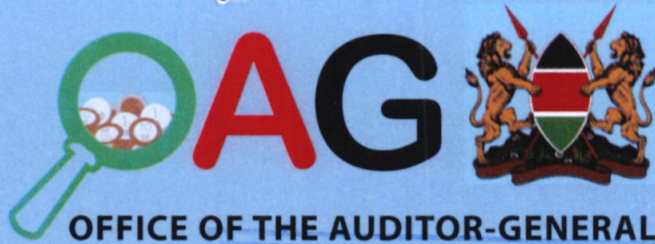


REPUBLIC OF KENYA



Enhancing Accountability

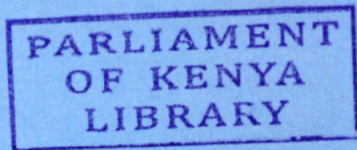
REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 01 JUL 2025. DAY: Tuesday

TABLED BY: Hon. Kimani Ichung'wa, MP
OF: Leader of Majority
THE: Ann Shibuho

THE AUDITOR-GENERAL



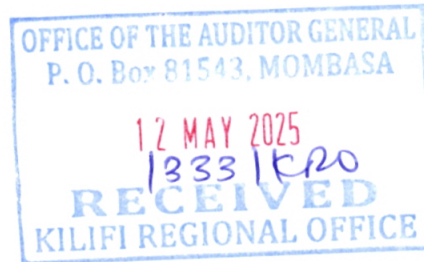
ON

**MAGARINI TECHNICAL AND VOCATIONAL
COLLEGE**

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

KILIFI COUNTY

Revised 30th June 2024



MAGARINI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2024.**

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |
| TVC | Technical Vocational College |

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key College Information and Management

(a) Background information

Magarini Technical and Vocational College is a government owned Technical Training Institution established under TVET Act in 2016. It is located in Waresa, Marafa ward, Magarini constituency, Kilifi County. The construction of the college was funded by the Government of Kenya assisted by Magarini constituency Development Fund (CDF) which contributed KSh 10million and donated piece of land where the College is premised. The institute is under the Ministry of Education.

(b) Principal Activities.

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal

(d) Fiduciary Management

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

| SN. | Designation | Name |
|-----|-------------|-----------------------------|
| 1. | Principal | Silas Duncan Ochieng |

(e) College Headquarters

P.O. Box 105-80207
MADINA-KENYA

(f) College Contacts

Telephone: 0718856403
E-mail: magarini_tvc@gmail.com
Website:

Key College Information and Management (Continued)

(g) College Bankers

KCB BANK
MLD -BRANCH
Nairobi, Kenya




(h) Independent Auditors

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



Principal Legal Adviser

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




3.The Board of Governors

| | | |
|-----------|--|---|
| <p>1.</p> | <p>Board Chairman</p>  <p>Lenox Maitha</p> | <p>Bachelor of arts. He has 32 years of experience in teaching</p> |
| <p>2.</p> | <p>Board member</p>  <p>Nyundo Katembo</p> | <p>Holds bachelor of Commerce (Accounting option). The Managing Director Kwale Water and Sewage Company.</p> |
| <p>3.</p> | <p>Board member</p>  <p>Catherine Kenga</p> | <p>Holds Master of Arts International Studies. Works as the Parliamentary Service Commission Hansard reporter with four years experience.</p> |


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

| | | |
|-----------|---|---|
| <p>4.</p> | <p>Board member</p>  <p>Madam Dorris Kache</p> | <p>Masters in Counselling Psychology. 36 years in teaching experience and 7 years as member of Kaloleni sub-county Land Control Board</p> |
| <p>5.</p> | <p>Board member</p>  <p>Mr. Stephen Mwendwa</p> | <p>Bachelor of Technology Civil Engineering. Clerk of works for construction of Kenya Maritime Office Block. 7 years of experience.</p> |
| <p>6.</p> | <p>Board member</p>  <p>Mr. Adalla Ahmed Ali</p> | <p>Master of Business Administration(Strategic management Option) . County Chief Officer – Education, Technology and Vocational Training. Has 40 year experience.</p> |
| <p>7.</p> | <p>Secretary to the Board</p>  <p>Anselim Mwakio Principal</p> | <p>Master of science in Entrepreneurship Development</p> |

