REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE

AUDITOR-GENERAL

ON

WEST MUGIRANGO TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED

30 JUNE, 2024

MINISTRY OF EDUCATION
STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING
WEST MUGIRANGO TECHNICAL AND VOCATIONAL COLLEGE
P.O BOX 407-40500 NYAMIRA

WEST MUGIRANGO TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2024

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

West Mugirango Technical and Vocational College
Annual Report and Financial Statements for the Year ended 30th June 2024

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
WEMU TVC	West Mugirango Technical and Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

West Mugirango TVC was established under the TVET Act 2013 on 1st January 2023. The College is domiciled in Kenya. The institute is under the Ministry of Education.

(b) Principal Activities

The Mission of the College is to produce innovative graduates equipped with skills to meet the evolving needs of Industry and Society.

VISION
The institution has a vision to be a leading Centre of Excellence in Technical and Vocational Education, Training, Innovation, and Research.

CORE VALUES
They include; Integrity, Customer focus, Professionalism, Team work, inclusivity, Innovation and Creativity.

MISSION STATEMENT
West Mugirango TVC is committed to foster a learning environment that is conducive in promoting innovation, skills acquisition and critical thinking.

(c) Key Management

West Mugirango Technical and Vocational College's day-to-day management is under the following key organs:

1. Board of Governors.
2. Accounting officer/ Principal
3. Management

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	**Paul Geteni Makori**
2.	Deputy principal Academic	**Ben Kipketer Yego**
3.	Registrar	**Kibet Alfred Yegon**
4.	Dean of students	**Bonface Ondima Onyiego**
5.	Head of Finance	**Wycliffe Onsinyo Ochenge**

(e) Principal Legal Adviser

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

(f) Fiduciary Oversight Arrangements

- ***Education and HR committee activities***
  i. Dorcas Wanjiru Mwae (Chairlady)
  ii. Didacus Odhiambo
  iii. Joshua Osindi

- ***Finance and operations committee activities***
  i. Joshua Osindi (Chairman)
  ii. Gladys Rotich
  iii. Fredrick Onkware

- ***Audit and Risk committee activities***
  i. Simeon Obongo (Chairman)
  ii. Didacus Odhiambo
  iii Dorcas Wanjiru Mwae

(g) Entity Headquarters
P.O. Box 407-40500
West Mugirango TVC Building.
Kisii-Miruka Road.
Nyamira, KENYA

(h) Entity Contacts
Telephone: (254) 713771195/736822222
E-mail: westmugirangotvc@gmail.com

(i) Entity Bankers
Kenya Commercial Bank
Litein Branch.
P.O. Box 5, 20210
LITEIN, KENYA

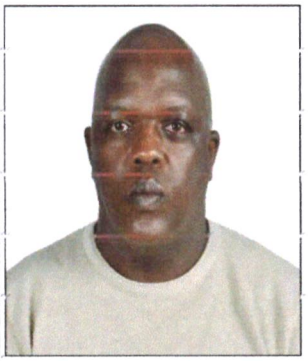
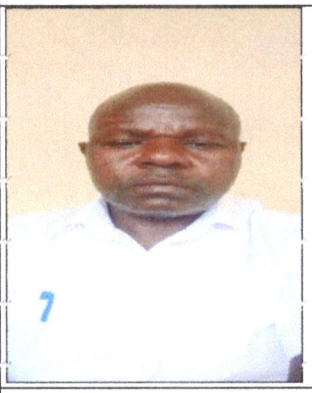
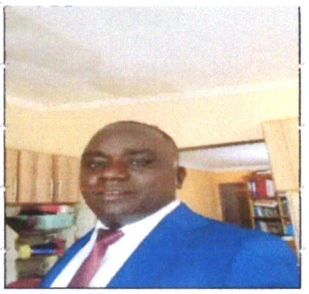
(j) Independent Auditors

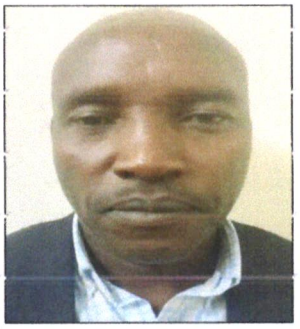
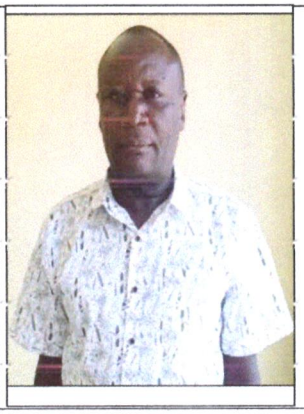
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

