

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF


THE AUDITOR-GENERAL

ON

**MABERA TECHNICAL AND
VOCATIONAL COLLEGE**

FOR THE YEAR ENDED

30 JUNE, 2023

 THE NATIONAL ASSEMBLY MEMBERS LAID	
DATE: 06 MAR 2025	
DAY: Thursday	
TABLED BY:	Hon. Naomi Wanjau MP Deputy Majority Party Whip
CLERK-AT-THE-TABLE:	A. Shituko



**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
MABERA TECHNICAL & VOCATIONAL COLLEGE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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



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1. Acronyms & Glossary of Terms

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
MTVC	Mabera Technical and Vocational College
KNEC	Kenya National Examination Council
KASNEB Board	Kenya Accountants and Secretaries National Examination
TVC	Technical Vocational College
Fiduciary Management responsibility in	Key management personnel who have financial the entity



2. 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

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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 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Stalin Olwenge
2.	Ag. Deputy principal	Janet Atuya
3.	Ag. Registrar	Veronicah Wangare
4.	Ag. Dean of students	Arthur Brown Amimo
5.	Ag. Head of Finance	Chacha Jackson
6.	Head of Procurement	John Monday

(e) Fiduciary Oversight Arrangements



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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. Stellan Kilwake-Chairperson 2.Mr. Lina Ayako- PS Representative 3.Mr. Stalin Olwenge - (Principal/ BOG Secretary) 4. Eng. John kisyula 5.Mrs. Jane Akinyi Nyasoro-Member
Education Training Committee	1. Mrs. Mary Motongori Gikuri-Chairperson 2.Mrs. Judith Akinyi Ochieng-Member 3. Dr. Peter Ouma Odhiambo -Member. 4.Mr. Stalin Olwenge - (Principal BOG/Secretary) 5.Mr. Lina Ayako- (PS Represnative)
Auditing and Risk Committee	1. Dr. Peter Ouma Odhiambo - Chairperson 2.Mrs Cecilia isandah kokello -Member 3.Mrs Mary Motongori Gikuri-Member 4.Mrs Callfax Nanyuki (Internal Auditor) 5.Lina Ayako-PS representative

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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



**Technical And Vocational Education Training (Tvet)
Mabera Technical & Vocational College
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3. The Board of Governors

No.	Member/Director	Details
1.	 Mr. Joseph Boke Masiaga BoG Chairperson	Year Of Birth: 4 th October 1970 Appointment: 10 th July 2019 Inauguration: 24 th September 2019. Qualification: Bachelor of Business Administration Finance Option. Work experience: Branch Manager at KCB-Isibania. Manager Business Banking at KCB. Personal banking at KCB. In charge (supervisor) clearing at KCB. Customer care at KCB. Cashier at KCB. Mr. Boke is the BoG chairperson and an independent member of board.
2.	 Mrs. Cecilia Isandah Kokello BoG Member	Year Of Birth: Appointment: 31 st August 2022 Inauguration: 06 th October 2022. Qualifications: Holds a Master's Degree (Educational Foundation) and a Master's Degree (Distance Education), PGDE, and B.Arts Work Experience: Secondary School Principal for over 20 year. Currently Cecilia is running a business in hospitality.
3.	 Mrs. Stellah Kilwake Chairperson Finance Infrastructure and ICT Committee.	Year Of Birth: 1982 Appointment: 31 st August 2022 Inauguration: 6 th October 2022. Qualifications: Bachelor of Commerce Finance Option. Certified Public Accountant (CPA). Credit Management and Debts Recovery (TCA). Certificate in Computer Operations. Work Experience:

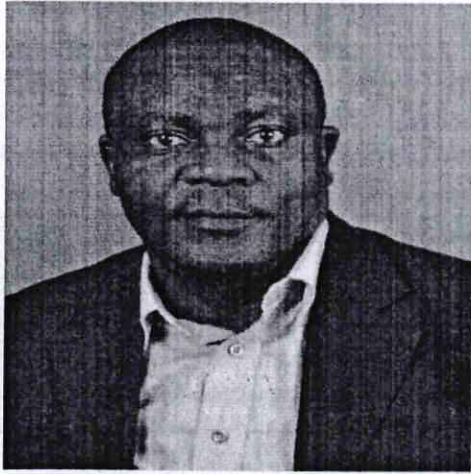
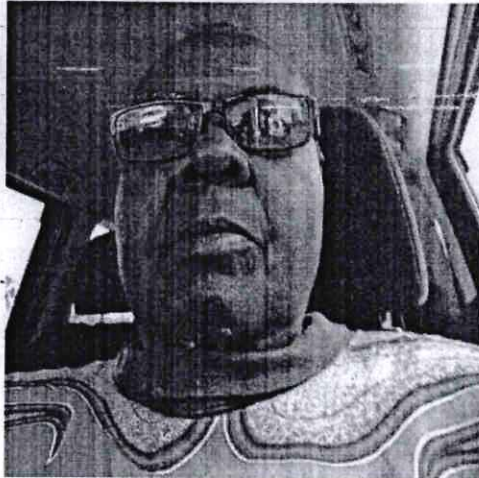
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		<p>Finance officer at Kenya Institute of Risk Management. Part time lecturer in accounting at Defence Forces Pay and Clerical Training School.</p>
4.	 <p>Eng. John Kisyula BoG Member</p>	<p>Year Of Birth: Appointment: 31st August 2022 Inauguration: 6th October 2022 Qualifications: Bachelor of Science in Mechanical Engineering in computer Aided Design and Manufacturing (CAD/CAM) CITD India, a Bachelor of Science in Information Communication Technology, Diploma in Technical Education from KTTC, Teacher Self Image I and II (Strathmore University) Senior Management Course; (SMC) KSG Embu, Small and Medium Business Corporation, ASAN South Korea and Senior Leadership Development Programme (SLDP) KSG Baringo. Eng Work Experience: Deputy Director Ministry of Industrialization, Trade and Enterprise Development.</p>
5.	 <p>Mrs. Jane Akinyi Nyasoro BoG Member</p>	<p>Year Of Birth: April 1992 Appointment: 31st August 2022 Inauguration: 6th October 2022. 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.</p>

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<p>6.</p>	 <p>Dr. Peter Ooko Ouma BoG Member</p>	<p>Year of Birth Appointment 31st August 2022 Inauguration 6th October 2022 Qualification PhD in environmental Education from Kenyatta university a Masters of Science in Agriculture Education from Egerton University and a Bachelor of Science Agricultural Education and Extension from Egerton University also holds a Diploma in Education Management from Kenya Education Management Institute Work Experience Has experience as a secondary school principal and a teacher of Agriculture and Biology, a part time lecturer and kisii university and a lecturer at Eldoret university. Currently is a private consultant.</p>
<p>7.</p>	 <p>Mrs. Mary Motongori Gikuuri BoG Member</p>	<p>Year Of Birth:1955 Appointment: 31st August 2022 Inauguration: 6 October 2022. 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</p>



<p>8.</p>	 <p>Mrs Lina Ayako Deputy Director in charge of policy Strategy and Curriculum section at Directorate of Technical Education</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 an independent member of board.</p>
<p>9.</p>	 <p>Mr. Stalin Olwenge Secretary to the Board</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 Maberu Technical and Vocational College. Mr Stalin is secretary of board</p>






