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v to viii. During the year 2021-2022 none of board member retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of Maberu Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Office of Auditor General staff were nominated by the Auditor General to carry out the audit of the Maberu Technical and Vocational College for the year/period ended 30th June 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Stalin Olwenge
Principal/BOG Secretary
Maberu Technical and Vocational College

Date 22 May,2023



VI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of Mbera Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Mbera Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Mbera Technical and Vocational College (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Mbera 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 (*section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*). The council members are of the opinion that the Mbera Technical and Vocational College financial statements give a true and fair view of the state of Mbera Technical and Vocational College transactions during the financial year ended June 30, 2022, and of the Mbera Technical and Vocational College financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Mbera Technical and Vocational College, which have been relied upon in the preparation of the Mbera 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 council members to indicate that Mbera Technical and Vocational 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 financial statements were approved by the Board on 19th September 2022 and signed on its behalf by:

Name: Joseph Boke Masiaga

Signature.....

Chairperson of the Board

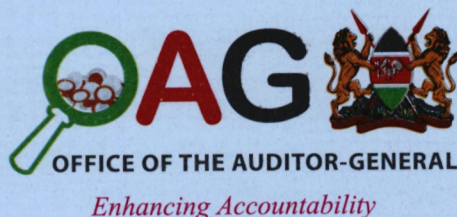
Name: Stalin Olwenge

Signature.....

Accounting Officer/Principal

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Maberu Technical and Vocational College set out on pages 1 to 40, which comprise of the statement of financial

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

Basis for Qualified Opinion

1. Accuracy of Revenue from Rendering of Services – Fees from Students

The statement of financial performance reflects rendering of services-fees from students revenue of Kshs.17,276,050 as disclosed in Note 9 to the financial statements. However, the revenue report for rendering of services provided from the College's revenue system reflected a balance of Kshs.15,004,268 representing actual receipts, thus resulting in an unexplained variance of Kshs.2,271,782.

Further, the amount of Kshs.15,004,268 differs with the balance derived from the bank statements of Kshs.11,302,708 by an unexplained variance of Kshs.3,701,560.

In the circumstances, the accuracy and completeness of the revenue from rendering of services – fees from students amount of Kshs.17,276,050 could not be confirmed.

2. Accuracy of Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.7,049,630 which, as disclosed in Note 13 to the financial statements, relates to salaries and wages. However, the amount differs with gross salaries and wages totaling to Kshs.6,023,085 recorded in the payroll, resulting in an unexplained variance of Kshs.1,026,545.

In the circumstances, the accuracy and completeness of employee costs of Kshs.7,049,630 could not be confirmed.

3. Unsupported and Long Overdue Receivables from Exchange Transactions

The statement of financial position, and as disclosed in Note 19 to the financial statements, reflects current portion of receivables from exchange transactions balance of Kshs.14,865,609. However, the following anomalies were observed:

- i. The balance of Kshs.14,865,609 includes HELB and Bursary negative balances of Kshs.56,919 and Kshs.170,820 respectively, whose supporting documents were not provided. Further, the inclusion of the negative balances under receivables is contrary to paragraph 48 of International Public Sector Accounting Standards (IPSAS) No.1 which prohibits offsetting of assets and liabilities unless required or permitted by an IPSAS.
- ii. The ledger or schedule showing the movement of receivables from the opening balance of Kshs.8,792,535 to the closing balance Kshs.14,865,609 was not provided for audit review. It was therefore not clear how the closing balance was arrived at.
- iii. The balance of Kshs.14,865,609 also differs with total outstanding balance of Kshs.22,226,085 reflected in the aging analysis provided for audit, resulting in an unreconciled variance of Kshs.7,360,476.
- iv. The aging analysis' outstanding balance of Kshs.22,226,085 includes an amount of Kshs.10,557,786 (or 48%) which had been outstanding for over 270 days, some dating back to the financial year 2020/2021. No satisfactory explanations were provided for the long outstanding receivables, casting doubts on the Management's ability to recover the outstanding payments from student debtors. Further, the College did not have a debt recovery policy detailing how the amounts would be recovered.