(k) Principal Legal Adviser

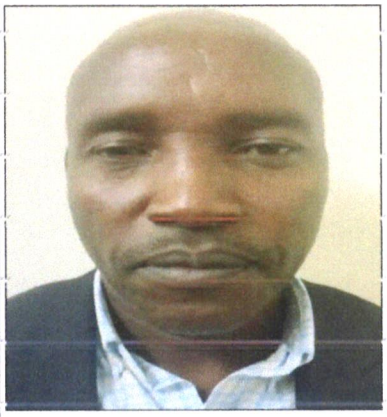
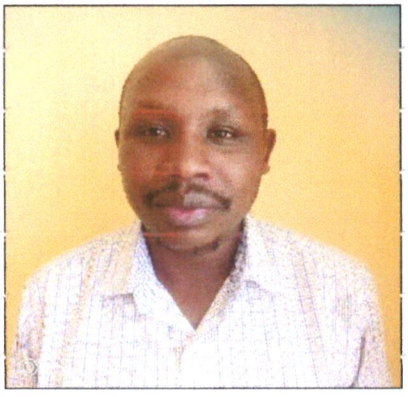
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

3.The Board of Governors

SN.	Photo	Member of the Board	Details
1.		**Elias Makori-** *BOG Chairman*	***Bog Chairman.*** ***Date Of Birth:*** *26/ 12/ 1970* ***Qualifications:*** *Masters In Sports Management- Cryff Institute, Barcelona* ***Experience:*** *29 Years*
2.		**SIMEON OBONG'O -** *Chairman Audit and Risk Committee Activities*	***Chairman*** *Academic Committee Activities* ***Date Of Birth:*** *01/12/1976* ***Qualifications:*** *Masters in Finance* ***Experience:*** *22 Years*
3.		**Dorcas Mwae** - *Chairlady Education and HR Committee*	***Chairlady*** *Audit and Risk Committee* ***Date Of Birth:*** *26/12/1970* ***Qualifications:*** *Bachelor of Law- Catholic University of Eastern Africa* ***Experience:*** *28 Years*
4.		**Onkware Fredrick Manyinsa** - *Board Member*	***Board Member*** ***Date Of Birth:*** *Born In 1975* ***Qualifications:*** *Master of Business Administration - Maseno University.* ***Experience:*** *21 Years*

5.		**Paul Makori Geteni** - *Principal*	***Secretary to the Board*** ***Date of Birth:*** *1972* ***Qualifications:*** *Phd Educational Planning, Master of Philosophy in Educational Planning, Bachelor of Education.* ***Experience:*** *27 Years.*
6.		**Masanga Didacus - Odhiambo** - *Board Member*	***Board Member*** ***Date of Birth:*** *26/12/1970* ***Qualifications:*** *Master of Education. Leadership and Management.* ***Experience:*** *29 Years*
7.		**Gladys Rotich** - *BOG Member*	***Board Member*** ***Date of Birth:*** *21/04/1984* ***Qualifications:*** *Phd Education Administration and Management.* ***Experience:*** *14 Years*
8.		***Joshua Osinai*** *– Chairman Finance and Operations Committee*	***Chairman*** *– Finance and Operations Committee* ***Date of Birth:*** *12/10/1986* ***Qualifications:*** *Master of Business Administration (MBA)* ***Experience:*** *12 Years*

4. Key Management Team

SN	Member		Details
1.		**Paul Makori Geteni -** *Secretary to the Board.*	***Secretary to the Board/Principal.*** ***Date of Birth:*** *1972* ***Qualifications:*** *PhD Educational Planning, Master of Philosophy in Educational planning, Bachelor of Education.* ***Experience:*** *27 Years.*
2.		**Ben Kipketer Yego -** *Deputy Principal.*	***Deputy Principal- Academics*** ***Date of Birth:*** *12/ 12/ 1972.* ***Qualifications:*** *MPhil Communication Studies.* ***Experience:*** *26 Years.*
3.		**Alfred Yegon Kibet** *Registrar*	***Registrar*** ***Date of Birth:*** *01/ 02/ 1988.* ***Qualifications:*** *BSc IT.* ***Experience:*** *11 Years*

4.		**Bonface Onyiego Ondima** *Dean of Students*	***Dean of Students*** ***Date of Birth:*** *24/05/1996* ***Qualifications:*** *HD Electrical Engineering* ***Experience: 5*** *years*
5.		**Wycliffe Onsinyo Ochenge** *Accountant*	***Head of Accounts*** ***Date of Birth:*** *07/02/1989* ***Qualifications:*** *CPA* ***Experience:*** *11 Years*

5. Chairman's Statement

The board of governors at West Mugirango Technical and Vocational College (WEMUTVC) plays a pivotal role in steering the institution towards achieving its mission of providing quality training and entrepreneurial skills that are responsive to the market demands. Their responsibilities encompass several key areas:

1. Strategic Leadership

1. **Mission and vision alignment:** Ensure that WEMUTVC's activities align with its mission to develop highly qualified and resourceful graduates; and
2. **Policy development:** Formulate and approve policies that guide the institution's operations and strategic direction.

2. Governance and Oversight

1. **Regulatory compliance:** Ensure adherence to the ministry of education's standards and other regulatory requirements;
2. **Ethical standards:** Promote uphold the core values of excellence, integrity, professionalism, creativity, teamwork, accountability and transparency.