4. Key Management Team

| SN. | Member | Details |
|-----|---|---|
| 1. |  Anselim Mwakio Principal | Master of science in Entrepreneurship Development |
| 2. |  Charles Thurania Deputy Principal | Bachelors of Business Information Technology |
| 3. |  Gift Chibo Mwangome Ag. Registrar | Bachelors of Business Information Technology |

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

| | | |
|---|---|-----------------------------------|
| | | |
| |  | Diploma in mechanical engineering |
| 4. | Isaac Mutunga Kyalo Ag. Dean of students | |
| 5. | | |
| (Note: The Principal and the Secretary to the BoG will feature both under the 'Board' and 'Management'). | | |

5. Chairman's Statement

Magarini Technical and Vocational College is well placed to provide adequate and relevant knowledge and skills to the trainees which will enable them to contribute towards the attainment of our country vision 2030 strategic objectives and supporting the drive in realising the objectives of the National Government Big Four agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate academic programs in several ways that will ensure their competitiveness in terms of quality and relevance. The sources of funding to the technical at the end of this period i.e. 30th June 2024, was Government capitation. The Total income for the year were ksh.2,000,000. The recurrent expenditure totalled KSh 2,801,832. The college closed the year with a Deficit of Ksh.801,832

The college requires a lot of support from the National Government and other stakeholders in terms of funding, material support and other contributions.

We shall continue to appeal for such support for several years to come. On behalf of the college, I take this opportunity to thank the national government for its support.

I look forward to their continued support in the new financial year and the subsequent periods ahead.



Name: NYUNDO KATEMBO
Chairperson of the Board

6. Report of the Principal

The college planned for and embarked on infrastructure development in order to increase access to technical education. The Institute led by the Board of Governors joint efforts in building capacity in mentees personnel, employing participatory development and collaborative principles to enhance capability and institutional knowledge transfer as part of a wider change management process.



NAME; Anselim Mwakio
Principal/Secretary of the Board



7. Statement of Performance against Predetermined Objectives

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

Magarini Technical and Vocational College's strategic pillars within its strategic plan being developed are as follows.

1. Quality Training
2. Infrastructure development,
3. Trainee Enrolment and tracer studies,
4. Resource mobilization
5. Linkages and Partnerships
6. Good Governance,
7. Trainee welfare
8. Financial Sustainability

8. Corporate Governance Statement.

Magarini Technical and Vocational College, is committed to the values and principles of good corporate governance as an integral part of corporate culture and guides the manner in which its Governors, management, staff and students conduct the business of the organisation. As a public-sector organization dedicated to providing quality service to its stake holders, the Institution decisions are guided by the core tenets prescribed in the public Officers Ethics Act, The leadership and Integrity Act, The Authorities Code of Conduct, corporate Governance guidelines Board and Board Committee Charters. The Institution endeavours to develop, strengthen and sustain the trust that the Government, employees, students and public has placed in it. The board is committed to regularly evaluate national and international emerging standards in responsible, transparent and efficient management with a view of enhancing corporate governance at the Institution and consistently deliver on its statutory mandate.

9. Management Discussion and Analysis.

Magarini Technical and Vocational College has continued to position itself as the leading technical training institution in the Magarini sub county. The strategic plan is being developed on the basis of the vision 2030 and Bottom-up Economic Transformation Agenda (BETA) other strategic priorities of the government as outlined in the constitution of Kenya 2010. Our commitment to service delivery, efficiency and leadership.

The college's core values of integrity, professionalism, innovation, accountability, inclusivity, teamwork and community service have played a great role in realizing the Institute's motto of Training for Resilience and Competence.

Magarini Technical and Vocational College continues to face pressure on existing resources due to inadequate training infrastructure.

