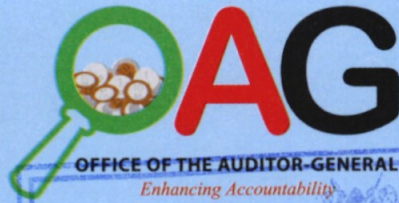


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 22 APR 2026

DAY.

WED

REPORT

TABLED
BY:

HON. NAUMI WARD, MP
DEPUTY MAJORITY PARTY WHIP

CLERK-AT
THE-TABLE:

V. WAMBUI

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

MBITA TECHNICAL AND VOCATIONAL
COLLEGE

FOR THE YEAR ENDED
30 JUNE, 2025



MBITHA TECHNICAL AND VOCATIONAL COLLEGE

FOURTEEN (14) MONTHS REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

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Mbita Technical and Vocational College
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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

2. Key Entity Information and Management

(a) Background information

Mbita TVC was established in 2024 through the Ministry of Education, State Department of Technical and Vocational Training through SDG 2030 'Access' programme geared towards establishing a Technical Institute in every Constituency in Kenya. The Institute is located at Waondo, Suba North Constituency and accessible through Homabay -Mbita Road. Mbita TVC operates under the TVET Act of 2013.

The Institute was mentored by The Mawego National Polytechnic and is yet to be handed over following the project completion, Principal posting and appointment of board members.

(b) Principal Activities

The principal activity of Mbita TVC is to offer Technical and Business Training.

The Institute has not yet developed the mission, vision and core values since it had no board of governors in place to formulate them.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

The institution has seven academic departments established. These include;

1. Electrical and Electronics
2. Mechanical and Automotive Engineering
3. Building and Civil Engineering
4. Institutional Management
5. Information, Communication Technology
6. Agriculture
7. Business studies

(c) Key Management

Mbita TVC day-to-day management is under the following key organs:

- Board of Management
- Principal
- Deputy principal - Administration
- Registrar
- Dean of Students

(d) Fiduciary Management

The key management personnel who held office during the period ended **30.06.2025** and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Leah Ajwang Onyango
2.	Deputy Principal Administration	George Omondi Chiaga
3.	Registrar	Macrene Anyango
4.	Dean of students	Margaret Nyaboke Nyanyuki
5.	Head of Finance	CPA Felix Odera

Mbita Technical and Vocational College
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(e) Fiduciary Oversight Arrangements

The institute board has various sub-committees, which provided oversight; such as:

- i) Finance, Infrastructure and Human Resource Committee**
The committee assists the Board in fulfilling its governance responsibilities by way of ensuring internal controls systems are reliable; provision of general oversight in risk and compliance matters and ensuring integrity, effectiveness and reliability of Institute risk management framework.
- ii) Education, Training and Research committee**
The committee is responsible for review of the Institute Performance contracting report in ensuring compliance and adjusting on the slack, they assess learning environment to determine if it's conducive and analyse the general academic performance of the Institute.
- iii) Audit Risk and Compliance committee**
Provision of general oversight on compliance issues
Assessing the effectiveness of internal controls

(f) Entity Headquarters

P.O. Box 320-40305
Mbita, KENYA

(g) Entity Contacts

Telephone: [+254743732583](tel:+254743732583), [+254750076282](tel:+254750076282)
E-mail: mbitatechnical@gmail.com
Website: www.mbitatvc.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Mbita Branch

(i) Independent Auditors

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

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

(j) Principal Legal Adviser

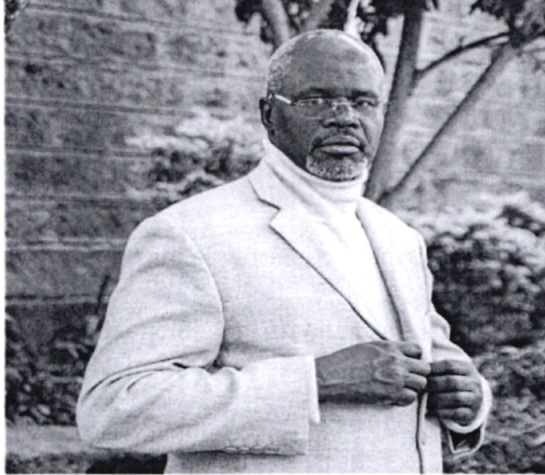
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

Mbita Technical and Vocational College
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3.The Board of Governors

