

REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 17 JUN 2025	DAY: TUESDAY
TABLED BY: MAJORITY PARTY	THE LEADER OF THE MAJORITY PARTY
CLERK-AT THE-TABLE:	WILLIS OBIRO

PARLIAMENT  
OF KENYA  
LIBRARY

OF  
**THE AUDITOR-GENERAL**

ON

**MBEERE NORTH TECHNICAL AND  
VOCATIONAL COLLEGE**

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



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**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Table of Contents**

1.	Acronyms & Glossary of Terms.....	ii
2.	Key Institute Information and Management.....	iii
3.	The Board of Governors.....	vii
4.	Chairman's Statement.....	xi
5.	Report of the Principal.....	xiii
6.	Statement of Performance against Predetermined Objectives.....	xv
7.	Corporate Governance Statement.....	xix
8.	Management Discussion and analysis.....	xxii
9.	Report of the Board of Governors.....	xxiv
10.	Statement of Board's Responsibilities.....	xxvi
11.	Report of the Independent Auditor of Mbeere North Technical and Vocational College.....	xxviii
12.	Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2023.....	1
13.	Statement of Financial Position as at 30 <sup>th</sup> June 2023.....	2
14.	Statement of Changes in Net Asset for the Year Ended 30 June 2023.....	3
15.	Statement of Cash Flows for the Year Ended 30 <sup>th</sup> June 2023.....	4
16.	Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023.....	5
17.	Notes to the Financial Statements.....	6

**1. Acronyms & Glossary of Terms**

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
COVID – 19	Corona Virus
CSR	Corporate Social Responsibility
ECL	Expected Credit Level
FY	Financial Year
HELB	Higher Education Loan Board
HoD	Head Of Department
ICT	Information Communication Technology
HR	Human Resource
ICPAK	Institute Of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNEC	Kenya National Examination Board
MTVC	Mbeere North Technical and Vocational College
NBV	Net Book Value
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
TVET	Technical Vocational Education Training
MoE	Ministry Of Education
Fiduciary Management	Key management personnel who have financial responsibility in the college

**2. Key Institute Information and Management**

**(a) Background information**

**(b) Background information**

Mbeere North Technical & Vocational College was established in 2022 to provide technical and vocational education and training in accordance with TVET act 2013(Section 26) The college opened its gate trainees admission in 2022 and it's providing technical education in areas of Electrical Engineering, Information Technology, Building and Civil Engineering Technology, Agriculture, Plumbing welding and fabrication, hair dressing and beauty, food and beverage and fashion and design.

**(c) Principal Activities**

The principal activity is training.

Our **vision** is to be among the top league Kenyan technical and vocational college in the production of skilled personnel for the industry.

Our **mission** is to train, mentor and equip young Kenyans with competitive skills, technology and competencies for the industry.

Our **core values** are:

- Customer focus
- Accountability
- Collegiality
- Equity
- Excellence
- innovativeness

**(d) Key Management**

The Institutes day-to-day management is under the following key organs:

- Board of Governors members
- Accounting officer/ Principal
- Management
- Head of departments

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**(e) Fiduciary Management**

The key management personnel who held office during the period ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Ms Penina Ngina Musili
2.	Deputy	Mr David Amwari Kirimi
4.	Registrar	Mr Elias Njagi mwaniki
5.	Dean of trainees	Mr Sigei Bradon
7	HOD mechanical engineering(automotive )	Mr Karimi James

**Board Committees**

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

**i. Finance, Governance and Development committee**

**Responsibilities:**

- a. To receive, consider and submit the proposed budget estimates from the various college departments for approval by the Board;
- b. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board
- c. To report to the Board all matters related to finance and development;
- d. To ensure that accurate records are kept on the establishments in the College;
- e. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the College;
- f. To report to the Board on the progress of physical infrastructure development of the College;
- g. To prepare College Development plans for an approved period and submit to the Board; and
- h. To exercise such other powers as the Board may from time-to-time delegate to the Committee.

**ii. Audit, Risk and Compliance Committee**

**Responsibilities:**

- a. To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;

- b. To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- c. To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- d. To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- e. To exercise such other powers as the Board may from time-to-time delegate to the Committee

### **3. Education, Training and Research committee**

#### **Responsibilities:**

##### **Human resource**

- a. Continually examine the College's structure, core functions, staff establishment and if necessary, make proposals for harmonization and rationalization in order to eliminate possible wastage arising from redundancy, overlaps and duplications;
- b. Examine policy and procedures on employment
- c. Examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development and consultancy services;
- d. Examine and review the terms and conditions of service;
- e. Examine the adequacy of the performance and reward system;
- f. Examine and review the staff welfare policy
- g. Establish & review the human resource policy, college scheme of service and career progression structure make recommendations for broad guidelines; and
- h. Propose innovative ideas for transformation of the college into a world-class college of higher learning and employer

##### **Academic**

- a) Formulation and Review of the Academic Policy
- b) Quality Assurance & standards evaluations
- c) Development and Implementation of New Programmes
- d) Determination of Resources:
  - i. Human Resource
  - ii. Teaching/Learning Materials
- e) Curriculum Evaluation
- f) Establish Linkage between the College and Industry
- g) Ensure Relevance of Courses to Market Needs
- h) In Charge of Graduations and Academic Awards

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**(f) Institute Headquarters**

P.O. Box 74-60104  
Siakago  
Embu.  
About 3 km from Siakago market

**(g) Institute Contacts**

Telephone: (254) 797899823  
E-mail: mbeerenorthtvc@gmail.com  
Website: www.Mbeere North tv.ac.ke

**(h) Institute Bankers**

Equity Bank,  
Account no: 0190283783279  
KCB account no: 1302288881  
Embu- Branch



