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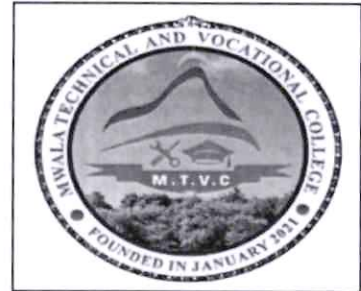
THE AUDITOR-GENERAL

ON

**MWALA TECHNICAL AND VOCATIONAL
COLLEGE**

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

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MWALA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2024

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

AIA	Appropriation-In-Aid
BETA	Bottom-Up Economic Transformation Model
BOG	Board of Governors
CDF	Constituency Development Fund
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
EWC	Electricity, Water and Conservancy
FY	Financial Year
GoK	Government of Kenya
HR	Human Resource
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IGA	Income Generating Activity
IPSAS	International Public Sector Accounting Standards
KUCCPS	Kenya Universities and Colleges Central Placement Service
LTT	Local Transport and Travel
MIS	Management Information System
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
QMS	Quality Management System
RMI	Repairs, Maintenance and Improvement
SNA	System of National Account
TTI	Technical Training Institute
TVC	Technical Vocational College
WIP	Work-In-Progress

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

The College/Institute- Refers to Mwala Technical and Vocational College

2. Key Entity Information and Management

(a) Background information

The Mwala Technical and Vocational College was incorporated/established on January 2021, under the TVET Act with the registration number TVETA/PUBLIC/TVC/0048/2021. The college is domiciled in Kenya and has zero branches. The College is under the Ministry of Education. The area MP committed to fund the purchase of land and institutional borehole at a total of 10 million Kenya shillings from the Mwala constituency CDF while the other funding was made by the national government. The college started her operations on January 2021 under mentorship of Katine TTI. The college is located in Machakos county, Mwala subcounty along Makutano/Kithimani Road.

The institution has the following departments Engineering department, Hospitality and accommodation management department, Agriculture and applied sciences department, Civil and building department, and the business and ICT department. The college is managed by a Board of Governors (BOG) appointed by the cabinet secretary, Ministry of education as stipulated by the TVETA Act (January,2013). The previous board of governance expired on 27th February with a new appointment of board that was inaugurated on the 13th Day of April 2024.

(b) Principal Activities

i. Mandate of Mwala TVC

Mwala TVC mandate is to enhance training, research and innovation to provide high quality technical knowledge necessary to create an entrepreneurial workforce for national development and labour market.

ii. Vision

A centre of excellence in technical training for employable workforce.

iii. Mission

To provide competent employable graduates by facilitating learning, research and innovative dissemination of knowledge, skills and productive work attitudes to meet social-economic and cultural needs of citizens of Kenya and beyond.

iv. Core Values

- Accountability
- Professionalism
- Integrity
- Respect

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- Diversity, Equity, and Inclusion
- v. **Core Functions**
 - To give quality training and services
 - To mould wholesome individuals
 - To uphold teamwork in all our undertakings
 - To enhance linkage with industries
 - To enhance linkage with other institutions
 - To uphold research and development
 - To uphold innovation and creativity

(c) Key Management

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

- Board of Governors.
- Accounting officer/ Principal
- Deputy principal
- Registrar
- Dean of students
- Head of Finance

(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.	Principal	Mr. Kavita C. Kyuli
2.	Deputy principal	Ms. Cecilia Kayongo
3.	Registrar	Ms. Pascaline Nzilu
4.	Dean of students	Mr. Cyrus Musau
5.	Head of Finance	Mr. Nzioki Bernard

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Audit and Risk Management Committee

- a. The committee is responsible for assisting the Board of governance to ensure the quality and integrity of accounting and financial practices
- b. Ensuring the college's financial statements are understandable and reliable.
- c. Review the quality and accuracy of financial reporting by reviewing internal and external financial statements on behalf of the Board of Governors.
- d. Ensure compliance with accounting standards prescribed by the Government and Standards of accounting bodies.
- e. Review the appropriateness and effectiveness of internal control systems and internal audit functions both in finance and academics.
- f. Ensuring the college establishes a thorough risk management process and effective internal controls both in finance and Academics.
- g. Ensuring the college develop and implement a code of conduct and establish effective communication channels

Infrastructure and Finance Committee Activities

- a. To advise the board on matters concerning the physical character and development of the college
- b. To consider and offer response to all college plans and acquisitions and to the programming, planning, sitting and architectural character of new building additions and renovations
- c. To monitor, review and make recommendations to the Board of Governors with respect to: college master plan and its associated policies and strategies, acquisition of college land or the relocation of a part or all developments approved by the Board of Governors.
- d. Review and recommend to the Board of Governor approval of building design proposals in accordance with the college master plan and relevant framework and policy documented.
- e. Oversee and review of financial and accounting policies and mandatory returns in accordance with the financial regulations and the requirements of funding and regulatory bodies.
- f. Receive regular progress updates on infrastructure and finance related projects

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- g. Receive reports on fees, grants, subscriptions, donations, bequests or other moneys on behalf of the board and make disbursement to the college or other bodies or persons.
- h. Review and recommend to the Board of Governor approval for fees payable prescribing conditions under such fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013 and any other written law,

Academic and Human Resource Affairs Committee Activities

- a. Overseeing the conduct of education and training in the college in accordance with the provisions of TVET Act 2013 and any other written law,
- b. Consider and make decisions on all aspects of the admission of students, teaching, assessment and requirements for graduation, prizes, awards and scholarships,
- c. Provide academic leadership in promotion of excellence in quality and relevance in training and learning, by ensuring that the college embraces a philosophy of quality enhancement and innovation in accordance with TVET Act 2013 and any other written law
- d. Preparing annual reports on areas of college mandate, including education and training services and submit the same to the board;
- e. Coordinate making of regulations governing students' conduct, discipline and welfare in the college;
- f. Seek for collaborations or association with other institutions and industries within and outside Kenya subject to prior approval by the board of Governors and Ministry of Education
- g. Formulate, coordinate and review all instructional policies and procedures as well as monitor and regularly report on compliance with the policies, and procedures within the college.
- h. Partner with the Audit and Risk Management Committee to identify, assess and monitor academic risks within the college.
- i. Coordinate and review HR policy and procedures for all staff at the college
- j. Assist in recruitment of trainers and BOG employees from among qualified professionals and practicing trades persons in relevant sectors of industry.

Entity Headquarters

(a) Entity Headquarters

P.O. Box 07-90102
Kamwala Village
Mwala-Kithimani Road
Mwala, Machakos, KENYA

(b) Entity Contacts

Telephone: (254) 796536524
E-mail: mwalatvc@gmail.com
Website: mwalatvc.ac.ke

(c) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Other Commercial Banks
Kenya Commercial Bank,
Masii Branch
P.O. Box 400-90101
Masii, Machakos, Kenya

(d) Independent Auditors






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

(e) Principal Legal Adviser

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





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3.The Council/Board of Governors

S/No	Governor	Title	Photograph	Responsibility	Date of Birth Qualifications and Work Experience
1	SC. Kioko Kilukumi	Chairman		Chairing & Overseeing the Performance of The Board	Date of Birth:1963 Qualification: LL. B, CPS (K), Kenya School of Law, Diploma in Law
2	Loise W Wainaina	Member in Charge of Leadership		Chair, Academic and Human Resource Committee & Member, Infrastructure and Finance Committee	Date of Birth:1960 Qualification: Masters in Human Resource Management, CIPD, IHRM
3	Eng. Lawrence Maungu	Member in Charge of Finance		Member, Infrastructure and Finance Committee	Date of Birth:1981 Qualification: BSc. Mechanical Engineering, ACCA
4	Carolyne M Mutua	Member in Charge of ICT		Member, Academic and Human Resource Committee & Audit and Risk Management Committee	Date of Birth:1992 Qualification: BSc. Computer Science
5	Martin K Cheboror	Member in Charge of Engineering		Chair, Audit and Risk Management Committee	Date of Birth:1988 Qualification: BA in Valuation and Property Management






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6	Patrick Kesonkoi	Member in Charge of Technology		Member, Academic and Human Resource Committee & Audit and Risk Management Committee	Date of Birth: 1971 Qualification: MSc. Human Resource Development
7	Emilly Atambo	Member in Charge of Industry		Member Infrastructure and Finance Committee	Date of Birth: 1983 Qualification: BS Environment Health
8	Maryan Hassan	CD TVET		County Director of TVET- Lower Eastern	Date of Birth: Qualification: Master of Education Administration and Planning
9	Mr Kavita C. Kyuli	Principal/ Secretary, BOG		Providing Direction for Keeping of Legal Documents Including Minutes of All Board Meetings	Date of Birth: 1969 Qualification: MSC Human Resource Development

Mwala Technical and Vocational College
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4. Key Management Team