Member	Details
 <p data-bbox="268 936 577 996">Dr. Rose Buje Hela Otieno BoG Chairperson</p>	<p data-bbox="911 600 1477 779">Dr. Rose is a Dr. of philosophy clothing anthropometrics. Holds master of education communication and technology home economics, Bachelor of education home economics.</p> <p data-bbox="911 819 1477 891">She has over 2 decades of teaching experience where she lectures at Kenyatta University.</p>
 <p data-bbox="268 1444 481 1473">Ruth Atieno Koga</p>	<p data-bbox="911 1093 1469 1205">Born in 1960, Ruth holds a Masters Degree in Business Administration – Strategic Management.</p> <p data-bbox="911 1240 1457 1384">She has had decades of experience from the ministry of education and is currently a management analyst at the public service commission</p>
 <p data-bbox="268 1870 616 1899">Vivian Chepkoech Chemiron</p>	<p data-bbox="911 1525 1465 1668">Born in 1991, Vivian is an expert in finances spanning with over 11 years of experience as a senior accounts' assistant at Rongo University.</p> <p data-bbox="911 1704 1477 1848">She holds a Masters in Business Management from Rongo University, Bachelor of commerce from Egerton University and CPA part III</p>

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025



William Odongo Athembo

Born in 1970, Mr William Odongo is an Architect having worked in Rwanda and Kenya at the Ministry of Public Works and is currently in the private sector.

He has over 26 years of work experience.

He holds a Bachelor of Architecture from University of Nairobi.



Julius Orori Monari

Born in 1968, Mr Monari is an Electrical Technician. He has served as Senior Factory Electrical Technician for over 15 years.

He holds Higher Diploma in Electrical Engineering from Kenya Polytechnic University College.



Handson Gichana

Born in 1977, he is the Regional Director – TVET with an experience of 22 years working with the Ministry of Education, State Department for TVET.

Mr. Handson is a holder of Master of Education (Education Administration) from University of Nairobi

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Opar Steve Odhiambo

Born in 1991, Opar is an advocate of the high court of Kenya with over 8 years of practice in corporate and commercial law, civil and criminal litigation.

He holds an MBA Master's Degree (Strategic Management Option) and LLB



Elisha Abeka

Born in 1962, Mr. Abeka holds a Bachelor's Degree in Electrical and Electronics Engineering.

He has over the decades been a senior consultant on vocational and technical training and also a member of the engineer's board of Kenya.



Leah Ajwang Onyango
Secretary to the Board




Mdm. Leah is the principal and holds a Bachelor's Degree in Science Hospitality Management.

She has over two decades of training and management experience in TVET.



She is however not a member the ICS.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

4. Key Management Team

<i>Member</i>	<i>Details</i>
 <p>Leah Ajwang Onyango</p>	<p>She is the principal and secretary to the Board.</p> <p>She holds a Bachelor's Degree in Science Hospitality Management.</p> <p>Responsibilities: Prudent management of resources; implementation of the Boards resolutions; provision of visionary leadership and formulation of strategic plans.</p>
 <p>Mr. George Omondi Chiaga</p>	<p>He is the Deputy Principal.</p> <p>Responsibilities: In-charge of academic and quality Assurance; curriculum implementation and implementation of performance contracting targets.</p>
 <p>Anyango Macrene Achieng</p>	<p>She is the Registrar</p> <p>Responsibilities: Develop and implement academic administrative policies and procedures. Coordinate internal and external examinations (e.g., KNEC, CDACC). Maintain accurate, up-to-date student academic records between students, departments, and external academic bodies.</p>

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

 <p>Margaret Nyanyuki</p>	<p>She is Dean of Students.</p> <p>Responsibilities: In-charge of student welfare and sanitation; oversees the operations at the catering department.</p>
 <p>CPA Felix Odera</p>	<p>CPA Felix is the Institute Finance Officer.</p> <p>Responsibilities: Co-ordinating preparation of Annual budgets, preparation of Financial reports, oversee receivables and payables and advice the management on Institute Finances.</p>

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

5. Chairperson's Statement



It is with great pleasure that I present this report for the financial year ended 30th June 2025, highlighting key activities, performance, challenges, and future outlook.

Performance Overview

Despite being a newly established institution facing financial uncertainties, Mbita TVC has achieved several key milestones.

- Fabrication of lecture chairs and drawing tables
- Furnishing of administrative offices
- Recruitment of essential staff

We are in the process of developing a Strategic Plan to guide the institution's operations and provide a clear roadmap for future growth. Notably, we have achieved an impressive enrolment of 1,040 students within our first year—evidence of public confidence in our training programs and operational efficiency.

Challenges

Despite our progress, we continue to face several challenges:

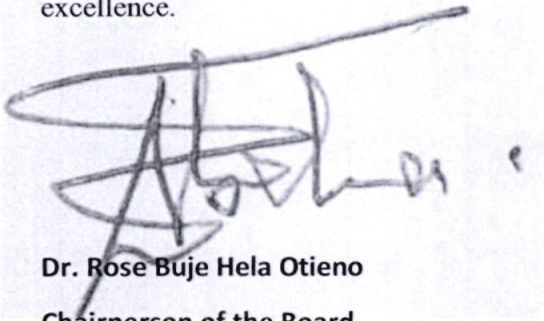
- Inadequate infrastructure to accommodate the growing student population, leading to potential class disruptions, especially during unfavourable weather for students learning outdoors.
- Delays in disbursement of funds affected budget absorption and procurement processes due to cash flow inconsistencies.
- Curriculum changes, such as the implementation of modularized programs, now require trainees to sit for exams just three months after admission.
- Lack of adequate training equipment and facilities, which is expected at this early stage of institutional development.