**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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


**3. The Board of Governors**

PHOTO AND NAME OF THE BOG MEMBER	DATE OF BIRTH, PROFESSIONAL & ACADEMIC QUALIFICATION & EXPERIENCE	
<p><b>PROF. ENOS HUDSON NTHIA NJERU</b></p> 	<p>DOB 20/11/1951            Post – Doctrine Training: Social Medicine/ Medical Anthropology            Ph.D. (Cultural Anthropology)            Graduate Courses (in Anthropology)            M.A.(sociology)            B.A (sociology)</p>	<p>BOG CHAIRPERSON</p>
<p>Dr. Dominic Murage Njeru</p> 	<p>DOB            Master of Business Administration (MBA) (Accounting Option)            Master in Tax and Customs Administration (ongoing)            Doctor of Philosophy (PhD) in business Administration – Finance Option.            Certified Public Accountant (CPAK)            Certified Secretary – CS (K)            Certified Investment &amp; Finance Analyst – CIFA(P1)            ISO- Quality Management Systems – Lead Auditor            ISO-Quality Management Systems – Auditor</p>	<p>Finance, Human Resource and Planning Committee Chairperson.</p>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**


<p>Mr. Peter Kaume</p> 	<p>PhD ,Philosophy .Kenyatta university  Strategic leadership development : Kenya school of government  SPSS :Kenya school of government  master of education planning , university of Nairobi  bachelor of education, Egerton university</p>	<p>County Director/Finance Committee Member</p>
<p>Ms. Matilda Wakere Mbugi</p> 	<p>2016:Master Business Administration Kenyatta University  B Comm. Accounting Option Daystar University</p>	<p>Audit Committee Member</p>
<p>Ms Nelly Cherono Kiplangat</p> 	<p>2021: PhD Civil Engineering (Water and Environmental Engineering The Technical University of Kenya  2017: Msc. Geospatial Information Systems and Remote sensing Jomo Kenyatta University of Agriculture and Technology  2014: BSc. Soil Water and Environmental Engineering Jomo Kenyatta University of Agriculture and Technology</p>	<p>Audit Committee Member</p>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

<p>Mr. Rajab Ali Iha</p> 	<p>2019: Doctor of Philosophy in Business Administration</p> <p>2013-2018: Master of Business Administration (Strategic Management Option)</p> <p>201-2006: Bachelor of Commercial degree, Business Management Option</p>	<p>Audit Committee Member</p>
<p>Dr. susan muthoni</p>		
<p>Dr. paul machocho wanyeki</p>	<p>2012-2016:PhD in Education technology studies (technical education)</p> <p>2009-2010:Master of education in technology education (mechanical and automotive technology)</p> <p>2004-2008:Bachelor of education in technology education</p>	

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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<p>Ms.Penina Ngina Musili</p> 	<p>2019: Master of science in applied mathematics</p> <p>1997; bachelor of education (science)</p>	<p>Principal /Secretary to the Board</p>
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#### **4. Chairman's Statement**

Mbeere North Technical and Vocational College is an integral part of the development of the Kenyan society. As one of the registered provider of vocational education and training. Our positioning statement "skills development for industry" reinforces our focus on providing skilled graduates, innovative workforce to develop solutions for businesses and industry and strong vocational education outcomes for everyone. We are an inclusive college that provides learning opportunities for all those eligible.

Our staff is well qualified, responsive and committed to providing quality services. Our industry, community and Government partnerships are strong and mutually beneficial. We foster professional and social connections for our trainees and the society at large. In a changing external environment these connections are becoming more valuable as the society looks to our college for relevant, demand-driven training and services.

I am not only proud of the pathways we offer young people from schools to employment and lifelong learning, but also the services we provide to businesses and industry to help them achieve their business goals. Additionally, I delight with the quality we bring to vocational education which has been recognized through our trainees.

Our Strategic plan sets out how Mbeere North Technical and Vocational College will:

- Strengthen the fabric of our community and society at large.
- Be positioned to respond to local, national and international changes.
- Deliver what is needed to build workforce solutions.
- Be able to take advantage of the opportunities in a competitive environment.
- Have the ability to respond to diverse community and industry needs.
- Maintain quality of excellence.

I am confident that Mbeere North Technical and Vocational College will achieve higher status and leadership in Technical, Vocational Education and Training and will continue to grow as we move towards the achievement of Kenya's Vision 2030.

We look forward for continued participation of our key stakeholders especially the Ministry of Education on timely resource support to ensure efficient implementation of the set out strategies in support of the realization of vision 2030.

Mbeere North Technical and Vocational College Board of Governors has two Committees i.e.

1. Finance/Human Resource
  - i) Dr. Dominic Murage – Chairperson.
  - ii) Ms. Susan Muthoni – Member
  - iii) Mr. Peter Kabando – Member
  - iv) Mr. Paul Machocho wanyeki – Member

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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2. Audit and Risk committee

- (i) Ms. Matilda Wakere – Chairperson Audit Committee
- (ii) Dr. Nelly Cherono – member
- (iii) Mr. Rajab Iha – Member

Members of the Board comprises of:

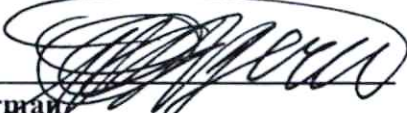
- 1. Prof. Enos Njeru Nthia – Chairperson
- 2. Dr. Dominic Murage – Chairperson
- 3. Ms Susan Muthoni – Member
- 4. Mr. Peter Kabando – Member
- 5. Mr. Paul Machocho Wanyeki – Member
- 6. Ms. Matilda Wakere – Chairperson Audit Committee
- 7. Dr. Nelly Cherono – member
- 8. Mr. Rajab Iha – Member
- 9. Dr. Andelina Mugure – Regional County Director

**Key activities carried are:**

- 1. Recruitment of additional staff
- 2. Improvement of academic performance

**Challenges**

- i) *The college has a challenge with the road connecting to the college which is felt more during the rainy season because the road is impassable.*
- ii) *Overstretched infrastructure in reference to trainees' population.*
- iii) *Insufficient resources; that is trainers, equipments and training materials.*

Prepared by   
B.O.G. Chairman

Date .....

*21/04/25*

## **5. Report of the Principal**

Mbeere North Technical & Vocational College was established in 2022 to provide technical and vocational education and training in accordance with TVET act 2013(Section 26) The College opened its gate trainee's admission in 2022 and it's providing technical education in seven departments:

Electrical Engineering, Information Technology, Building and Civil Engineering Technology, Agriculture, Plumbing ,welding and fabrication, hair dressing and beauty, food and beverage and fashion and design.