S/no	Manager	Title	Photograph	Responsibility	Date of Birth, Qualifications & Work Experience
1	Kavita C. Kyuli	Principal/Secretary, BOG		Responsible For the Day-to-Day Leadership & Management of College Activities	Date of Birth:1969 Qualification: MSC Human Resource Development
2	Ms. Cecilia Kayongo	Deputy Principal		Planning, Administration & Academics	Date of Birth:1967 Qualification: Higher Diploma in Psychology
3.	Cyrus Musau	Dean of Students		In Charge of Student's Affairs and Discipline	Date of Birth:1974 Qualification: BSC Agri-Business Management
4.	Ms Pascaline Nzilu	Registrar		Planning for Admissions, Accurately Maintaining Trainees' Academic Records, Marketing of Programs and Administration of Examinations	Date of Birth:1993 Qualification: HND in Electrical Engineering
3	CPA Nzioki Bernard	Finance Officer		Managing college funds, reporting in accordance to the TVET institutions guidelines	Date of Birth:1993 Qualification: Bachelor of Commerce (Accounting Option), CPAK

5. Chairman's Statement

It's a pleasure to present the annual reports for Mwala Technical & Vocational College for the financial year 2023/2024 for the period ended 30th June 2023. The college has continued to record a steady growth in students' numbers and expects the trend to persist in the future. The college has been consisted in recording good performance in the external examinations and our staff and trainees continue to give their best in preparation for industrial positioning of trainees. I take this opportunity to share with you my views on the key initiatives and achievements we have had on economic performance, Education sector changes, financial performance, operations & risks associated with the college, and lastly our future outlook.

Economic Focus

Over the FY 2023/2024, the board of governance has committed their skills and time in enhancing the college efficiency in terms of performance. The performance has been evident in the internal controls that have been put in place to enhance the growth of trainee's number from 488 at the close of the previous year to a total of 747 trainees. The college team has a commitment and ambitions that in the forthcoming FY, the college stability will be enhanced through recruitment of more trainees with a target to hit 1,000 active trainees during the Year. I take this opportunity to sincerely appreciate the government and the mother ministry for the continued support offered through the Capitation, Operational Grant, and Deployment of PSC trainers to the college. Despite a few challenges on the disbursement of capitation and scholarship, the college has been stable financially throughout the FY 2023/2024

Successes of the College

The college is proud to report a few major steps so far made in the achievement of her mandate in the industry. Among other issues, the college has recorded a continued growth in student numbers and majorly on the technical departments. The college has been during the year on transition to CBET training and is expecting to on board all courses by end of the FY 2024/2025. The management together with the BOG have a commitment to establish a pool of professionals in the areas the college venture in training. On this note, the feedback so far obtained from the market were Mwala TVC students have participated in attachment has been a positive one and the trend is expected to be replicated in the job market by our graduates in the future. In addition, the college prospect to enhance career progression in terms of students progressing from one level to the other.

The college continues to grow in diverse attributes in supports of the Bottom-Up Economic transformation agenda as envisaged in food security and the tree cover initiative, affordable housing, universal health care and manufacturing, and the objectives of the vision 2030. The

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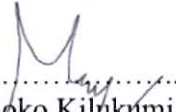
college has put in place strategies that will support her growth behold the region with excellence in both academic and co-curriculum activities in the current financial year indicating the will and ability to grow. The college has enhanced the environment through climatic rehabilitation initiative of tree planting that serve as an example for the community to emulate. Market tailored courses are expected to yield the best candidates within the market with competence at the heart of each course offered within the college.

Challenges Faced

The FY 2023/2024 has been coupled with a number of challenges. The college population growth has could for more facilities in terms of equipment and learning facilities. While the college anticipated to develop a number of facilities funded from NG-CDF and GoK, their funding did not materialize leading to strained operations. The college continuously has operated within her means to accommodate the growing numbers. Secondly, the issue of students debtors has been a nightmare to the institution with the low disbursements on the government capitation and scholarship being a key contributor. Therefore, the college pleads with the government and mother ministry for support through construction of more classrooms, workshops, and provision of equipment especially in the technical department that require huge investments beyond the college ability to fund.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and hi-tech outlook towards realising the college's objectives in line with the colleges' strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. Going forward Mwala TVC is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive the best. The board wishes to appreciate the partners who have created MOU's with the college offering a chance for our trainees to actualize their dreams in the dual training in different departments. Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.


.....
SC. Kioko Kilukumi
CHAIRPERSON, BOARD GOVERNANCE
Date: 28th September 2024

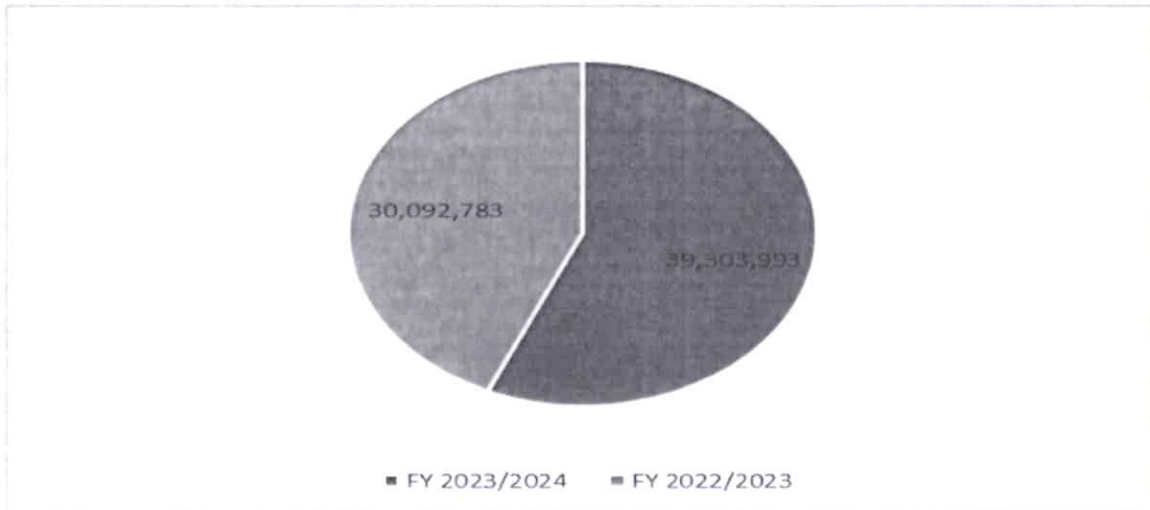


6. Report of the Chief/Senior Principal

The focus of Mwala Technical and Vocational College has remained unchanged towards providing training to graduates who will move the Kenyan economy and improve the realization of the Bottom-Up Economic Transformation Agendas as well as Vision 2023 strategic objectives. Mwala TVC furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance. The college in guidance of our supportive Board of Governance has worked tirelessly in putting structures within the college that will assist the college realize her objective. Among other structure, the Automotive workshop that was concluded during the financial year has cushioned the need for learning space in the college. The college continues to collaborate with different stakeholders in the attempt to transform the environment and the youths within the community. With the guidance of our able Board of Governors team, the college stakeholders will be motivated to work beyond the current status to higher ranks in the education industry. Despite the many challenges brought about by economic constraints, the college nevertheless continued to discharge her mandate of training, research and outreach.

Highlights of FY 2023/2024 Performance

The college commitment towards empowering the young generation through installing the entrepreneurial culture on top of the technical skills. The college has during the FY 2023/2024 witnessed tremendous growth in the student numbers. Hence, growth on the revenue realised aided by the high number of enrolments recording a revenue from exchange transactions of Ksh 39,303,993 in FY 2023/2024 as compared to the preceding financial year revenue of Ksh 30,092,783 as indicated in the pie chart below. The college remains optimistic in the continuous growth in revenue and plan to put in place internal controls that will enhance fees clearance by students which has been a great challenge in the current financial period with 42% of the total revenue reported as accounts receivable although being an improvement from 49% in the previous FY 2022/2023. Among the challenge related to fees collection, the GoK capitation has contributed a lot to the accounts receivables with at least 91% of the receivables resulting from the non-remitted capitation.



Students Enrolment

During the FY 2023/2024 the college has endeavoured to record good performance in terms of student enrolment. A number of courses have been introduced during the years that are expected to influence student numbers growth beyond the midterm strategic plan period. In total, the college reported a total enrolment of 747 students as a result of combination of the KUCCPS placement and the field marketing target. The college expects to continue recording better intake numbers in the FY 2024/2025 to surpass the Performance Contracting target.

Projects Undertaken

As the students' numbers continue to grow, the college has endeavoured to improve on the physical structures that will accommodate the Mwala TVC population. Although the funding partners prospected in the annual budget did not materialize, the college is glad and appreciates the BOG support that has seen actualization of the projects budgeted for MTVC funding. The college completed construction of a eight door pit latrine and installation of additional water tanks. The college has also concluded the construction of Automotive workshop that is meanwhile being used as a learning facility.