The Board of Governors remains fully committed to the development and operationalization of the institution's strategic plan and policies. We aim to ensure that our core values are upheld

Mbita Technical and Vocational College

Fourteen Months Report and Financial Statements for the year ended 30th June 2025

across all departments, guiding the institution toward sustainable growth and academic excellence.

A handwritten signature in black ink, appearing to read 'Rose Buje Hela Otieno', is written over a light blue rectangular background.

Dr. Rose Buje Hela Otieno

Chairperson of the Board

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

6. Report of the Principal



I am pleased to present this report as part of our Annual Financial Report for the year ended 30th June 2025. Mbita began its operation in May 2024, technically operationalized by the mentor (The Mawego National Polytechnic). This has been a year marked by growth, resilience, and a continued commitment to excellence in education at Mbita Technical and Vocational College.

Academic Achievements

Our students sat for their first TVET–CDACC exams during the March–April 2025 series and attained commendable results.

The overall institutional pass rate stood at **78%**, a strong performance for a new institution.

Student Enrolment and Resource Allocation

As a newly established institution, we have experienced steady growth, with 1,040 trainees enrolled by the end of the financial year. This increase has created an urgent need for additional tools and equipment, particularly for technical departments, as well as basic infrastructure such as lecture chairs.

Staff and Professional Development

Our staff have remained the cornerstone of the institution’s success. This year, we conducted in-house capacity-building programs focusing on CBET (Competency-Based Education and Training) implementation and the development of professional teaching tools. These efforts aim to ensure effective content delivery and regulatory compliance.

Infrastructure and Capital Works

The major capital project undertaken during the year was the construction of toilet facilities. Other planned infrastructure projects were deferred due to inconsistent cash flow, which affected the implementation of our infrastructure development plan.

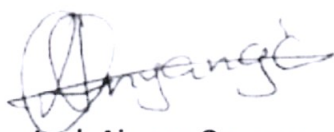
Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

Financial Overview

The institution has commenced operations on a solid financial footing. Revenue from tuition fees, grants, and government funding was managed prudently. This has allowed for strategic reinvestment in teaching and learning resources, despite some challenges in disbursement timelines.

Looking Ahead

We remain steadfast in our mission to provide holistic, inclusive, and future-focused education. Our priorities include enhancing infrastructure, equipping workshops, and implementing our strategic plan to guide institutional growth and excellence.



Leah Ajwang Onyango

Principal

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

7. Statement of Performance against Predetermined Objectives

During the Financial Year the Institution had no Strategic Plan in place due to delayed appointment of the Board of Governors leading to delayed approval of Strategic Plan containing the strategic objectives as required by the Public Finance Management Act, 2012.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

8. Corporate Governance Statement

i. Appointment of Board Members

The Board members were appointed in accordance with the Technical and Vocational Education and Training Act and guidelines by the Ministry of Education.

- **Process of Appointment & Removal:** Appointments were conducted through a transparent process based on merit, experience, and integrity.
- **Size, Diversity & Demographics:** The Board comprises nine members, representing a balance of gender, skills, and stakeholder interests, including government, industry, community, and academic sectors.

ii. Roles and Functions of the Board

The Board provides strategic direction, approves policies, oversees financial management, ensures compliance with regulations, and safeguards the interests of stakeholders. It also monitors institutional performance and risk management.

iii. Induction, Training, and Development

All new Board members underwent an induction program which covered governance practices, legal obligations, and institutional operations. Continuous professional development is provided through workshops and training sessions on emerging governance and education trends.

iv. Board and Members Performance

Board performance is evaluated annually through self-assessments and peer reviews, focusing on effectiveness in strategic oversight, policy formulation, and institutional performance monitoring.

v. Board Meetings and Attendance

During the reporting period, the Board had not yet been established.

vi. Succession Plan

The institution follows Mwongozo for succession planning

vii. Conflict of Interest Policy

Mbita TVC is yet to make a formal policy requiring disclosure of any personal or financial interest that could conflict with institutional duties.

viii. Board Remuneration

Board members receive allowances as per the Government of Kenya's guidelines for public institutions. Compensation is structured to reflect responsibility and commitment while adhering to principles of accountability and value for money.