Currently the trainees' enrolment is two thousand five hundred and sixty four as per the admission register. The college has twelve trainers under the board of governors and twenty five public service trainers.

The non-teaching staffs are three in number.

### **Academic Departments**

The departments in the College include:

1. Mechanical Engineering (automotive, welding) – with course levels 3,4,5,6.
2. Hospitality ( clothing ,food and beverage ,culinary arts , hair and beauty therapy, fashion design) – level 3,4,5,6
3. Computing and informatics – level 4,5,6
4. Agriculture- level 3,4,5
5. Building technology(plumbing, masonry)
6. Electrical engineering –level 3,4,5,6

The source of student's population is from self-sponsored and some partly -sponsored by the government through scholarships, HELB and Bursaries.

### **Proposed projects/activities for 2022/2023 FY**

1. Recruitment of additional staff.
2. Improvement works – renovations
3. Equipping workshops.
4. Construction of trainees Workshops

The College has been able to carry out its daily operations throughout the year and pay its suppliers.

### **Sources of funds**


1. Capitation grants from Government.
2. Fees from students.
3. HELB loans to students.
4. Government scholarships.

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Challenges**

1. Water is inadequate since supply is shared with the community project which is normally supplied intermittently. This also is a great challenge because some of the courses such as Food and Beverage that require adequate supply of water every day due to its practical oriented nature.
2. Inadequate infrastructure to accommodate the growth of enrolment
3. Lack of adequate teaching staff.
4. Poor road network especially during rainy season.

Prepared by: Eunice W. Njenga (Mrs) Sign:  Date: 21/4/2025



**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**6. Statement of Performance against Predetermined Objectives**

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

*Mbeere North Technical and Vocational College* has 5 strategic pillars and objectives within its Strategic Plan for the FY 2022/2023. These strategic pillars are as follows:

Pillar 1: Growing the TVET Programmes

Pillar 2: Promoting Equity and Quality Education and Training

Pillar 3: Strengthening Organizational Development and Capability

Pillar 4: Establishing Contemporary Learning Services and Facilities

Pillar 5: Pursuing Stakeholder Partnerships and Collaboration

*Mbeere North Technical and Vocational College* 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 *Mbeere North Technical and Vocational College* achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Objectives	Outcomes	Strategies
<b>Strategic Objective 1:</b>  <b>Growing the TVET Programmes</b>	<b>Outcome 1</b> Mbeere North Technical and Vocational College is a leading national provider of TVET services	1. Continue to develop and enhance partnerships with government, industry, business and the community that support Mbeere North Technical and Vocational College business objectives through provision of industry/enterprise relevant training
		2. Develop high quality recognition services that meet the needs of our Trainees and other stakeholders
		3. Benchmark Mbeere North Technical and Vocational College services against those of other providers to ensure continuous improvement and to acquire and maintain leadership position
		4. Invest in ICT capability to support service delivery that meets market expectations
	<b>Outcome 2</b> Mbeere North	1. Provide flexible learning options that focus on student choice

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

<b>Strategic Objectives</b>	<b>Outcomes</b>	<b>Strategies</b>
	<p>Technical and Vocational College is at the forefront of running service delivery in new and emerging training areas.</p>	<ol style="list-style-type: none"> <li>2. Invest in sustainable business ventures to maximize the College's competitiveness and long term financial viability</li> </ol>
	<p><b>Outcome 3</b></p> <p>Mbeere North Technical and Vocational College is a respected institution in the provision of TVET programs in Kenya</p>	<ol style="list-style-type: none"> <li>1. Influence national and local vocational education and training policy and direction by actively engaging in national debates</li> </ol>
		<ol style="list-style-type: none"> <li>2. Participate in relevant national, business, industry and educational forums for the marketing of the institution and TVET Programs</li> </ol>
		<ol style="list-style-type: none"> <li>3. Support staff to develop their networks, be active members of their relevant professional bodies and enhance their professional reputation and that of the College</li> </ol>
<p><b>Strategic Objective 2:</b></p> <p><b>Promoting Equity and Quality Education and Training</b></p>	<p><b>Outcome 1</b></p> <p>Mbeere North Technical and Vocational College offers innovative and flexible learning to Trainees</p>	<ol style="list-style-type: none"> <li>1. Develop an integrated teaching and learning plan that focuses on enhancing teacher excellence and a student centered approach to learning</li> <li>2. Develop the vocational education and training pedagogy skills of all teaching staff through professional activities and create opportunities to share best practice through networks and professional conversations</li> <li>3. Support research into innovative teaching and learning including workplace and work based delivery and assessment</li> </ol>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Strategic Objectives	Outcomes	Strategies
		<ol style="list-style-type: none"> <li>4. Advocate for the participation of both male and female in the TVET programs</li> <li>5. Integrate environmental sustainability content and practices into learning programs</li> </ol>
	<p><b>Outcome 2</b></p> <p>Mbeere North Technical and Vocational College facilitates workforce skill development</p>	<ol style="list-style-type: none"> <li>1. Deliver education services that achieve industry and workforce development goals</li> <li>2. Adapt training packages to suit student requirements in competitive timeframes</li> <li>3. Simplify processes and procedures for clients to facilitate timely service delivery</li> </ol>
	<p><b>Outcome 3</b></p> <p>Mbeere North Technical and Vocational College develops higher education programs in niche areas to meet market needs</p>	<ol style="list-style-type: none"> <li>1. Undertake market research to identify further TVET program options</li> <li>2. Partner with other institutions to develop and deliver TVET programs</li> <li>3. Strengthen and maintain relationships with other TVET providers</li> </ol>
	<p><b>Outcome 4</b></p> <p>Mbeere North Technical and Vocational College provides equitable support services to all Trainees</p>	<ol style="list-style-type: none"> <li>1. Provide effective and accessible services that support the diverse learning needs of all Trainees</li> <li>2. Strengthen specialist support services for all equity groups including Trainees with a disability</li> <li>3. Improve participation and outcomes for Trainees through effective support and learning pathways</li> <li>4. Deliver programs in culturally appropriate ways</li> </ol>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Strategic Objectives	Outcomes	Strategies
<b>Strategic Objective 3: Strengthening Organizational Development and Capability</b>	<b>Outcome 1</b> Mbeere North Technical and Vocational College has a cohesive organizational culture demonstrated by a positive learning and working environment	<ol style="list-style-type: none"> <li>1. Promote a positive organizational culture that values staff and integrity</li> <li>2. Celebrate staff success formally through a rewards and recognition program and informally through social events</li> <li>3. Adopt working conditions that allow for creative and innovative work situations</li> <li>4. Promote and install quality management culture and systems in the institution</li> <li>5. Enhance financial sustainability of the college</li> </ol>
	<b>Outcome 2</b> Mbeere North Technical and Vocational College has a flexible, adaptable and skilled workforce able to respond to the external environment	<ol style="list-style-type: none"> <li>1. Implement an integrated capability framework linked to Mbeere North Technical and Vocational College strategic directions</li> <li>2. Drive workforce development including performance management, professional development and recruitment through the organizational capability framework</li> <li>3. Increase leadership and management capability by implementing leadership and management development programs</li> </ol>
	<b>Outcome 3</b> Mbeere North Technical and Vocational College has a sound	<ol style="list-style-type: none"> <li>1. Set up production units in each department and generate revenue centers in the college</li> <li>2. Develop alternative and diversification of funding sources</li> </ol>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Strategic Objectives	Outcomes	Strategies
	financial management system for sustainable financing of its programmes	3. Strengthen revenue collection and debt management strategies
		4. Design and implement cost reduction measures through outsourcing for some of the non-core activities
		5. Strengthen stakeholder support and participation
<b>Strategic Objective 4: Establishing Contemporary Learning Services and Facilities</b>	<b>Outcome 1</b> Mbeere North Technical and Vocational College provides streamlined and integrated administrative services which meet individual and industry needs	1. Implement a whole College approach to provide seamless and consistent information, procedures and processes
		2. Implement a client relationship management system to maintain Mbeere North Technical and Vocational College information for external client enquiries
		3. Undertake a whole College client satisfaction surveys regularly and respond to the feedback