10. Environmental And Sustainability Reporting Statement

The Institution commits to ensure that we comply with all the legal requirements as well as meeting set deadlines. We commit to provide excellent training environment for our trainees who are our major customers.

1. Environmental performance

The college is in the process of planting the neem trees which are drought resistant around the compound which provide shade for the students, staff and visitors. The trees help to filter out the dust and carbon dioxide from the environment hence improving the quality of air that we breathe inside and around the institution.

2. Employee welfare

The College is in the process of developing Human Resource Policy to addresses key areas in human resource such as hiring, appraisals, training, discipline and dismissal. Magarini Technical and Vocational College has qualified staff both in training and subordinate staff. To ensure that there is motivation and productivity amongst its staff, Magarini Technical and Vocational College ensures that its employees attend regular workshops and trainings organised by the Institution and other stakeholders like Kenya Association Technical Training Institutions (KATTI.)

3. Market place practices-

The College is guided by the TVETA Act, the PFM Act 2012 and the Public Procurement and Disposal Act 2015 among other key legislations governing public educational learning institutions.

4. Community Engagements-

The college is in the process of engaging the community in corporate social responsibility.

11. Report of the Board of Governors

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

Principal activities

The principal activities of the College will continue to be provision of technical and vocational training

Results

The results of the college for the year ended June 30 are set out on page 1 – 26

Board of Governors

The members of the Board who served during the year are shown on page V and VI.

Auditors

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



Anselim Mwakio
Principal/Secretary of the Board



12. Statement of Board of Governors Responsibilities

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


The Board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the College; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

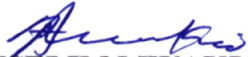
The Board members accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required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

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

Approval of the financial statements

The Magarini Technical and Vocational College financial statements were approved by the Board on 20.12.2024 and signed on its behalf by:

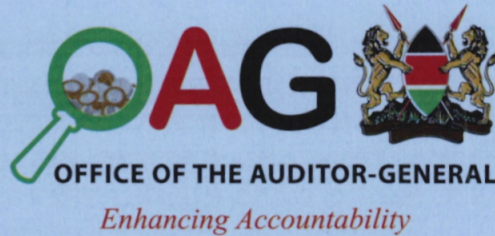

Name: NYUNDO KATEMBO
Chairperson of the Board


Name: ANSELIM MWAKIO
Accounting Officer/Principal



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MAGARINI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024 – KILIFI COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Magarini Technical and Vocational College - Kilifi County set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of cash flows, Statement of changes in net asset 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 Magarini Technical and Vocational College – Kilifi County as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects total payments of Kshs.1,484,316 which differ with the recomputed amount of Kshs.1,383,256 resulting in unreconciled variance of Kshs.101,060. The statement also reflects net cash flows from operating activities amount of Kshs.868,566 which differ with the recomputed amount of Kshs.616,744 resulting in unexplained variance of Kshs.251,822. Further, the statement reflects net increase in cash and cash equivalent amount of Kshs.868,566 which differ with the recomputed amount of Kshs.616,744 resulting in unexplained variance of Kshs.251,822. The statement reflects a cash and cash equivalent balance of Kshs.868,566 which differ with the recomputed balance of Kshs.969,626 resulting in unreconciled variance of Kshs.101,060.

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

2. Inaccurate and Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.55,324,473 as disclosed in Note 12 to the financial statements. However, the fixed asset register was not provided for audit verification. In addition, the College sits on a parcel of land of approximately thirty (30) acres, of undetermined value whose ownership documents were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.55,324,473 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual amounts of Kshs.2,000,000. Similarly, the statement reflects expenditure of Kshs.1,484,316 against actual revenue of Kshs.2,000,000 resulting in an under-expenditure of Kshs.515,684 or 26% of the actual revenue.

The under-expenditure affected the planned activities and might have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

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. Except for the matters described in the Basis for Qualified Opinion section. There were no audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management had not resolved the issues as at 30 June, 2024 or given any explanations. In addition, the Appendix for Progress on Follow-up of Auditor's Recommendations is omitted from these financial statements, contrary the Public Sector Accounting Standards Board reporting template.