In the circumstances, the accuracy and completeness of the current portion of receivables from exchange transactions balance of Kshs.14,865,609 and the recoverability of the long outstanding balance of Kshs.10,557,786 could not be confirmed.

4. Undisclosed Current Receivables from Non-Exchange Transactions

The statement of financial position reflects total current assets balance of Kshs.17,610,094. The amount includes cash and cash equivalents balance of Kshs.2,744,485 and current portion of receivables from exchange transactions balance of Kshs.14,865,609 as disclosed in Note 17 and 19 to the financial statements respectively. However, review of records revealed that the balance excludes an amount Kshs.5,280,000, in respect of the forth-quarter capitation for seven hundred and four (704) students at the rate of Kshs.7,500 per student, and which had not been received as at 30 June, 2022 due to the Government's budgetary constraints. Management, vide a letter from the Ministry of Education Ref. No. MOE/TT/11/4/Vol VII, dated 12 July, 2022, was advised to disclose the amount Kshs.5,280,000 as fees receivable. However, no explanation was provided for not recognizing the balance as receivables.

In the circumstances, the accuracy and completeness of the current assets balance of Kshs.17,610,094 could not be confirmed.

5. Undisclosed Land in the Property, Plant and Equipment Balance

The statement of financial position, and as disclosed in Notes 19a and 20a to the financial statements reflects property, plant and equipment balance of Kshs.46,979,040. However, the balance does not include a two (2) hectare parcel of land on which the College is situated.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.46,979,040 as at 30 June, 2022 could not be confirmed.

6. Unexplained Variance in Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.4,822,444 as disclosed in Note 22 to the financial statements. However, the ledgers and the supplier statements provided reflect a corresponding balance of Kshs.4,656,894, resulting in an unexplained and unreconciled variance of Kshs.165,550.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.4,822,444 could not be confirmed.

7. Accuracy of the Statement of Comparison of Budget and Actual Amounts

Review of the statement of comparison of budget and actual amounts revealed the following anomalies:

- i. The statement reflects development grant original budget amount of Kshs.5,000,000 and adjustments and final budget amounts of Kshs. Nil each. However, the recalculated final budget amount is Kshs.5,000,000 thus resulting in an unexplained variance of Kshs.5,000,000.
- ii. The statement reflects total actual expenditure of Kshs.26,791,007, while the statement of financial performance reflects total expenses of Kshs.31,300,862, resulting in an unexplained variance of Kshs.4,509,855. Further, the budget notes for the under collections of sale of goods and other income are not included as required. This is contrary to Section 81(3) of the Public Finance Management Act, 2012, which provides that the accounting officer of a National Government entity shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

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

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis amounts of Kshs.63,820,000 and Kshs.33,663,400 respectively, resulting to under-collection of Kshs.30,156,600 or 47% of the budget. Similarly, the College spent Kshs.26,791,007 against an approved budget of Kshs.63,820,000, resulting to an under-expenditure of Kshs.37,028,993 or 58% of the budget.

The under-collection and under-expenditure affected the planned activities and may have impacted negatively on the operations of the College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Report on Lawfulness and Effectiveness in the Use of Public Resources, 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. Irregular Examination Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.15,912,732 which, as disclosed in Note 12 to the financial statements, includes examination expenses amount of Kshs.1,998,730. However, the amount was not provided for in the approved budget for the financial year 2021/2022. This was contrary to Regulation 31(2)(a) of the Public Finance Management (National Government) Regulations, 2015, which states that the Accounting Officer is responsible, in particular, for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his national Government entity during the financial year.

Further, the amount of Ksh. 1,998,730 includes allowances totaling to Kshs.227,700 paid to various employees who took part in administering Kenya National Examination Council (KNEC) examinations. However, approval for the allowances and their rates were not provided for audit.

In the circumstances, Management was in breach of the law and the regularity of the examination expenses of Ksh. 1,998,730 could not be confirmed.