**7. Corporate Governance Statement**

As a Board, we believe that a strong corporate governance framework and culture translates to a strong college that delivers to its mandate. According to the TVET Act, 2013 members of the board of governors are appointed by the Cabinet Secretary from the ministry of education from the following areas;

- a). Leadership
- b). Financial management
- c). Industry
- d). Technology
- e). ICT

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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F). Engineering

The board also seeks other committees to carry responsibility required in the governance of the college.

The following committees have been in the college.

**Finance /Human Resource**

- (i) Dr. Dominic Murage – Chairperson HR& Finance
- (ii) Madam Rose Nguru – Member
- (iii)Mr. Peter Kabando – Member
- (iv)Mr. Joseph Ileri – Member

**Audit and Risk committee**

- (i) Ms. Matilda Wakere – Chairperson Audit Committee
- (ii) Dr. Nelly Cherono – member
- (iii)Mr. Rajab Iha – Member

The following are board of governors’ functions as out lined in the TVET Act.

1. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVET Act.
2. Promoting and maintaining standards quality and relevance in advocating and training in the institution in accordance with the act and any other written law.
3. Administering and managing the property of the institution
4. Developing and implementing the institutions strategic plan
5. Preparing annual estimates of the revenue and expenditure of the institution
6. Receiving on behalf of the institution fees, grants and other monies.
7. Determining fees payable and prescribing conditions under which fees may be remitted in part or whole in accordance with the guideline developed under the provisions of this act.

During the year 2022/2023 the table below shows the number of board and committee meetings held.

<b>Meetings</b>	<b>No of board meetings</b>	<b>Meeting held</b>
Full board	4	1
Finance /HR Committee	4	
Audit committee	4	1
<b>Total</b>	<b>16</b>	<b>1</b>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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Conflict of interest: Mbeere North Technical and Vocational College is committed to the highest standards of transparency, probity, and accountability. It seeks to conduct its affairs in a responsible manner considering the requirements of the law perceives conflict of interest to be wherever there is personal and commercial or financial interests of activities outside of the College, which have the possibility either in actuality or Appearance.

Mbeere North Technical and Vocational College is governed by the Board that consist of 9 members appointed by the Cabinet Secretary, Ministry of Education as follows

- a) Chairperson and six other members appointed through an open process
- b) One member representing Principal Secretary on matters relating to education
- c) The principal who is an ex- official member of the Board.

The appointment of the Chairperson and other members of the Board is done by the Cabinet Secretary, Ministry of Education through a gazette notice to serve for period of three (3) years renewable once. The Board members who served during the year under review were appointed on 23<sup>rd</sup> may 2023 vide a gazette notice of. For the purpose of succession planning the Cabinet Secretary shall stagger

## **8. Management Discussion and analysis**

### **SECTION A**

MBEERE NORTH TVC has put in place ways to handle the following areas in the process of ensuring there are proper internal controls in place.

1. Financial management
2. Trainees registration
3. Examination management
4. Procurement and store control
5. Internal audit through outsourcing the service.

During the year the trainees enrolment increased from three hundred and ninety three (393) to two thousand six hundred and twenty four (2624). The management has recruited additional staff in both academic and support staff to ensure smooth learning of operations. During the year the management developed a strategic plan and an academic policy.

The college has received a lot of support from the government through the ministry of education state department for vocational and technical training (VTT) by receiving operational grants, capitation and HELB funds.

During the year the management procured equipment for various departments to enable implementation of competency based education and Training (CBET).

During the year the college faced the following challenges

1. The road to the institution is not tarmacked and it's impassable during the rain seasons, however the management is engaging the relevant authorities to address the issue.
2. There has been inadequate supply of water to the college and the management lobbying for drilling of a bore hole by the stakeholders to address the challenge
3. The College does not have enough public service trainers thereby incurring huge costs on personnel to hire Board of governor's trainers.