4. Key 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.	 Janet Atuya Ag. Deputy principal Bachelor of Education in Technology Education (Building and Construction Technology)	<p>Mrs Janet Atuya deputizes the principal and she is in charge of disciplinary issues concerning students. Ensures academic time tables are made in timè. Also ensures that the lessons that appear on the timetable are adequately taught.</p>
3.		<p>Miss 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 enrolment.</p>

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	<p>Veronica Wangare 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. Amimo is the Dean of Students who is in charge of student affairs i.e. process boarding issues accommodation and disciplinary.</p>
5	<p>Mr. Chacha Jackson Maroa</p>  <p>Ag. Finance Officer Member of ICPAK</p>	<p>Mr Jackson is in charge of institution finances, preparing financial reports and give financial advisory to the institution.</p>
5.	 <p>John Monday Chacha Procurement Officer</p>	<p>Mr Chacha is in charge of institution procurement department and advises the institution on procurement related issues.</p>

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	Bcom (Logistic and Supply Chain Management)	
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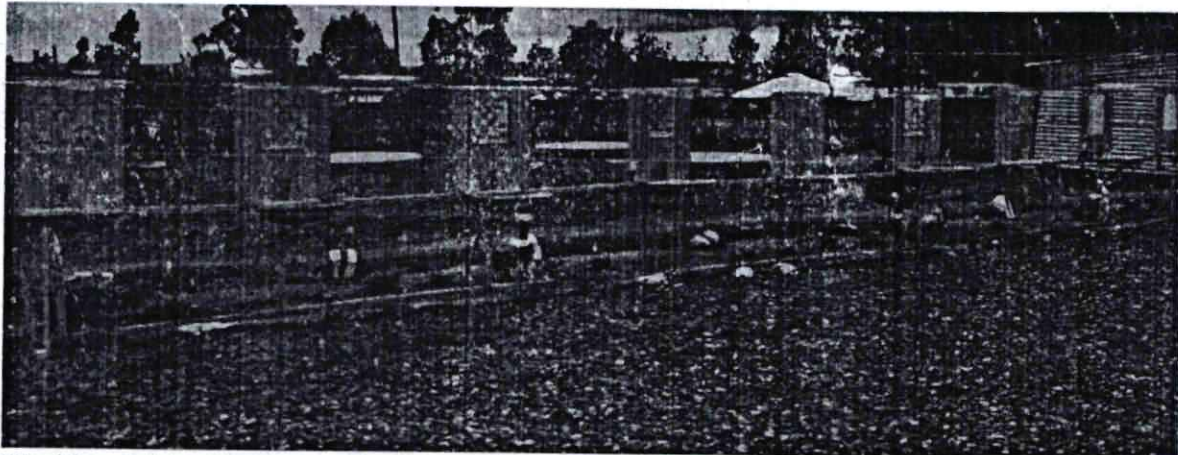
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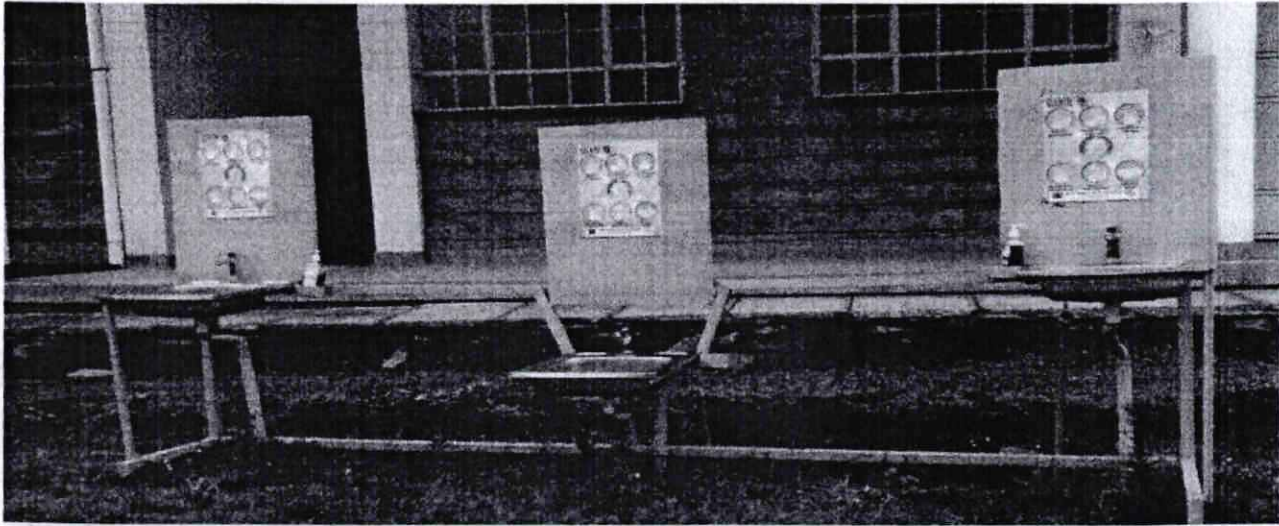
5. Chairman's Statement

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 2023. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

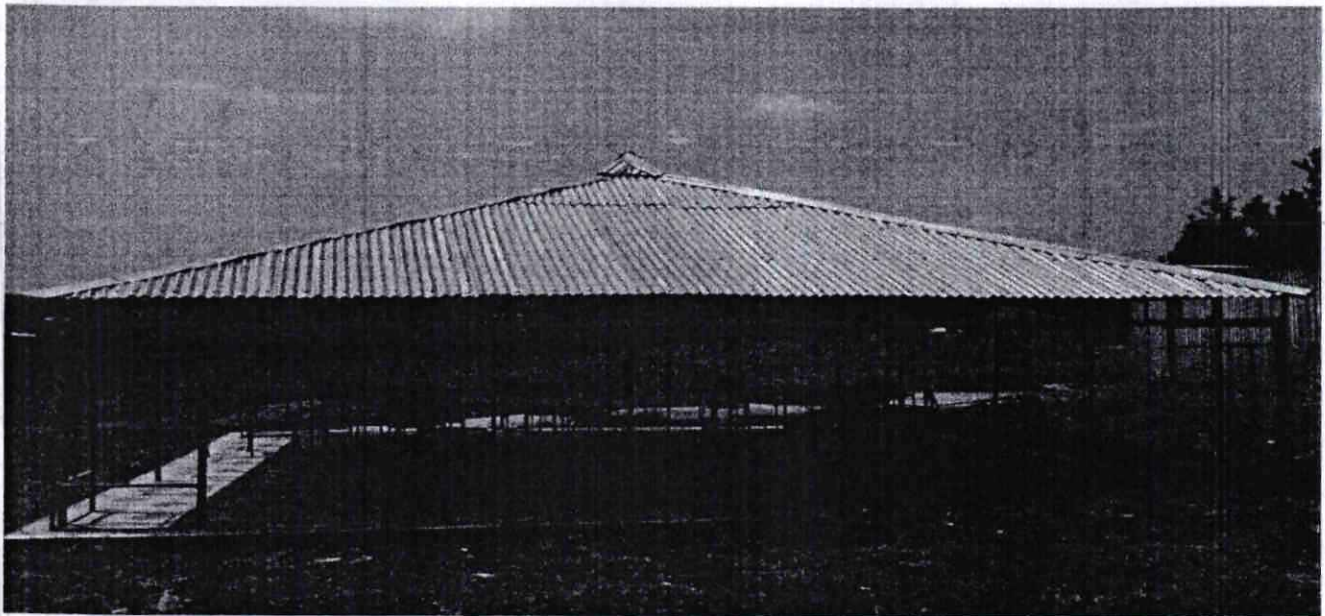
Further, the statements incorporate the requirements of Article 81 of the public finance management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS. Despite the significant successes over the period, the college continued to face challenges including insufficient funding, inadequate infrastructure and staff. 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

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Class session is on along the corridors'

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

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6. Report of the Principal

It is my great pleasure to present the Annual Report and Financial Statements for the year ended 30th June, 2023. This has been a year of new challenges but also a year when the Mbera Technical and Vocational College achieved significant milestones.

