


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

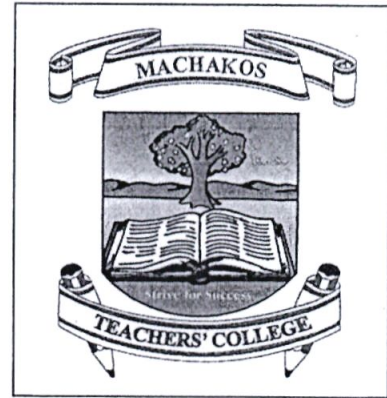
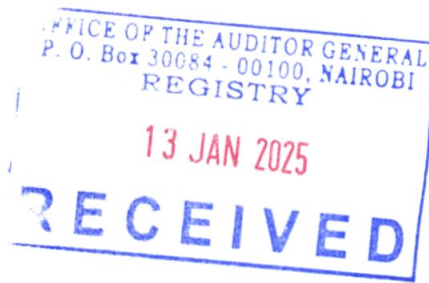
 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 30 APR 2025	
DAY: WED	
TABLED BY:	Hon George Mungai MP
CLERK-AT THE-TABLE:	P. Muga

THE AUDITOR-GENERAL

ON

MACHAKOS TEACHERS COLLEGE

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



Machakos Teachers College

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2024

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

Machakos Teachers College
Annual Report and Financial Statements for the year ended 30th June 2024

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Acronyms and Definition of Key Terms

A. Acronyms

MATECO	Machakos Teachers College
BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTC	Teacher Training College
ISO	International Organization for Standardization
ICT	Information Communication Technology
KMTC	Kenya Medical Training College
ECDE	Early Child Development Education
DR	Doctorate
PROF.	Professor
JKIA	Jomo Kenyatta International Airport
PHD	Doctor in Philosophy
BBA	Bachelor in Business Administration
MBA	Masters of Business Administration
MOE	Ministry of Education
TSC	Teachers Service Commission
KICD	Kenya Institute of Curriculum Development
KNEC	Kenya National Examination Council
PC	Performance Contract
CPA	Certified Public Accountant
CPA (K)	Certified Public Accountant of Kenya
JSS	Junior Secondary School
DPTE	Diploma in primary Teacher Education
DECTE	Diploma in Primary Teacher Education
KUCCPS	Kenya Universities and Colleges Central placement service

V.I	Visually Impaired
H.I	Impaired
P.I	Physically Impaired
C.S	Cabinet Secretary
IT	Information Technology
NSSF	National Social Security Fund
NHIF	National Health Insurance Fund
NITA	National Industrial Training Authority
SNE	Special Needs Education
PAYE	Pay as you earn
SBA	School Based Assessment
TVET	Technical and vocational education and training
BES	Boarding Equipment and stores
RMI	Repair maintenance and improvement
EWC	Electricity water and conservancy
LTT	Local travel and transport
VRM	Vehicle repair and maintenance
KCB	Kenya Commercial bank
KPEEL	Kenya Primary Education Equity in Learning
AG	Attorney general
MS	Master of Science
MA	Master of Education
MSC	Master of Science
LLB	Bachelor of Laws
ID	Identification
NB	Note
PO	Post Office
GPO	General Post Office
KEBS	Kenya Bureau of standards
E.B.S	Elder of the Burning Spear

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

Comparative Year- Means the prior period.

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Machakos Teachers College (MATECO) was established on 4th March, 1958 to train female teachers. In 1965, the college was made a Co-educational Institution and started offering P1 and P2 courses. From then on it continued to train P1 teachers' up to December 2020. From June 2021, the College has been offering Diploma in Primary Teacher Education (DPTE) and Diploma in Early Childhood Teacher Education (DECTE) training. Over the years, admission of teacher trainees was conducted by the Ministry of Education. However, from 2022, admission of trainees has been through the Kenya Universities and Colleges Central Placement Services (KUCCPS). MATECO is located in Lower Kiandani Sub Location,,Mumbuni location of Machakos Sub County in Machakos County along College road. The College is registered as a Diploma Teacher Training Institution under the Ministry of Education, State Department of Early Learning and Basic Education under registration no. **16S4001111**. As at 30th June 2024, the college had 51 Teaching staff, 45 Non-teaching staff and a students' population of 829. The College has the capacity to host 1080 teacher trainees.

MATECO is an inclusive institution since it admits Teacher Trainees with special needs. The College has enrolled 31 Hearing Impaired (H. I.), 42 Visual Impaired (V. I.) and 5 Physical Impaired (P. I.) Teacher Trainees.

The college is currently implementing its 2021-2025 Strategic Plan which is focused on four key results areas namely; Training of quality Basic Education teachers, Wellness and Personality development, Talent development and Institutional capacity. Machakos Teachers College is ISO 9001: 2015 certified by Kenya Bureau of Standards (KEBS). ISO certification has enhanced customer focus by helping in timely, efficient and effective service delivery to all our customers. The College has embraced Performance Contracting for the last seventeen years. This has enhanced effective utilization of resources, timely service delivery and prudent management. Consequently enabling the College to successfully deliver on her mandate.

The College sits on a land parcel of approximately 74.26 Acres which allows for expansion. There is one borehole which supply water for use by the college community. However, water from the borehole is salty and inadequate.

The College is managed by a Board of Management, appointed by the Cabinet Secretary, Ministry of Education as stipulated in the Basic Education Act No. 14 of 2013. However, the day-to-day management of the College activities is undertaken by the Principal who is appointed by Teachers Service Commission (TSC).

(b) Principal Activity

MATECO's mandate, as established under The Constitution of Kenya, The Basic Education Act No. 14 of 2013, the Education Act Cap 211 of 2012, legal notice no. 14 of 2013 laws of Kenya, TSC Act No. 20 of 2012, include training teachers for Basic Education institutions, development in the teacher the ability to communicate and collaborate effectively.

Core Functions

According to the Institution's mandate, the core functions are: -

- i). To train Primary and Early Childhood school teachers.
- ii). Develop in the teacher the ability to communicate and collaborate effectively.
- iii). Equip teacher trainees with the core competencies and values that include; Critical thinking and problem solving skills, Creativity and imagination, Communication skills, Citizenship and Patriotism, Digital literacy, Self-efficacy, Learning to learn and Moral and religious values (as stipulated in the BCEF)
- iv). Develop awareness of good human relationship and international consciousness.
- v). Foster in the teacher an appreciation and respect for our rich and varied cultural heritage.
- vi). Develop in the teacher awareness and appreciation for good health and environmental conservation

MATECO STRATEGY MAP

VISION

A Centre of excellence in teacher education and human resource development

MISSION

To train quality Basic Education Teachers and offer human resource skills, knowledge and attitudes responsive to the challenges of a dynamic society

KEY RESULTS

Training of quality Basic Education teachers

Wellness and Personality development

Talent development

Institutional capacity

CORE

Professionalism; Creativity and Innovation; Integrity; Gender Equity and Inclusivity; Teamwork

(c) Key Management

MATECO is managed in accordance with the Constitution of Kenya, The Basic Education Act No. 14 of 2013, the Education Act Cap 211 of 2012, legal notice no. 14 of 2013 laws of Kenya, TSC Act No. 20 of 2012. The Institution is managed by the Board of Management appointed by the Cabinet Secretary (C. S.) in charge of Education. The Board of Management is responsible for the supervision of teachers, supervision of curriculum implementation and provision of teaching and learning resources, infrastructural development, promotion and facilitating of co-curriculum activities, creation of conducive and secured teaching and learning environment, facilitation of capacity building for human resource and improving safety of resources. The major management offices are:-