ix. Ethics and Conduct

The Board upholds the highest standards of integrity, accountability, and professionalism. A Code of Ethics guides conduct, emphasizing transparency, fairness, and service to stakeholders.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

x. Governance Audit

An annual governance audit conducted by an independent party to assess compliance with governance principles, statutory requirements, and best practices is yet to be done since Mbita TVC is a new institution.

xi. Communication Policy

The institution is yet to establish communication policy ensuring timely, accurate, and transparent information flow to stakeholders, including government agencies, staff, students, and the public.

xii. Terms of Reference for Committees

The Board operates through specialized committees (e.g., Finance, Audit, Academic Affairs), each with clear Terms of Reference detailing their roles, authority, and reporting obligations.

xiii. Policy on Related Party Transactions

A policy is in progress to ensure all related party transactions are disclosed, conducted at arm's length, and in the best interest of the institution, in compliance with relevant laws.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

9. Management Discussion and Analysis

9.1 Operational Performance

During the reporting period (FY 2024/2025), Mbita Technical and Vocational College (Mbita TVC) continued to pursue its mandate of providing technical, vocational, and entrepreneurial training in line with the **Kenya Vision 2030**, the **TVET Act, 2013**, and the **Kenya Competency-Based Education and Training (CBET) framework**.

- **Programs:** New programs were introduced
- **Partnerships:** The institution strengthened partnerships with industry players such as AAA, and local SMEs to enhance industrial attachment and apprenticeship opportunities.

9.2 Financial Performance

Mbita TVC's financial performance was largely supported by Government Grants, student fees, HELB, and NG-CDF.

9.3 Key Projects and Investments

- Construction of a perimeter wall
- Staff capacity development through training in CBET curriculum delivery.

9.4 Compliance with Statutory Requirements

- Full compliance with **TVET Authority regulations** and regular quality audits.
- Timely submission of financial reports to the Ministry of Education and the Office of the Auditor-General.
- Remittance of statutory deductions (NSSF, NHIF, PAYE) on time.

9.5 Major Risks and Mitigation Measures

Risk	Impact	Mitigation
Delays in HELB and Scholarship disbursements	Cash flow challenges	Enhanced IGAs (short courses)
Climate change disruptions (floods/drought)	Infrastructure damage, absenteeism	Tree planting, water harvesting, disaster preparedness
ICT gaps	Slow adoption of e-learning	Increased investment in ICT infrastructure

9.6 Material Arrears

There were no material arrears in statutory obligations.

9.7 Outlook

The institution anticipates further growth in enrolment, expansion of infrastructure, and deepened industry partnerships. Focus will be placed on digital transformation, green TVET practices, and innovation incubation hubs to prepare graduates for the job market.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

10. Environmental And Sustainability Reporting Statement

10.1 Sustainability Strategy and Profile

Mbita TVC recognizes that sustainability is central to its role in training future professionals. The institution therefore, is underway in preparation of its sustainability strategy and profile.

10.2 Environmental Performance

Mbita TVC is in the process of making Environmental Performance Policy

10.3 Employee Welfare

- **Inclusive Hiring:** Recruitment policies consider gender equity and opportunities for PWDs. In FY 2024/25.
- **Safety:** Compliance with Occupational Safety and Health Act, 2007 (OSHA), with safety gear provided in all workshops. No major work-related injuries were reported.
- **Welfare Support:** Staff medical cover provided through SHA, wellness programs, and a SACCO for financial support.

10.4 Marketplace Practices

- **Responsible Competition:** Strict adherence to Public Procurement and Asset Disposal Act (2015) through open tendering.
- **Anti-Corruption Measures:** Functional integrity committee, whistleblower channels, and service charter displayed publicly.
- **Responsible Supply Chain:** Procurement contracts were awarded with consideration to youth, women, and PWDs in line with government policy.
- **Responsible Marketing & Engagement:** Use of official website, social media, and community forums for accurate information. No false or exaggerated claims made.
- **Consumer Protection:** Student data protected under the Data Protection Act (2019).

10.5 Corporate Social Responsibility (CSR) / Community Engagement

Mbita TVC plays an active role in community development:

- Conducted community sensitization forums.
- Supported local secondary schools with free career guidance and mentorship programs.
- Participated in public participation forums for county development planning.

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Mbita TVC'S affairs.

Principal activities

The principal activity of Mbita TVC is to offer Technical and Business Training.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 5

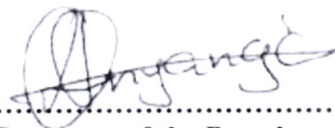
Board of Governors

The members of the Board who served during the year are shown on page vii to ix.