Mbera 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 2023 was 708 and is expected to increase to over 1,000 by the end of this year.

Development partners projects

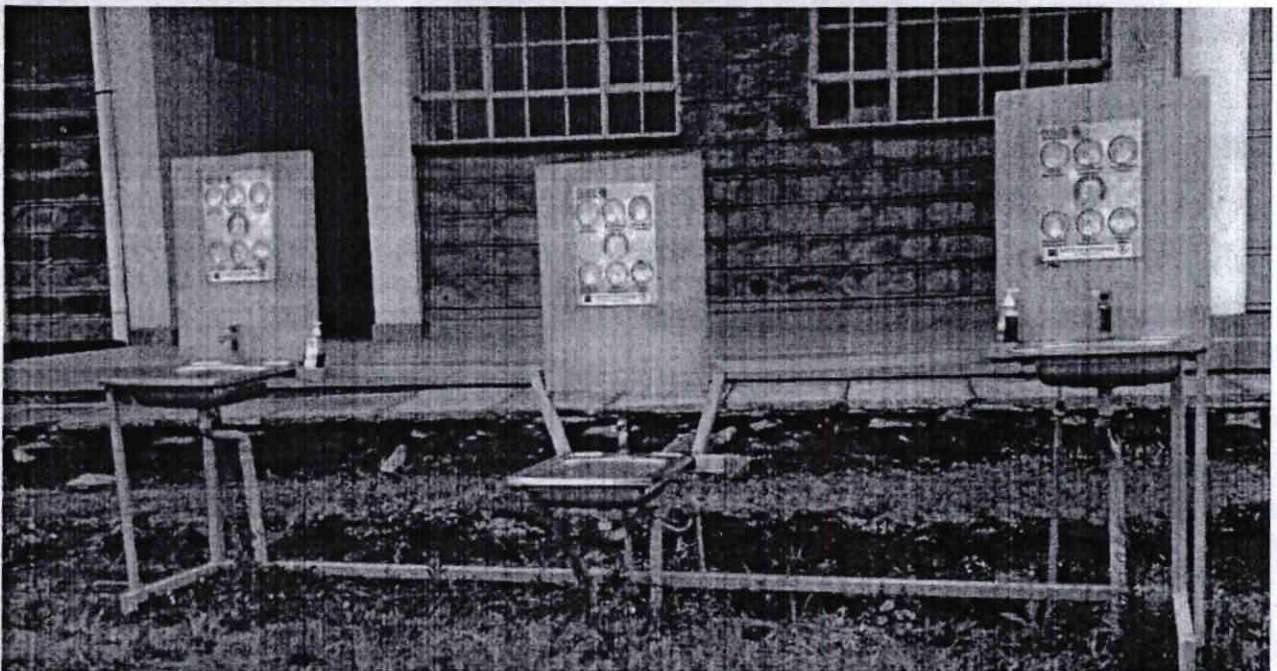
Currently there is no construction ongoing.

Income.

Mbera Technical and Vocational College earned Kshs 28,312,539.

Expenses

The college incurred Kshs 34,616,086 in recurrent expenses for the financial year 2022/2023.



Washing points

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Mbera 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 Mbera Technical and Vocational College to fight against COVID-19 pandemic



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



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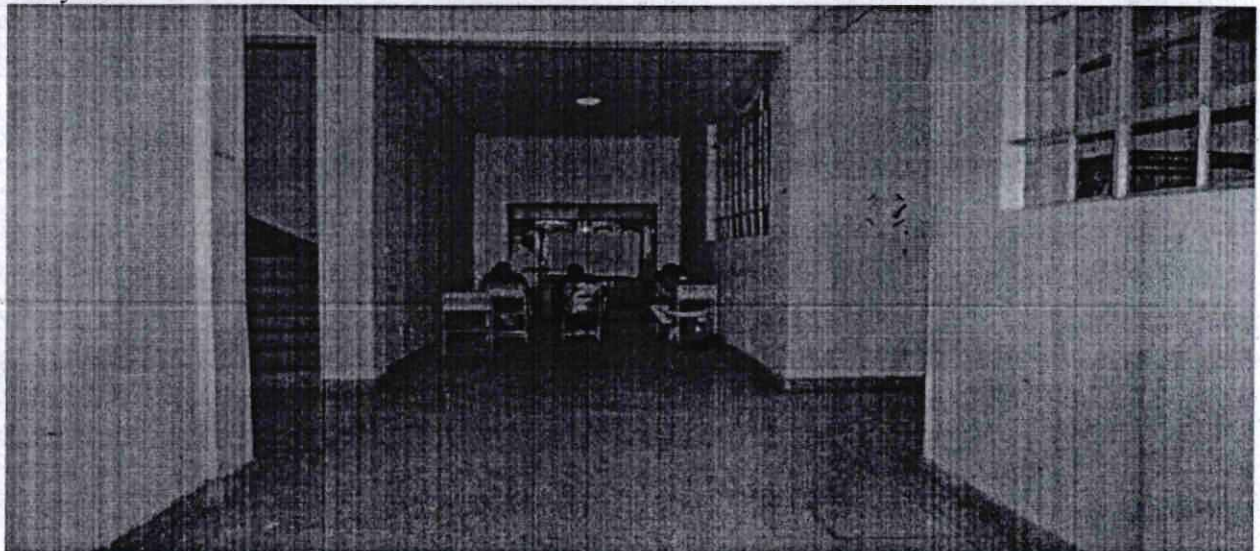


Students during agricultural practical lesson.



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.