Contribution to the Big 4 Agenda

The institution continues to equip our students with the relevant competency and skills, as Artisans, Crafts and Diplomas. I am confident that our students are well equipped with the necessary skills that strategically aligns them with opportunities within the country, region and global markets at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Mwala TVC being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however

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the Institute requires a lot of support from the Government and other stakeholders in terms of projects and introduction of dual training arrangements. We shall continue to appeal for such support for several years to come especially in the areas of physical amenities to accommodate the growing numbers and programs for research and innovation.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government

for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board, the whole Board of Governors, and the cooperation of the Management team, all staff, our students, and parents that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

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



Kavita C. Kyuli

PRINCIPAL/BOG SECRETARY

Date: 28th September 2024



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7. Statement of Performance against Predetermined Objectives

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

Mwala TVC has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021/2022- 2025/2026. These strategic pillars are as follows:

Pillar 1: Quality technical training

Pillar 2: Research and Innovations Development

Pillar 3: Institutional Development and Management

Pillar 4: Human Capital and Talent Management

Pillar 5: Financial Growth and Sustainability

Mwala TVC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2022/23 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Quality technical training	To develop and implement relevant training programs that facilitate acquisition of the necessary skills for improved service delivery and employability	-Quality Teaching; -Delivery or methodology; -Accessibility and relevance of training; -Certification of the courses -Market intelligence; -Capacity building of trainers; -Integration of admissions systems; -Create a data base of trainees and establishment of Students' union; -Transfer of learning and post training evaluation	-Source and Implement of Market-Driven Programs - Develop Peer to peer learning - Harmonization and standardization of training -Diversification of mode of teaching delivery - Implementation of Management Information System (MIS)	Performed a market-based selection of courses and application of teaching methods that meet the state of the heart performance requirements in the industry
Pillar 2	Research and Innovations Development	To promote and institutionalize Research and Innovation for informed decision-making in the College and Kenya as large	-Institutionalizing a research culture; -Marketing the College as a research destination; -Dissemination of research findings; -Public trainers research findings in Refereed Journals; -Policy oriented research; -Uptake of available funding for research;	- Promotes relevant research and innovation in the education and training in the College - Undertake operational strategic research on topical issues that impact on MTVC	Established a culture of innovativeness through addressing the emerging trends and embracing the technological advancement in the delivery of

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			<ul style="list-style-type: none"> -Motivation for research; -Working paper series/ position papers; -Contributions to GOK policy issues; Regional conferences on topical issues 	<ul style="list-style-type: none"> - Develop and promote knowledge sharing platforms 	teaching services.
Pillar 3	Institutional Development and Management	To enhance the institutional capacity, profile and corporate image of the College to facilitate effective positioning in the market	<ul style="list-style-type: none"> -Branding and visibility of the College and its services; -Mainstreaming of ICT in training and support services; -Governance and service delivery systems; -Status of infrastructure facilities; -Fostering linkages, partnerships and collaborations; -Institutionalizing Monitoring, Evaluation and Reporting -Develop and institutionalize a sound Performance Management and quality management system -Mainstream HIV/AIDS, drug and substance and Gender issues in the College 	<ul style="list-style-type: none"> - Institutionalization of Centre of Excellence - Enhance Branding and Visibility - Leverage on ICT - Adopt good corporate governance practices - Development and upgrading of infrastructure - Develop and institutionalize a sound Quality Management Systems (QMS) 	Adoption of learner centred delivery in teaching. Creating a vibrant image of the college among the members of community through professionalism in the institutional interaction with the community.
Pillar 4	Human Capital and Talent Management	To build human resource capacity for quality service delivery	<ul style="list-style-type: none"> -College staff retention -College an organizational culture -Manage employee relations -Develop performance among employees 	<ul style="list-style-type: none"> -Attract and retain high performing staff - Foster a MTVC Common culture - Undertake training and development for both the BOG Members and Staff - Improve employee relations - Strengthening performance management 	Created a positive environment to attract the best staff and creating the right aptitude among staff in all areas of service delivery
Pillar 5	Financial Growth and Sustainability	To generate, mobilize and enhance efficiency in the utilization of financial resources	<ul style="list-style-type: none"> -Diversification of revenue -Cost-effectiveness of programs - Establishment of Income Generating activities -Resource mobilization 	<ul style="list-style-type: none"> - Diversification of revenue -Review cost effectiveness of the programs and activities 	Put in place the internal controls that aimed at enhancing fair and effective utilization of

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			<ul style="list-style-type: none"> -Effective budgeting and budgetary control -Enhance efficiency in utilization of funds -Streamline fees collection mechanism -Strengthen the procurement function - Strengthen of Internal Audit function -Elimination of wastage -Improve on financial reporting 	<ul style="list-style-type: none"> - Resource mobilization - Optimization of the cash and cash conversion cycle - Effective budgeting and budgetary control - Enhance efficiency in utilization of funds - Streamline fees collection mechanism - Strengthen the procurement function - Improve the Internal Audit function - Elimination of wastage - Improve financial reporting 	available resources for the best output in the service delivery and creation of infrastructure.
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Mwala TVC had its second performance contract in the FY 2023/2024 which to a great extent governed both operational activities and development projects in line with the 5 strategic pillars for the benefit of all stakeholders in Mwala TVC as stipulated in the schedule above.

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8. Corporate Governance Statement

The college is managed by the Board of Governance that is appointed by the cabinet secretary, ministry of education following proposals from the principal of the college. The board consist of nine (9) members inclusive of the principal. The board is appointed in line with the Act that provides that Cabinet Secretary shall, in consultation with the TVETA Board, establish the board of governors of the TVET institutions in accordance with section 28. The membership and governance procedures for boards of governors is provided in second schedule of the Act. The succession plan is in accordance with the TVET Act on Board recruitment. During the years, the board developed a number of policies aimed at strengthening the internal controls systems and help in the realization of the strategic objectives. The board is responsible for the monitoring the strategic objectives through evaluation of both short-term and long-term objectives. During the FY 2023/2024, the board had the following meeting as indicated by the attendance.

Name	Designation	22/07/2023	04/11/2023	6/1/2024	7th to 10th	6/1/2024	14/4/2024	22/06/2024
	Type of Meeting	Full Board	Full Board	Finance & Infrastructure	Policy Discussion Retreat	Audit & Risk	Full Board Inauguration Meeting	Full Board
Kioko Kilukumi	Chairman	Present					Present	Present
Martin Cheboror	Member	Present			Present	Present	Present	
Patrick Kisonkoi	Member	Present			Present	Present	Present	Present
John Wamae	County Director	Present	Present		Present			
Maryan Hassan	County Director				Present		Present	
Loise Wainana	Member	Present	Present	Present			Present	Present
Lawrence Maungu	Member	Present	Present	Present	Present		Present	Present
Carolyne Mutua	Member	Present	Present		Present	Present	Present	Present
Peter Thirima	Member	Present	Present	Present	Present			
Atambo Emily	Member						Present	Present
Kavita Kyuli	Secretary/Principal	Present	Present		Present	Present	Present	Present

Role and functions of Board of Governors

- i. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVET Act 2013 and any other written law;
- ii. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with TVET Act 2013 and any other written law;
- iii. Administering and managing the property of the institutions;
- iv. Developing and implementing the institutions' strategic plan;
- v. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- vi. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;

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- vii. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013 and any other written law;
- viii. Mobilizing resources for the institutions;
- ix. Regulating the admission and exclusion of students from the institutions, subject to a qualification's framework and the provisions of TVET Act 2013 and any other written law;
- x. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- xi. Making regulations governing organization, conduct and discipline of the staff and students;
- xii. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Ministry;
- xiii. Providing for the welfare of the students and staff of the institutions;
- xiv. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions;
- xv. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry of education;
- xvi. Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry
- xvii. Discharging all other functions conferred upon it by TVET Act 2013 and any other written law.