Auditors

The Auditor General is responsible for the statutory audit of Mbita TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of Mbita TVC for the year ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Secretary of the Board

Nairobi

Date: 11/11/2025

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

12. Statement of Board of Governors Responsibilities

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

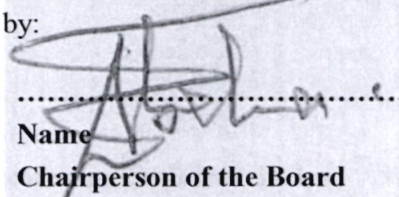
The Board members are responsible for the preparation and presentation of Mbita TVC financial statements, which give a true and fair view of the state of affairs of Mbita TVC for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial 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 Mbita TVC, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

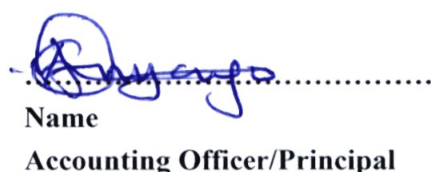
The Board members accept responsibility for Mbita TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board members are of the opinion that Mbita TVC financial statements give a true and fair view of the state of Mbita TVC transactions during the financial year ended June 30, 2025, and of Mbita TVC financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Mbita TVC, which have been relied upon in the preparation of Mbita TVC financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the principal has assessed Mbita TVC ability to continue as a going concern. Nothing has come to the attention of the Board members to indicate that Mbita TVC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Mbita TVC financial statements were approved by the Board on 11/11/2025 and signed on its behalf by:


.....
Name
Chairperson of the Board


.....
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 MBITA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mbita Technical and Vocational College set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025, and the statement financial performance, 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 Mbita Technical and Vocational College as at 30 June, 2025 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 National Government Constituencies Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position, and as disclosed in Note 16 to the financial statements, reflects property, plant and equipment balance of Kshs,56,792,540 which relates to a building constructed by the mentor institution on behalf of the College. However, the supporting payment details (contract sum and payment certificates) were not provided for audit.

Further, review of records, interview of the staff and physical verification conducted on 30 October, 2025 revealed that various assets including land, buildings, furniture, computers and equipment were being used by the College but not disclosed in the financial statements. Also, the land ownership documents were not provided for audit review.

In addition, review of records and physical inspection revealed that the College did not maintain an updated fixed asset register to control its assets. Essential details and unique identifiers such as asset tags, year of purchase, location and condition were not indicated in the fixed assets register. This was contrary to Regulation 136(1) of the Public Finance Management (National Government) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs,56,792,540 and the existence and/ or effectiveness of internal controls over fixed assets could not be confirmed. Also, Management was in breach of the law.

2.0. Unconfirmed Current Portion of Receivables from Exchange Transactions Balance

The statement of financial position, and as disclosed in Note. 14(a) to the financial statements, reflects current portion of receivables from exchange transactions balance of Kshs.31,727,965. However, Management did not provide a detailed listing indicating the date the debtors were invoiced, name of the debtor and the amount receivable. The sudden surge on the receivable's casts doubts on ability of the College to collect of fees and to recover the outstanding debts.

In addition, although the College had a debt collection policy in place, it would appear that there was no capacity to enforce debt collection measures therein.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.31,727,965 could not be confirmed.

3.0. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position, and as disclosed in Note 17 to the financial statements, reflects trade and other payables balance of Kshs.2,432,250. However, Management did not provide a detailed ageing analysis with invoices and ledgers indicating dates on which the obligation was incurred and Local Purchase Orders or Local Service Orders in support of the payables. Additionally, Management did not demonstrate measures put in place to ensure that outstanding bills are paid in time to avoid further accumulation and the possibility of payment of interest and/or penalties on the unpaid amounts. Failure to settle payables may result in suppliers withholding the supply of goods and provision of services and hence, adversely affect service delivery.

In the circumstances, the accuracy and completeness of the trade and other receivables from exchange transactions balance of Kshs.2,432,250 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mbita 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 amounts of Kshs.35,594,500 and Kshs.12,977,360 respectively, resulting in under-funding of Kshs.22,617,140 or 64% of the budget. Similarly, the College spent Kshs.8,912,127 against actual receipts of Kshs.12,977,360, resulting in an under-utilization of Kshs.4,065,233 or 31%.

Further, the statement reflects an amount of Kshs.4,942,500 in respect of budgeted capital expenditure which was not utilized. Further, the itemized budget did not indicate the specific projects which were to be implemented.

The underfunding and under expenditure affected planned activities and may have adversely impacted service delivery to the students of the College.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the Other Information set out on page iv to xxii which comprises Key Entity Information and Management, Chairman's Statement, Report of the Senior Principal, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0. Weak Controls and Governance Over Human Resource Management

1.1. Inefficiencies In the College's Human Resource Management

Review of human resource records and documentation revealed the following anomalies:

- i. There was no approved staff salary structure thus, the Board paid all its essential employees a flat rate of Kshs.15,000 per month with no additional allowances.
- ii. The College had seven (7) staff members recruited by the Board of Governors with additional roles but were not paid any stipend or allowance for discharging extra work.
- iii. There was no approved staff training needs assessment and training program.
- iv. There was no clear promotion criteria and performance management which defines staffing career progression guidelines.
- v. There was no verifiable documentary evidence to indicate that the College had developed clear guidelines to be followed in appointment or engagement of new staff as and when need arises.
- vi. The College had not done any job evaluation and provided a report showing the key successes, weaknesses and recommendations going forward.
- vii. The College did not conduct annual staff appraisal for the year under audit to establish any progress and weak areas amongst its employees.