- (i) Board of Management (BoM).
- (ii) Principal, the Accounting Officer and Secretary to the BoM.
- (iii) Deputy Principal.
- (iv) Dean of Students.
- (v) Dean of Curriculum.
- (vi) Head of Departments.
- (vii) Heads of Subjects.
- (viii) Heads of Sections.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chairperson BOM	Prof. Francis Mathooko
2.	Chief Principal	Joyce Mabwai
3.	Deputy Principal	David Katule
4.	Dean of Students	Petronilla Wambua
5.	Dean of Curriculum	Serah Mwirigi
6.	Head of Finance	CPA Justin Mwaririe Kariuki
7.	Head of Procurement	Harrison Mutiso
8.	PC Coordinator	Joshua Mutie
9.	ISO Quality Manager	Joshua Mutie
10.	ICT Coordinator	Douglas Matolo
11.	Liaison Officer	Felistas Mutuku

(e) Fiduciary Oversight Arrangements

i. Board of Management

- The BoM shall monitor the financial status of the college and implementation of the College programmes and projects. Receive reports from the Principal that informs effective management of the College Human Resource.

ii. Finance, Procurement and General Purpose Committee of the Board

The committee exercise powers of the Board of Management including financial and procurement matters. The role of the committee shall be to monitor financial status on behalf of the Board of management.

iii. Academic & Welfare Committee of the Board

The academic committee is entrusted with the responsibility of:

- Monitoring the implementation of the Curriculum.
- To ensure learners are subjected to assessment as provided by Kenya National Examination Council.
- To address staff and teacher trainees welfare matters.

iv. Senior Management Committee

The main duty and responsibility of Senior Management is to:

- Implement the Board of Management strategic decisions.
- To provide leadership in communicating Machakos Teachers College Vision, Mission and Values and ensure their effective and consistent achievement.
- Be accountable for effective implementation of the Curriculum and development projects.
- Make recommendations to the Board on the implementation and achievement of the Board of management Strategic framework.

v. Audit and Risk Management Committee

- To review and provide oversight on governance initiatives of the Board.
- Review and provide oversight on the College internal control framework.
- Review and provide oversight on establishment, implementation, maintenance and effectiveness of risk assessment, risk management and risk reporting practices.
- Audit the College systems.

vi. Government Oversight Activities

The Government of Kenya Provide oversight role by providing the regulatory framework. Audit of College activities is done internally by the Directorate of Audit of the Ministry of Education. Audit is also undertaken by the Office of Auditor General.

(f) Machakos Teachers College Headquarters

Machakos Teachers College
P.O. Box 124-90100
Miwani-College Road
Machakos, KENYA

(g) MATECO Contacts

Telephone: (+254) 700 393 590, + (254) 735 360 330

E-mail: machakosteacherscollege@rocketmail.com

Website: www.mateco.ac.ke

(h) MATECO Bankers

Kenya Commercial Bank, Machakos Branch

Fund Account 1107139120

Project Account 1106322991

Main Account 1106308166

Savings Account 1104105217








(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






2. THE BOARD OF MANAGEMENT

No.	Member	Title	Photograph	Age	Qualification	Current Occupation
1.	Prof. Francis Mathooko	Chairperson		62	PhD	Professor at Machakos University
2.	Dr. Joyce M. Mutinda E.B.S	Deputy Chairperson		68	PhD	Chairperson of National Gender and Equality Commission.
3.	Mr. James Mwisa	Member		65	Higher National Diploma in Histopathology	Senior Lecturer KMTTC Machakos
4.	Mrs. Benedicter N. Musau	Member		67	Diploma in ECDE	Business Woman
5.	Architect Petrovic Muthusi	Member		57	Bachelor of Architecture	Private Practice.
6.	Mrs. Ruth Kalee	Member		53	Master of Community Health	Working at JKIA Nairobi
7.	Dr. Beatrice Nzou	Member		63	PhD Master of Counselling Psychology	Mediator, Counsellor
8.	Prof. David Musyoki	Member		52	PhD Associate Professor	Associate prof. of Educational Administration
9.	Mr George M, Mang'oka	Member		50	Master in Business Administration	Senior IT Projects Manager

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	Member	Title	Photograph	Age	Qualification	Current Occupation
10.	Mr. Joelex M. Orora	Member		67	Masters in BA(MBA),B.Com (Accounting & Auditing)	Businessman
11.	Ms Sarah Munyao Ndonge	Member		39	MB Master Development Communication	Lecturer at Daystar University
12.	Mr. Cosmas Mululu	Member		54	MA Project Planning Management	Ag. Director State Department for Planning
13.	Dr. Annastacia Musembi	Member		51	PhD Project Management	Lecturer
14.	Mr Watson Kanuku	Member		48	MSc, Computer Systems	Director of ICT Department, Network Administrator, Machakos University
15.	Advocate Grace Omari	Member		33	Bachelor of Law (LLB)	Senior State Counsel
16.	Veronica Musau	Member		66	Master of Education, Bachelor of Education	Education Consultant
17.	Mrs Mabwai Joyce	Secretary BoM		58	Master of Education, Bachelor of Education,	Chief Principal

3. KEY MANAGEMENT TEAM

No.	Member	Prof/Academic Qualification	Main area of Responsibility	Passport size photo
1.	Mrs Joyce Mabwai	Master of Education, Bachelor of Education, Diploma – School Leadership and Administration	Principal. Lead person in implementation of the College strategic activities to ensure the college delivers on its mandate. Motivates and develops the College staff highest standards of performance and customer service	
2.	Mr. David Katule	Master of Education, Bachelor of Education	Deputy Principal. Work in liaison with the principal in implementing the BoM strategic decisions, in charge of students discipline	
3.	Mrs Serah Mwirigi	Master of Education in Early Child Development Education	Dean of Curriculum. In charge of implementation of the core functions of the College	
4.	Mrs Petronilla Wambua	Bachelor of Education, Diploma Guidance & counselling, Certificate in Computer	Dean of Students. In charge of students welfare and students governance, ensure and make recommendations for provision of conducive environment for teacher trainee	
5.	CPA Justin Kariuki Mwaririe	BBA/CPA (K)	Administering routine financial functions ensuring all works is carried out in accordance with established procedures and systems.	

4. CHAIRMAN'S STATEMENT



The Board of Management of Machakos Teachers College has been very active during the year under review in managing the affairs of the College. It is with great pleasure that I present the financial statements for the financial year 2023/2024. It was a remarkable year, where tremendous strides were made in the achievement of MATECO mandate. Lessons were learnt, and opportunities identified for improved service delivery. I am happy to report that MATECO has fully embraced the Competency Based Teacher Education Curriculum.

Most activities planned for the year were accomplished thus enabling the College to deliver on her mandate. However, we recognize the existing challenges including inadequate learning facilities, low internet connectivity as well as understaffing in key learning areas.

The Board of Management being cognizant of the importance of provision of a conducive environment for learning and the need to secure the College, facilitated installation of upgrading of an elevated water tank of 65,000 litres and construction of phase four (4) of stone perimeter boundary wall at Kshs. 3,090,037.00

While F/Y 2023/2024 was not the best year in terms of financial performance, due to the high cost of living compounded by the low enrolment, the College took a deliberate path to manage costs and improve efficiency. In addition to students' fees, which is the main source of income, the College explored other sources of income such as hosting of workshops and seminars which earned the College Kshs, 13,596,885,200 and fixing of funds whose interest earned the College Kshs 758,263.00.

The College fully acknowledges the importance and role Information Communication Technology plays in enhancing service delivery. To enable lecturers and teacher trainees to integrate ICT in teaching and learning, the College has prioritized procurement of additional ICT equipment. However, the equipment and the network available is still inadequate. To this end the College continues to seek assistance from willing partners to make E-learning and digitalization of service

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delivery a reality. In this regard, I wish to express my gratitude to Safaricom Foundation for rehabilitating two (2) ICT Laboratories in the College in FY 2022/2023. The Project is complete and is in use. In addition, the College benefited from the KPEEL project that resulted in establishment of a I hub and studio. This will ensure efficient facilitation of learning and enhanced acquisition of digital literacy

Guided by 2021-2026 College Strategic Plan , focused on improvement of learning and training environment by upgrading existing facilities, provision of equipment and developing additional physical facilities. As a Board, we endeavor to continually put in place governance systems to ensure that we not only comply with Public Finance Management Act of 2012 but also engage in strategic leadership to enable the College achieve a good corporate status.