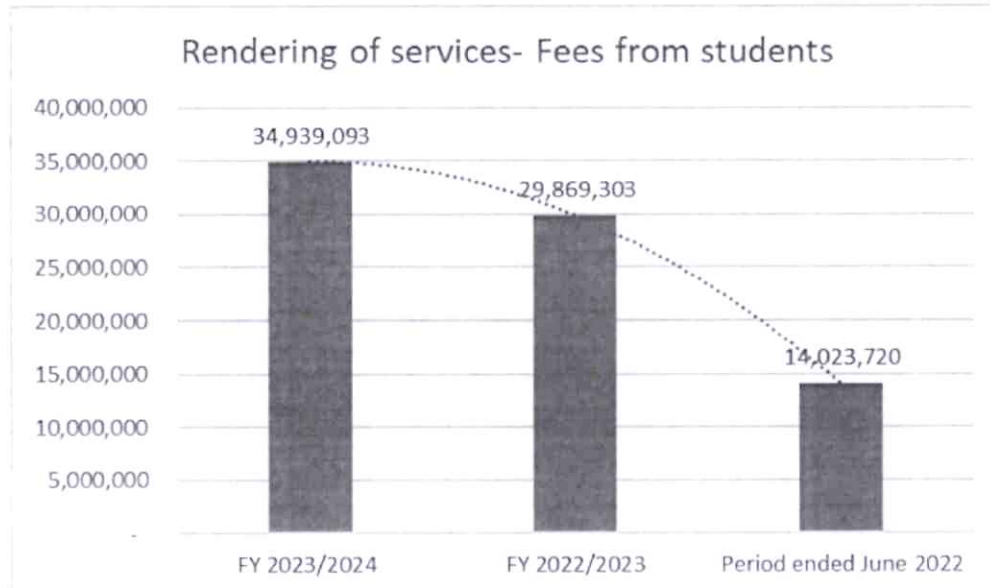
The board members shall be appointed for a 3-year term. Retiring Board members who have successfully completed their constitutional term in office are eligible for reappointment for a period of 1 term. The previous board of governance expired on 27th February with a new appointment of board that was inaugurated on the 13th Day of April 2024. The induction program for the new board of governors had not taken place as at 30th June 2024 but was expected to be performed before the end of FY 2024/2025. The college does not operate a month remuneration but has allowances for meetings based on government circular that provided allowances for meeting as follows; Chairman Ksh. 20,000, and other members Ksh. 15,000 for TVETs with a population between 500 and 1000. The board of governance through academics and human resource committee is undertaking board of governance allowance policy to guide on payment of allowances of the members of the board. Board performance is

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evaluated against strategic plan objectives and has been commendable during the period. As a good practice, members of the board are required to disclose any matter of conflicting interest before any critical decision in which they participate and conflict of interest register is provided before the start of any meeting. The college through audit and risk management committee is preparing risk management policy to help in management of governance risks.

9. Management Discussion and Analysis
Financial performance of college

Mwala TVC records the financial performance for the 3rd year of operation as an independent entity from the mentoring institution. The college has recorded a steady growth in the students' numbers and hence the growth in revenue earned. From the previous year 2021/2022 revenue of Ksh 14,023,720, to 2022/2023 revenue of Ksh 29,869,303 to the current year's performance of Ksh 34,939,093 for revenue from rendering of services as indicated in the figure below.



The HELB as a government agency supporting the education system under the TVETA has played a great role in the stability of the colleges' operation. Equally, the government of Kenya has also played a critical role through the disbursement of the capitation for students and operational grant. Also, the institution has received great support through bursary payment for students from different constituencies NG-CDF and more specifically from the Mwala CDF. However, despite the great growth in revenue, the college has faced some financial constraints as a result of student's not being able to clear their college fees as expected due to the economic conditions especially within the region. Again, the disbursement of the capitation and operational grant by the government has been coupled with a lot of challenges with a maximum contribution of Ksh 11,747,667.40 from capitation and scholarship out of the budgeted amount of Ksh 29,205,148.06 based on the total enrolment resulting to unfavourable variance of 59.78% although being considered an improvement from the previous year 68% variance.



In conclusion, the institution was greatly limited in the realization of its FY 2023/2024 budget on the account of the unremitted capitation that remains pending as at the reporting date. This forced the institution to avoid expenditure on some vote heads resulting negative effect on the smooth running of the institution in both learning programs and other institutional activities.

Key Entity Projects

During the FY 2023/2024, the college had planned a number of projects that were to be funded from various sources including the college savings, the Mwala NG-CDF and other GoK development partners. However, the college was able to only initiate the following projects during the financial years.

S/No	Project Description	Completion rate	Financing of the Project	Remarks
1.	Water harvesting Project	100%	AIA	Complete 5,000 litres Capacity
2.	Mwala TVC Gate Construction	90%	AIA	Ongoing but behind schedule
4.	Construction of Civil and Automotive Workshop phase 1	100%	AIA	Completed workshop in use awaiting installation of equipment
5.	Construction of 8 doors Pit Latrine	100%	AIA	Completed and in Use

Major risks facing the college

Financial mitigation – The college has considered the operations of the FY 2023/2024 to be associated with a few challenges. The college had targeted to establish a number of long-term

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projects like the driving school and construction of learning facilities and workshops which due failure of necessary funding have not been initiated as at 30th June 2024. However, the college has established an MOU that has seen the introduction of the Driving School from a third party and which will be considered a source of income under the IGA in the FY 2024/2025.

The college however faces a major challenge in the financing of development projects with no single development grant being received during the financial year 2023/2024. With the population for students and staff expected to double, the college faces a major risk of congestion in the following FY 2024/2025 calling for the need to the GOK to consider financial support through grants such as Lecture Complex, Library Grant, Equipment donation, and Recreational facility funding for the college.

Material arrears in statutory /financial obligations

During the FY 2023/2024, the college adopted a precautionary spending approach with the call for budgets cuts by the national government leading to operation within the means that the college can meet. As a result, the college expenditure was guided by the priorities and ability to pay. Although the college reported trade payables from exchange transactions of Ksh 1,957,356 as at 30th June 2024, none of the payment had extended the agreed credit period with suppliers and hence no pending bills would be recorded for the college.

10. Environmental And Sustainability Reporting Statement

Mwala TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Mwala TVC is guided by the 5 pillars that include offering quality technical training, providing a platform for research and Innovations Development, commitment to Institutional Development and Management, commitment to enhance Human Capital and Talent Management, and strategize on Financial Growth and Sustainability. Guided by the BETA agenda, the college commits to offer technical skills to the young generation for the achievement of these agendas.

Sustainability strategy and profile

A sustainability or corporate responsibility strategy is a prioritized set of actions. It provides an agreed framework to focus investment and drive performance, as well as engage internal and external stakeholders. Our immediate stake holders are trainees. We endeavour to ensure that the learning environment is friendly. The college often organizes for student-staff forums aimed at obtaining two-way feedback for suggestion on the best ideas that would transform the institution to the state-of-the-art TVETA in the region.

The table below shows all our stake holders, their possible expectations verse ours.

NAME OF STAKEHOLDER	STAKEHOLDER EXPECTATION	MWALA TVC EXPECTATION
Students	<ul style="list-style-type: none"> ➤ Accessible and Confidential counselling services ➤ Comprehensive accessible and prompt service provision ➤ Quality training ➤ Timely information 	<ul style="list-style-type: none"> ➤ Pass exams ➤ Timely information ➤ Feedback ➤ Maintain discipline ➤ Avail themselves for training
Parents/Guardians/Sponsors	<ul style="list-style-type: none"> ➤ Safety of their children ➤ Timely communication with identified channels of communication ➤ Value for money 	<ul style="list-style-type: none"> ➤ Prompt payment of fees ➤ Provision of relevant information ➤ Harmonious co-existence ➤ Support and guide the students
Community	<ul style="list-style-type: none"> ➤ Employment and Business opportunities ➤ Good public relation ➤ Solution to their problems 	<ul style="list-style-type: none"> ➤ Harmonious co-existence ➤ Provision of relevant information
Government (MOE)	<ul style="list-style-type: none"> ➤ Prudent utilization of fund resources ➤ Total compliance to statutory and regulatory guides 	<ul style="list-style-type: none"> ➤ Provision of relevant information ➤ Adequate financial and technical support

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	<ul style="list-style-type: none"> ➤ Timely information and access to information by authorized personnel 	<ul style="list-style-type: none"> ➤ Enabling Policy Framework
External Providers (Suppliers)	<ul style="list-style-type: none"> ➤ Timely feedback ➤ Integrity and fairness when evaluating and awarding ➤ Prompt Payment ➤ Provision of Business opportunities ➤ Adherence to contract terms 	<ul style="list-style-type: none"> ➤ Timely feedback ➤ Timely and quality of goods service and works ➤ Adherence to contract terms
Staff	<ul style="list-style-type: none"> ➤ Career development ➤ Conducive working environment ➤ Open communication channels and feed back ➤ Rewards, Team Building, Fairness & Recognition 	<ul style="list-style-type: none"> ➤ Effective delivery of service ➤ Cohesion among staff
Industry	<ul style="list-style-type: none"> ➤ Competent graduates ➤ Enhanced collaborations ➤ Efficient and effective communication ➤ Insurance for the students 	<ul style="list-style-type: none"> ➤ Attachment opportunities for students ➤ Job opportunities for graduates ➤ Provision of occupational standards for CBET curriculum development ➤ Safety for the attached students
Local and National leaders	<ul style="list-style-type: none"> ➤ Prudent use of public resources 	<ul style="list-style-type: none"> ➤ Goodwill

We are in the process of developing a sustainability strategy. This is an ideal opportunity to engage external stakeholders and colleagues across the education field. Top and senior management is involved in this essential process. We have involved all the staff on the issues that matter to the training. We have identified measurable objectives - alongside long-term risks and opportunities. This renders our strategy resilient, and creates value for the college community.