As a result, there was possibility of low staff morale which may lead to low productivity.

1.2. Lack of Approved Staff Establishment and Human Resources Governing Instruments

Review of records revealed that the College did not have an approved staff establishment. The absence of an approved staff establishment indicates that the College had not determined the skills and optimal staffing levels required to achieve its goals and objectives. Additionally, there was no evidence that the institution had prepared a human resource plan based on a comprehensive job analysis.

Further, review of the College's records provided for audit revealed the College had a total work force of forty-two (42) employees out of which, ten (10) were employed by the Public Service Commission and thirty-two (32) were employed by the Board of Governors out of which, twenty-seven (27) were trainers and five (5) non-trainers recruited during the year on contractual basis. Nine (9) of the Board of Governors appointed staff were on

one-year contractual engagement, while twenty-three were on three (3) months casual contracts. However, review of records revealed that the College did not have an approved staff establishment whose absence indicated that the College had not yet determined the skills and optimal staffing levels required to achieve its goals and objectives. Additionally, there was no evidence that the College had prepared a human resource plan based on a comprehensive job analysis.

In the circumstances, the effectiveness of internal controls and governance over the College's human resource could not be confirmed.

2.0. Non-Compliant with the Guidelines on Full Board and Committee Meetings

Records provided for audit indicated that the College had a Board of Governors membership of seven (7) members who were appointed on 12 February, 2025. However, review of records revealed that the Board did not establish the relevant committees namely, Finance, Administration and Infrastructure Committee; Education, Research and Training Committee; and Audit and Risk Management Committee. Further, the full Board and the three committees did not meet during the year under review. This was contrary to the Circular Ref. No OP/CAB.9/1A from the Head of Public Service.

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

3.0. Lack of an Effective Internal Audit Function

Information provided indicated that during the period under review, the College did not have an Internal Audit department in place as required by Regulation 162(2) of the Public Finance Management (National Government) Regulations, 2015. The audit services were being outsourced from the mentor institution.

Further, the Committee never held any meeting during the year under review, contrary to the provisions of Regulation 179(1) of the Public Finance Management (National Government) Regulations, 2015.

In addition, the Committee did not carry out any annual review of the independence, performance, and competency of the internal audit unit, contrary to the provisions of Regulation 166(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the effectiveness of internal controls, risk management and governance in the College 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 so as to obtain assurance as to whether effective processes and systems of internal controls, risk management and overall governance was maintained 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 those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

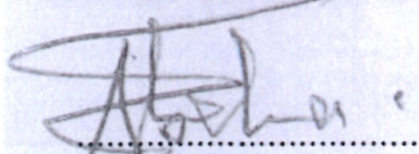
04 December, 2025

Mbita Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

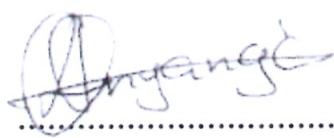
14. Statement of Financial Performance For The Year Ended 30 June 2025

	Notes	2024- 2025
		Kshs
Revenue from Non-Exchange transactions		
Transfers from National Government Entities	6	1,500,000
Transfers from other levels of government	7	2,321,892
Public Donations and Contributions	8	0
Revenue from non-exchange transactions		3,821,892
Revenue from exchange transactions		
Rendering of services- Fees from students	9	40,515,933
Other income	10	367,500
Revenue from exchange transactions		40,883,433
Total revenue		44,705,325
Expenses		
Use of goods and services	11	9,542,577
Employee costs	12	1,801,800
Total expenses		11,344,377
Net Surplus for the year		33,360,948


The Financial Statements set out on pages 1 to 30 were signed by:


 Chairman of Board

Date 11/11/2025


 Principal

Date 11/11/2025

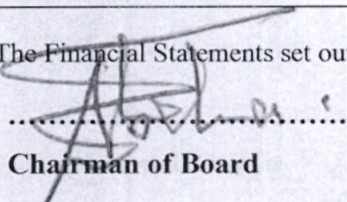

 Finance Officer
 ICPAK No 14313
 Date 11/11/2025

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position As At 30th June 2025