On behalf of the Board of Management, I sincerely thank our stakeholders for continued support and loo towards strengthened collaboration.

Finally, I extend my utmost gratitude to the members of the Board of Management and the staff, who tirelessly worked to deliver the strategic goals and cultivated admirable team spirit to ensure MATECO's image was recognized and respected.

Thank you.

Signed by:

Prof. .Francis Mathooko



.....
Chairperson Board of Management

Date: **31-12-2024**

5. REPORT OF THE CHIEF PRINCIPAL



I take this opportunity to present the College's Annual report and financial statements for the financial year 2023/2024. The report focuses on the College's strategic intent as outlined in the College Strategic Plan which includes improvement in physical facilities, delivery of the Core mandate, and prudent financial management. However, in spite of inadequate resources, the College was able to deliver on its mandate of training quality engaged, empowered and ethical teachers for basic education.

To develop an Institution with excellence in teaching and training, among other education service, Machakos Teachers College aims at investing in all areas that facilitates learning and training with emphasis on technology. To achieve this, we commit to continue to collaborate with a number of agencies both public and private sector in our endeavor to grow the Institution.

The College, is the only teacher training institution that admits three categories of Special Needs learners, visually impaired, Hearing Impaired and physically challenged. In spite of inadequate funding from the government for provision of services for teacher trainees with special needs, the Board of Management has prioritized projects that aims at making the environment conducive and friendlier to such learners.

Some of the achievements of the College include:-

- i). Successful implementation of Competency Based Curriculum
- ii). Successful evaluation of Curriculum implementation by KNEC through School Based Assessment (SBA), that were administered online.
- iii). Enhanced integration of ICT in teaching and learning.
- iv). Provision of Internet in tuition area.
- v). Construction of College Boundary wall phase four (4).
- vi). Prompt Payment of non-teaching staff salaries, despite low students' enrolment.
- vii). Timely remittance of statutory deductions.
- viii). Enhanced Community Service learning.

These achievements has been made possible due to the Strategic leadership of the Board of Management that has discharged its mandate as per the Basic Education Act No. 14 of 2013.

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Technology is a key tool in enabling teaching and learning. Whereas, the College has embraced ICT in facilitating learning, the internet connectivity in the College is not stable. Although, the need for continuous upgrade, enhancement of the Local area network and procurement of the College Integrated system, are expensive undertakings, subject to availability of funds, the College will priorities on this area. I am happy to report that the College facilitated e-assessments of teacher trainees by Kenya National Examination Council.

The transition of the College to Diploma in Primary Teacher Education from Certificate in Primary Teacher Education requires continuous retraining of lecturers, fresher courses for non-teaching staff and upgrading of Physical facilities. The College is optimistic that the Government through the MOE will provide funding these programmes.

I applaud MATECO team for the stellar performance during the financial year 2023/2024 and urge them to continually seek sound, innovative methods of service delivery to our stakeholders.

This Annual Report provides an authentic assessment of how the College delivered on her mandate and a consolidated financial and non-financial data for our stakeholders.

Signed By:

Joyce Mabwai



.....
Chief Principal

Date: **31-12-2024**

6. 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.

Machakos Teachers College has five strategic pillars and objectives within current Strategic Plan for the FY 2021- FY 2026. These strategic pillars are as follows:

- i. Provide teacher education and training programmes
- ii. Diversify financial sources and ensure efficient utilization of resources
- iii. Enhance effective management and administration of the College
- iv. Develop and enhance College infrastructure and facilities on suitable and needs basis
- v. Strengthen Capacity building on Professional skills and emerging issues.

Machakos Teachers College has 5 strategic goals within the current strategic plan for the year 2021- 2026. These strategic goals are as follows:

Strategic Goal 1: Provide teacher education and training programmes.

Strategic Goal 2: Diversify financial sources and ensure efficient utilization of resources.

Strategic Goal 3: Enhance effective management and administration of the College.

Strategic Goal 4: Develop and enhance College infrastructure and facilities on suitable and needs basis.

Strategic Goal 5: Strengthen Capacity Building on Professional skills and emerging issues.

The College develops its annual work plans based on the above 5 strategic goals. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The College achieved its financial performance targets set for the FY 2023/2024 period for its 5 Strategic Goals as indicated in the diagram below.

Strategic Goal	Objectives	Key Performance Indicators	Activities	Targets	Achievements
Strategic Goal 1	I. To increase enrolment.	Number	I. Offering quality academic programmes.	390	387
	II. To increase transition rate.	%	I. Strengthen Guidance and Counselling to minimize non-completion of the course. II. Adequate provision of resources to enhance performance.	100	98
	III. To ensure 100% Curriculum Design coverage.	%	I. Attendance of class by Teaching Staff to ensure timely completion of the Curriculum Design.		
	IV. Improve percentage pass in summative results.	Number	I. Adequate preparation of candidates.	4.6	4.1540
Strategic Goal 2	I. To ensure efficiency in resource utilization.	%	I. Develop effective College controls system and stores.	100	96

			<p>II. Sensitize the college on cost cutting measures and manage resources using schedules.</p> <p>III. Use of efficient Procurement Process.</p> <p>IV. Use of resource schedules and issuance of goods register.</p>		
	II. Develop viable financial income generating projects.	%	I. Hosting of workshops and seminars.	8	12
Strategic Goal 3	I. Ensure professionalism, transparency, integrity among Staff in performance of duties.	%	<p>I. Implement Quality Management System. (QMS).</p> <p>II. Form performance Indicator Committees.</p> <p>III. Attendance of Workshops.</p>	100	96
Strategic Goal 4	I. To Create more working space to enhance service delivery.	Number	I. Construction of a new administration block	1	1
Develop and enhance College infrastructure and facilities on	II. To digitalize College Operations	%	II. Development and maintenance of an Enterprise Resource Planning (ERP) System.	100	80

itable and needs basis.					
	III. To increase water supply in the College	Number	III. Borehole drilling, equipping and Solar connection.	1	1
Strategic Goal 5 Strengthen Capacity Building on Professional skills and emerging issues.	I. Implementation of the Service Delivery Charter.	Number	I. Review and display the Service Delivery Charter at the Administration Block and main gate in English and Kiswahili.	2	3
	II. Competence Development	%	I. Carry out Staff training needs assessment, execute interventions to address the identified skill gaps. II. Training of needs through external facilitation, coaching and mentoring.	100	98
	III. Gender Mainstreaming	%	I. Implement gender Mainstreaming policy, plans and programs. II. Set up and operationalize a Gender Management System.	100	100

	IV. Disability Mainstreaming.	%	I. Implement Disability Mainstreaming policy, plans and programs. Submit reports to NCPWD.	100	100
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7. CORPORATE GOVERNANCE STATEMENT

The College affirms that good corporate governance is key to any Institution of learning. The College commits to ensure that there is compliance with the legal and statutory requirements. It also commits to meet the set deadlines.

1. On behalf of the Cabinet Secretary, Ministry of Education, the College is managed by the Board of Management comprising of fourteen (14) Members. The Board assumed office in March, 2021.
2. The process of appointment and mandate of the Board of Management is clearly outlined in CAPS 14 of the Basic Education Act of 2013

(a) Appointment of Board of Management Members

The members of the Board of Management are appointed by the Cabinet Secretary, Ministry of Education following recommendations of the Nomination Committee. The Board comprises of fourteen (14) members and serves for three (3) years.

(b) Composition of Board of Management.

The Board of Management established under section 55 of the Basic Education Act consists of the following members appointed by the County Education Board:

- i). Six persons elected to represent local community.
- ii). One person nominated by the County Education Board.
- iii). One representative of the teaching staff in the school elected by the teachers.
- iv). Three representatives of the sponsors of the school.
- v). One person to represent special interest groups in the community.
- vi). One person to represent persons with special needs.
- vii). A representative of the students' council who shall be an ex officio member.