### **SECTION B**

#### **Entity's compliance with statutory requirements**

*MBEERE NORTH TV complies with all government legislations and regulations*

### **SECTION C**

#### **Key projects and investment decisions the entity is planning**

*The entity intends to construct classrooms an ablution block and landscape the college land that is highly eroded. These projects will be funded by internally generated revenue from trainees' fees collection and support from state department for VTT.*

### **SECTION D**

#### **Major risks facing the entity**

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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*The major risk facing the Institution is hard economic time faced by the parents/ guardians that forces some trainees to absent themselves from classes due to lack of basic needs. This is likely to increase dropout rate.*

**SECTION E**

**Material arrears in statutory/financial obligations.**

*There are no materials arrears or financial obligation between the entity and any financial institution or entity*

**SECTION F**

**The entity's financial probity and serious governance issues**

*The entity is developing finance policy manual to guide in governance of college resources.*

## **9. Report of the Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the institute affairs.

### **Principal activities**

The principal activities of the college are:

#### **(k) Principal Activities**

The principal activity is training.

Our **vision** is to be among the top league Kenyan technical and vocational college in the production of skilled personnel for the industry.

Our **mission** is to train, mentor and equip young Kenyans with competitive skills, technology and competencies for the industry.

Our **core values** are:

- Customer focus
- Accountability
- Collegiality
- Equity
- Excellence
- innovativeness

### **Key Management**

The Institutes day-to-day management is under the following key organs:

- Board of Governors members
- Accounting officer/ Principal
- Management
- Head of departments

#### **(l) Fiduciary Management**

The key management personnel who held office during the period ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Ms Penina Musili

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

No.	Designation	Name
2.	Deputy	Mr. David Amwari Kirimi
3.	Registrar	Mr Elias Njagi mwaniki
4.	Dean of trainees	Mr Sigei Bradon
5.	Accountant of Finance	Ms Placida Wanyaga Njage
6	HOD mechanical engineering(automotive )	Mr Karimi James


**(m) Fiduciary Oversight Arrangements**

- *Audit and risk committee activities- Ensure there are proper internal controls to safeguard college assets and financial resources.*
- *Academic/Welfare committee activities include overseeing the academic performance and welfare of trainees ,staff and BOG members*
- *Finance and Human Resource committee: activities include planning and budgeting ,implementation and evaluation of planned activities and recruitment of new staff*

**Results**

The results of the college for the year ended June 30th are set out on pages below  
**Board of Governors** who served during the year are shown from page v.

By Order of the Board

  
 .....  
**Secretary of the Board/Council**  
 Nairobi

Date: 21/4/2025



**10. Statement of Board's Responsibilities**

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

The board members are responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of MBEERE NORTH TVC for and as at the end of the financial year (period) ended 30<sup>th</sup> June 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of MBEERE NORTH TVC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for MBEERE NORTH TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The council members are of the opinion that MBEERE NORTH TVC financial statements give a true and fair view of the state of transactions during the financial year ended 30<sup>th</sup> June 2023, and of MBEERE NORTH TVC financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Mbeere North Technical and Vocational College, which have been relied upon in the preparation of MBEERE NORTH TVC financial statements as well as the adequacy of the systems of internal financial control.

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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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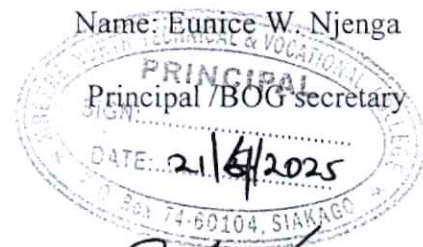
**Approval of the financial statements**

The MBEERE NORTH TVC financial statements were approved by the Board on 21/04/25 and signed on its behalf by:

Signature: 

Name: professor Enos Nthia  
Chairperson of the Board

Signature: 

Name: Eunice W. Njenga  
Principal /BOG secretary  


**Approval of the financial statements**

The college financial statements were approved by the Board on 21/04/25 and signed on its behalf by:

.....  


Name  
Chairperson of the Board/Council

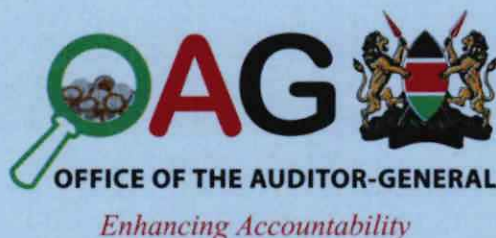
.....  
EUNICE W. NJENGA

Name  
Accounting Officer/Principal



# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023**

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### **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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mbeere North Technical and Vocational College set out on pages 1 to 29, which comprise of the statement of financial

position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Mbeere North Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Irregular Netting Off of Bank Balance and an Overdrawn Account**

The statement of financial position reflects cash and cash equivalents balance of Kshs.(25,173) which includes one bank account with an overdrawn balance of (Kshs.(39,373) which has been netted off bank balance of Kshs.10,315 as disclosed in Note 12 to the financial statements. This is contrary to Section 28(4)(5) of the Public Finance Management Act, 2012 which states that an Accounting Officer who authorises a bank account of a National Government entity to be overdrawn is liable for the full cost of the overdrawn amount, in addition to any other disciplinary measures.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents balance of Kshs.(25,173) could not be confirmed.

#### **2. Unconfirmed Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.68,768,705. However, the school did not maintain a fixed asset register to reflect the summary of assets, reveal the respective values of various assets acquired by the school and provide critical information including location of the assets, description, respective cost and serial numbers.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.68,768,705 could not be confirmed.

#### **3. Inaccurate Receivables from Exchange Transactions**

The statement of assets and liabilities reflects receivables from exchange transactions balance of Kshs.10,597,955 which comprises of student debtors as disclosed in Note 13 to the financial statements. However, ageing analysis and Management policy on debtors were not provided for audit. In addition, adequacy of Management action on recovery of the debts was not confirmed.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.10,597,955 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mbeere North 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 receipts budget and actual on comparable basis amount of Kshs.13,155,230 and Kshs.13,155,230 respectively. Similarly, the College spent Kshs.2,187,448 against actual receipts amount of Kshs.13,155,230 resulting into under-utilization of Kshs.10,967,783 or 83% of the actual receipts.

In addition, there is a difference of Kshs.10,995,460 between the revenue and expenses budget of Kshs.13,155,230 and Kshs.2,159,770 respectively indicating that the budget is not balanced. This is contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget shall be balanced.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements**

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

- i. Details on the Board of Management information is incomplete.
- ii. Details of Key Management have not been disclosed.
- iii. Financial risks have not been disclosed.