Description	Notes	2024- 2025
		Kshs
Assets		
Current Assets		
Cash and cash equivalents	13	4,193,733
Current portion of receivables from exchange transactions	14(a)	31,727,965
		35,921,698
Non-current assets		
Property, plant and equipment	16	56,792,540
Total assets (A)		92,714,238
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	17	2,432,250
Refundable deposits from customers	18	128,500
		2,560,750
Total liabilities (B)		2,560,750
Net Assets (A-B)		90,153,488
Represented By:		
Revaluation Reserves		
Accumulated Surplus		33,360,948
Capital Fund		56,792,540
Net Assets		90,153,488

The Financial Statements set out on pages 1 to 30 were signed by:



Chairman of Board



Principal



Finance Officer

ICPAK No **14313**

Date: 11/11/2025

Date: 11/11/2025

Date: 11/11/2025

Mbita Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund/Surplus	Capital Grants/Fund	Total
At July 1, 2024				
Revaluation gain		-	-	0
Surplus/(deficit) for the year	-	33,360,948	-	33,360,948
Capital grants received during the year	-	-	56,792,540	56,792,540
At June 30, 2025	0	33,360,948	56,792,540	90,153,488

Mbita Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

17. Statement of Cash Flows For The Year Ended 30 June 2025

Description	Note	2024- 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from National Government entities		1,500,000
Transfers from other levels of government		2,321,892
Rendering of services- Fees from students		8,787,968
Other income		367,500
Total Receipts		12,977,360
Payments		
Employee Costs		1,801,800
Use of goods and services		7,110,327
Total Payments		8,912,127
Net cash flows from operating activities	19	4,065,233
Cash flows from investing activities		
Purchase of property, plant, equipment & intangible assets		
Proceeds from sale of property, plant and equipment		
Net cash flows used in investing activities		0
Cash flows from financing activities		
Proceeds from Caution money		128,500
Repayment of borrowings		
Net cash flows used in financing activities		0
Net increase/(decrease) in cash and cash equivalents		4,193,733
Cash and Cash equivalents at 1 JULY	13	0
Cash and Cash equivalents at 30 JUNE	13	4,193,733

Mbita Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from other National Government entities	2,000,000		2,000,000	1,500,000	500,000	75%
Transfers from other levels of government	0		0	2,321,892	(2,321,892)	-
Rendering of services- fees from students	33,594,500		33,594,500	8,787,968	24,806,532	26%
Miscellaneous Income	0		0	367,500	(367,500)	-
Total Receipts	35,594,500	0	35,594,500	12,977,360	22,617,140	21%
Payments						
Use of goods and services	23,652,000	-	23,652,000	7,110,327	16,541,673	30%
Employee costs	4,500,000		4,500,000	1,801,800	2,698,200	40%
Board Expenses	2,500,000		2,500,000	0	2,500,000	-
Total Expenditure Payments	30,652,000		30,652,000	8,912,127	21,739,873	29%
Capital Expenditure Payments	4,942,500		4,942,500	0	4,942,500	-
Surplus	0		0	4,065,233	(4,065,233)	-

Budget notes

1. Transfers from Government for the fourth quarter was sent to Mawego N P thus recognized as transfers from other entity leading to the shortfall.
2. Fees collection was low due to non- disbursement of loans to students
3. Delay in funds led to low absorption under use of goods and services.
4. Employee costs was under-absorbed due to delay in funds and planning through board member selection

Mbita Technical and Vocational College
Fourteen Months Report and Financial Statements for the year ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	4,065,233
1	Reason for differences: Refundable deposits (Caution money)	128,500
2	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,193,733

19. Notes to the Financial Statements

1. General Information

Mbita TVC is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is educational training.

2. Statement of Compliance and Basis of Preparation

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

Mbita Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There are no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. No impact
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. No impact
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. No impact
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

Mbita Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>No impact</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>No impact</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>No impact</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>No impact</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <p>No impact</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year .

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on **9/07/2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

d) Property, plant and equipment

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

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) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

g) Research and development costs

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

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

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

h) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

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Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

i) Inventories

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

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

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

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

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

j) Provisions

Provisions are recognized when Mbita TVC 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.

Contingent liabilities

Mbita TVC 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

Mbita TVC 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 Mbita TVC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Social Benefits

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

l) Nature and purpose of reserves

Mbita TVC creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

Mbita TVC provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans.

o) 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.

p) Related parties

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

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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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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.