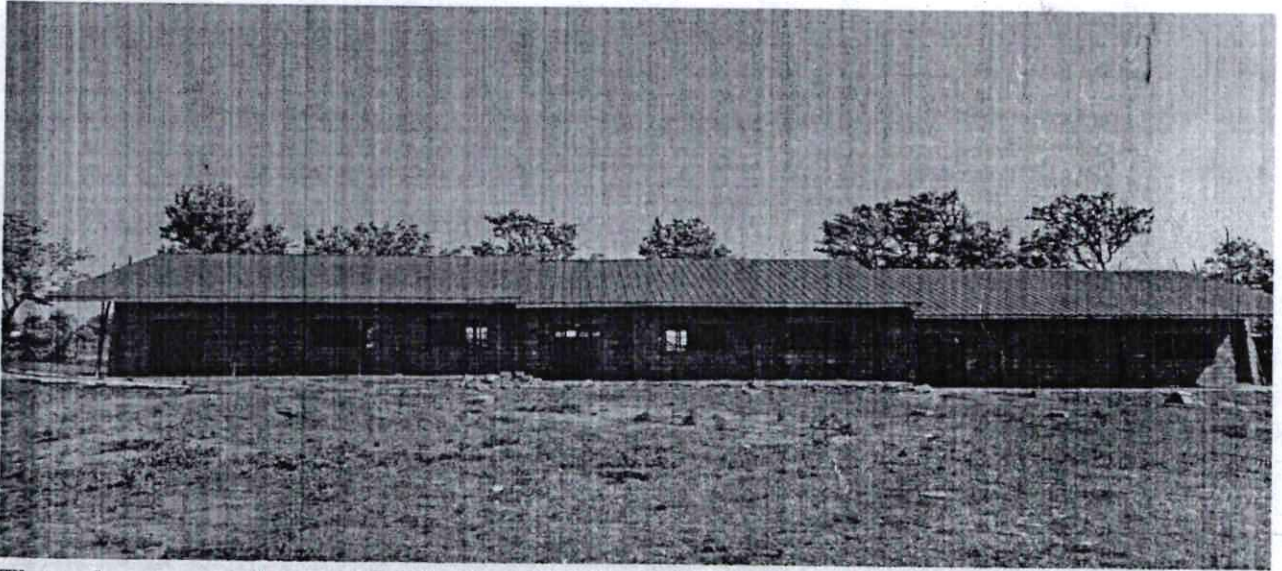


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Class session is on along the corridors'

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

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who have worked tirelessly to ensure smooth running of Mbera Technical and Vocational
~~College~~ College worked tirelessly to ensure smooth running of Mbera Technical and Vocational
College.

Thank you.

Thank you.

.....
Stalin Olwenge.....

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



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 entity's performance against predetermined objectives.

Mabera Technical and Vocational College had the following strategic pillars/issues/ themes and objectives in the FY 2022/2023.

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 modern 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

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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.



8. 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.

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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 nine.)

Board meetings.

The technical board meeting was as follows, executive meets three(3) times and full board five (5) times and Special Meetings took place three(3) 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

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Summary of Both Board and Committee Meetings Held

Finance and Infrastructure

NAME	04/11/022	27/01/2023
Lina Ayako	✓	✓
Jane Nyasoro	✓	✓
John Kisyula	✓	✓
Stellah Kilwake	✓	✓

Audit and Risk Committee

NAME	01/11/022	27/01/2023
Peter Ouma	✓	✓
Mary Motongori Gikuuri	✓	✓
Cicilia Isanda	✓	✓
Lina Ayako	✓	✓
Callfax Nyanyuki	✓	✓
Jane Nyasoro		✓

Full board Meeting

NAME	25/11/022
Tom Olango	✓
Joseph Masiaga	✓
Mary Gikuuri	✓
Cecilia Isanda Kokello	✓
John Kisyula	✓
Peter Ouma	✓
Jane Nyasoro	✓
Lina Ayako	✓

Special Board Meeting

NAME	06/10/022
Tom Olango	✓
Joseph Masiaga	✓
Mary Gikuuri	✓
Cecilia Isanda Kokello	✓
John Kisyula	✓
Peter Ouma	✓
Jane Nyasoro	✓
Lina Ayako	✓



9. Management Discussion and Analysis

Financial Performance Review

In the financial year 2022/23, Mbera Technical and Vocational College started the financial year with a cash balance of Kshs. (129,625) and collected Kshs 10,008,000 from the Government as recurrent income (capitation). The College collected Kshs 20,909 from sale of food, Kshs 17,038,691 in form of fees, and Income from other sources Mbera Technical and Vocational College received Kshs. 73,999. The national Ng-CDF constructed a three class room block. 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.

Mbera Technical and Vocational College at the end of the financial year there was no outstanding statutory as Mbera 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 FY 2023/2024 following the placement of 300 government sponsored students to the college.

Quality Education

Mbera 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

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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



10. Environmental and Sustainability Reporting Statement

In pursuit of its commitment to environmental sustainability, the college in 2022/2023 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 Maberu 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 Maberu 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, Maberu Technical and Vocational College has been marketing itself to get more students by having many students Maberu Technical and Vocational College will receive more capitation funds from government its operations, also Maberu Technical and Vocational College has started income generating activities to supplement its income. Maberu Technical and Vocational College has increase number of course it offers to diversify opportunities to those who are seeking various training, Maberu Technical and Vocational College has also been participating and involving the community in its activities and also Maberu 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. Maberu 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

Maberu Technical and Vocational College has developed its human resource policy which is in-line with Kenyan labour laws act 2007. Maberu 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. Maberu Technical and Vocational College often take its employees for training to improve their skills, appraisal is normally done and best employees being rewarded. Maberu Technical and Vocational College has put adequate safety and health measures to protect its employees from hazards.



Market place practices-

Mabera Technical and Vocational College has been marketing itself by adhering to advertisement rules and regulations according to advertisement laws of the country. Mabera 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 Mabera 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 2022/23, 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

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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.



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, 2023 which show the state of the Mbera TVC affairs.

Principal activities

The core mandate of Mbera 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.

Results

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

Board of Governors

The members of the Board /Council who served during the year are shown on page xxx. During the year 2022/2023.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2023, 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

.....
Secretary of the Board
Nairobi
Date:



12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (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 Maberu TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Maberu TVC. The council members are also responsible for safeguarding the assets of Maberu TVC.

The council members are responsible for the preparation and presentation of Maberu Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Maberu Technical and Vocational College for and as at the end of the financial year 2022/2023 ended on June 30, 2023. 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 Maberu 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 Maberu 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 Maberu Technical and Vocational College financial statements give a true and fair view of the state of Maberu Technical and Vocational College transactions during the financial year ended June 30, 2023, and of the Maberu Technical and Vocational College financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Maberu Technical and Vocational College, which have been relied upon in the preparation of the Maberu 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 Maberu Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

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Approval of the financial statements

The financial statements were approved by the Board on 24 January 2025 and signed on its behalf by:

Name: Joseph Boke Masiaga

Name: Stalin Olwenge

Signature.....

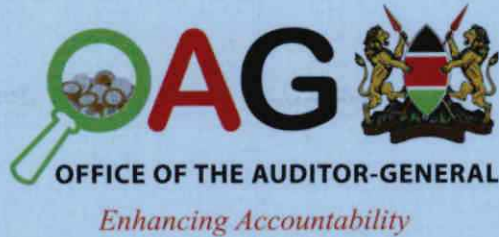
Signature.....

Chairperson of the Board

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 MABERA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Mabera Technical and Vocational College set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2023, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Mabera Technical and Vocational College as at 30 June, 2023 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 do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Educational and Training Act, 2013

Basis for Adverse Opinion

1.0. Inaccuracies in the Financial Statements and Non-compliance with the Prescribed Reporting Framework

The financial statements presented for audit contain the following anomalies:

1.1. Statement of Financial position

The statement of financial position reflects Kshs.115,553,707 (2021-2022: Kshs.59,486,713) against "Net assets". This is erroneous as "Net assets" is a sub-heading against which, no amounts should be shown.

Further, the two statements reflect "Retained earnings" instead of the prescribed "Accumulated surplus".