Other Information

The Management is responsible for the other information set out on page iii to xvii which comprise of key college information and management, the board of governors, key management team, chairman's statement, report of the principal, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting statement, report of the board of governors and statement of board of governors. The Other Information does not include the financial statements and my audit report thereon. In connection with my audit on the institution's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements for Audit

Management submitted the financial statements to the Auditor-General on 28 February, 2025 instead of the statutory deadline of 30 September, 2024. This was contrary to the Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Unsupported and Irregular Expenditure on Use of Goods and Services

The statement of financial performance reflects use of goods and services expenditure amount of Kshs.1,077,956 as disclosed in Note 7 to the financial statements out of which Kshs.122,040 was not supported with local purchase orders, invoices and goods received notes. Further, use of goods and services actual expenditure of Kshs.1,077,956 exceeded the budgeted amount of Kshs.1,000,000 resulting in an over expenditure of Kshs.77,956 or 8%. This was contrary to Regulation 104 (1) of the Public Finance Management (National Government) Regulations, 2015 which requires that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

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

3. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:

- i. The statement of cash flows reflects cash and cash equivalent under Note 26 to the financial statements instead of Note 11.
- ii. The statement of comparison of budget and actual amounts reflects total expenditure performance difference amount of Kshs.515,684 that differ with the recomputed amount of Kshs.616,744 resulting in unreconciled variance of Kshs.101,060. The statement also reflects board expenses performance difference of Kshs.321,060 which differ with the recomputed amount of Ksh.220,000 resulting in unreconciled variance of Kshs.101,060. Equally, the statement reflects total expenditure amount of Kshs.1,484,316 which differ with the recomputed amount of Kshs.1,383,256 resulting in unreconciled variance of Kshs.101,060. In addition, the statement reflects surplus for the period of Kshs.515,684 which differ with the recomputed amount of Ksh.616,744 resulting in unreconciled variance of Kshs.101,060.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the financial statements for decision making.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Function and Failure to Establish Audit Committee

The Institute was operating without an internal audit unit and also the Board had not established an audit committee contrary to Section 73(5) Public Finance Management Act, 2012 which states that every National Government public entity shall establish an

internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the College did not benefit from the oversight role and advice from the audit committee and the internal audit function.

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

Responsibilities of the Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

Nairobi

05 June, 2025

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

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

| | Notes | For Twelve months ended 30 th June 2024 | For Nine months Ended 30 June 2023 |
|---|-------|--|------------------------------------|
| | | Kshs | Kshs |
| Revenue from non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 2,000,000 | 1,000,000 |
| | | 2,000,000 | 1,000,000 |
| Revenue from Exchange transactions | | | |
| Revenue from Exchange transactions | | - | - |
| Total Revenue | | 2,000,000 | 1,000,000 |
| | | | |
| Expenses | | | |
| Use of goods and services | 7 | 1,077,956 | 546,683 |
| Employee costs | 8 | 85,300 | 1,000 |
| Board Expenses | 9 | 220,000 | 200,500 |
| Depreciation and amortization expense | 10 | 1,418,576 | 1,084,262 |
| Total Expenses | | 2,801,832 | 1,832,440 |
| Net deficit for the year | | (801,832) | (832,440) |

The Financial Statements set out on pages 2 to 26 were signed by:



NYUNDO KATEMBO
Chairman of Board

Date: 23.01.2025



ANSELIM MWAKIO
Principal

Date: 23.01.2025



JOSEPH AMANI
Finance Officer

Date: 23.01.2025



Magarini Technical and Vocational College
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15. Statement of Financial Position as at 30th June 2024