3. Financial Stewardship

1. **Budget approval:** Review and approve annual budget, ensuring financial resources are allocated effectively to support institutional priorities;
2. **Financial monitoring:** Oversee financial performance and ensure the sustainability of WEMUTVC's programs to maintain high educational standards.

4. Institutional Performance

1. **Quality assurance:** Monitor and evaluate the quality of training program to maintain high educational standards; and
2. **Performance metrics:** Assess institutional effectiveness through key performance indicators and support continuous improvement efforts.

5. Human Resource Management

Staff development: Support policies and programs that promote professional development

1. Stakeholder Engagement

- **Community relations:** Foster strong relationships with the local community, industry partners and other stakeholders to enhance collaboration and support.
- **Expanding infrastructure:** To accommodate a growing student population and improve learning facilities.
- **Financial sustainability:** By strengthening revenue generation initiatives and fostering strategic partnership.

Appreciation

I extend my sincere gratitude to the Board of Governors, the Principal, staff, students and all stakeholders for their dedication and support in making WEMUTVC a centre of excellence in technical and vocational education. Together, we will continue to build a brighter future for our students and contribute to national development.

Sincerely,

Elias Makori
Chairperson, Board of Governors
West Mugirango Technical and Vocational College

6. Report of the Principal

I am pleased to present the statement for the annual reports and financial statements of West Mugirango Technical and Vocational College (WEMUTVC) for the financial year 2023/2024. This report highlights our progress, financial performance and strategic efforts to enhance technical and vocational training for our students.

Institutional Achievements and Growth
The past year has been marked by significant growth and development at WEMUTVC. Some of our notable achievements includes:

- **Expansion of training program**: we have introduced new competency-based education and training (CBET) courses to align with market demands and industry needs.
- **Student enrolment and performance:** WEMUTVC has recorded an increase in student enrolment, reflecting growing demand for technical education.

Financial Performance and Sustainability
Our financial statements for the year 2023/2024 demonstrate prudent management and accountability in resource allocation. Key highlights include:

- **Efficient use of funds:** despite economic challenges, we have maintained financial stability, ensuring smooth operations and continuous improvements in training facilities.
- **Transparency and compliance:** we have adhered to financial regulations and best practices, reinforcing our commitment to accountability and good governance.

Future plan and strategic directions
Looking ahead, WEMUTVC remains focused on:

- **Enhancing training quality:** we will continue upgrading our curriculum, improving teaching methodologies and investing in faculty development.
- **Expanding infrastructure:** plans are in place to construct additional training facilities to accommodate our growing student population.
- **Strengthening Financial sustainability:** through innovative funding approaches, grants and strategic partnerships, we aim to secure more resources for institutional growth.

Appreciation
I sincerely thank the board of governors, staff, students and all stakeholders for their unwavering support and dedication to the growth of WEMUTVC. Your contributions and collaboration have been instrumental in our continued success. Together, we will continue to empower our students with skills for a brighter future.

Sincerely,

Paul Geteni Makori
Principal/Secretary BOG
Principal West Mugirango Technical and Vocational College.

7. Statement of Performance against Predetermined Objectives

WEMUTVC has 3 strategic Pillars and strategies within current Strategic Plan for the FY 2023- FY 2027. These strategic pillars are as follows:

The Kenya's long-term development agenda is set out in the Kenya Vision 2030. The aim of Vision 2030 is to make Kenya a globally competitive and prosperous country by transforming it into an industrialized middle-income nation, providing high quality of life for all the citizens by the year 2030. The Vision 2030 is anchored on three pillars: economic, social and political pillars.

a) **The Economic Pillar**: Aims at providing prosperity for all Kenyans by attaining an annual growth rate of 10% and sustaining it throughout the Vision period. Under this pillar, flagship projects have been identified in key sectors of tourism, agriculture, manufacturing, wholesale and retail, business process outsourcing and financial services.

b) **The Social Pillar**: Seeks to build a just and cohesive society with social equity in a clean and secure environment. To achieve this, the priority sectors identified are: education and training; health; water and sanitation; the environment; housing and urbanization; gender, youth, sports and vulnerable groups.

c) **The Political Pillar**: Aims to realize an issue-based, people-centred, result-oriented and accountable democratic system. The specific areas identified for achievement of this priority are respect for the rule of law, electoral and political processes, democracy and public service delivery, transparency and accountability, security, peace building and conflict resolution.

d) WEMU TVC has 4 strategic objectives and strategies within current Strategic Plan for the FY 2023- FY 2027. The following are the strategic objectives and strategies under which the implementation programs will be done: -

Strategic objective 1: - To increase trainee enrolment Strategies:

a) Introduce market-oriented courses.
b) Market and publicize the college.
c) Undertake corporate social responsibility to the community.
d) Participate in co-curricular activities.
e) Sensitize trainees on Higher Education Fund, HELB loans, and CDF bursaries.

Strategic objective 2: To provide quality Training Environment Strategies:

f) Undertake construction of lecture halls.
g) Undertake construction of workshop sheds.
h) Equip the workshops.
i) Equip and stock the library.
j) Provide clean and safe water.
k) Provide clean and safe environment.