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

### **2. Late Submission of Financial Statements for Audit**

The College's financial statements for the year ended 30 June, 2023 were submitted to the Office of the Auditor-General on 24 January, 2025, which was after the statutory date of 30 September, 2023.

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

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Lack of Approved Information Communication Technology Policy**

The College did not have an approved Information Communication Technology (ICT) policy. In absence of an approved ICT policy, the College did not have clear guidelines in respect to data security, backup plans, password and user account management and disaster recovery plans.

In the circumstances, the reliability, integrity and recoverability of the school data could not be confirmed.

### **2. Lack of Internal Audit Function**

Review of available records revealed that the college had not established an internal audit unit as of 30 June, 2023. This was contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that the entity should ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. The internal audit unit would have performed various roles stipulated by regulation 160(1) of the Public Finance Management (National Governments) Regulations, 2015 including risk assessment, putting in place a risk register, and assessing the internal controls mechanism. In the circumstances, the risks may have remained unidentified hence no mitigation mechanism in place.

In the circumstances, Management of the College operated without a mechanism for assessing and mitigating financial and operational risks.

### **3. Lack of Risk Management Policy**

A review of the college's internal controls revealed that the college did prepare and approve a risk management policy. Therefore, the College does not have a framework for the management of risk and has not documented, risks identified, assessed and risk controls measures contrary to Section 165 of the Public Finance Management (National Government) Regulations 2015 states that the accounting officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness risk management could not be confirmed.

### **4. Lack of Human Resource Policy**

Review of the Management and Governance structure revealed that the College had not formulated a Human Resource Policy that would guide on the human resources management. The College did not also have staff establishment and scheme of service, which may lead to inefficient utilization of resources.

In the circumstances, the effectiveness of risk management in human resource management could not be confirmed.

## **5. Failure to Conduct Stock Take**

During the year under review, the Management of the College did not carry out stock take valuation and produce a report to show the value of the inventory in the stores and present it in the financial statement for the year. This was contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of procurement function shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer.

In the circumstances, the effectiveness of the internal control system over inventories 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 Management and the Board of Management**

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

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

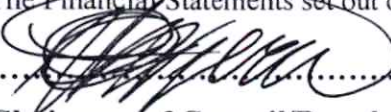
**12 May, 2025**

**12. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

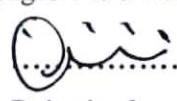
	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfer from the national government's grants/gift in kind	6	999,000	
<b>Total Revenue from non-exchange transactions</b>		<b>999,000</b>	
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	12,156,230	
<b>Revenue from exchange transactions</b>		<b>12,156,230</b>	
<b>Total revenue</b>		<b>13,155,230</b>	
<b>Expenses</b>			
Use of goods and services	8	1,633,678	
Employee costs	9	479,770	
Board of governor's allowances	10	74,000	
Depreciation and amortization expense	11	1,763,300	
<b>Total expenses</b>		<b>3,950,748</b>	
<b>Net Surplus for the Period</b>		<b>9,204,482</b>	

(The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements).


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

  
 Chairman of Council/Board

Date: 21/04/25

  
 Principal

Date: 21/4/2025

  
 Finance Officer

ICPAK No 4881  
 Date: 21/4/2025

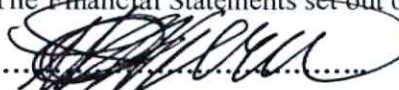



**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**


**13. Statement of Financial Position as at 30<sup>th</sup> June 2023**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12A	-25,173	-
Receivables from exchange transactions	13	10,597,955	-
<b>Total Current Assets</b>		<b>10,572,783</b>	-
<b>Non-current assets</b>			
Property, plant and equipment	14	68,768,705	-
<b>Total Non-current Assets</b>		<b>68,768,705</b>	-
<b>Total assets</b>		<b>79,341,487</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions		0	-
<b>Total Current Liabilities</b>		<b>0</b>	-
<b>Total liabilities</b>		<b>0</b>	-
<b>Net Assets</b>		<b>79,341,487</b>	-
Accumulated surplus		9,204,482	-
capital fund		70,137,005	-
<b>Total Capital and Reserves</b>		<b>79,341,487</b>	-
<b>Net Assets</b>		<b>79,341,487</b>	-

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

  
 .....  
**Chairman of the Board**

  
 .....  
**Finance Officer**

  
 .....  
**Principal**

Date: 21/04/23

ICPAK No 4451  
 Date: 21/4/2023

Date: 21/4/2023



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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/	Total
				Development Grants/Fund	
<b>At June 30, 2021</b>	=	=	-	-	<b>0</b>
Revaluation gain	-	-	-	-	<b>0</b>
Fair value adjustment on quoted investments	-	-	-	-	<b>0</b>
Total comprehensive income	-	-	-	-	<b>0</b>
Capital/Development grants received during the year	-	-	-	-	<b>0</b>
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	<b>0</b>
<b>At June 30, 2022</b>	-	-	<b>0</b>	<b>70,137,005</b>	<b>70,137,005</b>
Revaluation gain	-	-	-	-	<b>0</b>
Fair value adjustment on quoted investments	-	-	-	-	<b>0</b>
Total comprehensive income	-	-	9,204,482	-	<b>9,204,482</b>
Capital/Development grants received during the year	-	-	-	-	<b>0</b>
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	<b>0</b>
<b>At 30<sup>th</sup> June 2023</b>			9,204,482	70,137,005	<b>79,341,487</b>

**15. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2023**

	Note	2022/2023	2021/2022
<b>Cashflow from operating activities</b>		KShs	KShs
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	999,000	-
Rendering of services	7b	1,558,275	-
<b>Total Receipts</b>		2,557,275	-
<b>Payments</b>			
Use of goods and services	8	1,633,678	-
Employees cost	9	479,770	-
Board of governors allowances	10	74,000	-
<b>Total Payments</b>		2,187,448	-
<b>Net cash flow from operating activities</b>		369,827.00	-
<b>cash flow from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-395,000	-
<b>Net cash flows used in investing activities</b>		-395,000	-
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		-25,173	-
Cash and cash equivalents at beginning of the year		0	-
<b>Cash and cash equivalents end of the quarter</b>		-25,173	-