In addition, the statement of financial position reflects retained earnings balance of Kshs.6,303,547 which differs with the re-computed balance of negative Kshs.722,118, resulting in an unreconciled variance of Kshs.7,025,665.

The statement also reflects total net assets and liabilities balance of Kshs.123,552,954 which differs with the re-computed balance of Kshs.131,552,200, resulting in a variance of Kshs.7,999,246. The variance represents total liabilities balance that was excluded. As a result, the statement of financial position does not balance.

1.2. Statements of Financial position and Changes in Net Assets

The statement of financial position reflects retained earnings balance of Kshs.6,303,547, while the statement of changes in net assets indicates a corresponding balance of negative Kshs.5,403,498, resulting in an unreconciled variance of Kshs.11,707,045.

Similarly, the statement of financial position reflects capital fund balance of Kshs.117,552,954 which differs a corresponding balance of Kshs.121,444,835 shown in the statement of changes in net assets, resulting in a variance of Kshs.3,891,881 which has neither been reconciled nor explained.

1.3. Statement of Changes in Net Assets

The statement of changes in net assets does not reflect opening balances at 1 July, 2021 and movement during the financial year ended 30 June, 2022 as required by the prescribed reporting template.

Further, the statement reflects an amount of negative Kshs.6,303,547 described as total comprehensive income, instead of surplus/(deficit) for the year as required. The amount differs with a deficit for the year of Kshs.6,689,698 reported in the statement of financial performance, resulting in a variance of negative Kshs.386,151 which has not been explained.

In addition, the statement reflects retained earnings at 30 June, 2023 balance of negative Kshs.5,403,498 which differs with the re-computed balance of negative Kshs.335,967, resulting in an unexplained variance of negative Kshs.5,067,531.

The statement also reflects capital/development grant of Kshs.66,262,945 described as total comprehensive income, which has not been supported and which is not reflected in the statement of cash flows.

1.4. Statements of Cash Flows

The statement of cash flows was prepared using indirect method, contrary to the prescribed reporting template which requires use of direct method.

Further, the statement reflects surplus/deficit for the year amount of negative Kshs.6,303,548 while the statement financial performance shows a corresponding amount of negative Kshs.Kshs.6,689,698, resulting in an unexplained variance of negative Kshs.386,150.

In addition, the statement reflects net increase/(decrease) in cash and cash equivalents amount of negative Kshs.1,499,244 which differs with the re-computed amount of Kshs.1,374,866, resulting in an unexplained variance of negative Kshs.2,874,110.

Finally, the statement reflects cash and cash equivalents at 30 June, 2022 balance of Kshs.1,245,241, while the statement of financial position shows a corresponding balance of Kshs.1,252,261, resulting in a variance of negative Kshs.7,020.

1.5. Statements of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts does not separate development amounts from recurrent amounts. The prescribed template requires that "Capital Expenditure" be disclosed in a row after "Surplus for the period".

Further, the statement includes depreciation and amortization expense actual amount of Kshs.7,678,414 which was not a cash transaction. The prescribed reporting template requires that the statement of comparison of budget and actual amounts be prepared on cash basis.

In addition, the statement reflects surplus for the period amount of Kshs.6,872,393, instead of negative Kshs.6,872,393.

1.6. Notes to the Financial Statements

The numbering of several notes to the financial statements do not match note numbers indicated in the financial statements, especial from Note 12. Further, detailed analysis of cash and cash equivalents is at Note 18 (b) instead of 17 (b).

In the circumstances, the accuracy and fair presentation of the financial statements could not be confirmed. Further, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board in accordance with the provisions of Section 81(3) of the Public Finance Management Act, 2012 and, therefore, Management was in breach of law.

2.0. Unconfirmed Capitation Grants

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.11,178,940 in respect of transfers from the National Government – grants/gifts in kind. However, the schedules provided in support of the revenue indicated a corresponding amount of Kshs.10,008,000, resulting in an unreconciled variance of Kshs.1,170,940.

In the circumstances, the accuracy and completeness of the transfers from the National Government – grants/gifts in kind amount of Kshs.11,178,940 could not be confirmed.

3.0. Unconfirmed Examination Fees Revenue

The Statement of Financial performance reflects rendering of services amount of Kshs.17,038,691 which, as disclosed in Note 9 to the financial statements, includes examination fees amount of Kshs.1,598,770. However, sampled receipts amounting to Kshs.205,610 reviewed did not indicate the student's department and the relevant course in respect of which the examination fees were being paid. Therefore, it was not possible to confirm whether the correct amounts were paid.

In the circumstances, the accuracy and completeness of the examination fee amount of Kshs.205,610 could not be confirmed.

4.0. Unsupported School Equipment and Stores

The statement of financial performance reflects use of goods and services amount of Kshs.17,043,209 which, as disclosed in Note 12 to the financial statements, includes Kshs.7,441,184 in respect of school equipment and stores. Included in the latter amount is Kshs.3,863,406 whose supporting quotations from the prequalified suppliers were not provided for audit, and the items procured were not taken on charge in stores ledger cards/bin cards.

In the circumstances, the accuracy, completeness and propriety of the expenditure of Kshs.3,863,406 on school equipment and stores could not be confirmed.

5.0. Unsupported Remuneration of Board Members

The statement of financial performance reflects remuneration of board members amount of Kshs.1,727,091 which includes Kshs.1,209,961 in respect of Board of Governors' emoluments as disclosed in Note 13 to the financial statements. However, Management did not provide for audit Board meetings' minutes, attendance register and invitation letters in support of the latter amount.

Further, the Board of Governors held two (2) meetings on 6 October, 2022 and 10 February, 2023 as opposed to a mandatory minimum of three (3) meetings stipulated in Section 11(1) of the Technical and Vocational Education Training Act, 2013, which states that the Board of Governors shall meet at least once every four months.

In the circumstances, the value for money, accuracy, completeness, regularity and validity of the board expenses of Kshs.1,209,961 in respect of Board of Governors' emoluments could not be confirmed

6.0. Unsupported Cash and Cash equivalent

The statement of financial position reflects cash and cash equivalents balances of Kshs.1,252,261 which, as disclosed in Note 18(b) to the financial statements, includes Kshs.20,555 held in an account in Kenya Commercial Bank. However, bank reconciliation statements, cash book, bank statements and certificate of balance as at 30 June, 2023 were not provided for audit to support the latter balance.

In the circumstances, the accuracy and completeness the balance of Kshs.20,555 could not be confirmed.

7.0. Undisclosed Inventories

The financial statements presented for audit does not disclose inventories. However, review of records revealed that inventories valued at Kshs.725,911 were in existence as at 30 June, 2023.

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

8.0. Unconfirmed Property, Plant and Equipment (PPE) Balance

The statement of financial position and as disclosed in Note 19 to the financial statements reflect property, plant and equipment balance of Kshs.100,581,449, being total cost, while the supporting asset register maintained by the College indicated total cost of Kshs.125,965,552, resulting in an unexplained variance of Kshs.25,384,103.

Further, the asset register was incomplete since it did not include identification or serial number, acquisition date, class of asset, accumulated depreciation and net book value for the assets recorded.

In addition, Note 19(a) reflect transfers/adjustments amount of Kshs.90,054,256 which has not been explained.