| Description | Notes | For Twelve Months ended 30 th June 2024 | For Nine Months ended 30 th June 2023 |
|---------------------------------------|-------|--|--|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 11 | 868,566 | 352,882 |
| Total Current Assets | | 868,566 | 352,882 |
| Non-Current Assets | | | |
| Property, plant, and equipment | 12 | 55,324,473 | 56,743,049 |
| Total Non-Current Assets | | 55,324,473 | 56,743,049 |
| Total Assets (A) | | 56,193,039 | 57,095,931 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accrued Payables | 13 | - | 101,060 |
| Total non- current liabilities | | 0 | 101,060 |
| Total Liabilities (B) | | 0 | 101,060 |
| Net Assets (A-B) | | 56,193,039 | 56,994,871 |
| Represented By: | | | |
| Accumulated Surplus | | (801,832) | (832,440) |
| Capital Fund | | 56,994,871 | 57,827,511 |
| Net Assets | | 56,193,039 | 56,994,871 |

The Financial Statements set out on pages 2 to 26 were signed by:

NYUNDO KATEMBO

ANSELIM MWAKIO

JOSEPH AMANI



Chairman of Board

Date: 23.01.2025



Principal

Date: 23.01.2025




Finance Officer

Date: 23.01.2025

Statement of Changes in Net Asset for The Year Ended 30 June 2024

| Description | Retained Earning | Capital Fund | Total |
|---|--------------------|-------------------|-------------------|
| At Oct 1, 2022 | - | 57,827,311 | 57,827,311 |
| Total comprehensive income for the year | (832,440) | - | (832,440) |
| At 30th June 2023 | (832,440) | 57,827,311 | 56,994,871 |
| | | | |
| At July 1, 2023 | (832,440) | 57,827,311 | 56,994,871 |
| Total comprehensive income for the year | (801,832) | - | (801,832) |
| At 30th June 2024 | (1,634,272) | 57,827,311 | 56,193,039 |

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

| Description | Note | For Twelve Months for the year Ended 30 th June 2024. | For Nine Months for the year Ended 30 th June 2023. |
|---|------|--|--|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other National Government entities | | 2,000,000 | 1,000,000 |
| Total Receipts | | 2,000,000 | 1,000,000 |
| Payments | | | |
| Use of goods and services | | 1,077,956 | 546,683 |
| Employee costs | | 85,300 | 1,000 |
| Board Expenses | | 220,000 | 200,500 |
| Total Payments | | 1,484,316 | 647,123 |
| Net Cash Flows from operating activities | | 868,566 | 352,882 |
| Cash flows from investing activities | | | |
| Net cash flows used in investing activities | | - | - |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 868,566 | 352,882 |
| Cash and Cash equivalents at 1 JULY | 26 | 352,882 | 5 |
| Cash and Cash equivalents at 30 JUNE 2024 | 26 | 868,566 | 352,882 |

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization Difference |
|---|-----------------|-------------|--------------|----------------------------|------------------------|------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| Revenue | | | | | | |
| Transfers from other National Government entities | 2,000,000 | - | 2,000,000 | 2,000,000 | - | 100% |
| Total Income | 2,000,000 | - | 2,000,000 | 2,000,000 | - | 100% |
| | | | | | | |
| Expenses | | | | | | |
| Use of goods and services | 1,000,000 | - | 1,000,000 | 1,077,956 | -77,956 | 108% |
| Employee costs | 500,000 | - | 500,000 | 85,300 | 414,700 | 17% |
| Board Expenses | 500,000 | - | 500,000 | 321,060 | 178,940 | 64% |
| Total Expenditure | 2,000,000 | - | 2,000,000 | 1,484,316 | 515,684 | 74% |
| | | | | | | |
| Surplus For the Period | - | - | - | 515,684 | - | |
| Capital Expenditure | - | - | - | - | - | |

Notes to the Financial Statements

1. General Information

Magarini Technical and Vocational College is established by and derives its authority and accountability from TVETA Act 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is technical and vocational 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 judgment in the process of applying the college's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the College. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

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

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

| Standard | Effective date and impact: |
|---|--|
| IPSAS 43: Leases | Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an College. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |
| IPSAS 45: Property Plant and Equipment | Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46: Measurement | Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. |

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| | |
|--|---|
| | <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an College shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| IPSAS 48: Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49: Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

b) Budget information

c) Taxes

Current income tax

The College is exempt from paying taxes as per schedule IRC Section 501(c)(3), of the Income Act.