## 16. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization Difference
	a	b	c=a+b	d		e=d/c %
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		<b>Kshs</b>
Transfers from other Govt entities Govt grants	1,000,000		1,000,000	999,000	1,000	100
Rendering of services- Fees from students	12,155,230	0	12,155,230	12,156,230	-1,000	100
<b>Total income</b>	<b>13,155,230</b>	<b>0</b>	<b>13,155,230</b>	<b>13,155,230</b>	<b>0</b>	<b>100</b>
<b>Expenses</b>					<b>0</b>	
Compensation of employees	479,770	0	479,770	479,770	0	100
Use of Goods and services	1,600,000	0	1,600,000	1,633,678	-33,678	102
Remuneration of directors	80,000	0	80,000	74,000	6,000	93
<b>Total expenditure</b>	<b>2,159,770</b>	<b>0</b>	<b>2,159,770</b>	<b>2,187,448</b>	<b>-27,678</b>	<b>101</b>
<b>Surplus for the period</b>	<b>10,995,460</b>	<b>0</b>	<b>10,995,460</b>	<b>10,967,783</b>		<b>-1</b>

## Budget notes

- Revenue from transfers from other government entities was over budgeted by sh. 1000 hence the management did not meet its original budget.
- revenue from rendering of services exceeded the budget estimate due to prompt payment of fees by students .

**17. Notes to the Financial Statements**

**1. General Information**

Mbeere North technical and vocational college is established by and derives its authority and accountability from TVET Act 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to provide competence through technology.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's 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 xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

<b>Standard</b>	<b>Effective date and impact:</b>
	d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<b>Applicable 1<sup>st</sup> January 2025</b> 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 cash flows of an Institute. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

**iii. Early adoption of standards**

The Institute did not early-adopt any new or amended standards in year 2023.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute 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 has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The Institute 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 Institute.

###### **Rental income**

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

##### **b) Budget information**

The original budget for FY 2022/2023 was approved by the Board or Board on 08/04/2022. 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 Institute upon receiving the respective approvals to conclude the final budget. Accordingly, the Institute recorded additional appropriations of on the FY 2022/2023 budget following the Board/ Board's approval. The Institute'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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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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 *I* under section *I* of these financial statements.

**c) Taxes**

**Current income tax**

The Institute is exempt from paying taxes as per 1<sup>st</sup> schedule of the income tax Act.

**d) 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 Institute 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.

**e) 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.

**f) Research and development costs**

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii. Its intention to complete and its ability to use or sell the asset.
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset.
- v. 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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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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.

**g) 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. A financial instrument is any contract that gives rise to a financial asset of one Institute and a financial liability or equity instrument of another Institute. At initial recognition, the Institute 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 Institute 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 Institute'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 cash flows 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 Institute has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Institute 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.

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**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 Institute 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 Institute 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 Institute recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 25(i).

**Financial liabilities**

**Classification**

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

**h) 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:

- a) Raw materials: purchase cost using the weighted average cost method.
- b) 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.

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

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

**i) Provisions**

Provisions are recognized when the Institute 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 Institute 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 Institute 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 Institute 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 Institute 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.

**j) 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 Institute recognises a social benefit as an expense for the social benefit 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 Institute will incur in fulfilling the present obligations represented by the liability.

**k) Nature and purpose of reserves**

The Institute creates does not maintains reserves in terms of specific requirements.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Institute pays fixed contributions into a separate Institute (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. **(Foreign currency transactions**

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

**n) Borrowing costs**

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

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

**o) Related parties**

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

**p) Service concession arrangements**

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular,

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

where a private party contributes an asset to the arrangement, the Institute 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 Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Institute'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 Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**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:

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is provided below.

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

- a. Bad Debts are written off after a period of 10 years as set out in credit and debt management policy currently since the Institute started to be audited by the Auditor General in the FY 2018-2019 no debts are above 10 years thus no provision for bad debts.

Bad debts are provided at the following rates

S no	Age Of Debtors	Rate
1	o 241 -360 days	5
2	o Up to 1 year	20
3	o Up to 2 years	50
4	o Up to 3 years	75
5	o Up to 4 years	100

- b. Obsolete stocks are disposed in conformity with Public Procurement and Asset Disposal Act of and an asset disposal committee considers the prevailing market

**Depreciation**

Depreciation is charged on a reducing balance basis over the estimated useful lives of the assets.

The annual rates of depreciation used shall be as

No	Classification of asset	Rate
i.	Building	2 %
ii.	Plant, Machinery and equipment	12.5%
iii.	Office Equipment and computer accessories	12.5%

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

iv.	Computer equipment	30%
v.	Motor vehicles- Buses & others	25%
vi.	Furniture and fittings	12.5%
vii.	Library books	20%

**6. (A) Transfers from other National Government entities**

	2022/2023	2021/2022
Description	Kshs	Kshs
<b>Unconditional grants</b>		Shs
Capitation	499,000	-
Recurrent grants	500,000	-
<b>Total</b>	<b>999,000</b>	-
<b>Conditional grants</b>		
Transfer from CDF	0	-
<b>Total government grants and subsidies</b>	<b>999,000</b>	-

**6(b) Transfers from other Government entities (Categorized)**

Name of the entity sending grants	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year
	KShs	KShs	KShs	KShs
state departments of technical training	999,000	-	-	999,000
National governments developments fund	-	-	-	-
<b>Total</b>	<b>999,000</b>	<b>0</b>	<b>0</b>	<b>999,000</b>

**7. Rendering of Services**

	2022/2023	2021/2022
Description	Kshs	Kshs
<b>EXAM</b>	573,570	-
Tuition	5,691,000	-
Personal emoluments	2,453,000	-
Electricity water and conservancy	892,000	-
local travel and transport	1,072,630	-
Repairs maintenance and improvements	526,280	-
Activity	446,000	-
<b>Industrial attachments</b>	501,750	-
<b>Total revenue from rendering of services</b>	<b>12,156,230</b>	-

**7b. Cash flow from Rendering of services**

Details	2022/2023	2021/2022
	Kshs	Kshs
Rendering of services	1,558,275	0

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**8. Use of Goods and Services**