Also, correspondence provided for audit indicated that the College received donated computers and a generated valued at Kshs.11,704,110 which have not been included in the asset register and in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.100,581,449 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted receipts of Kshs.70,478,000 and actual receipts of Kshs.28,312,539, resulting in an underfunding of Kshs.42,165,461 or 60% of the budget. Similarly, the College spent Kshs.34,616,086 against an approved budget of Kshs.70,478,000, resulting in an under-expenditure of Kshs.35,861,914 or 51% of the budget.

The underfunding and under-expenditure affected planned activities and may have negatively impacted on learning in the College.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.

Other Information

The Management is responsible for the other information set out on page iii to xx which comprises Key Entity Information and Management, Governance Statement, forward by the College Principal, Statement of Performance against Technical and Vocational College Predetermined Objectives, Corporate Social Responsibility Statement/Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Adhere to Minimum wage requirement

The statement of financial performance reflects employee costs amount of Kshs.7,585,091 which, as disclosed in Note 12 to the financial statements, relates to

salaries and wages. However, review of records revealed that the amount includes Kshs.2,100,000 paid to fourteen (14) of the College's trainers instead of the stipulated minimum of Kshs.3,166,052, resulting in an underpayment of Kshs.1,066,052. This was contrary to the requirement of Kenya Gazette supplement No. 1 of 2018 on monthly minimum wage of Kshs.18,846

In the circumstances, the College Management is in violation of minimum wage requirements as required by the SRC guidelines and the minimum wage regulations.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 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 THE 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0. Lack of Information and Communication Technology (ICT) Policy

Review of Information Technology (IT) environment and its controls revealed that no ICT policy was in place to govern IT environment. Specifically, the College did not have:

- i. IT strategic committee to guide in IT governance.
- ii. IT Security policy to ensure data confidentiality, integrity and availability and to ensure there is patch management process on all systems software's
- iii. Formally documented and approved processes to manage upgrades made to all information systems.
- iv. Physical access controls to ensure that physical access to sensitive areas like server rooms, storage rooms and network rooms are properly controlled.
- v. Environmental control policies and procedures to cover environmental controls like fire suppression system, ups and air conditioning systems especially in server rooms.

- vi. Logical access controls - user management standards and procedures in the College, like user access rights in line with responsibilities.

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

2.0. Ineffective Internal Audit Function

During the year under review, the College did not have an effective Internal Audit Function to assess the effectiveness of its internal controls, risk management and overall governance. Therefore, the College did not plan or carry out an audit of its operations during the year under review.

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

3.0. Lack of Human Resource Plans

During the year under review, the College did not develop human resource plans that would be used in the recruitment, selection, appointment and deployment of employees. Further, the Management did not have a staff establishment in place.

In the circumstances, it was not possible to ascertain whether the total staff employed by the College was at the optimal operating level and how key decisions regarding employees were made.

4.0. Lack of an Operational Debt Recovery Policy

During the year under review, the College had no operational debt recovery policy and, as result, students' debts have continued to grow over the years.

In the circumstances, the effectiveness of the College's debt management could not be confirmed and the College may face challenges in funding its operations.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 the Board of Governors

The 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 the 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, the 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.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the Technical and Vocational 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 also 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

29 January, 2025

MABERA TECHNICAL AND VOCATIONAL COLLEGE
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14. Statement of Financial Performance for the Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	11,178,940	15,920,000
Transfers from mentor institute	7	-	-
Public contributions and donations	8	-	300,000
		11,178,940	16,220,000
Revenue from exchange transactions			
Rendering of services- Fees from students	9	17,038,691	17,276,050
Sale of goods	10	20,909	30,850
Other income	11	73,999	162,000
Revenue from exchange transactions		17,133,599	17,468,900
Total revenue		28,312,539	33,688,900
Expenses			
Use of goods and services	12	17,429,360	15,912,732
Employee costs	13	7,585,091	7,049,630
Remuneration of board members	14	1,727,091	1,780,770
Depreciation and amortization expense	15	16,162,710	5,658,855
Repairs and maintenance	16	582,281	898,875
Total expenses		43,486,533	31,300,862
Other gains/(losses)		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		(15,173,994)	2,388,038

(The notes set out on pages 37 to 80 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 30 to 36 were signed by:

Chairman of Council/Board

Date 24/01/025

Finance Officer

ICPAK No. 26102

Date 24/01/025

Principal

Date 24/01/025

MABERA TECHNICAL AND VOCATIONAL COLLEGE
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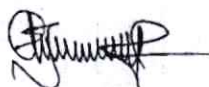
15. Statement of Financial Position as At 30th June 2023

	Notes	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current assets			
Inventory	17	752,911	0
Cash and cash equivalents	18	1,252,261	2,744,485
Current portion of receivables from exchange transactions	19	20,966,333	14,865,609
		22,971,505	17,610,094
Non-current assets			
Property, plant and equipment	20a	102,807,600	46,979,040
Intangible assets	21	-	590,625
Total Non- Current assets		102,807,600	47,569,665
Total assets		125,779,105	65,179,759
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	6,932,359	4,822,444
Refundable deposits from customers	23	880,000	870,600
Total current Liabilities		7,812,359	5,693,044
Non-current liabilities			
Non-current employee benefit obligations		-	-
Total liabilities		7,812,359	5,693,044
Net assets			
Accumulated Deficit		(9,206,414)	5,967,580
Capital Fund		127,173,160	55,181,890
Total net assets and liabilities		125,779,105	65,179,759



.....
Chairman of Council/Board

Date 24/01/025



.....
Finance Officer
ICPAK No. 26102

Date 24/01/025



.....
Principal

Date 24/01/025



16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

	Accumulated Fund	Capital Fund	Total
At 30 June 2021	3,579,542	55,181,890	58,761,432
At 1 July 2021	3,579,542	55,181,890	58,761,432
Reserve	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	2,388,038	0	2,388,038
Retained earning	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
At 30 June 2022	5,967,580	55,181,890	61,149,470
At 30 July 2022	5,967,580	55,181,890	61,149,470
Revaluation Gain	0	0	15,975,823
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	-15,173,994	71,991,270	56,817,276
At 30 June 2023	(9,206,414)	127,173,160	117,966,746

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

MABERA TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2023



17. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Govt entities Govt grants		11,178,940	15,920,000
Rendering of services- Fees from students		17,038,691	17,276,050
Sale of goods		20,909	30,850
Development grant			
Other Income		73,999	162,000
Totals		28,312,539	33,388,900
Compensation of employees		7,585,091	7,049,650
Use of Goods and services		17,429,360	22,333,950
Repair and Maintenance		582,281	898,875
Remuneration of Board of Governors		1,727,091	1,780,770
Total expenditure		27,323,823	32,063,225
Net Cash Flows from operating activities	25	988,716	1,325,675
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(2,714,413)	-1,625,850
Proceeds from sale of property, plant and equipment			-
Net cash flows used in investing activities		(2,714,413)	-1,625,850
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net cash flows used in financing activities			0
Net increase/(decrease) in cash and cash equivalents		(1,492,224)	-1,962,910
Cash and cash equivalents at 1 JULY 2022	18	2,744,485	4,707,395
Cash and cash equivalents at 30 JUNE 2023	18	1,252,261	2,744,485