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6. Transfers from other National Government entities

Description	2024- 2025
	Kshs
Unconditional Grants	
Capitation Grants	
Operational Grant	1,500,000
Total unconditional Grants	1,500,000
Conditional Grants amortised/ recognised in revenue	
Library Grant	
Total Government Grants and Subsidies	1,500,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	1,500,000			1,500,000	
Total	1,500,000			1,500,000	

The details of the reconciliation have been included under appendix II

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7. Transfers from Other Levels of Government

Description	2024- 2025
	Kshs
Transfer from Mawego National Polytechnic	2,321,892
Total Transfers	2,321,892

8. Public Contributions and Donations

Description	2024- 2025
	Kshs
Transfer from Mawego National Polytechnic	56,792,540
Total Donations and Contributions	56,792,540

(Tuition Block)

9. Rendering of Services

Description	2024- 2025
	Kshs
Tuition fees	23,409,569
Activity fees	2,367,776
Examination fees	1,331,332
Personal Emoluments	6,601,236
Local Transport and Travelling	2,285,416
Electricity water and Conservancy	1,795,916
Repair Maintenance and Improvements	1,712,688
Medical	999,000
Practical	13,000
Total Revenue from The Rendering of Services	40,515,933

(Provide brief explanation for this revenue)

10. Miscellaneous/Other Income

Description	2024- 2025
	Kshs
Application fee	6,300
Student ID	52,500
Registration fee	71,700
Passport fee	1,300
Kuceps Registration	235,700
Total other income	367,500

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11. Use of Goods and Services

Description	2024- 2025
	Kshs
Teaching and learning materials	5,492,160
Activity	289,150
Electricity water and Conservancy	131,772
Local Transport and Travelling	257,360
Internet expenses	13,550
Office stationery	32,525
Administrative cost	3,326,060
Total good and services	9,542,577

(Teaching materials includes, Trade payables of Kshs. 2,432,250)

12. Employee Costs

Description	2024- 2025
	Kshs
Salaries and wages	1,801,800
Employee Costs	1,801,800

13. Cash and Cash Equivalentents

Description	2024- 2025
	Kshs
Current Account	4,193,733
Total Cash and Cash Equivalentents	4,193,733

13 (a). Detailed Analysis of Cash and Cash equivalentents

Financial Institution	Account number	2024- 2025
		Kshs
a) Current Account		
Kenya Commercial Bank		4,193,733
Equity Bank		
Sub- Total		4,193,733
Grand Total		4,193,733

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14. Receivables from Exchange transactions

14 (a) Current Receivables from Exchange transactions

Description	2024- 2025	
	Kshs	
Current Receivables		
Student Debtors	31,727,965	
Total Current Receivables	31,727,965	

14 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2024- 2025	
	Kshs	
	Current FY	% of the total
Less than 1 year	31,727,965	100%
Between 1- 2 years		%
Total (a+b)	31,727,965	100%

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15. Prepayments

Description	2024- 2025
	Kshs.
Insurance	
Rent	
Water	
Total	0

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16. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate		2%						
At 1 July 2023								
Additions				-		-		
Disposals			-	-		-		
At 30th June 2024	0	0	0	0	0	0	0	0
Additions		56,792,540		-				56,792,540
Disposals		-	-	-		-		
Transfer/Adjustments						-		
Revaluation								
At 30th June 2025	0	56,792,540		0	0	0	0	56,792,540
Depreciation And Impairment								
At 1 Jun 2023	-					-		
Depreciation	-					-	-	
Disposals	-	-	-	-		-	-	
Impairment	-	-	-	-		-	-	
At 30 Jun 2024								
Depreciation	-			-		-		
Disposals	-	-	-	-		-		
Impairment	-		-	-		-	-	
At 30th Jun 2025	-	0	0	0	0	0	0	0
Net Book Values								
At 30th Jun 2024	-	-	-	-	-	-	-	-
At 30th Jun 2025	0	56,792,540						56,792,540

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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).

16 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings	56,792,540		56,792,540
Plant And Machinery			
Motor Vehicles including Motorcycles			
Total	56,792,540		56,792,540

17. Trade and Other Payables

Description	2024- 2025	
	Kshs	
Trade payables	2,432,250	
Total Trade and Other Payables	2,432,250	
Ageing analysis:	Current FY	% of the Total
Under one year	2,432,250	100%
Total (to tie to totals above)	2,432,250	100%

18. Refundable Deposits from Customers/Students

Description	2024- 2025	
	Kshs	
Caution money	128,500	
Other refundable deposits		
Total Deposits	128,500	
Ageing analysis:	Current FY	% of the Total
Under one year	128,500	100%
1-2 years		%
Total (to tie to totals deposits above)	128,500	100%

(Caution money)

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19. Cash generated from operations.

Surplus for the year before tax	2024- 2025
	Kshs
Surplus for the period	33,360,948
Adjusted for:	
Contributed assets	(0)
Working Capital adjustments	
Increase in receivables	(31,727,965)
Increase in payables	2,432,250
Net Cash Flow from Operating Activities	4,065,233

20. Financial Risk Management

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

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

(i) Credit risk

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

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

(ii) Liquidity risk management

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

(iii) Market risk

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

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

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

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21. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

22. Events After The Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

This is the first year of reporting thus no previous audit issues

Name: Felix Otieno
Accounting Officer

Date 11/11/2025

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