2. Irregular Remuneration of Board of Governors

The statement of financial performance reflects remuneration of board members expenditure of Kshs.1,780,770 as disclosed in Note 14 to the financial statements. The

amount includes BOG emoluments amount of Kshs.1,392,770 relating to sitting allowances paid to members of the Board of Governors at rates of Kshs.19,900 and Kshs.16,300 for the chairman and members respectively. However, these rates were not approved by the responsible Cabinet Secretary as required by Section 17 of the Second Schedule of the Technical and Vocational Education and Training Act, 2013.

In addition, evidence of remittance of taxes arising from the payments of sitting allowances to Kenya Revenue Authority, as required by Section 23(1) of the Income Tax Act, was not provided for audit.

Further, the BOG emoluments amount of Kshs.1,392,770 includes sitting allowances totaling to Kshs.123,000 that were paid to members who were not in attendance as they did not sign the attendance register.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Approved ICT Policy and Procedures

During the year under review, the College operated without an Information and Communication Technology (ICT) policy and procedures. An ICT policy is a high-level document that ought to cover all areas related to ICT infrastructure, and the policies created ought to be operationalized using procedures.

In the circumstances, the internal controls in relation to the College's ICT environment could not be confirmed.

2. Lack of an Integrated Revenue System

Review of the College's internal controls over revenue revealed that there was lack of integration between the billing system and the bank payment system, such that fees paid

through the bank were recorded manually into the system in order to determine their outstanding balances.

In the circumstances, the effectiveness internal controls over revenue could not be confirmed.

3. Lack of an Updated Asset Register

Review of the college fixed assets register revealed that it was not up to date as it lacked details such as dates of acquisitions, cost of assets, depreciation values, asset life expectancies and repairs/maintenance.

In the circumstances, Management has not established effective internal controls over the fixed assets to eliminate theft, security threats, losses, wastage and misuse.

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

Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control 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 control, risk management and overall 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 operations.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2023



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

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	15,920,000	7,005,000
Transfers from mentor institute	7	-	549,600
Public contributions and donations	8	300,000	500,000
		16,220,000	8,054,600
Revenue from exchange transactions			
Rendering of services- Fees from students	9	17,276,050	7,650,940
Sale of goods	10	30,850	16,375
Other income	11	162,000	88,000
Revenue from exchange transactions		17,468,900	7,755,315
Total revenue		33,688,900	15,809,915
Expenses			
Use of goods and services	12	15,912,732	13,676,892
Employee costs	13	7,049,630	3,200,882
Remuneration of board members	14	1,780,770	1,872,710
Depreciation and amortization expense	15	5,658,855	6,059,986
Repairs and maintenance	16	898,875	1,481,007
Total expenses		31,300,862	26,291,477
Other gains/(losses)		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		2,388,038	(10,481,562)

The notes set out on pages 20 to 36 form an integral part of the Annual Financial Statements.

MABERA TECHNICAL VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	2,744,485	4,707,395
Current portion of receivables from exchange transactions	19	14,865,609	8,792,535
		17,610,094	13,499,930
Non-current assets			
Property, plant and equipment	20a	46,979,040	50,815,170
Intangible assets	21	590,625	787,500
		47,569,665	51,602,670
Total assets		65,179,759	65,102,600
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	4,822,444	5,848,568
Refundable deposits from customers	23	870,600	492,600
Total current Liabilities		5,693,044	6,341,168
Non-current liabilities			
Non-current employee benefit obligations		-	-
Total liabilities		5,693,044	6,341,168
Net assets		59,486,715	58,761,432
Retained earning		5,967,580	3,579,542
Capital Fund		55,181,890	55,181,890
Total net assets and liabilities		65,179,759	65,102,600

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:

Joseph Boke Masiaga

Chairman of Board of Governors

Date. 22 May,2023

Liech Dominic

Finance Officer
ICPAK No 26736

Date 22 May,2023

Stalin Olyenge

Principal

Date 22 May,2023



MABERA TECHNICAL VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development	Total
At 1 July 2020	0	0	14,061,104	55,181,890	69,242,994
Reserve	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0
Total comprehensive income	0	0	(10,481,562)	0	(10,481,562)
Capital/Development	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0
At 30 June 2021	0	0	3,579,542	55,181,890	58,761,432
At 1 July 2021	0	0	3,579,542	55,181,890	58,761,432
Reserve	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0
Total comprehensive income	0	0	2,388,038	0	2,388,038
Retained earnings	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0
At 30 June 2022	0	0	5,967,580	55,181,890	61,149,470



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

		2020-2021	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Cash Flow from Operating Activities			
Surplus/Deficit for the Year		2,388,038	(10,481,562)
Adjustments:			
Depreciation	15	5,658,855	6,059,986
Cash Flow from Operating Activities Before Adjustments		8,046,893	(4,421,576)
Working Capital Changes			
Decrease/(Increase) in receivables	19	(6,073,074)	5,587,436
Increase/(Decrease) in Payables		(648,124)	4,435,794
Total working capital changes		(6,721,218)	10,023,230
Net cash flows from operating activities		1,325,675	5,601,654
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,625,850)	(3,370,360)
Proceeds from sale of property, plant and equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		-	-
Net cash flows used in investing activities		(1,625,850)	(3,370,360)
Cash flows from financing activities			
Increase/Decrease in capital funds		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(1,962,910)	2,231,294
Cash and cash equivalents at 1 JULY 2021	17	4,707,395	2,476,101
Cash and cash equivalents at 30 JUNE 2022	17	2,744,485	4,707,395



MABERA TECHNICAL VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

III. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities Govt grants	30,000,000	-	30,000,000	15,920,000	14,080,000	53.077%
Public contributions and donations		-	-	300,000	-	0%
Rending of services- Fees from students	26,420,000	-	26,420,000	17,276,050	9,143,950	65.39%
Sale of goods	300,000	-	300,000	30,850	269,150	10.28%
Development grant	5,000,000	-	-	-	-	0%
Other Income	2,100,000	-	2,100,000	162,000	1,638,000	22%
Gains on disposal, rental income and agency fees	-	-	-	-	-	0%
Total income	63,820,000	-	63,820,000	33,663,400	30,156,600	52.73%
Expenses						
Compensation of employees	7,580,400	-	7,580,400	7,049,630	530,770	93%
Use of Goods and services	41,089,400	-	41,089,400	16,983,732	24,105,668	41.33%
Repair and Maintenance	2,360,000	-	2,360,000	898,875	1,461,125	38.09%
Remuneration of Board of Governors	1,840,200	-	1,840,200	1,780,770	59,430	97%
Development Grant Expenditure	10,950,000	-	10,950,000	78,000	10,872,000	1%
Total expenditure	63,820,000	-	63,820,000	26,791,007	37,028,993	41.98%
Surplus for the period				6,872,393	(6,872,393)	

Budget notes

1. *Transfer from other Govt entities-There was underfunding by the government thus not giving capitation to all students and we did not get the number of students population used in budget projection hence not meeting the target.*
2. *Rending of services-All most entire student population rely heavily on HELB funding which has not been disbursing fund on time and also there*
3. *Expenses- There was low collection of revenue thus hindering the operations as per the budget allocation of expenses.*



IV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mabera Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Mabera Technical and Vocational College accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Mabera Technical and Vocational College

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <p><i>This amendment has enabled Mabera Technical and Vocational College to recognised all the income in the year they were delivered and not when cash is reconceived</i></p>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.



iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 27 March 2021. There were no subsequent revisions or additional appropriations made to the approved budget. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, since there were no revisions the MTVC did not record additional appropriations on the FY 2021/2022 budget following the Council/ Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *one* of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule *first* of the *income tax Act*.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve account. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the Statement of Comprehensive Income account. Each year the difference between depreciation charged based on the revalue carrying amount of the asset (the depreciation charged to the Statement of Comprehensive Income account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

i) Depreciation

Depreciation on assets is calculated using reducing balance method to write down their cost or revalue amounts to their residual values over their estimated useful lives using the following rates:

Building	10%
Borehole	10%
Furniture & fittings	10%
Fence	10%
Equipment & Tools	10%
Computer software	25%
Computers	25%

ii) Impairment

Assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount.

iii) Gain/loss on disposals

Gains and losses on disposals of assets are determined by reference to their carrying amount and are taken into account in determining the surplus (deficit) for the year.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

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 at the rate of 25% on a reducing balance and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

h) Research and development costs

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

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

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



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.