(c) Roles and functions of the Board of Management

As stipulated in The Basic Education Act No. 14 of 2013, Section 59, the functions of the Board of Management shall be to:-

- i). Promote the best interest of the Institution and ensure its development.

- ii). Promote quality education for all pupils in accordance with the standards set under this Act or any other written law.
- iii). Ensure and assure the provision of proper and adequate physical facilities for the Institution.
- iv). Manage the Institution's affairs in accordance with the rules and regulations governing the occupational safety and health.
- v). Advise the County Education Board on the staffing needs of the Institution.
- vi). Determine cases of pupils' discipline and make reports to the County Education Board.
- vii). Prepare a comprehensive termly report on all areas of its mandate and submit the report to the County Education Board.
- viii). Facilitate and ensure the provision of guidance and counselling to all learners.
- ix). Provide for the welfare and observe the human rights and ensure safety of the pupils, teachers and non-teaching staff at the Institution.
- x). Encourage a culture of dialogue and participatory democratic governance at the Institution.
- xi). Promote the spirit of cohesion, integration, peace, tolerance, inclusion, elimination of hate speech and elimination of tribalism at the Institution.
- xii). Encourage the learners, teachers and non-teaching staff and other parents and the community, and other stakeholders to render voluntary services to the Institution.
- xiii). Allow reasonable use of the facilities of the Institution for community, social and other lawful purposes, subject to such reasonable and equitable conditions as it may determine including the charging of a fee.
- xiv). Administer and manage the resources of the Institution.
- xv). Receive, collect and account for any funds accruing to the Institution.
- xvi). Recruit, employ and remunerate such number of non-teaching staff as may be required by the Institution in accordance with this Act.
- xvii). Perform any other function to facilitate the implementation of its functions under Basic Education Act No. 14 of 2013 or any other written law.

(d) Board of Management Induction and Training.

Members of the Board were inducted by officers from the Ministry of Education and National Treasury on 16th December, 2022. Further training will be organised by the College in the next financial year.

(e) Board and members allowances.

The College pays allowances to Board members to facilitate their travel to and from the College.

(f) Meetings.

- i). **Full Board meetings** – Held once a term, but if there is an urgent need, a meeting can be convened.
- ii). **Board Committee meetings** – Once every term.
- iii). **Executive Board meetings** – Once every term and when need arises.
- iv). **Special Board of Management meeting** - May be held on need basis.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Machakos Teachers College operational and financial performance

Operational performance

Machakos Teachers College has continued to demonstrate great resilience, as reflected in our operational and financial performance in financial year ending 30th June 2024. The College was able to deliver on its mandate. Below are some notable achievement;

- i. Construction of a boundary wall of Phase 4
- ii. Timely payment of non-teaching staff salaries in the financial year ending 30th June 2024.
- iii. Compliance with the statutory requirements.
- iv. Continuous Certification on Quality Management Systems by Kenya Bureau of Standards (KEBS).
- v. Construction of a modern administration block which is on going.
- vi. Mentorship to third year students in the linked primary schools.
- vii. Ongoing Implementation of Competency Based Teacher Education (CBTE)
- viii. Hosting workshops and trainings for various organizations. Such as TSC, KEMI, Ministry of Health, Public Service.
- ix. Hosting Nairobi Regional Teachers College games and National teachers College Olympic Championship
- x. Partnership with Zizi Afrique on Capacity building of Lecturers and Students on Competencies and Values.
- xi. Participation of six (6) ball games teams to the National level.
- xii. Participation of Eight (8) drama items to the national level.

Financial Performance

The College operates on fees received from students and government's grants. In the FY 2023/2024 the College targeted to raise Kshs. **66,684,261.00** from students and Ksh **16,446,200.00** from Government Grants. By the end of the 30th June 2024, the total revenue of Kshs. **57,120,785.04** was received from students, Ksh **14,606,450.00** from government for four quarters operational grants and ksh **394,478.65** for SNE grant.

Machakos Teachers College compliance with statutory requirements

The College complies with statutory requirements by timely remittance of Pay as you Earn (PAYE), National Social Security Fund (NSSF), and National Hospital Insurance Fund (NHIF), Affordable Housing Levy (H/L) and National Industrial Trading Authority (NITA) levy as required, Employment Act Cap 229 2007, Basic Education act 2013.

Key projects and investment decisions the entity is planning/implementing.

In FY 2023/2024, Machakos Teachers College plans to implement projects that enhance effective delivery of the new Competency Based Teacher Education curriculum. The Board has plans to undertake renovations of Classes. To improve facilitation of learning, the College with the support of the Ministry of Education, will establish I-Hub, Studio, Smart Classrooms and DLP Laboratory. This will facilitate ICT integration, Creativity, research and enhance access to information for the teacher trainees and staff.

To enhance and ensure effective, efficient and consistent service delivery, the college is in the process of procurement of an Enterprise Resource Planning at cost of Kshs. **5,975,160.00**. The contract has been signed.

As an inclusive institution that admits Teacher Trainees with visual, Physical, hearing and multiple impairment. The college seeks to ensure accessibility of learning resources for Teacher Trainees with visual impairment, by ensuring they are able to access internet and other resources. The College will seek support from partners in training of staff and students on use of orbit readers KSL and Braille Proficiency. Moreover, the College will ensure Teacher Trainees with hearing impairment acquire digital literacy competency to enable them carry out research.

The Board of Management acknowledges the importance of making the College secure and preventing encroachment into the College land. The College is constructing the fourth phase of stone boundary wall at cost of Ksh 3,090,037.00. Additionally, the College has commenced the construct of a modern administration block. The Board had initially allocated Ksh 7,086,664.60 for this project. However ksh 15,767,547.20 has been allocated to the project in the revised budget. The 1st certificate of ksh 7,922,800.00 and 2nd of ksh 7,494,133.60 have been paid for the period ended June 30, 2024. The 3rd certificate of ksh 10,658,872.28 has been raise but yet not paid.

Major risks facing Machakos Teachers College

The principle risks identified within the College are:

- i. Transition rates. Most teacher trainees are from very humble background and since bursaries are not adequate, some of them may not be able to transit from one year to the next.
- ii. Cost of education in Teacher Training College is not affordable to all trainees. Teacher trainees do not benefit from HELB loan unlike other institutions of higher learning.
- iii. Bursaries from NG-CDF are inadequate.
- iv. Delay in disbursement of funds from the Government for payment of Non-teaching staff salaries.
- v. Inadequate ICT resources.
- vi. Asbestos on 95% of the College buildings roofs is a health risk to the Community. The cost of removal and disposal of asbestos is quite high; approximately Ksh. 40 Million.
- vii. Understaffing in Music, Art and Craft impacts negatively on implementation of the CBC curriculum.
- viii. Insecurity due to the porous boundary. Encroachment by the Machakos Golf Club Limited and Court injunction against use of approximately 26.3 Acres of the college land.
- ix. Old and dilapidated physical facilities.
- x. Inadequate water supply.
- xi. Inadequate physical and human resource facilities for special needs Education students
- xii. Poor games physical facilities due to College soil and terrine.

Material arrears in statutory/financial obligations

At the end of the period ended June 30, 2024 the creditors' total pending bill totalled to 10,998,126.90. Fees paid in advance amounted to Ksh 1,031,110.00

Machakos Teachers College financial probity and serious governance issues

Machakos Teachers College, observe financial integrity by ensuring due procurement regulations are followed in acquisition of services or goods. Integrity is one of the core values of the College. Based on absolute honesty in handling public funds, the College staff maintain strict obedience to code of ethics for public servants.

To protect the College from legal and financial risk, tenders were advertised, opened and evaluated as per the Public procurement and Assets Disposal Act 2015 (PPAD). Tender participants are treated fairly and equally; their confidential information is maintained. The College currently advertises tenders through the Public Procurement and Information Portal (PPIP). The College has established and functioning tender opening and evaluation committee.