Sales tax/ Value Added Tax

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

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

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

Property, plant and equipment

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

Intangible assets

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

Research and development costs

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

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

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

d) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The College does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).

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A financial instrument is any contract that gives rise to a financial asset of one College and a financial liability or equity instrument of another College. At initial recognition, the College measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The College assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The College recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

e) Inventories

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

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

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

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

Inventories (Continued)

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

f) Provisions

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

Contingent liabilities

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

Contingent assets

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

g) Social Benefits

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

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

k) 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.

l) 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.

m) Related parties

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

n) Service concession arrangements

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

o) 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.

p) Comparative figures

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

q) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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

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6. Transfers from other National Government entities

| Description | For Twelve Months ended 30 th June 2024 | For Nine months ended 30 th June 2023 |
|-----------------------------------|--|--|
| | Kshs | Ksh |
| Unconditional Grants | | |
| Capitation Grants | 2,000,000.00 | 1,000,000 |
| Operational Grant | - | - |
| Development grants | - | - |
| Other Grants | - | - |
| Total unconditional Grants | 2,000,000.00 | 1,000,000 |

(a) Transfers from other Government entities (Categorized)

| Name of the College Sending The Grant | Amount recognized to Statement of Financial performance | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year 2023-2024 | Total grant for the previous year 2022-2023 |
|---------------------------------------|---|---------------------------------------|------------------------------------|--|---|
| | Kshs | Kshs | Kshs | Kshs | Ksh |
| State Department of TVET | 2,000,000 | - | - | 2,000,000 | 1,000,000 |
| Total | 2,000,000 | - | - | 2,000,000 | 1,000,000 |

7. Use of Goods and Services

| Description | For Twelve Months ended 30 th June 2024 | For Nine Months ended 30 th June 2023 |
|--------------------------------|--|--|
| | Kshs | Kshs |
| Travelling and accommodation | 537,550 | 267,255 |
| Postage | - | 9,748 |
| Printing and stationery | 14,610 | 5,550 |
| Bank charges | 1,066 | 1,265 |
| Hire expenses | 11,000 | - |
| Telephone expenses | 10,000 | 21,000 |
| Administration costs | 287,546 | 31,350 |
| Activities expenses | 216,184 | 210,515 |
| Other (specify) | - | - |
| Total good and services | 1,077,956 | 546,683 |

8. Employee Costs

| Description | For Twelve Months ended 30 th June 2024 | For Nine Months ended 30 th June 2023 |
|-----------------------|--|--|
| | Kshs | Kshs |
| Salaries and wages | 85,300 | 1,000 |
| Employee Costs | 85,300 | 1,000 |

9. Board Expenses

| Description | For Twelve Months Ended 30 th June 2024. | For Nine Months Ended 30 th June 2023. |
|----------------|---|---|
| | Kshs | Kshs |
| Board Expenses | 220,000 | 200,500 |
| Total | 220,000 | 200,500 |

10. Depreciation and Amortization expense

| Description | As at 30 th June 2024 | As at 30 th June 2023 |
|--|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 1,418,576 | 1,084,262 |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | 1,418,576 | 1,084,262 |

11. Cash and Cash Equivalents

| Description | As at 30 th June 2024 | As at 30 th June 2023 |
|--|----------------------------------|----------------------------------|
| | Kshs | Kshs |
| Current Account | 868,566 | 352,882 |
| On - Call Deposits | - | - |
| Fixed Deposits Account | - | - |
| Staff Car Loan/ Mortgage | - | - |
| Others (Specify) | 0 | 0 |
| Total Cash and Cash Equivalents | 868,566 | 352,882 |

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

| Financial Institution | Account number | As at 30 th June 2024 | As at 30 th June 2023 |
|----------------------------|----------------|----------------------------------|----------------------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| Kenya Commercial Bank | 1303694409 | 868,566 | 352,882 |
| Sub- Total | | 868,566 | 352,882 |
| b) Others (Specify) | | | |
| Cash in Hand | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| Grand Total | | 868,566 | 352,882 |