Strategic objective 3: - To integrate ICT in training and management of the college

Strategies:

a) Increase the number of desktop computers and laptops.
b) Provide internet or WIFI services.
c) Develop the college website.
d) Install CCTV coverage.
e) Establish a Management Information System.
f) Train staff on the use of MIS.
g) Integrate ICT in training and learning

Strategic objective 4: - To enhance human capital capacity. Strategies:

a) Recruit staff in deficit areas.
b) Enhance staff capacity.
c) Offer fair remuneration.
d) Entrench performance management.
e) Enhance staff welfare

8. Corporate Governance Statement

1. Appointment and Removal of Board Members

The Appointment and Removal of Board Members Is Guided by the Provisions of the TVET Act, 2013. Currently WEMU TVC Has a Total of 8 Board Members Comprising the Chairman of The Board, a Representative of The Principal Secretary in the Ministry responsible for technical and vocational training and six other persons appointed on the basis of knowledge and experience in leadership and management, financial management, technology, industry, engineering, information communication technology. as well as the principal of the institution who shall be the secretary. the independent board members and the chairperson are appointed by the cabinet secretary, ministry of education, while the representative is seconded by the board by his/her respective principal secretaries. A member of a board of governors may at any time resign by giving notice in writing to the cabinet secretary. the appointment of a member to a board of governors or to its committees shall be revoked and the member shall vacate office if the member

- Is sentenced by a court of law to imprisonment for a term of six months or more.
- Is incapacitated by physical or mental illness.
- Has been absent for three or more meetings of the board of governors without leave.
- Where the member is a representative, has his appointment revoked by the nominating body.

Where the office of a member of the board of governors becomes vacant by reason other than the expiry of the period of that office, the cabinet secretary may, in accordance with the provisions of this act appoint another person to replace the member.

2 Composition, Board Meetings, and Conflict of Interest

The Board brings together members from different professional backgrounds with diverse skills, competencies and complies broadly with the constitutional gender balance requirements.

Conflict of interest was declared and recorded during all the meetings, with a conflict-of-interest register signed by all members.

3 Role of The Chairperson of The Board

The chairperson provides leadership and governance of the board and creates conditions for overall board effectiveness by ensuring that all key and appropriate issues are discussed by the board in a timely manner. he ensures that the board plays a full and constructive part in the development and determination of the college's strategies and policies.

He also ensures that the board is supplied with timely and sufficient information to enable it discharge its duties effectively. in furtherance of the above, the chairperson ensures adherence to good corporate governance practises and procedures, and continuously promotes the highest standards of integrity, morality and corporate governance.

4 Role of the Board

The Board is committed to ensuring that the ethics and integrity remain at the core of the college's operations. it recognizes that the ethical management is key to the college's sustainability and is therefore, continuously putting in place practises, systems and processes to integrate ethics in all its operations.

The Board Is Responsible for Overall Strategic Direction and Operational Guidance of WEMU TVC In This Regard, The Responsibilities Of The Board Include:

i. Determining WEMU TVC mission, vision, core purpose and core values
ii. Reviewing, evaluating, on a regular basis, long-term plans for the college
iii. Reviewing, evaluating and approving major resource allocations and capital investments
iv. Reviewing evaluating and approving the operating and financial results of the College
v. Reviewing, evaluating and approving the College budget and financial forecasts
vi. Ensuring effective, accurate, timely and transparent disclosures of relevant information on the College operations and performance;
vii. Ensuring effective processes and systems of risk management and internal controls are in place
viii. Enhancing the College public image and ensuring engagement with stake holders through effective communication.
ix. Monitoring compliance with the constitution, all applicable laws, regulations and standard, and reviewing, monitoring and ensuring that WeMu TVC is effectively and consistently delivering on its mandate.

VII.5 Board Induction and Capacity Building

the current board members were inducted into office in February, 2024 during which officers from directorate of technical and vocational education provided the new members with an effective induction programme to familiarize them with their duties and responsibilities as board members. the board is adequately inducted and trained on matters corporate governance, finance, and audit, procurement, human resource ethics and integrity matters.

6 Board Remuneration

The board members except the principal, are not paid salary. however, their remuneration includes sitting allowances whenever they attend board meetings at the agreed rates.

7 Corruption Prevention

WEMU TVC has a zero tolerance on corruption guided by corruption prevention procedures and mitigation plans

8 Risk Management

risk management is a strategic function of the college's business and is applied in the day to day operations across all departments. this ensures that all risks are managed optimally and comply with the approved policies and doctrines of good corporate governance. in the year under review, the college continued to implement the various mitigation strategies to ensure that the risk levels were minimized. the college's risk management policy, procedures and registers were implemented.

9. Management Discussion and Analysis

1. Overview

The management discussion and analysis provide an in-depth review of financial operational performance of West Mugirango Technical and Vocational College for the fiscal year ended 30th June 2024. This report highlights key achievements, challenges, financial position and strategic initiatives undertaken to drive growth and sustainability.