Environmental performance

The college community is aware of the effects of environmental degradation and pollution. Kenya aims to transition the waste sector in every county away from low collection rates, illegal dumping and uncontrolled dumpsites to affordable waste collection, recycling and composting, and secure final disposal in engineered landfills for the remaining fraction of the waste stream.

The national waste management Policy aims to create the necessary regulatory environment that will enable Kenya to effectively tackle the waste challenge, through systematic collection of waste sorted at source and disposal, processing activities aimed at reusing, recycling or composting waste materials into useful products or sources of energy. To promote sustainable waste management as an income generating venture, it will be necessary to create an enabling

policy and regulatory environment that will incentivize and facilitate the establishment of multiple links in the waste value chain that are currently missing in Kenya.

These include: effective and affordable waste collection in all neighbourhoods; sorting posts where waste will be separated and sorted for subsequent recycling; composting facilities for the organic waste; waste to energy facilities; and fiscal incentives for investment in recycling technologies and facilities. This policy also supports the creation of the planning, finance, technical and governance capacities that county governments need to effectively deliver on their mandate under the Constitution of Kenya 2010, to be the lead actors in delivering sustainable waste management services.

In conjunction with forest cover agenda, the college has planted over 3000 trees to help in rehabilitating the environment. We encourage a drug free environment among both the students and staff.

1. Employee welfare

The college has a draft human resource policy which guides in the execution of employment procedures. We have a BOG subcommittee that handles HR issues, conducts interviews during employments and attends to all HR issues including the provisions of Occupational Safety and Health Act of 2007. The procedure for hiring is outlined in the HR policy. The vacancies arise as per existing staff needs/gaps and ability to pay. The other factors are gender and qualifications. The college is an equal employer and encourages people living with disabilities to apply.

Upon employment, Employees are issued with employment letters clearly describing the job and remuneration. After reporting for work, a new worker signs an acceptance letter and completes a bio-data form. Thereafter an induction process is undertaken.

The workers enter into goal/target setting each with the immediate supervisor at the beginning of each financial year. The targets are reviewed quarterly and a final evaluation done at the end of the 4th quarter. The employee performance is rated and awards or sanctions are implemented.

2. Market place practices

The commitment of the TVET colleges has been to provide qualified graduates who can meet the needs of the current labour market by to improving the productivity of the human capital. The college works toward ensuring that their graduates are employable in the market or become employers by embracing entrepreneurial skills. Again, the college operates within the provisions of the PPRA to ensure fairness in procurement procedures together with commitments within resource. The college commits to reach the diverse markets to attract students from all corners of the country through online platforms like Facebook that has been

a rich source of our internal recruitment. The selection of the courses offered in the college are keenly selected to ensure that Mwala TVC brand will be recognized beyond the Eastern region.

3. Corporate Social Responsibility/Community Engagements

Mwala technical has embraced the spirit of CSR to improve the performance of the institution as well as boost the community welfare. Among the key activities performed in partnership with the community has been tree planting initiative.

11. Report of the Council/Board of Governors

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

Principal activities

The principal activities of the college continue to be to Produce Competent Employable Graduates by Facilitating Learning, Research and Innovative Dissemination of Knowledge, Skills and Productive Work Attitudes to Meet Socio-Economic and Cultural Needs of the Citizens of Kenya and Beyond through offering quality tertiary education in the authorized areas of training.

Results

The results of the college for the year ended June 30 are set out on page 1-6 of this financial report for the FY 2022/2023

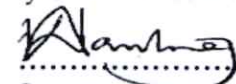
Council/Board of Governors

The members of the Board who served during the year are shown on page viii-ix. During the year Peter Thirima who was part of the previous BOG retired after expiry of the Board on 27th February having not being re-appointed and was replaced by Emily Atambo on the 13th Day of April 2024 when the new board was inaugurated.

Auditors

The Auditor General is responsible for the statutory audit of Mwala TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and there has not been delegation of the responsibility to any Certified Public Accountants by the Auditor General to carry out the audit of Mwala TVC for the year ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

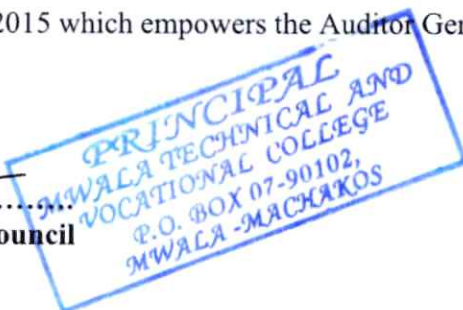
By Order of the Board



.....
Secretary of the Board/Council

Nairobi

Date: 28th 09 -2024



12. Statement of Board of Governors/ Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act Cap 446 Rev. 2010, 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 Institute, which give a true and fair view of the state of affairs of the College at the end of the financial year/period and the operating results of the College for that year/period. The Council members are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The council members are also responsible for safeguarding the assets of the College.

The Council members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year (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 College, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act 2010, and the TVET Act 2013). The council members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2024, and of the College's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

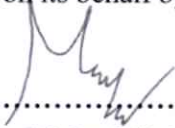
In preparing the financial statements, the Principal has assessed the College's ability to continue as a going concern based on the management assessment of the years operation, significant

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judgement based on expected future cashflows, and prevailing events and conditions in the economy. Nothing has come to the attention of the Council members to indicate that the college will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Mwala TVC financial statements were approved by the Board on 28th September 2024 and signed on its behalf by:


.....

Name: Kioko Kilukumi SC
Chairperson of the Board


.....

Name: Kavita C. Kyuli
Accounting Officer/Principal



REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON MWALA TECHNICAL AND VOCATIONAL 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 Colleges 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 Mwala Technical and Vocational College set out on pages 1 to 32 which comprise of 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 Mwala Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.80,016,177 which, as disclosed in Note 19 to the financial statements includes land valued at Kshs.10,302,000 and buildings of Kshs.61,071,156. However, ownership documents for the parcel of land were not provided for audit review. Although Management explained that the seller had given consent for transfer of ownership and processing of title documents which is at an advanced stage, ownership could not be confirmed.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.10,302,000 could not be confirmed.

2. Unsupported Capital Reserves

The statement of financial position reflects capital reserve balance of Kshs.74,494,464. Included in the balance is Kshs.4,408,106 being changes in capital reserves during the year whose supporting documents were not provided for audit review.

In the circumstances, the accuracy and completeness of capital reserves balance of Kshs.74,494,464 could not be confirmed.

3. Unconfirmed Inventories

The statement of financial position and as disclosed in Note 18 to the financial statements reflect inventories balance of Kshs.154,585. However, Management did not maintain stores records which would form a basis for determination of inventory balances.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.154,585 could not be confirmed.

4. Unconfirmed Rendering of Services-Fees from Students

The statement of financial performance reflects rendering of services- fees from students amount of Kshs.34,939,093 and as disclosed in Note 8 to the financial statements.

However, review of the records relating to the billing and accounting for student fees revealed that the College lacks an automated student fees billing system that can generate invoices and link them to receipts from students for production of reliable reports for Management's decision making. Further, the fees transactions recorded did not reflect details of the student's invoice numbers, receipt numbers and date.

In the circumstances, the accuracy and completeness of rendering of services-fees from students amounting to Kshs.34,939,093 could not be confirmed.

5. Unsupported Remuneration of Directors

The statement of financial performance and as disclosed in Note 12 to the financial statements reflect remuneration of Director's amount of Kshs.1,148,400. Included in the amount is a payment of Kshs.267,000 for hire of a conference facility during the Board of Governors (BOG) policies review retreat. However, procurement records to confirm how the facility was identified, evaluated and awarded were not provided for audit review. Further, the facility was not in the approved pre-qualified list of suppliers.

In the circumstances, the regularity and validity of remuneration of Directors amounting to Kshs.267,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.144,241,240 and Kshs.41,303,820 respectively resulting to under-funding of Kshs.102,937,419 or approximately 71% of the budget. Similarly, the College spent Kshs.28,885,872 against actual receipts of Kshs.41,303,820 resulting to under-utilization of Kshs.12,417,949 or approximately 30% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is unmodified in respect of this matter.

Key Audit Matters

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

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

Other Information

Management is responsible for the other information set out on pages iv to xxxii which comprise of Key Entity Information and Management, The Council/ Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governor's 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, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance 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, 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. Irregularities in the Procurement Process

The statement of financial position and as disclosed in Note 10 to the financial statements reflect use of goods and services amounting to Kshs.19,326,122. However, review of documents supporting procurement and payments for goods and services valued at

Kshs.1,088,961 revealed that there were no records to confirm that the Accounting Officer established critical committees such as tender opening and evaluation committees for various procurements undertaken. This is contrary to Section 46 (1) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that An Accounting Officer shall ensure that an ad hoc evaluation committee is established in accordance with this Act and Regulations made thereunder and from within the members of staff, with the relevant expertise. Section 78. (1) stipulates that an Accounting Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement in accordance with the requirements as may be prescribed (a) the committee shall have at least three members; and (b) at least one of the members shall not be directly involved in the processing or evaluation of the tenders.