The College financial records are well maintained and accurate and timely financial statements can easily be generated. Payments are made only for goods received and services provided and the College Inspection and Acceptance Committee play a critical role in ensuring there is no loss of funds by the college by ensuring quality and quantity of goods and services.

The Finance and Procurement staff have the right qualifications for their positions. To enhance effective and timely service delivery, the staff were in serviced in September 2023.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Sustainability strategy and profile

Machakos Teachers College is located in close proximity to Machakos town which is the headquarters of Machakos County. In addition, it is about 65 km from Nairobi. Its location thus provides opportunities for her growth as demonstrated in the income earned from hosting activities.

To ensure the College meet expectation as it delivers on its mandate, the College:

- a) Ensures due processes are followed in procurement of goods and services so as to ensure value for money.
- b) Undertakes an annual tree planting exercise.

- c) Sensitize the college community on the importance of conserving water and electricity.
- d) Harvests water from the few iron roofed buildings.
- e) Uses Energy saving jikos
- f) Procurement is based on approved requisition to minimise wastage.

Environmental performance

The College has two parcels of land; Machakos Block 1/27 and Block 1/26. The Land Parcel Block 1/26 was donated by the Machakos Golf Club to the College in 1970's. However, FY 2020/2021, Golf Club took the College to Court to restrain the college from carrying out any activity on the aforementioned piece of land. The Case is yet to be concluded.

During the last financial year, Safaricom Foundation facilitated removal and safe disposal of asbestos from the ICT Laboratories. Subject to availability of funds, the College plans to undertake in phases safe removal and disposal of asbestos from the college buildings.

Employee welfare

The College uses guidelines and regulations provided by the Ministry of Education to hire and manage its employees. The number of staff recruited is as per the Non-teaching staff establishment approved by the Ministry of Education. The Board of Management hires the services of non-teaching staff on permanent basis according to the College needs and ability to pay salaries. The non-teaching staff salaries is funded by the government grants and students fees.

On recruitment, the Board of Management seeks to ensure highest standard of efficiency, competence and integrity without discrimination based on sex, religion, ethnic origin or disability. The Board commits and upholds the equal opportunity principle. The recruitment is carried out in a competitive basis that results in recruitment of suitable employees.

The Board provides a conducive working environment for its staff both male and female by providing equipment, tools and staff uniforms. The Board has put in place measures to ensure compliance with occupational safety and Health Act of 2007. Staff are provided with protective gears and clothing.

Market place practices-

The College values the Suppliers who provide goods and services. To build trust, procurement procedures are fully adhered to. In the year under review, the College and was able to advertise

tenders through the Public Procurement Portal, College Website and strategic notice boards in the Machakos County to ensure accountability and selection of the most suitable supplier. Staff and members of tender Committees are guided by the code and procurement ethics to ensure tendering process is run openly and fairly.

Opening of tenders is conducted as stipulated in the Public Procurement and Asset Disposal Act. Opening, Evaluation and award of tenders is guided by the Public Procurement and Assets Disposal Act 2015.

The College has continued to maintain good relations with her suppliers by ensuring that orders are made on time. Proper documentation and Quality Management procedures are followed. The inspection and acceptance committee verifies the quantity and quality of goods. Once deliveries are made, payment is made as stipulated in the College service delivery charter.

Corporate Social Responsibility / Community Engagements

During the year under review, engaged the Community as follows:-

- i). Members of the College community visited Machakos men Prisons and donated some items.
- ii). Local entrepreneurs provided services during College functions.
- iii). On request, The County Government of Machakos, neighbouring institutions and sports clubs used the College fields for their activities.
- iv). Teacher trainees engaged in various sporting and games activities with teams from other Colleges.
- v). During the year, students participated in Drama, sports and athletics championship up to the National level.

10. REPORT OF THE BOARD OF MANAGEMENT

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

Principal activities

The mandate of the College is to train quality engaged, empowered and ethical Primary and Early Childhood school teachers by facilitating acquisition of knowledge, skills, attitudes and values to enable them be responsive to the challenges of a dynamic society.

Results

The results of Machakos Teachers College for the period ended June 30, 2024 are set out on page 1 to 37.

Board of management

The members of the Board who served during the year are shown on page xii-xiii

Auditors

The Auditor General is responsible for the statutory audit of Machakos Teachers College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Machakos Teachers for the period ended June 30, 2024 in accordance to the section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an audit on his behalf.

By Order of the Board



.....
Secretary of the Board of Management

Machakos

Date: **31-12-2024**

11. STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

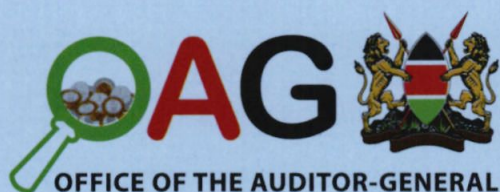
Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the council members to prepare financial statements in respect of that entity, which give a true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

The Council members are responsible for the preparation and presentation of the Machakos Teachers College financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (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 entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MACHAKOS TEACHERS COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Machakos Teachers College set out on pages 1 to 38, which comprise the statement of financial position as at

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Machakos Teachers College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 26 to the financial statements reflects cash and cash equivalents balance of Kshs.21,928,546. Included in the balance is Kshs.13,482,432 in respect to fund bank account whose cashbook reflects a balance of Kshs.5,578,385 resulting to an unexplained variance of Kshs.7,904,047.

In the circumstances, the accuracy, completeness, existence of cash and cash equivalents balance of Kshs.21,928,546 could not be confirmed.

2. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 27 to the financial statements reflects receivables from exchange transactions balance of Kshs.34,559,114. However, schedules or debtors control accounts to support the balances were not provided for audit and there was no disclosure on the adopted receivables recognition and the aging analysis policy.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.34,559,114 could not be confirmed.

3. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.65,703,462 as disclosed in Note 32 to the financial statements. However, the lease of the 29.1 acres piece of land where the College is constructed expired on 1 April, 1996 while another piece of land measuring approximately 13.49 acres had only a letter of

allotment issued in 1967. Further, 95% of the College buildings are old, dilapidated and covered with asbestos posing health risks, the College land is not fenced and approximately 26.3 acres had been encroached resulting to a pending court case.

In the circumstances, the accuracy, existence, completeness and ownership of property, plant and equipment balance of Kshs.65,703,462 could not be confirmed.

4. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 36 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.22,271,706. However, schedules or creditors control accounts were not provided for audit and there was no disclosure on the adopted recognition of trade and other payables and the aging analysis policy.

In the circumstances, the accuracy, existence and completeness of the trade and other payables from exchange transactions balance of Kshs.22,271,706 could not be confirmed.

5. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects government grants transfer amount of Kshs.16,446,200 while the approved budget reflects Kshs.15,806,248 resulting to unexplained variance of Kshs.639,952. Further, the statement reflects rendering of services-student fees amount of Kshs.66,684,261 while the approved budget reflects Kshs.61,171,184 resulting to unexplained variance of Kshs.5,513,077. In addition, the statement reflects repair and maintenance final budget amount of Kshs.2,502,000 instead of Kshs.2,040,000 resulting to unexplained variances of Kshs.462,000.

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

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual income on comparable basis amount of Kshs.111,409,875 and actual expenditure of Kshs.81,948,837 resulting to under expenditure of Kshs.29,461,038 or 26% of the actual income.

The under-expenditure may have affected achievement of key result areas including training of quality basic education teachers, wellness and personality development, talent development and institutional capacity.

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 Information

The Board of Management is responsible for the other information set out on page v to xxxiv which comprise of Key Entity Information and Management, The Board of Management, Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Qualified Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.96,768,850 and final expenditure budget of Kshs.88,182,679 resulting to unbalanced budget by Kshs.8,586,161. This was contrary to Regulation 33 (c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget shall be balanced.