2. Operational Performance

2.1. Institutional Growth and Achievements

- Increased student enrolment reflecting strong demand for technical and vocational training programs
- Expanded academic and training programs to align with industry needs
- Enhanced collaboration with industry partners for internship and job placement opportunities

2.2 Infrastructure and Facilities Development

- Investment in modern equipment and technology to improve training quality.
- Upgrades ICT infrastructure to support digital learning and administrative efficiency.

2.3 Human Resource Development

- Recruitment of highly qualified faculty and administrative staff.
- Professional development programs to enhance staff skills and competencies.
- Strengthening performance evaluation frameworks to ensure excellence in service delivery.

3. Financial Performance

3.1 Revenue and Funding Sources

- Total revenue for the year stood at ksh.4,113,260.00 representing an increase from the previous year.
- Funding sources included tuition fees and government grants

3.2 Expenditure Analysis

- Operational expenses increased due to staff salaries and training equipment procured.

3.3 Financial Position and Liquidity

- The institution maintained a stable financial position with healthy cash flow.
- Debt level remained manageable ensuring financial stability

4. Strategic Outlook and Future Plans

- Expansion of industry-driven training program to enhance employability.
- Strengthening partnership with local and international institutions for research and innovation.

- Enhancing student support services to improve retention and graduation rates.

5 Conclusion

The College remains committed to delivering quality education and training while maintaining financial sustainability and operational excellence. Despite challenges, strategic initiatives undertaken the organization for continued growth and success.

10. Environmental And Sustainability Reporting Statement

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

Sustainability Strategy and Profile

No	Nature of Reform	Description	Impact
1	Promoted, effective, efficient and flexible teaching and learning	WEMU TVC has; a. Trained academic staff b. Reviewed academic staff workloads to be commensurate with resources available. c. Reviewed rules on teaching/examinations to make them effective.	Effective teaching, efficient utilization of resources.
2.	Reforms in financial Management for Sustainability	The College has adopted realistic and economical ways in allocating and spending its financial resources by implementing the following activities: a. Enhanced fee collection through regular reminders to students and sponsors and adherence to fee payment policy. b. Undertook vigorous marketing of the College c. Streamline Procurement of goods and services to ensure efficiency and value for money.	Ability to meet the financial obligations with regards to payroll
3.	Enhancing environmental sustainability	The College enhanced environmental sustainability through many approaches including: a. Enhanced environmental hygiene in offices and compound b. Enhanced energy management by using clean energy. c. Conserved and Supply clean and portable water in most parts of the College.	Improved people's health, livelihoods and lives

Sewerage and water disposal system at the institution;

WEMU TVC disposes sewage and waste water using septic tanks.

Solid waste disposal
There are several portable bins distributed in various offices at strategic external points within the College. The dustbins are emptied daily to the nearby compost heaps and burned.

Employee welfare
WeMu TVC has put in place policies and guidelines to the hiring process of B.O.G employees. In the interest of employee development, the College has continued to facilitate both academic and administrative staff going for conferences, workshops, trainings whenever possible to improve on their skills

Risk Management in the institution: Effective risk management practices have been adopted which involve the assessment and identification of risks in all departments of the institution.

Encouraging a range of suppliers to bid: Encouraging a range of suppliers to bid to provide the goods and services to the institution to ensure that reliable suppliers who meet the required criteria are selected.

11. Report of the Board of Governors

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

Principal activities

The principal activities of the College are to train the students on the best technical knowledge and life skills.

Results

The results of the entity for the year ended June 30 are set out on page 1 to page 6.

Board of Governors

The members of the Board who served during the year are shown on page vi.

Auditors

The Auditor General is responsible for the statutory audit of the College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the College for the six months period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....

Secretary of the Board

Date: 5/05/2025

12. Statement of Board of Governors Responsibilities

Section 164 of the Public Finance Management Act, 2012 and require the Board of Management to prepare financial statements in respect of that College, which give a true and fair view of the state of affairs of the College at the end of the 6 months period and the operating results of the College for that period. The Board of Management are also required to ensure that the TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of the. The College Board of Management are also responsible for safeguarding the assets of WEMU TVC.

The Board of Management are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the College, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

In preparing the financial statements, the Principal has assessed the College's ability to continue as a going concern. Nothing has come to the attention of the Board of Management to indicate that West Mugirango Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

West Mugirango TVC financial statements were approved by the Board on 8/05/2025 and signed on its behalf by:

ELIAS MAKORI	PAUL GETENI MAKORI
.....	.....
Name	**Name**
Chairperson of the Board	**Principal**

REPUBLIC OF KENYA

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Website:www.oagkenya.go.ke

Enhancing Accountability

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Anniversary Towers
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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON WEST MUGIRANGO TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such 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 West Mugirango Technical and Vocational College set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of net

assets, statement of cash flows and statement of comparison of budget and actual amounts for the six months 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 effects 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 West Mugirango Technical and Vocational College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects the prior year current portion of receivables from exchange transaction balance of Kshs.5,625,688 which differs with the audited prior year balance of Kshs.5,061,460 resulting to a variance of Kshs.564,228.