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

2. Low Value Procurement above the Prescribed Threshold

The statement of receipts and payments reflects use of goods and services amounting to Kshs.19,265,972 and as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.186,805 incurred as cash payments in relation to procurement of printing and stationery materials. Further, review of sampled transactions for goods and services amounting to Kshs.1,088,961 revealed that procurement was done through cash purchases from some selected suppliers, and without due regard for competitive procurement process to ensure fairness in prices paid for the items.

This is contrary to Regulation 92 and the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity may use low value procurement method (under section 107(b) of the Act) where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule and that the maximum level of expenditure under this method for purchase of goods is Kshs.50,000 per item per financial year.

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

3. Non-Compliance with Law on Ethnic Diversity

During the year under review, the total number of employees of the College was fifty-two (52), out of which thirty-five (35) or approximately 67% were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Function and an Audit Committee

The College has not established an internal audit function and an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee. As such the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

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

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

Responsibilities of the Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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

17 April, 2025

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

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

	Notes	FY 2023/2024	FY 2022/2023
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	7	1,999,828	1,500,000
		1,999,828	1,500,000
Revenue from exchange transactions			
Rendering of services- Fees from students	8	34,939,093	29,869,303
Sale of goods	9	4,364,900	223,480
Revenue from exchange transactions		39,303,993	30,092,783
Total revenue		41,303,820	31,592,783
Expenses			
Use of goods and services	10	19,326,122	12,809,211
Employee costs	11	8,120,704	6,558,097
Remuneration of directors	12	1,148,400	1,168,150
Depreciation and amortization expense	13	2,494,056	2,503,645
Repairs and maintenance	14	290,646	125,370
Total expenses		31,379,928	23,164,474
Other gains/(losses)			
Total other gains/(losses)			
Net Surplus for the Period		9,923,892	8,428,309
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity		9,923,892	8,428,309
		9,923,892	8,428,309

(The notes set out on pages 7 to 32 form an integral part of the Annual Financial Statements).

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

.....
Chairman of Board

Date: 28th September 2024

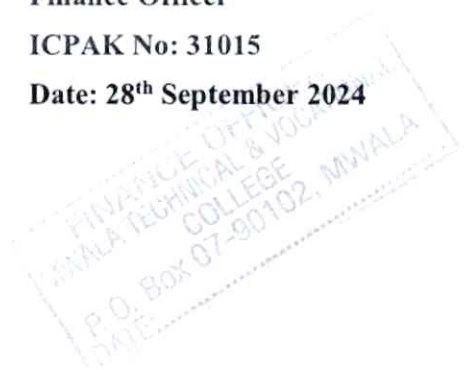
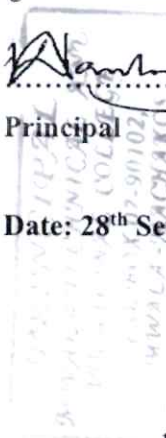
.....
Principal

Date: 28th September 2024

.....
Finance Officer

ICPAK No: 31015

Date: 28th September 2024

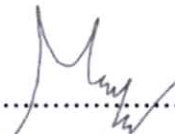


Mwala Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2024

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

	Notes	FY 2023/2024	FY 2022/2023
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	15	7,787,419	1,879,425
Current portion of receivables from exchange transactions	16(a)	11,646,270	14,138,108
Receivables from non-exchange transactions	17	499,828	500,000
Inventories	18	154,585	-
		20,088,102	16,517,533
Non-current assets			
Property, plant and equipment	19	80,016,177	70,053,581
		80,016,177	70,053,581
Total assets		100,104,278	86,571,113
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	1,957,356	3,578,133
Refundable deposits from customers	21	727,000	461,000
Payments received in advance	23	672,554	116,610
		3,356,910	4,155,743
Non-current liabilities			
		-	-
Total liabilities		3,356,910	4,155,743
Net assets			
Reserves			
Accumulated surplus		22,252,905	12,329,012
Capital reserve		74,494,464	70,086,358
Total net assets and liabilities		100,104,278	86,571,113

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



 Chairman of Board

Date: 28th September 2024



 Principal

Date: 28th September 2024



 Finance Officer

ICPAK No: 31015

Date: 28th September 2024

BOG CHAIRMAN
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P. O. Box 07-90102, MWALA-MACHAKOS
 DATE:

ICPAK
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P. O. Box 07-90102,
 MWALA -MACHAKOS

FINANCE OFFICER
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P. O. Box 07-90102, MWALA
 DATE:

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

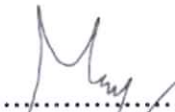
Description	Revaluation reserve	Accumulated Fund	Capital	Total
			Reserves	
At July 1, 2022	-	3,900,703	69,582,248	73,482,951
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	8,428,309		8,428,309
Changes in Capital Reserve during the year			504,110	504,110
Capital grants received during the year	-	-		0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	0
At June 30, 2023	-	12,329,012	70,086,358	82,415,370
				0
At July 1, 2023	-	12,329,012	70,086,358	82,415,370
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	9,923,892		9,923,892
Changes in Capital Reserve during the year			4,408,106	4,408,106
Capital grants received during the year	-	-		0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	0
At June 30, 2024	-	22,252,905	74,494,464	96,747,369

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

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


	Notes	FY 2023/2024	FY 2022/2023
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	15	7,787,419	1,879,425
Current portion of receivables from exchange transactions	16(a)	11,646,270	14,138,108
Receivables from non-exchange transactions	17	499,828	500,000
Inventories	18	154,585	-
		20,088,102	16,517,533
Non-current assets			
Property, plant and equipment	19	80,016,177	70,053,581
		80,016,177	70,053,581
Total assets		100,104,278	86,571,113
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	1,957,356	3,578,133
Refundable deposits from customers	21	727,000	461,000
Payments received in advance	23	672,554	116,610
		3,356,910	4,155,743
Non-current liabilities			
		-	-
Total liabilities		3,356,910	4,155,743
Net assets			
Reserves			
Accumulated surplus		22,252,905	12,329,012
Capital reserve		74,494,464	70,086,358
Total net assets and liabilities		100,104,278	86,571,113

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




 Chairman of Board

Date: 28th September 2024



 Principal

Date: 28th September 2024



 Finance Officer

ICPAK No: 31015
 Date: 28th September 2024

BOG CHAIRMAN
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P. O. Box 07-90102, MWALA-MACHAKOS
 DATE:

FINANCE OFFICER
 MWALA TECHNICAL & VOCATIONAL
 COLLEGE
 P. O. Box 07-90102, MWALA
 DATE:

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

Description	Revaluation reserve	Accumulated Fund	Capital	Total
			Reserves	
At July 1, 2022	-	3,900,703	69,582,248	73,482,951
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	8,428,309		8,428,309
Changes in Capital Reserve during the year			504,110	504,110
Capital grants received during the year	-	-		0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	0
At June 30, 2023	-	12,329,012	70,086,358	82,415,370
				0
At July 1, 2023	-	12,329,012	70,086,358	82,415,370
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	9,923,892		9,923,892
Changes in Capital Reserve during the year			4,408,106	4,408,106
Capital grants received during the year	-	-		0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	0
At June 30, 2024	-	22,252,905	74,494,464	96,747,369

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

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

		FY 2023/2024	FY 2022/2023
	Note	KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		2,000,000	2,000,000
Rendering of services- Fees from students		39,159,217	19,827,873
Sale of goods		4,364,900	223,480
Total Receipts		45,524,117	22,051,353
Payments			
Compensation of employees		8,095,404	6,933,834
Use of goods and services		21,934,472	10,334,188
Remuneration of directors		1,247,400	1,069,150
Repairs and maintenance		290,646	125,370
Total Payments		31,567,922	18,462,542
Net cash flows from operating activities	24	13,956,195	3,588,811
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		8,048,201	3,360,220
Net cash flows used in investing activities		8,048,201	3,360,220
Cash flows from financing activities		0	0
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		5,907,993	228,591
Cash and cash equivalents at end of previous year	15	1,879,425	1,650,834
Cash and cash equivalents at end of current year	15	7,787,418	1,879,425

Note: PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting. The statement has been prepared on cash basis with actual receipts and payments captured.