5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. (This financial year MTVC did not provide for the provisions).



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Capitation grants	15,420,000	7,005,000
Operational grant	500,000	-
Other grants	-	-
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	15,920,000	7,005,000

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2021-2022	2020-2021
	KShs	KShs
Transfer from mentor institute	-	549,600
Total Transfers	-	549,600

8. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2021-2022	2020-2021
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	300,000	500,000
Total donations and sponsorships	300,000	500,000



NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RENDERING OF SERVICES

Description	2020-2022	2020-2021
	KShs	KShs
Tuition fees	6,033,220	2,858,270
Activity fees	800,050	379,560
Industrial attachment fees	1,471,800	721,800
Examination fees	2,013,800	232,640
Personal Emoluments	2,133,940	1,013,460
E, W & C	1,118,840	530,260
L, T & T	1,086,800	515,200
R, M & I	588,000	279,000
Practical fee	1,685,500	922,750
Development fee	-	12,000
Boarding fee	24,000	36,000
KUCCPS	1,500	-
Student Council	318,600	150,000
Total revenue from the rendering of services	17,276,050	7,650,940

10. SALE OF GOODS

Description	2021-2022	2020-2021
	KShs	KShs
Sale of goods		
Sale of food	30,850	16,375
Sale of farm produce	-	-
Cafeteria	-	-
Other(include in line with your organisation)	-	-
Total revenue from the sale of goods	30,850	16,375

(The sale of food was practical food that students usually prepare during practical and sales to staff and fellow students at subsidise price)

11. OTHER INCOME

Description	2021-2022	2020-2021
	KShs	KShs
Insurance recoveries	-	-
Application fee	77,400	43,000
Income from sale of tender	6,000	45,000
Supplementary paper	11,000	-
Miscellaneous	67,600	-
Total other income	162,000	88,000



12. USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
School Equipment and Stores	6,289,758	5,960,665
Industrial attachment costs	139,200	101,350
Electricity, Water & Conservancy	452,101	217,360
Administrative Costs	1,740,553	1,364,869
Security	999,600	780,000
Contingency	560,190	1,530,431
Student council activities	241,100	-
Sports equipment and Sporting Activities	402,650	-
Examination expenses	1,998,730	447,567
Performance Contracting	81,200	-
Local Transport and Travelling	2,969,250	3,253,650
Insurance	38,400	21,000
Total good and services	15,912,732	13,676,892

13. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	7,049,630	3,200,882
Employee related costs - contributions to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Employee costs	7,049,630	3,200,882

14. REMUNERATION OF BOARD OF GOVERNORS

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	388,000	390,000
BOG' emoluments	1,392,770	1,482,710
Other allowances	-	-
Total director emoluments	1,780,770	1,872,710



15. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	5,461,980	5,797,486
Intangible assets	196,875	262,500
Investment property carried at cost	-	-
Total depreciation and amortization	5,658,855	6,059,986

16. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
Property	375,325	1,237,715
Equipment and machinery	5,450	37,480
Borehole	-	113,912
Furniture and fittings	6,000	-
Computers and accessories	10,000	47,900
General expenses	25,100	44,000
Internet Services	477,000	-
Total repairs and maintenance	898,875	1,481,007

17. CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	KShs	KShs
Current account	2,744,485	4,707,395
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	2,744,485	4,707,395



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

		2021-2022	2020-2021
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank No 1		2,634,746	4,190,885
Kenya Commercial bank No 2		16,998	513,723
Sub- total		2,651,744	4,704,608
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Cash in transit		-	-
cash in hand		92,741	2,787
Mobile Money account		-	-
Sub- total		92,741	2,787
Grand total		2,744,485	4,707,395