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18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	Variance Difference	Exp. to the year end
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from other Govt entities Govt grants	29,400,000	-	29,400,000	11,178,940	18,221,060	61.98%	a
Rendering of services- Fees from students	32,304,000	-	32,304,000	17,038,691	15,265,309	47.26%	b
Sale of goods	3,274,000	-	3,274,000	20,909	3,253,091	99.36%	-
Development grant	5,500,000	-	5,500,000		5,500,000	100.00%	-
Other Income		-		73,999	-73,999		-
Total income	70,478,000	-	70,478,000	28,312,539	42,165,461	59.83%	
Expenses		-					
Compensation of employees	9,680,280	-	9,680,280	7,585,091	2,095,189	22%	c
Use of Goods and services	44,813,520	-	44,813,520	17,429,360	27,384,160	61%	d
Repair and Maintenance	2,514,000	-	2,514,000	582,281	1,931,719	77%	e
Remuneration of Board of Governors	2,340,200	-	2,340,200	1,727,091	613,109	26%	f
Total expenditure	59,348,000	-	59,348,000	27,323,823	32,024,177	54%	g
Surplus for the period	11,130,000		11,130,000	988,716	10,141,284	91%	-
Development Grant Expenditure	11,130,000	-	11,130,000	0	11,130,000	100%	

Explanatory notes to the Variances over 10%

- a. Delayed remittance of capitation from National government
- b. The change was due to non-payment of fees by students since they depend on HELB loans and other donor grants which they had applied for but not yet received
- c. Staff recruited below the projected number
- d. Lack of Funds
- e. Lack of Funds
- f. Lack of Funds
- g. Lack of Funds



19. 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 2023.

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><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>
<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</p>	<p>Applicable: 1st January 2023:</p>



Standard	Effective date and impact:
resulting from IPSAS 41, F financial Instruments	<p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Entity if relevant</i></p>

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>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:</p>



Standard	Effect and impact
Discontinued Operations	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. <i>State the expected impact of the standard to the Entity if relevant</i>

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.



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 2022/2023 was approved by the Council or Board on 27 March 2022. 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 recorded additional appropriations on the FY 2022/2023 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.

c) Taxes (continued)

Sales tax/ Value Added Tax

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revalued 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.

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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

k) 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.

l) 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.

m) 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.

n) 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.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) 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.

p) 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.

q) 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.

r) Comparative figures

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

s) 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).

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6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Capitation grants	11,178,940	15,420,000
Operational grant	-	500,000
Total government grants and subsidies	11,178,940	15,920,000

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2022-2023	2021-2022
	KShs	KShs
Transfer from mentor institute	-	-
Total Transfers	-	-

8. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2022-2023	2021-2022
	KShs	KShs
Other donations	-	300,000
Total donations and sponsorships	0	300,000

9. RENDERING OF SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Tuition fees	7,013,121	6,033,220
Activity fees	752,860	800,050
Industrial attachment fees	1,397,700	1,471,800
Examination fees	1,598,770	2,013,800
Personal Emoluments	1,977,020	2,133,940
E, W & C	1,062,060	1,118,840
L, T & T	1,032,860	1,086,800
R, M & I	551,000	588,000
Practical fee	1,135,500	1,685,500
Boarding fee	-	24,000
KUCCPS	-	1,500
Student Council	517,800	318,600
Total revenue from the rendering of services	17,038,691	17,276,050

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10. SALE OF GOODS

DESCRIPTION	2022-2023	2021-2022
Sale of goods		
Sale of food	20,909	30,850
Other(include in line with your organization)	-	-
Total revenue from the sale of goods	20,909	30,850

11. OTHER INCOME

DESCRIPTION	2022-2023	2021-2022
Application fee	64,999	77,400
Income from sale of tender	-	6,000
Supplementary paper	-	11,000
Tender	9,000	0
Miscellaneous	-	67,600
Total other income	73,999	162,000

12. USE OF GOODS AND SERVICES

DESCRIPTION	2022-2023	2021-2022
School Equipment and Stores	7,441,184	6,289,758
Industrial attachment costs	252,300	139,200
Electricity, Water & Conservancy	283,473	452,101
Administrative Costs	2,896,133	1,740,553
Security	1,148,500	999,600
Contingency	6,200	560,190
Student council activities	141,540	241,100
Sports equipment and Sporting Activities	451,450	402,650
Examination expenses	2,062,230	1,998,730
Performance Contracting	-	81,200
Local Transport and Travelling	2,709,350	2,969,250
Insurance	37,000	38,400
Total good and services	17,429,360	15,912,732



13. EMPLOYEE COSTS

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	7,585,091	7,049,630
Employee related costs - contributions to pensions and medical aids	-	-
Employee costs	7,585,091	7,049,630

14. REMUNERATION OF BOARD OF GOVERNORS

Description	2022-2023	2021-2022
	KShs	KShs
Chairman's Honoraria	517,130	388,000
BOG' emoluments	1,209,961	1,392,770
Other allowances	-	-
Total director emoluments	1,727,091	1,780,770

15. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	16,162,710	5,461,980
Intangible assets	-	196,875
Total depreciation and amortization	16,162,710	5,658,855

16. REPAIRS AND MAINTENANCE

Description	2022-2023	2021-2022
	KShs	KShs
Property	54,481	375,325
Equipment and machinery	6,900	5,450
Furniture and fittings	-	6,000
Computers and accessories	-	10,000
General expenses	8,500	25,100
Internet Services	512,400	477,000
Total repairs and maintenance	582,281	898,875

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17. INVENTORY

Description	2022-2023	2021-2022
	KShs	KShs
Inventory	752,911	-
Total Closing Inventory	752,911	

18. (a). CASH AND CASH EQUIVALENTS

Description	2022-2023	2021-2022
	KShs	KShs
Current account	1,252,261	2,744,485
Total cash and cash equivalents	1,252,261	2,744,485

18 (b). DETAILED ANALYSIS OF CASH AND CASHEQUIVALENTS

Financial Institution	Account number	2022-2023	2021-2022
		KShs	KShs
a) Current account		1,245,241	2744485
Kenya Commercial bank No 1	1259535096	1,224,686	2,634,746
Kenya Commercial bank No 2	1157953190	20,555	16,998
Sub- total		1,245,241	2,651,744
e) Others(specify)			
Cash in transit		-	-
cash in hand		7,020	92,741
Mobile Money account		-	-
Sub- total		-	92,741
Grand total		1,252,261	2,744,485

19. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2022-2023	2021-2022
	KShs	KShs
Current receivables		
Student debtors	21,013,041	14,777,376
Rent debtors	-	-
Prepayment- Electricity	65,892	311,972
Other exchange debtors	-	4,000
Imprest Account	-112600	-

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Helb	-	(56,919)
Bursary	-	(170,820)
Capitation	-	-
Net pay	-	-
Total current receivables	20,966,333	14,865,609

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20. (a) PROPERTY, PLANT AND EQUIPMENT