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

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization Difference
	a	b	c=a+b	d	e=c-d	f=c/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	0	1,999,828	1,999,828	1,999,828	0	0%
Public contributions and donations	91,524,372	0	91,524,372	0	91,524,372	100%
Rendering of services- Fees from students	48,512,440	0	48,512,440	34,939,093	13,573,347	28%
Sale of goods	2,204,600	0	2,204,600	4,364,900	(2,160,300)	-98%
Total income	142,241,412	1,999,828	144,241,240	41,303,820	102,937,419	
Expenses						
Compensation of employees	9,813,000	0	9,813,000	8,120,704	1,692,296	17%
Use of Goods and services	34,414,265	0	34,414,265	19,326,122	15,088,143	44%
Repairs and maintenance	3,225,775	0	3,225,775	290,646	2,935,129	91%
Remuneration of directors	3,264,000	0	3,264,000	1,148,400	2,115,600	65%
Public contributions and donations projects	91,524,372	0	91,524,372	0	91,524,372	100%
Total expenditure	142,241,412	0	142,241,412	28,885,872	113,355,540	
Surplus for the period	0	1,999,828	1,999,828	12,417,949	(10,418,121)	

(Budget notes)

1. Rendering of service realised a variance of 28% resulting from students who have failed to report back after completion of a section influenced by financial constraints.
2. Following the adverse environment and economic condition resulting from budget constraints and partial funding of the student's capitation that lowered students' ability to clear college fees, the management embraced cautious implementation of the budget to avoid excessive commitment of resource at disposal that could result into pending bills concern. Hence compensation for employee operated at 78% of actual budget, use of goods at 52% of budgeted expense, and remuneration for directors at 35% affected by induction program budgeted for but which could not be implemented during the period.
3. The college was only able to fund the projects that were designated to be funded from A.I.A as she could not secure any of the projected funds from external sources for projects.

19. Notes to the Financial Statements

1. General Information

2. Mwala TVC entity is established by and derives its authority and accountability from TVET Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to train technical and vocational courses.

3. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the college accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 (e). The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the College. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act 2010, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

4. 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	<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:

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

Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	Applicable 1st January 2026 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.
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 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.

Early adoption of standards

Mwala TVC did not early adopt any new or amended standards in year 2023/2024.

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

Sale of goods

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

Interest income

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

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 Council or Board on **27/07/2023**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh 1,999,828 on the FY 2023/2024 budget following the Board's approval in form of operational grant. The college's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 under section iii of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per First Schedule Section 10 subsection (a) and (b) of the 2010 income 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 10-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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

Mwala Technical and Vocational College

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

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 College. 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 college 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 entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless 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 entity recognizes a loss allowance for such losses at each reporting date. Since the college does not maintain financial assets, there are no critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

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 College.

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

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 college creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

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.

6. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may

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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 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

Mwala TVC did not have provisions during the FY 2023/2024.

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7. Transfers from other National Government entities

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Unconditional grants		
Operational grant	1,999,828	1,500,000
	1,999,828	1,500,000
Conditional grants		
Total government grants and subsidies	1,999,828	1,500,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending the Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	Amount Recognized in FY 2022/2023
			Kshs	Kshs	Kshs
Ministry of education (Recurrent Grant Q1)	500,000	0	0	500,000	500,000
Ministry of education (Recurrent Grant Q2)	500,000	0	0	500,000	500,000
Ministry of education (Recurrent Grant Q3)	500,000	0	0	500,000	500,000
Ministry of education (Recurrent Grant Q4)	499,828	0	0	499,828	
Total	1,999,828	0	0	1,999,828	1,500,000

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8. Rendering of Services

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Tuition fees	16,764,982	12,000,560
Activity	1,950,658	1,319,950
Industrial attachment	690,000	1,181,000
LTT	1,712,174	1,180,045
Personnel Emoluments.	5,236,621	4,548,440
RMI	1,405,364	721,615
EWC	1,721,334	1,284,220
Registration	266,000	265,000
Student ID	140,500	132,500
Students Council	477,900	-
TVETA Fees	133,000	-
Material Fees	1,713,000	733,000
KUCCPS	39,000	397,500
Examination fees	2,688,560	2,684,973
Food and accommodation	-	3,200,500
Industrial attachment insurance & Log book	-	220,000
Total revenue from the rendering of services	34,939,093	29,869,303

9. Sale of Goods

Description	FY 2023/2024	FY 2022/2023
	KShs	Kshs
Sale of goods		
Accommodation rates and Meal's sales to students	4,316,300	223480
Catering practical sales	36,000	
Sale of farm produce	12,600	
Total revenue from the sale of goods	4,364,900	223,480

The accommodation rates and meals sales is the amount raised from the accommodation facility owned by third party (Comfort Gate Investment) whose rates are collected on agency base and remitted to the third party. However, the college operate the food production section that is found essential not as an IGA venture but as a way of attracting and retaining students from diverse locations.

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10. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Teaching and learning materials	1,914,226	1,511,390
Industrial attachment costs	183,685	36,916
Water	0	20,000
Security	5,550	0
Professional and Consultancy services	0	3,500
Advertising	388,074	75,735
Examination fees	2,690,570	1,801,110
Examination cutting list	1,802,986	1,609,778
Audit fees	232,000	0
Catering, Conferences, and delegations	970,820	613,000
Travelling and accommodation	334,310	106,050
Legal expenses	0	8,000
Bank Charges	31,859	10,696
Postage	15,500	7,885
Printing and stationery	186,805	106,960
KATTI Expenses	120,000	0
TVETA expenses	364,115	0
General maintenance	305,825	0
Telephone expenses	262,500	228,000
Internet expenses	53,849	198,995
Students IDs Processing	50,400	39,200
Training expenses and staff development	551,788	177,790
Agriculture production cost	49,850	40,780
Administration expenses	776,722	956,413
Students activity	3,402,370	1,568,905
Policy development expense	0	108000
Performance contracting expenses	537,420	310,030
Students accommodation	4,094,898	3,270,078
Total good and services	19,326,122	12,809,211

11. Employee Costs

	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Salaries and wages	7,613,620	6,398,797
Social contributions	414,130	159,300
KRA housing levies	79,854	0
NITA Levy	13,100	0
Employee costs	8,120,704	6,558,097

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12. Board Expenses

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Directors emoluments	1,148,400	1,168,150
Total director emoluments	1,148,400	1,168,150

13. Depreciation and Amortization expense

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property, plant and equipment	2,494,056	2,503,645
Total depreciation and amortization	2,494,056	2,503,645

14. Repairs and Maintenance

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property	290,646	125,370
Total repairs and maintenance	290,646	125,370

15. Cash and Cash Equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current account	7,787,419	1,879,425
Total cash and cash equivalents	7,787,419	1,879,425

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

Description	FY 2023/2024	FY 2022/2023
Financial institution	Kshs	Kshs
a) Current account		
Kenya Commercial bank	7,787,419	1,879,425
Sub- total	7,787,419	1,879,425
e) Others(specify)		
Cash in transit	0	0
cash in hand	0	0
Sub- total	0	0
Grand total	7,787,419	1,879,425

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16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current receivables		
Student debtors	11,646,270	14,138,108
Total current receivables	11,646,270	14,138,108

16 (b) Ageing Analysis of Receivables from Exchange transactions

Description	FY 2023/2024		FY 2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	10,898,953	94%	11,310,486	80%
Between 1- 2 years	747,317	6%	2,827,622	20%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (a+b)	11,646,270	100%	14,138,108	100%

17. Receivables from non-Exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current receivables		
Transfers from other govt. entities	499,828	500,000
Total current receivables	499,828	500,000

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

Description	FY 2023/2024		FY 2021/2022	
	Kshs		Comparative FY	% of the total
	Kshs	Kshs		
Less than 1 year	499,828	100%	500,000	100%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	499,828	100%	500,000	100%

18. Inventories

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Consumable stores	33,695	0
Maintenance stores	120,890	0
Total inventories at the lower of cost and net realizable value	154,585	0

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19. Property, Plant and Equipment

	Land		Buildings		Plant and Machinery		Motor vehicles		Office Equipment, Furniture, And Fittings		Computers		Other Equipment & Reference materials		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2023 <i>(beginning of the year)</i>	10,302,000	61,455,113	0	0	1,885,210	459,000	658,350	403,650	75,163,323									
Additions during the period	0	1,018,385	0	0	501,904	6,024,820	0	4,928,238	12,473,347									
Disposals during the period	0	0	0	0	0	(63,000)	0	0	(63,000)									
Transfers/adjustments during the period	0	4,344,094	0	0	222,300	0	0	(4,566,394)	0									
As at 30 June 2024 <i>(close of the current period)</i>	10,302,000	66,817,592	0	0	2,609,414	6,420,820	658,350	765,494	87,573,670									
Depreciation and impairment																		
As at 1 July 2023 <i>(beginning of the year)</i>	0	4,650,387	0	0	116,831	242,836	99,688	0	5,109,742									
Depreciation for the period	0	1,096,048	0	0	246,402	1,084,663	66,943	0	2,494,056									
Impairment for the period	0	0	0	0	0	0	0	0	0									
Depreciation written off with disposed asset	0	0	0	0	0	(46,305)	0	0	(46,305)									
As at 30 June 2024 <i>(close of the current period)</i>	0	5,746,435	0	0	363,233	1,281,194	166,631	0	7,557,493									
Net book values																		
As at 30 June 2024 <i>(close of the current period)</i>	10,302,000	61,071,156	-	-	2,246,182	5,139,626	491,719	765,494	80,016,177									
As at 1 July 2023 <i>(beginning of the year)</i>	10,302,000	56,804,726	0	0	1,768,379	216,164	558,662	403,650	70,053,581									