19 RECEIVABLES FROM EXCHANGE TRANSACTIONS

19 Current Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	14,777,376	8,746,535
Rent debtors	-	-
Prepayment	311,972	-
Other exchange debtors	4,000	32,000
Salary advances	-	14,000
Helb	(56,919)	-
Bursary	(170,820)	-
Capitation	-	-
Net pay	-	-
Total current receivables	14,865,609	8,792,535

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022
NOTES TO THE FINANCIAL STATEMENTS (Continued)



19 (a) PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings		Learning Materials		Office Equipment		Tool & Equip		Furniture and fittings		Computer s		Borehole		Water Tank		Fence		Total	
		Shs		Shs		Shs		Shs		Shs		Shs		Shs		Shs		Shs		Shs
At 1st July 2020				261,504	-	-	-	-	873,460	103,300	-	-	-	-	-	-	-	-	-	-
Additions	55,076,680				120,000				204,000	1,005,000								497,990		59,812,934
Disposals		1,441,360																		2,770,360
Transfers/adjustments																				
At 30th June 2021				261,504	120,000				1,077,460	1,108,300								497,990		62,583,294
Additions								166,000	168,000	815,000					476,850					1,625,850
Disposals																				
Transfer/adjustments																				
At 30 th June 2022		56,518,040		261,504	120,000		166,000	166,000	1,245,460	1,923,300				3,000,000	476,850			497,990		64,209,144
Depreciation and impairment																				
At 1 st July 2020		(5,507,668)							(87,346)	(25,825)				(300,000)				(49,799)		(5,970,638)
Depreciation		(5,101,037)			(12,000)				(99,011)	(270,619)				(270,000)				(44,819)		(5,797,486)
Impairment																				
Transfer/adjustment																				
At 30 th June 2021		(10,608,705)			(12,000)				(186,357)	(296,444)				(570,000)				(94,618)		(11,768,486)
At 1 July 2021		(10,608,705)			(12,000)				(186,357)	(296,444)				(570,000)				(94,618)		(11,768,486)
Depreciation		(4,590,934)			(10,800)		(16,600)	(16,600)	(105,910)	(406,714)				(243,000)	(47,685)			(40,337)		(5,461,980)
Disposals																				
Impairment																				

MABERA TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022



Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-
At 30 th June 2022	(15,199,639)	-	(22,800)	(16,600)	(292,267)	(703,158)	(813,000)	(47,685)	(134,955)	-	(17,230,104)
Net Book Values											
At 30 th June 2021	45,909,335	261,504	108,000	-	891,103	811,856	2,430,000	-	403,372	-	50,815,170
At 30 th June 2022	41,318,401	261,504	97,200	149,400	953,193	1,220,142	2,187,000	429,165	363,035	-	46,979,040

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022
NOTES TO THE FINANCIAL STATEMENTS (Continued)



Valuation

MTVC has not yet valued its land and building since its inception in the year 2019.

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0.00	0.00	0.00
Learning Materials	261,504	0.00	261,504
Buildings	56,518,040	15,199,639	41,318,401
Office equipment	120,000	22,800	97,200
Borehole	3,000,000	813,000	2,187,000
Computers and related equipment	1,923,300	703,158	1,220,142
Tool & Equipment	166,000	16,600	149,400
Water Tank	476,850	47,685	429,165
Furniture, and fittings	1,245,460	292,267	953,193
Fence	497,990	134,955	363,035
Total	64,209,144	17,272,084	46,937,060

20 INTANGIBLE ASSETS-SOFTWARE

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	1,200,000	600,000
Additions	-	600,000
At end of the year	1,200,000	1,200,000
Additions—internal development	-	-
At end of the year	1,200,000	1,200,000
Amortization and impairment		
At beginning of the year	412,500	150,000
Amortization	196,875	262,500
At end of the year	609,375	412,500
Impairment loss	-	-
At end of the year	-	-
NBV	590,625	787,500



NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	4,656,894	5,848,568
Fees paid in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables-Payroll liabilities	165,550	-
Total trade and other payables	4,822,444	5,848,568

22 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2021-2022	2020-2021
	KShs	KShs
Consumer deposits	-	-
Caution money	870,600	492,600
Other refundable deposits	-	-
Total deposits	870,600	492,600

Retirement benefit Asset/ Liability

Currently Mabera Technical and Vocational College does not operate a define benefit scheme for its employees.