	Buildings	Land	Leasehold Machinery	Office Equipment	Motor Vehicles	Furniture and Fittings	Computer Equipment	Intangible Assets	Ward Plant	Plant and Machinery	Other Plant and Machinery	Total	
At 1st June 2022	41,318,401	-	261,504	97,200	149,400	953,193	1,220,142	2,187,000	429,165	363,035	0	0	46,979,040
At 1st July 2022	41,318,401	-	261,504	97,200	149,400	953,193	1,220,142	2,187,000	429,165	363,035	0	0	46,979,040
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation	38,681,599	8,000,000	-7,684	347,000	2,469,640	5,567,807	1,437,358	2,187,000	429,165	363,035	5,690,550	12,784,200	71,991,270
At 1st July 2022	80,000,000	8,000,000	253,820	444,200	2,619,040	6,521,000	2,657,500				5,690,550	12,784,200	118,970,310
Depreciation And Impairment													
Disposals													
Impairment	-		-	-		-	-	-		-			-

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Depreciation	12,000,000	0	38,220	86,700	462,940	1,030,100	482,400	0	0	0	340,750	1,721,600	16,162,710
Net Book Values													
At 1st June 2022	41,318,401	-	261,504	97,200	149,400	953,193	1,220,142	2,187,000	429,165	363,035	0	0	46,979,040
At 30 th June 2023	68,000,000	8,000,000	215,600	357,500	2,156,100	5,490,900	2,175,100				5,349,800	11,062,600	102,807,600

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20 (b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	8,000,000	0	8,000,000
Learning Materials	253,820	38,220	215,600
Buildings	80,000,000	12,000,000	68,000,000
Office equipment	444,200	86,700	357,500
Computers and related equipment	2,657,500	482,400	2,175,100
Tool & Equipment	2,619,040	462,940	2,156,100
Furniture, and fittings	6,521,000	1,030,100	5,490,900
Kitchen Ware	12,784,200	172,1600	11,062,600
Machinery and Equipment	5,690,550	340750	5,349,800
Total	118,970,310	16,162,710	102,807,600

21. INTANGIBLE ASSETS-SOFTWARE

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		-
At beginning of the year	0	1,200,000
Additions	0	-
At end of the year	0	1,200,000
Additions-internal development	0	-
At end of the year	0	1,200,000
Amortization and impairment	0	
At beginning of the year	0	412,500
Amortization	0	196,875
At end of the year	0	609,375
Impairment loss	0	-
At end of the year		-
NBV	0	590,625

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22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2022-2023	2021-2022
	KShs	KShs
Trade payables	6,830,079	4,656,894
Fees paid in advance	90280	-
Employee advances	12,000	-
Other payables-Payroll liabilities		165,550
Total trade and other payables	6,932,359	4,822,444

23. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2022-2023	2021-2022
	KShs	KShs
Consumer deposits	-	-
Caution money	880,000	870,600
Other refundable deposits	0	-
Total deposits	880,000	870,600

Retirement benefit Asset/ Liability

Currently Mbera 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.

24. SERVICE CONCESSION ARRANGEMENTS

Description	2022-2023	2021-2022
	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	-	-



25. CASH GENERATED FROM OPERATIONS

	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Surplus/Deficit for the year	-15,173,994	2,388,038
Depreciation	16,162,710	5,658,855
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	752,911	-
Increase in receivables	-6,100,724	(6,073,094)
Increase in deferred income		-
Increase in payables(Decrease)	5,347,813	(648,124)
Increase in payments received in advance		-
Net cash flow from operating activities	988,716	1,325,675

26. 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:

a. Credit risk

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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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	21,063,639	21,063,639	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	1,245,241	1,245,241	-	-
Total	22,308,880	22,308,880	-	-
At 30 June 2022				
Receivables from exchange transactions	2,106,363	2,106,363	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	1,245,241	1,245,241	-	-
Total	25,660,484	25,660,484	-	-

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

(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

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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 Kshs	Between 1-3 months Kshs	Over 3 months Kshs	Total 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)

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.

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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.

(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.

MARKET RISK (CONTINUED)

(iii) Market risk

(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:

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%

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 or control 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:

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- 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).



20. Appendices

Appendix I: Implementation Status of Auditor-General Recommendations

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

Reference No. in the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe (Date of delivery and expected date of completion)
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	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	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (When will you expect the issue to be 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 	<p>The management is going to discuss with the B.O.G about the issue. And currently management has been remitting the taxes.</p> <p>The management has advised the board of governor to formulate annual work plans and formulate a board charter thus board has agreed to do so before the end of the financial year.</p>	Resolved	
4.4 Misclassification of Expenditure	<p>The management should classify and record expenditure items in their respective Ledger accounts and amend the financial statements accordingly.</p> <p>The management responds</p>	<p>The management has classified and recoded the expenditure items and amended the financial statements as per the advice.</p>	Resolved	

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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	
	<ul style="list-style-type: none"> i. Management should provide the relevant documents to support the valuation of property plant and equipment. 	The management is doing a follow-up with Kuria West cdf office to	Resolved	In 2022

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comment	Status Resolved/ Not Resolved	Timeframe When will you expect the issue to be resolved
4.7.1 Unsupported Property Plant and Equipment	Management should disclose the institutions depreciation policy in the financial statements	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.		
4.7.2 Understatement 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 Procurement of Computer Software	Management should provide approved user requisition, quotations and contract to justify/support this expenditure	Please find attached files.	Resolved	

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Reference to an item in the external audit report	Issue/ Observations from Audit	Management comment	Status (Resolved/ Not Resolved)	(Put a date when you expect the issue to be resolved)
4.7.4 Non-maintenance 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 Misclassification of Payables	<ul style="list-style-type: none"> i. Management should classify the employees advance accordingly. ii. Management should provide an aging analysis report 	The management has classified the employees' advances to the correct ledger and subsequently amended the financial report.	Resolved	
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	

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Reference No. in the external audit Report	Issue/Observations from Auditor	Management's comment	Resolution	Final Status
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 Approval	The management should come up strategies that will improve collection of revenues and absorption of budgeted funds.	The management has ensured that the current budget the next budget have been approved by the ministry.	Resolved	
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	

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Reference No. in the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved or not Resolved)	Time frame (Date/ date when you expect the issue to be 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

Mabarara Technical & Vocational
Principal/BOG Secretary

Signature

Date.....

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Appendix II- Inter-Entity Confirmation Letter



MABERA TECHNICAL AND VOCATIONAL COLLEGE
 P.O. Box 205 - 40414, Isebania | Tel: 0757202284
 email: maberatvc@gmail.com



Maberu Technical and Vocational College
 P.O Box 205-40414, Isebania

The Maberu TVC wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Maberu Technical and Vocational College as at 30 th June 2023				
		Amounts Disbursed by Ministry of education state department of vocational and technical training as at 30th June 2023 (Kshs)	Amount Received by [beneficiary Entity]	Differences (KShs)

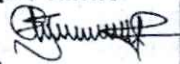
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Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter- Ministerial (C)	Total (D)=(A+B+C)	(KShs) as at 30 th June 2023 (E)	(F)=(D-E)
E/CAP/9/36(80)	24 st Oct 2022	3,525,000	-	-	3,525,000	3,525,000	0
DTE/CAP/9/36(80)	26 th Jan 2023	3,239,000	-	-	3,239,000	3,239,000	0
DTE/CAP/9/36(80)	29 th June 2023	3,244,000	-	-	3,244,000	3,244,000	0
Total		10,008,000			10,008,000	10,008,000	0

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

Head of Accountants department of beneficiary Entity

Name Chacha Jackson Maroa..... Sign ... 

Date ...24TH January 2025.....