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). Mwala TVC has not been in a position to get a professional valuer for the assets but adopted the cost of assets valuation. The college is however in the process of contracting a professional valuation of her assets during the financial year 2023/2024

19 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	10,302,000	-	10,302,000
Buildings	66,817,592	5,746,435	61,071,156
Plant And Machinery	0	0	0
Motor Vehicles including Motorcycles	0	0	0
Computers and Related Equipment	6,420,820	1,281,194	5,139,626
Office Equipment, Furniture, And Fittings	2,609,414	363,233	2,246,182
Other Equipment & Reference materials	658,350	166,631	491,719
Work in progress	765,494	0	765,494
Total	87,573,670	7,557,493	80,016,177

20. Trade and Other Payables

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
Trade payables	1,932,056		3,578,133	
Employee Welfare Account	25,300		0	
Total trade and other payables	1,957,356		3,578,133	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	1,957,356	100%	3,578,133	100%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (to tie to totals above)	1,957,356	100%	3,578,133	100%

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Breakdown of Trade Payables

Purpose	Supplier Name	Amount
Invoice for six students taking driving classes	Violety Driving School	60,000
Invoice for installation of Microsoft office	Libertech Eco Solutions	145,000
Supply of building materials	Goodware store and Agrovet Ltd	368,300
Labour for Automotive workshop construction(Last Instalment)	Foxsa Entreprises (PWDs)	635,956
Rates for Hostels Accommodation	Comfort Gate	632,000
Labour for administration block painting	Patrick Mutunga	39,500
Labour for constructing electrical department cabinets	Bernard Kaleli	51,300
Total Trade Payables		1,932,056

21. Refundable Deposits from Customers/Students

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Caution money	727,000		461,000	
Total deposits	727,000		461,000	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	266,000	37%	212,000	46%
1-2 years	212,000	29%	249,000	54%
2-3 years	249,000	34%	0	0%
Over 3 years	0	0%	0	0%
Total (to tie to totals deposits above)	727,000	100%	461,000	100%

Note : The opening balance for the refundable deposits in the statement of the financial position has been restated from the closing balance of Kshs. 577,610 which had combined refundable deposits of kshs. 461,000 and payments received in advance of Kshs. 116,610. The separation of the two items was deemed necessary based on the difference in nature of treatment of prepayments that may not be necessarily made for refunds but utilized for students fees.

22. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The entity only operates with contribution to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% of the gross pay and capped at Kshs. 2,160 per employee per month in which each employee contributes an equal amount towards the scheme. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

23. Payments received in advance.

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Fees paid in advance	672,554		116,610	
Total	672,554		116,610	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	672,554	100%	116,610	100%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	672,554	100%	116,610	100%

Note : The opening balance for the refundable deposits in the statement of the financial position has been restated from the closing balance of Kshs. 577,610 which had combined refundable deposits of kshs. 461,000 and payments received in advance of Kshs. 116,610. The separation of the two items was deemed necessary based on the difference in nature of treatment of prepayments that may not be necessarily made for refunds but utilized for students fees.

24. Cash generated from operations.

	FY 2023/2024	FY 2022/2023
	KShs	KShs
Surplus for the year before tax	9,923,892	8,428,309
Adjusted for:		
Depreciation	2,494,056	2,503,645
Changes in general reserves		
Working Capital Adjustments		
Increase in Inventory	(154,585)	50,000
Increase/Decrease in Receivables	2,491,838	(10,278,585)
Increase in Prepayments	821,944	(316,955)
Decrease in receivables from non-exchange	(173)	0
Decrease in trade and other payables	(1,620,778)	3,202,396
Net Cash Flow from Operating Activities	13,956,195	3,588,811

25. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	14,138,108	14,138,108	0	0
Receivables from non-exchange transactions	500,000	500,000	0	0
Bank balances	1,879,425	1,879,425	0	0
Total	16,517,533	16,517,533	0	0
At 30 June 2024 (current year)			0	0
Receivables from exchange transactions	11,646,270	11,646,270	0	0
Receivables from non-exchange transactions	499,828	499,828	0	0
Bank balances	7,787,419	7,787,419	0	0
Total	19,933,517	19,933,517	0	0

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 entity has significant concentration of credit risk on amounts due from 2022 and beyond

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

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Trade Payables	1,109,580	2,468,553	0	3,578,133
Provisions	0	0	0	0
Total	1,109,580	2,468,553	0	3,578,133
At 30 June 2024 (current year)				
Trade Payables	1,932,056	25,300	0	1,957,356
Provisions	0	0	0	0
Total	1,932,056	25,300	0	1,957,356

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 in 2024. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 since the college did not have any outstanding loan balance.

iv) Capital Risk Management

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

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	22,252,905	9,135,099
Capital Reserve	64,900,714	69,832,371
Total Funds	87,153,619	78,967,470
Total Borrowings	3,356,910	4,155,743
Less: Cash and Bank Balances	-7,787,418	-1,879,425
Net Debt/(Excess Cash and Cash Equivalents)	-4,430,509	2,276,318
Gearing	-5%	3%

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26. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties	0	0
B) Purchases from related parties	0	0
b) Grants /Transfers from the Government		
Grants from National Govt	1,999,828	1,500,000
Total	1,999,828	1,500,000
c) Expenses incurred on behalf of related parties	0	0
d) Key Management Compensation		
Directors' emoluments	1,148,400	1,168,150
Compensation to Key Management	0	0
Total	1,148,400	1,168,150

27. Events After the Reporting Period

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

28. Ultimate And Holding Entity

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

29. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Misclassification of donation in Kind	The adjustment for the donation in kind in form of textbooks adjusted and forms part of the Ksh. 658,350 in the PPE under other equipment & reference materials. The item also was reclassified under note 8 (Public contributions and donations)	Resolved	N/A
1.2	Errors in the general ledger and trial balance	The error reconciled during the submission of the final response to the draft audit opinion. The Trial balance figure of Ksh. 88,084,020 was the basis on which the final statements were presented on. Value of fees received in advance was included in the final reconciliated Trial balance at a value of Ksh. 645,565	Resolved	N/A
1.3	Error in statement of comparison of budget and actual amounts	The value for donation in kind is retained in the statement of comparison of budget as it is the point of introducing the transaction into the double entry process of accounting. Reclassification of the figure for repairs and maintenance of Ksh. 382,870 previously indicated under use of goods and services was made.	Resolved	N/A
2.1	Unconfirmed balances	The provision of the contract value for the admission block construction of Ksh. 58,493,743. The documents on the agreement for sale of the land are also available. The college however is in the process of getting a professional valuer within the current financial year	Not Resolved	By 30 th June 2025
2.2	Ownership of PPE	The ownership of the PPE is evident in the acquisition documents except for land whose title deed is yet to be process. The college has however initiated the process of acquiring the title deed during the current financial year.	Not Resolved	By 30 th June 2025
2.3	Under provision of PPE	The management adjusted the depreciations rates in the FY 2021/2022 to the recommended rates of 0%, 4%, 8%, 33.3%, 8%, and 25% for Land, building and civil works, plant and machinery, Computer, office equipment and furniture, and	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		motor vehicles respectively. However, in the current FY 2023/2024, the college adopted the new rates as per the <i>guidelines on asset and liability management in the public sector march 2020</i>		
3.1	Board Expenses	The supporting documents for board expenses were provided for the total Ksh. 625,570	Resolved	N/A
3.2	Inventories	The college had not performed the end of year inventory procedures as required. However, the subsequent years, a board of survey has been appointed and confirmed the inventory items at the close of each year.	Resolved	N/A
4.1	Refundable deposits from customers	The refundable deposits included the caution money for 249 students that totalled to Ksh. 249,000 and which was held in the bank account while Ksh. 645,565 related to students' fees paid in advance and that was utilised for fees in the subsequent year.	Resolved	N/A
4.2	Cash and cash equivalents	The college has adopted the recommended procedures in dealing with cash in the subsequent years as per the PFM regulations as recommended by the audit team.	Resolved	N/A



Name: Kavita C. Kyuli
 Accounting Officer

Mwala Technical and Vocational College

Date 28th September 2024



Appendix II: Projects Implemented by Mwala TVC

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A	N/A	-	-	-	-
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2							

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A