In the circumstances, the completeness and accuracy of the statement of financial position could not be confirmed.

2. Unsupported Revenue from Exchange Transactions

The statement of financial performance reflects revenue from exchange transactions Kshs.13,658,576 as disclosed in Note 1 to the financial statements. However, system review of the student's fee collection revealed that the College received fees in cash without reference to specific student registration number making it difficult to reconcile the fee receipts and invoices raised per student. Further, the College received Kshs.150,000 made up of examination fee Kshs.65,000 and registration fee Kshs.85,000 in cash under rendering of services. However, only Kshs.65,000 could be traced in the bank statement leading to unexplained variance of Kshs.85,000. In addition, the College charged a total of Kshs.13,658,576 being fees received from the students during the year under review. However, review of total invoices raised for students amounted to Kshs.7,122,034 leading to unreconciled variance of Kshs.6,536,542 between the total invoiced amount and fees received during the year.

In the circumstances, the accuracy and completeness of the revenue from exchange transaction amount of Kshs.13,658,576 could not be confirmed.

3. Unsupported Current Portion of Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange balances of Kshs.10,491,172 as disclosed under Note 9 to the financial statements. However, the amount was not supported with schedules, ledger and ageing analysis was

not provided. Further, our review revealed that the college has been unable to collect Kshs.5,061,460 for over one year with the outstanding balance remaining unsettled at the close of the financial year 2023/2024 under review.

In the circumstances the accuracy, completeness and recoverability of current portion of receivables from exchange transaction balance of Kshs.10,491,172 could not be confirmed.

4. Unconfirmed Valuation of Stock

The statement of financial position reflects inventories balance of Kshs.300,150 as disclosed in Note 12 to the financial statements. However, the inventory has not been disclosed in the books of accounts at cost which is contrary to IPSAS 12, which requires the reported figure be the lower of cost and net receivable value. Further, the inventory and stock taking report for the year under review was not provided for audit review contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement Function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.300,150 could not be confirmed.

5. Unsupported Property Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.56,028,703 as disclosed under Note 14 to the financial statements. However, the non-current asset register provided for audit review did not capture important details including asset tagging, serial/log book number, location, opening balances, additions, dates of acquisitions, disposals, depreciation charged, accumulated depreciation to date and net Book value of the assets. Further, no specific rates for depreciation were used on buildings and motor vehicles. In addition, no verifiable documented evidence was provided for audit review to indicate that a competent valuer had been engaged to determine the current market value of the assets since the inception of the college.

In the circumstances, the accuracy and completeness of the property plant and equipment balance of Kshs.56,028,703 could not be confirmed.

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

The statement of comparison budget and actual amounts reflects total income budget of Kshs.5,650,000 against total expenditure budget balance of Kshs.4,850,500. However, the balances were not supported with detailed approved budget or minutes approving the same, quarterly budget review and reallocation minutes, procurement plan and work plan. Further, the same statement reflects total actual income of Kshs.3,547,692 which differs with Kshs.13,658,576 in the statement of financial performance resulting to unreconciled variance of Kshs.10,110,884.

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

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the West Mugirango 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.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxi which comprises Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion Analysis, Environmental and Sustainability Reporting, Corporate Social Responsibility, 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, except for the effects of the matters described in the Basis for Conclusion

on Lawfulness and Effectiveness in the use of Public Resources Section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Publish and Publicize Contracts and Use E-Procurement

The College did not prepare, publish, publicize and submit awarded contracts to Public Procurement Regulatory Authority contrary to Section 138(1) and (2) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that the Accounting Officer of a procuring entity shall publish and publicize all contract awards on their notice boards at conspicuous places, and website if available within a period as prescribed and report all contract awards to the Authority as prescribed.

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

2. Lack of Approved Budget

The College did not provide their budget for the financial year 2023/2024 that was approved by the cabinet secretary as required by section 22(1) and (2) of the second schedule of the Technical and Vocational Educational and Training Act of 2013. Therefore, it was not possible to confirm the basis upon which the income was collected and expenditure incurred.

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

3. Failure to Comply with the Law on Minimum Wage

The statement of financial performance reflects a balance of Kshs.877,000 for employee costs. This amount represents salaries paid to staff engaged to perform various tasks. However, a board resolution authorizing the payment of the salaries at the different scales was not been provided for audit review. Further, a review of the College's payroll for the financial year under review revealed that the employees earned a monthly wage of less than Kshs.15,000 that is stated as the minimum monthly wage limit set in the Regulation of Wages General Amendment Order of May, 2022.

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

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 effects 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 overall governance were not effective.

Basis for Conclusion

1. Weak Internal Controls on Fees Collection

The statement of financial performance for the year ended 30 June, 2024 reflects revenue from exchange transactions of Kshs.13,658,576 as disclosed in Note 1 to the financial statements. However, the institution received fees in cash without reference to specific student registration number making it difficult to reconcile the fee receipts and invoices raised per student.