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12. Property, Plant and Equipment

| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
|-------------------------------------|-------------|-------------------|-----------------------|-------------------------------|------------------|----------------------------|-------------------|
| COST | Land | Buildings | Motor Vehicles | Furniture and Fittings | computers | Plant and Equipment | Total |
| Depreciation per Annum | - | 2.5% | 25% | 12.5% | 25% | 2.5% | |
| At 1 July 2022 | - | 57,827,311 | - | - | - | - | 57,827,311 |
| Additions | - | - | - | - | - | - | - |
| Disposal | - | - | - | - | - | - | - |
| At 30th June 2023 | - | 57,827,311 | - | - | - | - | 57,827,311 |
| At 1 July 2023 | - | 57,827,311 | - | - | - | - | 57,827,311 |
| additions | - | - | - | - | - | - | - |
| disposals | - | - | - | - | - | - | - |
| At 30 th June 2024 | - | 57,827,311 | - | - | - | - | 57,827,311 |
| | | | | | | | |
| Depreciation | | | | | | | |
| At 1 Oct 2022 | - | 57,827,311 | - | - | - | - | 57,827,311 |
| Depreciation | | (1,084,262) | | | | | (1,084,262) |
| impairment | - | - | - | - | - | - | - |
| At 30 Jun 2023 | | 56,743,049 | - | - | - | - | 56,743,049 |
| Depreciation | - | (1,418,576) | - | - | - | - | (1,418,576) |
| Impairment | - | - | - | - | - | - | - |
| At 30 June 2024 | - | 55,324,473 | - | - | - | - | 55,324,473 |
| Net Book Value | - | 55,324,473 | - | - | - | - | 55,324,473 |

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

32 (b) Property, Plant and Equipment at Cost

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

| Description | Cost | Accumulated Depreciation | NBV |
|---|-------------------|--------------------------|-------------------|
| | Kshs | Kshs | Kshs |
| Land | - | - | - |
| Buildings | 57,827,311 | 2,502,938 | 55,324,473 |
| Plant And Machinery | - | - | - |
| Motor Vehicles including Motorcycles | - | - | - |
| Computers and Related Equipment | - | - | - |
| Office Equipment, Furniture, And Fittings | - | - | - |
| Total | 57,827,311 | 2,502,938 | 55,324,473 |

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13. Trade and Other Payables

| Description | AS at June 2024 | As at 30 June 2023 | |
|---------------------------------------|-----------------|--------------------|-----------------------|
| | Kshs | Kshs | |
| Payables-Cash from mentor | - | 101,060 | |
| Total Trade and Other Payables | - | 101,060 | |
| Ageing analysis: | | | Current FY |
| Under one year | - | 101,060 | |
| Total (to tie to totals above) | - | 101,060 | |
| | - | | |
| | | | % of the Total |
| Accrued Payables | - | 101,060 | 100% |

33. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

34. Events After the Reporting Period

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

35. Ultimate And Holding College

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

36. Currency

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

**Magarini Technical and Vocational College
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iii. Appendices-

Inter-College Confirmation Letter

Name of transferring College: MOE DTE

Name of beneficiary College: Magarini TVC

| Confirmation of amounts received by [Magarini TVC] as at 30 th June 2024 | | | | | |
|---|----------------|------------------|-----------------|------------------|---------------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Remarks |
| MoE/DTE/CAP9/35(53) | 11.07.2023 | 500,000 | - | 500,000 | Well received |
| | 02.10.2023 | 500,000 | - | 500,000 | Well received |
| | 18.01.2024 | 500,000 | - | 500,000 | Well received |
| | 05.02.2024 | 500,000 | - | 500,000 | Well received |
| Total | | 2,000,000 | - | 2,000,000 | |

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

Head of Accounts Department - Disbursing College:

Sign Date

Head of Accounts Department - Beneficiary College:

Name: ANSELIM MWAKIO Sign Date: 24.04.2025