Recognition of Retirement Benefit Asset/ Liability

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently peg on the new rates per employee per month. Other than NSSF MTVC has no other defined contribution scheme.

23 SERVICE CONCESSION ARRANGEMENTS

Description	2021-2022	2020-2021
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-



24 CASH GENERATED FROM OPERATIONS

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Surplus/Deficit for the year	2,388,038	(10,481,562)
Depreciation	5,658,855	6,059,986
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	(6,073,094)	5,587,436
Increase in deferred income	-	-
Increase in payables	(648,124)	4,435,794
Increase in payments received in advance	-	-
Net cash flow from operating activities	1,325,675	5,601,654



NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	8,792,535	8,792,535	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	4,704,608	4,704,608	-	-
Total	13,497,143	13,497,143	-	-
At 30 June 2022				
Receivables from exchange transactions	14,865,609	14,865,609	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	2,744,485	2,744,485	-	-
Total	17,610,094	17,610,094	-	-

(NB: The cash in hand amounts have been excluded from the totals)



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	21,106,570	844,440	2,897,598	1,594,774
Current portion of borrowings	-	-	-	-
Refundable Deposit from customers	-	-	492,600	492,600
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	2,106,570	844,400	3,390,198	6,341,168
At 30 June 2022				
Trade payables	165,550	1,729,904	1,138,255	3,033,709
Current portion of borrowings	-	-	-	-
Refundable Deposit from customers	-	-	870,600	870,600
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	165,550	1,729,904	2,008,855	3,904,309



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

(iii) Market risk (Continued)

b) Interest rate risk(continued)

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Retained earnings	5,967,580	3,579,542
Capital Fund	55,181,890	55,181,890
Total funds	61,149,470	58,761,432
Total borrowings	-	-
Less: cash and bank balances	(2,744,485)	(4,707,395)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0.00%	0.00%



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

28. SEGMENT INFORMATION

Mabera TVC operates in only one location

29. DEFERRED TAX LIABILITY

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

30. EVENTS AFTER THE REPORTING PERIOD

There was no event.

31. ULTIMATE AND HOLDING ENTITY

The entity is an educational institution under the Ministry of education. Its ultimate parent is the Government of Kenya.

32. CURRENCY

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



APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
4.1 Unsupported Expenditure	The management should provide the attendant register for audit review.	Please find attached files.	Resolved	
4.2.1 Employee Remuneration	The Management should provide the board resolution authorizing the payment of salaries.	Please find attached scanned copy of the board minutes that discussed the issue.	Resolved	
4.2.2 Non-Establishment of Human Resource Department	<ul style="list-style-type: none"> i. The Management should establish a Human Resource department. ii. The management should formulate a Human Resource Policy/Manual to guide on matters recruitment and promotions. 	Currently the management is establishing Human Resource department. The management is currently formulating Human Resource Policy/Manual.	Resolved	
4.3 Remuneration to the Board of Governors	<ul style="list-style-type: none"> i. The institution should remit the due taxes immediately. ii. The board of governors should formulate a board charter and annual work plans 	The management is going to discuss with the B.O.G about the issue. And currently management has been remitting the taxes. The management has advised the board of governor to formulate annual work plans and formulate a board charter thus board	Resolved	