In the circumstances, the effectiveness of fees collection control in the College could not be confirmed.

2. Lack of Risk Management Policy and Framework

The audit revealed that the College had not developed or implemented a risk management policy or framework to guide on risk assessment and mitigation processes. Further, the College has not carried out risk assessment and has no updated risk register. In addition, the audit revealed that the entity did not have a disaster recovery plan.

In the circumstances, the controls implemented to control risks are not effective.

3. Lack of Internal Audit Function and Audit Committee

During the financial year under review, the College did not have an internal audit department as required by Regulation 162(2)(a)((b)(c) and (d) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities. Further, the College did not have an audit committee contrary to Regulations, 2015 which states that each national government entity shall establish an audit committee or share audit committee with another entity.

In the circumstances, management lacks the required arrangements to provide oversight over management activities

4. Weaknesses in Internal Controls and ICT Environment

The audit review revealed that the College does not have an approved policy on Information Communication Technology (ICT) including policies on IT continuity plan, subsequently the critical data/information may not be recovered in case a disaster occurs. Further the College does not have an IT strategic plan or steering committees which could result in none implementation of IT governance, as part of enterprise governance. In addition, the College did not have fire suppression systems therefore information may be lost in case of a fire outbreak, no security policy an indication that there is no clear direction to maintain information security and to properly safeguard its assets.

In the circumstances, the ICT internal control system is not effective.

5. Non-Establishment of Human Resource Department

The College does not have an established human resource department. Further, the institution does not have an approved human resource policy manual that defines terms and conditions of recruitment, promotions of casuals and permanent employees among other issues. In addition, the College does not have an approved staff establishment to guide on the optimal staff required to achieve its objectives.

In the circumstances, the controls on human resources management are not effective.

Responsibilities of Management and The Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

08 May, 2025

14. Statement of Financial Performance for Year Ended 30 June 2024

Description	Notes	2024	6 Months Period ended June 2023
		Kshs	Kshs
Revenue from exchange transactions			
Rendering of Services	1	13,658,576	5,625,688
Revenue from exchange transactions		**13,658,576**	**5,625,688**
Total revenue		**13,658,576**	**5,625,688**
Expenses			
Use of goods and services	2	1,720,713	385,395
Employee costs	3	877,000	170,000
Remuneration of Directors	4	529,000	
Depreciation and amortization expense	5	1,458,386	725,000
Repairs, Maintenance and Improvements	6	446,922	670
Finance Costs	8	6,375	1,065
Total expenses		**5,038,396**	**1,282,130**
Net Surplus for the Period		**8,620,180**	**4,343,558**

The notes set out on pages 1 to 9 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 15 were signed by:

.....	.....	.....
Chairman of Council/Board	**Principal**	**Accountant**
Date 08/05/2025	**Date** 08/05/2025	**Date** 08/05/2025

15. Statement of Financial Position as at 30th June 2024

Description	Notes	30TH JUNE, 2024	6 Months Period ended 30th June 2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	7	16,155	7,098
Current portion of receivables from exchange transactions	9	10,491,172	5,625,688
Inventories		300,150	
Non-current assets	10		
Property, plant and equipment	11	56,028,703	57,275,000
Total assets		**66,836,180**	**62,343,558**
Represented By:			
Payables		216,000.	
Accumulated Surplus		8,620,180	4,343,558
Capital Fund		58,000,000	58,000,000
Total net assets and liabilities		**66,836,180**	**62,343558**

The Financial Statements set out on pages 15 to 16 were signed by:

.....	.....	.....
Chairman of Council/Board	**Principal**	**Accountant**
Date 08/05/2025	**Date** 08/05/2025	**Date** 08/05/2025

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

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
As at January 1, 2023				
		4,343,558		**4,343,558**
Surplus for the period			58,000,000	58,000,000
As at June 30, 2023		**4,343,558**	**58,000,000**	**62,343,558**

At July 1, 2023		4,343,558	58,000,000	62,343,558
Surplus for the year		8,620,180		8,620,180
Revaluation Reserve	216,000			216,000
At June 30, 2024	**216,000**	**12,963,738**	**58,000,000**	**71,179,738**

17. Statement of Cash Flows for the Period Ended 30th June, 2024

Description	Note	Year Ended 30th June 2024	Year Ended 30th June 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from National Government		3,397,192	395,000
Registration Fees from Students		150,500	51,000
Total Receipts		**3,547,692**	**446,000**
Payments			
Employee Costs	3	877,000	170,000
Use of goods and services	2	1,720,713	385,395
Remuneration of Directors	4	529,000	
Repairs and maintenance	6	411,922	670
Total Payments		**3,538,635**	**556,065**
Net cash flows from operating activities		**9,057**	**(110,065)**
Net (decrease) in cash and cash equivalents		**9,057**	**(110,065)**
Cash and cash equivalents at beginning of the period		7,098	117,163
Cash and cash equivalents at end of the period		**16,155**	**7,098**

PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.