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

2. Lack of Higher Education Loans to Students

The College admits teacher trainees both for regular and special needs which sometimes could be costly to trainees. However, the students have no access to Higher Education Loans Board (HELB) funding as they are not considered government-sponsored students despite placement by Kenya Universities and Colleges Central Placement Service (KUCCPS). Further, HELB funds Universities and Technical and Vocational Education and Training (TVET) trainees leaving out Teachers Training Colleges.

In the circumstances, the needy students may be disadvantaged and drop out due to lack of fees and contradicts the HELB Act, on access to loans by all students.

3. Non-Compliance with the National Cohesion and Integration Act

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects employee costs of Kshs.17,380,266. Review of the payroll database for non-teaching and subordinate staff revealed that 74% of the staff were from the dominant ethnic community in the county. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that require all public establishments to seek to represent the diversity of the people of Kenya in employment of staff.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Update Fixed Assets Register

The statement of financial position and as disclosed in Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.65,703,462. However, the fixed asset register was not updated with details of date of purchase, cost of asset, make & model, depreciation rates, annual depreciation amounts, accumulated depreciation, source of funds, net book values and responsible officer. Further, Management did not prepare a finance manual to provide guidelines on the capitalization threshold for assets acquired.

In the absence of an updated assets register, the effectiveness of internal controls on identification, accountability and monitoring of the College's assets could not be confirmed.

2. Use of Manual System

During the year, Management had not automated the systems and relied on manual system on critical operations including student registration, billing and maintain accounting records which are prone to human errors and manipulation. Further, the manual ledgers were summarized per month instead of recording the transactions as they occur. In addition, the monthly balances in the cash books were inscribed in pencil which can be easily erased.

In the circumstances, the effectiveness of internal controls on using manual system could not be confirmed and may limit real time processing or reporting which can delay decision making.

3. Understaffing

The statement of financial performance reflects employee costs amount of Kshs.17,380,266 as disclosed in Note 16 to the financial statements. Review of the College's teaching staff revealed forty-seven (47) in-post staff against an authorized establishment of one hundred and fifty-one (151) resulting to staff shortage of one hundred and four (104). Further, the subordinate staff were forty-five (45) against an authorized establishment of sixty-six (66) resulting to staff shortage of twenty-one (21).

In the circumstances, due to understaffing the College is not likely to effectively and efficiently carry out its mandate.

4. Weak Information Communication and Technology Controls

Review of the College's information technology systems revealed that a structured cable network that provides network connectivity to various offices had been installed. However, the College did not have an Information Communication and Technology (ICT) steering committee to assist in the development of ICT policy framework to enable the College realize long-term ICT strategic goals.

In the circumstances, lack of effective ICT controls could affect critical operations of the College including student registration, billing and accounting books and records.

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

Responsibilities of the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 January, 2025

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Grants	5	15,000,929	16,446,201
		15,000,929	16,446,201
Revenue from exchange transactions			
Rendering of services- Fees from students	10	57,120,785	30,926,706
Rental revenue from facilities and equipment	12	1,706,670	2,192,694
Finance income	13	966,741	678,352
Miscellaneous Income	14	36,614,750	14,168,642
Revenue from exchange transactions		96,408,946	47,966,394
Total revenue		111,409,875	64,412,595
Expenses			
Use of goods and services	15	62,759,270	33,425,090
Employee costs	16	17,380,266	18,190,323
Allowance of Board of Management	17	828,000	1,050,500
Repairs and maintenance	19	2,570,545	5,453,549
Finance costs	22	208,478	310,059
Depreciation		9,648,019	3,199,154
Total expenses		93,394,578	61,628,675
Net Surplus for the year		18,015,297	2,783,920

The notes set out on pages 22 to 39 form an integral part of the Annual Financial Statements.

Machakos Teachers College
Annual Report and Financial Statements for the year ended 30th June 2024

The Financial Statements set out on pages 1 to 6 were signed by

Prof. Francis Mathooko


.....

**Chairperson of the Board of
management**

Date 31.12.2024

Joyce Mabwai


.....

Chief Principal

Date 31-12-2024

CPA Justin Kariuki


.....

Finance Officer

ICPAK No 20658

Date 31/12/2024

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	Notes	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	21,928,545	32,005,060
Current portion of receivables from exchange transactions	27	34,559,114	21,050,678
		56,487,659	53,055,738
Non-current assets			
Property, plant and equipment	32	65,703,462	21,461,307
		65,703,462	21,461,307
Total assets		122,191,121	74,517,045
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36	22,271,706	15,445,591
Revaluation Reserve		22,832,662	
Non-current liabilities			
Total liabilities		45,104,369	15,445,591
Accumulated surplus		59,071,455	56,287,534
Surplus for the year		18,015,297	2,783,920
Total net assets and liabilities		122,191,121	74,517,045

The Financial Statements set out on pages 1 to 6 were signed by:

Proff. Francis Mathooko



Chairperson of the Board of management

Date 31.12.2024

Joyce Mabwai



Chief Principal

Date 31-12-2024

CPA Justin Kariuki



Finance Officer

ICPAK No 20658

Date 31/12/2024

15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2024

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	-	(22,099,371)	-	(22,099,371)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,783,920	-	2,783,920
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	-	<u>(19,315,451)</u>	-	(19,315,451)
At July 1, 2023	-	<u>(19,315,451)</u>	-	(19,315,451)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	18,015,297	-	18,015,297
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	-	(1,300,154)	-	(1,300,154)

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

		2023-2024	2022-2023
	NOTE	Kshs.	Kshs.
Cash flows from operating activities			
Deficit for the Year		18,015,297	2,783,920
Adjustments for :			
Interest income			
Operating Profit		18,015,297	2,783,920
Add back			
Depreciation & Amortization	32	9,648,019	3,199,154
Interest Income			
		27,663,316	5,983,074
Changes in working capital			
Decrease / (Increase) in Inventories			
Increase/(Decrease) in Receivables from exchange transactions	17	-13,508,436	-9,030,254
(Decrease) / Increase in Trade and other payables	36	6,826,115	453,001
Prior year adjustments-Amortization		-	-
		-6,682,321	-8,577,253
Net cash flows from operating activities		20,980,995	-2,594,179
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(31,057,510)	(3,083,050)
Proceeds from sale of property, plant and equipment			
Net cash flows from investing activities		((31,057,510)	((3,083,050)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		(10,076,515)	(5,622,019)
Cash and Cash Equivalents at Beginning of Year		32,005,060	37,627,079
Cash and Cash Equivalents at End of Year		21,928,545	32,005,060

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17. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR YEAR ENDED 30 JUNE 2024

	Original budget	Adjustments	Final budget	Actual cumulative to date	Utilisation Difference
	a	b	c=a+b	d	e=d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	16,446,200.00		16,446,200.00	15,000,928.65	91.21
Public contributions and donations	-	-	-	-	
Rendering of services- Fees from students	49,333,930.00	17,350,331.00	66,684,261.00	57,120,785.00	85.66
other income	11,443,969.00	-	11,443,969.00	36,614,750.70	320.00
Finance Income	637,500.00	-	637,500.00	966,741.00	151.65
Hire of facilities	1,556,920.00		1,556,920.00	1,706,670.00	109.62
Total income	79,418,519.00	17,350,331.00	96,768,850.00	111,409,875.35	115.13
Expenses					
Compensation of employees	17,429,133.00	259,888.10	17,689,021.10	17,380,266.00	98.25
Use of Goods and services	66,115,658.00		66,115,658.00	61,170,026.38	92.52
Repair and Maintenance	2,040,000.00	-	2,502,000.00	2,570,545.00	102.74
Board of Management Allowance	1,876,000.00	-	1,876,000.00	828,000.00	44.14
Total expenditure	87,460,791.00	259,888.10	88,182,679.10	81,948,837.38	92.93

(Budget notes)

- i. The college received the four quarter grants
- ii. The college hosted more seminars more than budgeted
- iii. The college fixed fund in fixed deposit account