	2022/2023	2021/2022
DESCRIPTION	Kshs	Kshs
Activity	214,000	-
school equipment's and stores	659,575	-
Industrial attachments	3,750	-
Local travel and transport	381,900	-
Kenya association of technical training	50,000	-
stationery	27,275	-
Marketing	188,400	-
Electricity water and conservancy	29,000	-
bank charges	10,278	-
Training materials	69,500	-
<b>Total</b>	<b>1,633,678</b>	<b>-</b>

**9. Employee Costs**

	2022/2023	2021/2022
DESCRIPTION	KShs	KShs
Personal emoluments teaching staff	479,770	-
<b>Total</b>	<b>479,770</b>	<b>0</b>

**10. Board of governors Expenses**

Description	2022/2023	2021/2022
	KShs	KShs
Board of governor's allowances	74,000	-
<b>Total remuneration of directors</b>	<b>74,000</b>	<b>-</b>

**11. Depreciation and Amortization expense**

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant and equipment	1,763,300	-
<b>Total depreciation and amortization</b>	<b>1,763,300</b>	<b>-</b>

**12. Cash and Cash Equivalents**

Description	2022/2023	2021/2022
Current account	KShs	KShs
Equity bank	-39,373	-
KCB account	10,315	-
Cash at hand	3,885	-
<b>Total cash and cash equivalents</b>	<b>-25,173</b>	<b>-</b>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

		2022/2023	2021/2022
<b>Financial institution</b>		<b>Kshs</b>	<b>Kshs</b>
<b>a) Current account</b>	<b>Account number</b>		
Equity Bank	190283783279	-39,373	-
KCB account	1302288881	10,315	-
<b>Sub- total</b>		<b>-29,058</b>	<b>-</b>
<b>B) Others(specify)</b>			
cash in hand		3,885	-
Sub- total		3,885	-
<b>Grand total</b>		<b>-25,173</b>	<b>-</b>

**13. Receivables from Exchange transactions**

Description	2022/2023	2021/2022
<b>Current receivables</b>	<b>KShs</b>	<b>KShs</b>
Student debtors	10,597,955	-
<b>Total receivables</b>	<b>10,597,955</b>	<b>-</b>

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**14. Property, Plant and Equipment**

	Land	Buildings	Computers/Computer Accessories	furniture and fittings	Total
		2.5%	30%	12.5%	
Cost	-	-	-	-	-
<b>At 30th June 2021</b>	-	-	-	-	179,320,207
Additions			-	-	0
Cost/capitalized	-	-	-	-	0
Disposals	-	-	-	-	0
Transfers/adjustments	-	-	-	-	0
<b>At 30th June 2022</b>	10,000,000	58,032,005	0	2,105,000	70,137,005
Additions				395,000	395,000
Cost/capitalized					0
Disposals					0
Transfers/adjustments					0
<b>At 30th June 2023</b>	10,000,000	58,032,005	0	2,500,000	70,532,005
<b>Depreciation and Impairment</b>					0
<b>At 30th June 2021</b>					0
Depreciation	0	-	-	-	0
Disposals	-	-	-	-	0
Impairment	-	-	-	-	0
Transfers/adjustments	-	-	-	-	0
<b>At 30th June 2022</b>		0	0	0	0
Depreciation		1,450,800	0	312,500	1,763,300
Disposals					0
Impairment					0
Transfers/adjustments					0
At 30th June , 2023		1,450,800	0	312,500	1,763,300
<b>Net book values</b>					0
<b>At 30th June 2023</b>	10,000,000	56,581,205	0	2,187,500	68,768,705
<b>At 30th June 2022</b>	10,000,000	58,032,005	0	2,105,000	70,137,005

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**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). The assets were re-valued by Milestone Land Access Limited professional valuers on September 2021. These amounts were adopted in the financial statements on 21<sup>st</sup> September 2021.

**15. Financial Risk Management**

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

**(i) Credit risk**

The Institute 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 Institute'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
<b>At 30 June 2022</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2023</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Bank balances				
<b>Total</b>				

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 Institute has significant concentration of credit risk on amounts due from 3 months

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

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Institute's directors, who have built an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements. The Institute 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
<b>At 30 June 2022</b>				
Fees paid in advance				
Trade Payables				
Refundable deposits from customers				
<b>Total</b>				
<b>At 30 June 2023</b>				
Fees paid in advance				
Trade Payables				
Refundable deposits from customers				
<b>Total</b>				

**(iii) Market risk**

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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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 Institute'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 Institute'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 Institute's exposure to market risks or the manner in which it manages and measures the risk.

**iv) Capital Risk Management**

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
<b>Total Funds</b>		
Total Borrowings		
Less: Cash and Bank Balances		
Net Debt/(Excess Cash and Cash Equivalents)		
<b>Gearing</b>		

**16. Related Party Balances**

**Nature of related party relationships**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;
- v) Local Community
- vi) Support Staff

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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vii) Trainees

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

**17. Events After The Reporting Period**

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

**18. Ultimate And Holding Institute**

The Institute is a TVET institute under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**19. Currency**

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

**Appendix IV: Reporting of Climate Relevant Expenditures**

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

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**Appendix III- Inter-Institute Confirmation Letter**

Name of transferring entity -state departments of TVET

Name of beneficiary entity -Mbeere North technical and vocational college

Confirmation of amounts received by Mbeere North technical and vocational college as at 30 <sup>th</sup> June 2023					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
GRANTS	16-Jan-23	500,000	0	500,000	received
FT2303033TCC	26-01-2023	499,000	0	499,000	received
Total		999,000	0	999,000	

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name Placida Nanyaga ..... Sign [Signature] ..... Date 21/4/2023

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**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)
<b>Basis for Qualified Opinion</b>				
1.				
4				
<b>Key Audit Matters</b>				
1				
2				
<b>Basis for Conclusion</b>				
1				
2				
<b>Conclusion</b>				
1				
2				

Name: **EUNICE W. NJENGA**  
 Accounting Officer  
 Chief Principal / Secretary Board of Governors  
 Date



**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**Appendix II: Projects Implemented by**  
**Mbeere North Technical And Vocational College**  
**Projects**

Projects implemented by the institute Funded by development partners.

**Note:** Within the year, the institute didn't receive development fund from the government and 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						
2						

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

**MBEERE NORTH TECHNICAL AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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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