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

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**%**
Transfers from other National Government entities	5,650,000	-	5,650,000	3,547,692	2,102,308	63%
Total Income	**5,650,000**	**-**	**5,650,000**	**3,547,692**	**2,102,308**	62%
Expenses						
Use of goods and services	2,500,500	-	2,500,500	1,720,713	799,787	69%
Employee costs	1,000,000	-	1,000,000	877,000	123,000	88%
Board Expenses	750,000	-	750,000	529,000	221,000	71%
Repairs and maintenance	600,000	-	600,000	411,922	188,078	69%
Contracted services	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Total Expenditure	**4,850,500**	-	**4,850,500**	**3,538,635**	**1,311,685**	73%
Surplus For the Period	**799,500**	**-**	**799,500**	**9,057**	790,443	1%

19. Notes to the Financial Statements

1. General Information

West Mugirango Technical and Vocational College was 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 College's principal activity is to train the students on the best technical knowledge and life skills.

2. Statement of Compliance and Basis of Preparation

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. **This standard had no impact on the College**
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. **This standard had no impact on the College**
Amendments to Other IPSAS resulting from	**Applicable: 1st January 2023:**

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. **This standard had no impact on the College**
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits. Now* deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. **This standard had no impact on the College**

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

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** 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. **This standard had no impact on the College**
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** 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:

Standard	Effective date and impact:
	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. **This standard had no impact on the College**

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was not approved by the Board. 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 entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page ***5*** under section ***Statement of Comparison of Budget and Actual Amounts*** of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule of the ***income Tax*** Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

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 irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

i) Inventories

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

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

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

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

Inventories (Continued)

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

j) Provisions

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

Contingent liabilities

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

Contingent assets

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

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 benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

j) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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.

1.Rendering of Services

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Fashion and Design	2,276,952	496,195
Hair Dressing and Beauty Therapy	1,992,804	866,653
ICT	2,633,930	716,400
Plumbing	4,129,490	2,125,650
Electrical and Electronics	2,925,400	1,420,790
Total Revenue from The Rendering of Services	**13,658,576**	**5,625,688**

2. Use of Goods and Services

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Teaching and learning materials	971,127	195,385
Advertisement	81,000	-
Local Travelling and Transport	26,193	8,800
Printing and stationery	199,775	169,370
Furniture and fitting	-	800
Catering	38,243	3,640
Competence development trainings	323,400	350
Cleaning and related materials	3,700	-
Sports, recreation and TVET Fairs	14000.	-
Catering Equipment	5,730	-
Administrative Costs	57,545	6,600
Total good and services	**1,720,713**	**385, 395**

3. Employee Costs

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Salaries and wages	877,000	170,000
Employee Costs	**877,000**	170,000

4. Remuneration of Directors

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Other Allowances	529,000	
Total	**529,000**	

5. Depreciation and Amortization expense

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Property, plant and equipment	**1,458,386**	725,000
Intangible assets		-
Total depreciation and amortization	**1,458,386**	725,000

6. Repairs and Maintenance

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
General Repairs and Maintenance	446,922	**670**
Total Repairs and Maintenance	446,922	**670**

7. Cash and Cash Equivalents

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Current Account	16,165	7,098
Others (Specify)		
Total Cash and Cash Equivalents	**16,165**	**7,098**

8. Finance Costs

Description	Year ended 30th June 2024	6 Months to 30 June 2023
	KShs	KShs
Bank Charges	6,375.00	1,065.00
Total finance costs	**6,375.00**	**1,065.00**

9. Receivables from Exchange transactions

Current Receivables from Exchange transactions

Description	2024	6 Months to 30 June 2023
	Kshs	Kshs
Current Receivables		
Student Debtors – Hair Dressing	1,591,450	642,950
Student Debtors – Fashion and Design	1,349,657	450,720
Student Debtors -- Plumbing	3,185,035	1,952,760
Student Debtors – Electrical Installation	2,755,450	1,305,450
Student Debtors -- ICT	1,609,580	709,580
Total Current Receivables	**10,491,172**	**5,061,460**

10. Inventories

Description	Period ended June 2024
	KShs
Consumable stores	56,713
Electrical and plumbing stores	90,150
Cleaning materials stores	25,000
Catering stores	25,000
Plumbing	103,637
Total inventories at the lower of cost and net realizable value	**300,500**

11. Property, Plant and Equipment

	Buildings	**Furniture and fittings**	**Total**
Depreciation Rate	**2.5%**	**12.5%**	
Cost	**Kshs**	**Kshs**	**Kshs**
As at 1st July 2023	**57,275,000**	**-**	**57,275,000**
Additions		212,089	**212,089**
Transfer/Adjustments			
Depreciation and Impairment			
Depreciation	1,431,875	26,511	**1,458,386**
As At 30th June 2024	**1,431,875**	**26,511**	**1,458,386**
NBV as at 30th June 2024	**55,843,125**	**185,578**	**56,028,703**