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Machakos Teachers College entity is established by the Government of Kenya and derives its authority and accountability from the Basic Education Act No. 14 of 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. Machakos Teachers College principal activity is to train quality engaged, empowered and ethical Diploma Primary and Early Childhood education teachers

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Machakos Teachers College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Machakos Teachers College. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Basic Education Act Cap 211 of 2012, legal notice no 14 of 2013 laws of Kenya and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of

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	<p>PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for</p>

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	public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The Machakos Teachers College did not early adopt any new or amended standards in year 2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Board of Management on 14th July 2023 and revised on 15th February 2024. Machakos Teachers College budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule of the TAX ACT

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives

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

f) Leases

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

g) Intangible assets

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

h) 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

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

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the Machakos Teachers College management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within

the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

The Machakos Teachers College creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The MACHAKOS TEACHERS COLLEGE 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

p) 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.

q) 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.

r) Related parties

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

s) Service concession arrangements

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

t) 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.

u) Comparative figures

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

v) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the MACHAKOS TEACHERS COLLEGE 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 Machakos Teachers College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the 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 MACHAKOS TEACHERS COLLEGE.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

6. Transfers from other National Government entities

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Unconditional grants		
Operational grant	14,606,450.00	15,806,248.95
SNE grants	394,478.65	639,952.20
Total government grants and subsidies	15,000,928.65	16,446,201.15

NOTE:

The college receive four quarter grants

(a)Transfers from other Government entities (Categorized)

The college did not receive transfer from other Government entities

7. Grants from Donors and Development Partners

The College did not receive Grants from Donors and Development partners

8. Transfers from Other Levels of Government

There were no Transfer from other levels of Government

9. Public Contributions and Donations

There were no public Contribution and Donations

10. Rendering of Services

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Tuition fees	2,137,661.60	721,144.00
Activity fees	1,935,950.40	1,360,910.00
Teaching practice	1,359,607.00	498,372.00
Medical	872,654.00	346,093.00
BES	21,843,150.00	10,411,983.00
RMI	2,491,714.00	1,066,729.00
EWC	3,189,501.00	1,470,784.00
LTT	3,785,764.00	1,431,734.00
Contingencies	2,670,052.00	922,779.00
VRM/Replacement	4,926,307.00	2,170,220.00
Students council	341,389.00	124,550.00
ICT	3,089,600.00	1,487,335.00
Personal Emolument	6,699,067.00	4,275,353.00
Extra Courses	122,750.00	-
Students ID	171,600.00	62,100.00
Bank changes	112.04	33,510.01
Examination fees	1,407,406.00	3,122,617.00
Straw Boards	-	22,800.00
KUCCPS	-	277,000.00
Unclaimed Assets	76,500.00	10,500.00
Stationary	-	1,110,193.00
Total revenue from the rendering of services	57,120,785.04	30,926,706.01

11. Sale of Goods

There were no sale of Goods in the financial year

12. Rental revenue from facilities and equipment

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Hire of facilities and equipment	595,162.00	1,200,428.45
Contingent rental	1,111,508.00	992,226.00
Total	1,706,670.00	2,192,654.45

13. Finance Income

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Cash investments (interest on fixed deposits)	966,741.00	678,352.40
Total finance income	966,741.00	678,352.40

Note:

The college earned income from fixed deposit accounts

14. Miscellaneous Income

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Income from Disposal	11,800.00	
Income from sale of tender	-	6,001.00
Graduation fees	-	454,331.00
Seminars and courses	28,255,710.70	13,708,310.00
National Games	8,347,240.00	
Total other income	36,614,750.70	14,168,642.00

(NB:

- i. The college Hosted KNEC Exam marking exercise and other workshop
- ii. The College leased out of Safaricom mobile signal booster
- iii. There was hire out of Fields and the Guest Houses in the F/Y 2023 / 2024

15. Use of Goods and Services

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Tuition fees	1,797,394.00	1,157,803.00
Activity fees	4,048,850.20	2,501,453.00
Teaching practice	983,950.00	716,239.00
Medical	442,582.00	189,897.00
BES	16,164,408.00	10,593,330.90
EWC	2,816,161.00	2,064,954.00
LTT	3,442,125.00	2,022,885.00
Contingencies	1,701,304.70	1,482,609.90
MVR	1,694,487.20	1,251,243.00
Students council	66,500.00	
ICT	1,077,348.00	1,509,015.95
Rent	217,750.00	
Students ID	124,700.00	38,400.00
Examination fees	2,888,800.00	1,402,123.00
Farm		3,410.00
Graduation fee		600,744.00
Seminars and courses	17,513,008.50	5,433,003.00
Performance contract	30,000.00	84,000.00
National Games	5,504,857.00	
Tender		254,800.00
KUCCPS	1,500.00	
ISO 9001:2015 certification	168,820.00	294,500.00
Hire of facilities	58,700.00	
Bank Charges	45,180.78	29,176.00
Extra Courses	95,600.00	
Capacity Building		436,750.00
NITA	31,700.00	
Stationary	221,800.00	12,354.00
Bore Hole	40,000.00	
Farm account	1,581,744	
Mattresses		1,346,400.00
Total good and services	62,759,270.38	33,425,090.75

16. Employee Costs

	FY 2023-2024	FY 2022-2023
	KShs	KShs
Salaries and wages	17,380,266.00	18,190,323.00
Employee costs	17,380,266.00	18,190,323.00

Notes:

- i. The College had paid salaries to the BOM Employees in full and all statutory and other deduction submitted at the end of financial year 2023/2024.
- ii. The Cleaner retired in December 2023 was not replaced.

17. Board of Management Expenses

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Chairman's Allowance	58,000.00	84,000.00
Board of Management Allowance	770,000.00	966,500.00
Total Board of Management Allowance	828,000.00	1,050,500.00

Note:

Members of the Board are not paid for services rendered. They only receive allowances to facilitate their travel to and from College for official engagements

18. Depreciation and Amortization expense

The College is in a process of valuing its Asset to enable Depreciation and Amortization of the assets

19. Repairs and Maintenance

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
General repairs	2,570,545.00	2,200,311.00
Hostel renovation	-	3,122,738.10
Rental House repair	-	130,500.00
Total repairs and maintenance	2,570,545.00	5,453,549.10

20. Contracted Services

There were no Contracted services at the end of reporting period

21. Grants and Subsidies

There were no expense incurred on Grants and Subsidies for the financial year 2023/ 2024

22. Finance Costs

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Fixed Deposit withholding Tax	208,478.00	310,059.00
Total finance costs	208,478.00	310,059.00

Note:

Withholding tax was paid on fixed deposit and hire of safaricom mobile signal booster

23. Gain On Sale of Assets

The college did not realise any gain in sale of Assets for the financial year 2023/ 2024

24. Gain/(loss) on Fair Value Investments

There were no expense incurred on Unrealized Gain on Fair Value Investments for the financial year 2023/ 2024

25. Impairment Loss

There were no impaired loss incurred for the financial year 2023/ 2024

26. Cash and Cash Equivalentents

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Current Account	18,041,143.74	28,294,829.09
Saving account - KCB Bank	3,884,917.25	3,707,079.35
Cash in hand	2,484.50	3,151.50
Total Cash and Cash Equivalentents	21,928,545.49	32,005,059.94

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

		FY 2023-2024	FY 2022-2023
Financial institution	Account number	KShs	KShs
a) Current account			
Fund account - KCB Bank	1107139120	13,482,432.10	15,355,146.60
Farm account - KCB Bank	1106322991	3,685,705.15	10,475,606.21
Main account - KCB Bank	1106308166	873,006.49	2,464,076.28
Sub- total		18,041,143.74	28,294,829.09
b) Savings account			
Saving account - KCB Bank	11041052217	3,884,917.25	3,707,079.35
Sub- total		3,884,917.25	3,707,079.35
Cash in hand		2,484.50	3,151.50
Sub- total		2,484.50	3,151.50
Grand total		21,928,545.49	32,005,059.94

The Amount stated under prior year is the amount certified through Bank certificate and the cash survey at the start of the current financial year