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		has agreed to do so before the end of the financial year.		
4.4 Misclassification of Expenditure	The management should classify and record expenditure items in their respective Ledger accounts and amend the financial statements accordingly. The management responds	The management has classified and recoded the expenditure items and amended the financial statements as per the advice.	Resolved	
4.5 Cash and Cash Equivalent 4.5.1 Unexplained Variance in Bank reconciliation statement	The management should reconcile the variance between the two set of records and amend financial statement appropriately	The management has reconciled the variances and amended the financial statements. Please find attached file.	Resolved	
4.5.2 Misclassification of Cash and Cash Equivalent	The management should reclassify the balance accordingly.	It was system error. The management has reclassified the balance and amended it in the financial report	Resolved	
4.5.3 Unsupported Cash and Cash Equivalent Balance	The management should provide a board of survey certificate.	Please find the attached file.	Resolved	
4.6 Current Receivables from Exchange Transaction	<ul style="list-style-type: none"> i. Management should provide an aging analysis schedule for the student debtors. ii. Management should formulate a debt management policy. The management response 	Currently the management has formulated a debt management policy.	Resolved	

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
4.7.1 Unsupporte d Property Plant and Equipment	i. Management should provide the relevant documents to support the valuation of property plant and equipment. Management should disclose the institutions depreciation policy in the financial statements	The management is doing a follow-up with Kuria West cdf office to provide the relevant documents for boreholes and fence. The management is sending scanned copy of the relevant documents for building. The management is currently engaging the valuer to help in valuation of the assets.	Resolved	In 2022
4.7.2 Understate ment of Assets	Management should include the value of the land in the financial statements.	The management is planning to look for a land valuer to help in ascertain the value of land before the end of this financial year.	Resolved	In 2022
4.7.3 Procuremen t of Computer Software	Management should provide approved user requisition, quotations and contract to justify/support this expenditure	Please find attached files.	Resolved	
4.7.4 Non- maintenanc e of an Asset Register	The management should develop a detailed asset register as required by Regulation 143. (1) (2) and (3) of Public Finance Management (National Government) regulations 2015 and National Treasury circular.	The management is currently doing asset tagging and making a detailed asset register.	Resolved	In 2022
4.8 Misclassific ation of	i. Management should classify the employees advance	The management has classified the employees'	Resolved	

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
Payables	accordingly. ii. Management should provide an aging analysis report	advances to the correct ledger and subsequently amended the financial report.		
4.9 Unexplained Variances Between the Financial Statement and the Ledgers	Management should reconcile the figures and amend the financial statements accordingly	The management has reconciled the figures and amended the financial report as per the advice.	Resolved	
4.10 Inaccuracies in the Financial Statement	Management should amend the financial statements accordingly to present fairly the institution financial position, financial performances and cash flows.	The management has amended the financial reports as per the advise.	Resolved	
4.11 Variance Between Financial Statement Figures and Trial Balance	Management should reconcile the figures and amend the financial statements accordingly.	The management has reconciled and amended the financial statements as per the advice.	Resolved	
4.12.1 Budget Deviations	The management should come up strategies that will improve collection of revenues and absorption of budgeted funds	The management has currently put in place strategies such as all students to apply for help this will improve collection of revenues of the institution.	Resolved	
4.12.2 Budget	The management should come up strategies that will	The management has ensured that the	Resolved	

MABERA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
Approval	improve collection of revenues and absorption of budgeted funds.	current budget the next budget have been approved by the ministry.		
4.13 Non-compliance with Financial Reporting Framework	The management should include the footnotes in the financial statements.	Management has put the footnotes as per the advised.	Resolved	
4.14 Non-Establishment of Internal Audit	The management should establish an internal audit function	Management is in the process to establish the internal audit function.	Resolved	2022
4.15 Non-Establishment of an Audit Committee	The management should establish an audit Committee in compliance with regulations	The management currently has established audit committee in compliance with regulation.	Resolved	2022
4.16 Lack of a Risk Management Policy	Management should spearhead formulation and approval of the risk management policy and educate the management and staff on the importance of the policy concerning the operations of the entity	Currently the management is formulating the risk management policy.	Resolved	2022

Accounting Officer

Name: Stalin Olwenge

(Mabara Technical & Vocational College Principal)

Signature

Date 22 May,2023

MABERA TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022



APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

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