27. Receivables from Exchange transactions

27 (a) Current Receivables from Exchange transactions

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Current receivables		
Student debtors	19,547,902.39	12,678,875.29
Rent debtors	147,500.00	534,366.00
Sundry Debtor	14,771,775.00	7,745,500.00
Other receivables	91,937.04	91,936.44
Total current receivables	34,559,114.43	21,050,677.73

27 (b) Long- term Receivables from Exchange transactions

There were no Long term receivables from Exchange transactions

27 (c) Ageing Analysis of Receivables from Exchange transactions

Description	FY 2023-2024		Insert FY 2022-2023	
	Kshs		Kshs	
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	28,049,203.04	75	11,886,364.90	56.46
Between 1- 2 years	1,092,945.00	3	1,180,636.00	4.54
Between 2-3 years	-	-	-	-
Over 3 years	8,198,710.39	22	7983676.83	39
Total (a+b)	34,559,114.43	100	21,050,677.73	100

27 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

There were no impairment Allowance on Receivables from Exchange Transactions

28. Receivables from Non-Exchange transactions

There were no Receivables on capitation grants relating to the year under review

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

There were no Receivables from Non-Exchange Transactions

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

There were no Impairment Allowance on Receivables from Non-Exchange Transactions

29. Inventories

The College had not valued the inventories at the end of the financial year 2023/2024

30. Investments in financial assets

At the end of the reporting period the College had no Investments in financial assets

31. Prepayments

There were no prepayments made in advance

EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets boundary fence	Plant and Equipments	Capital Work in progress	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2020		9,609,175.70	11,352,337.40	-	-	1,865,506.64			22,827,019.74
Depreciation		192,184.00	2,838,084.00	-	-	233,188.00			3,263,456.00
At 30th June 2021		9,416,991.70	8,514,253.40	-	-	1,632,318.64	-	-	19,563,563.74
Additions		-	-	-	2,346,100.00	319,072.00	385,000.00	2,276,417.00	5,326,589.00
At 30th June 2022		9,416,991.70	8,514,253.40	-	2,346,100.00	1,951,390.64	385,000.00	2,276,417.00	24,890,152.74
Depreciation and impairment		188,300.00	2,128,563.00	-	703,830.00	243,924.00	48,125.00	-	3,312,742.00
At 30 June 2022		9,228,691.70	6,385,690.40	-	1,642,270.00	1,707,466.64	336,875.00	2,276,417.00	21,577,410.74
At 1st July 2022		9,228,691.70	6,385,690.40	-	1,642,270.00	1,707,466.64	336,875.00	2,276,417.00	21,577,410.74
Additions							3,083,050.00		3,083,050.00
adjustment		-	-	-	-		2,276,414.00	(2,276,417.00)	-
At 30 June 2022		9,228,691.70	6,385,690.40	-	1,642,270.00	1,707,466.64	5,696,339.00	-	24,660,460.74
Depreciation and impairment		184,571.00	1,596,423.00	-	492,681.00	213,433.00	712,042.00		3,199,150.00
At 30th June 2023		9,044,120.70	4,789,267.40	-	1,149,589.00	1,494,033.64	4,984,297.00	-	21,461,310.00
At 1st July 2023		9,044,120.70	4,789,267.40	-	1,149,589.00	1,494,033.64	4,984,297.00	-	21,461,310.00
Additions		23,573,360.10					7,484,148.00		31,057,508.10
Adjustment			22,832,662.60						22,832,662.60
At 30 June 2024		32,617,480.80	27,621,930.00	-	1,149,589.00	1,494,033.64	12,468,445.00	-	75,351,480.70
Depreciation and impairment		652,349.62	6,905,482.50		344,876.70	186,754.21	1,558,555.63		9,648,018.65
Net book values		31,965,131.18	20,716,447.50		804,712.30	1,307,279.44	10,909,889.38		65,703,462.05
At 30 th June 2023		9,228,652	4,789,268	-	1,149,598	1,494,033	1,009,570	-	21,461,307
At 30 th June 2024		31,965,131.18	20,716,447.50	-	804,712.30	1,307,279.44	10,909,889.38	-	65,703,462.05

Note on Property, Plant and Equipment

- i. The College has come up with fair value of College Assets before engaging external valuer
- ii. The value of Assets under the Property, Plant and Equipment is based on internal estimates.

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Valuation

The College has initiated the process of valuation of college assets

32 (b) Property, Plant and Equipment at Cost

The Property, Plant and Equipment are stated at fair value

33. Intangible Assets

The value of Intangible Assets is based on internal estimates

34. Investment Property

There were no Investment property

35. Biological Assets

The Biological Assets were not valued

36. Trade and Other Payables

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Trade payables	11,005,626.90		477,818.15	
Fees paid in advance	1,031,110.00		689,118.00	
Rent received in advance			6,220.00	
Funded Accounts	8,514,745.45		12,695,457.12	
Other Payables	72,977.89		66,182.00	
Students deposits	1,647,246		1,510,796.00	
Total trade payables	22,271,706.21		15,445,591.27	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	12,036,736.9	54	1,296,979.15	8.3
1-2 years	-		-	-
2-3 years	-		-	-
Over 3 years	10,234,969.31	46	14,148,612.12	91.7
Total (to tie to totals above)	22,271,706.21	100	15,445,591.27	100

37. Current Provisions

There were no Current provision

38. Finance Lease Obligation

The College had no financial lease obligation

39. Deferred Income

There were no deferred income for the period under consideration

40. Employee Benefit Obligations

- i. Machakos Teachers college contributes to the National Social security fund (NSSF and affordable Housing Levy (H/L)
- ii. Employee are paid Gratuity after Exist the employment

41. Payments received in advance.

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Fees received in advance	1,031,110.00		689,118.00	
Rent received in advance	-		6,220.00	
Total	1,031,110.00		695,338.00	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	1,031,110.00	100	695,338.00	100
1-2 years	-	0	-	-
2-3 years	-	0	-	-
Over 3 years	-	0	-	-
Total	1,031,110.00	100	695,338.00	100

42. Borrowings

At the end of the reporting period the College had no both External and domestic borrowings

43. Non-Current Provisions

At the end of the reporting period college had no Non-current provisions

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44. Service Concession Arrangements

At the end of the reporting period the College had no Service Concession Arrangements

45. Social Benefit Liabilities

At the end of the reporting period the College had no Social benefit Liabilities

46. Cash generated from operations.

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Surplus for the year before tax	18,015,297	2,783,920
Adjusted for:		
Depreciation	9,648,019	3,199,154
Non-Cash grants received	-	-
Contributed assets	27,663,316	5,983,074
Impairment	-	-
Gains and Losses on Disposal of Assets	(31,057,510)	(3,083,050)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase in Inventory	-	-
Increase in Receivables	(13,508,436)	(9,030,254)
Increase in Deferred Income	-	-
Increase in Payables	6,826,115	453,001
Increase in Payments received in advance	-	-
Net Cash Flow from Operating Activities	(10,076,514.45)	(4,777,229.29)

47. Financial Risk Management

The Machakos Teachers College'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 Machakos Teachers College's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

Financial risk management (continued)

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

The Machakos Teachers College 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

Machakos Teachers college does not use foreign currency

b) Interest rate risk

At the end of the reporting period the College had no both External and domestic borrowings

Sensitivity analysis

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.

Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Machakos Teachers College, holding 100% of the Machakos Teachers College equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

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

48. Segment Information

There were no segment information at the end of reporting period

49. Contingent Assets and Contingent Liabilities

Contingent Assets

The college had no Contingent Assets

Contingent Liabilities

The college had no Contingent Liabilities

50. Capital Commitments

Machakos Teachers College's had no Capital commitments

51. Events After The Reporting Period

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

52. Ultimate And Holding Entity

The Machakos Teacher College is a Public Teacher Training College under the State Department of Basic Education in the Ministry of Education.

53. Currency

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

19. APPENDICES