

REPUBLIC OF KENYA



**REPORT**

DATE: 26 JUL 2023

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PARLIAMENT  
OF KENYA  
LIBRARY

TABLED  
BY:

OF

hon Kimani Ichungwa, MP  
the leader majority party  
Miriam Mado

CLERK AT  
THE TABLE

**THE AUDITOR-GENERAL**

**ON**

**DAVID MBITI WAMBULI TECHNICAL  
AND VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.

30 MAY 2023

RECEIVED



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DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>th</sup> June 2022

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

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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**I. Key College Information and Management**

**(a) Background information**

The proposition of establishing the College started early in 2010. The government requested the local community to provide the land and then the area MP committed to fund 10m from the CDF then the government funded the rest. The government through the tendering procedures approved for the construction of College in 2012 by Admo Construction Company, the community through the TAA group proposed the College to be named David Mbiti who was the donor of the land in honor of his name. After the completion of the College the government equipped the electrical departments with machines, ICT department and the office furniture. David Mbiti Wambuli is located in Makueni County, Mbooni West Sub Country. From Machakos its located 15 Km through Kikima - Kali route. It occupies 5ha of land and is in semi-arid region. The College was officially opened in September 2018 teaching the varieties of courses, the courses offered are examined by KNEC. The College is managed by a Board of governors (BOG) appointed by the cabinet secretary, Ministry of education as stipulated by the TVETA Act (January, 2013)

**(b) Principal Activities**

The core mandate of the College is provision of TVET training and skills impartation to the youth in Kenya and beyond.

**(c) Key Management**

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

- Board of Board of Governors
- Accounting officer/ Principal
- Deputy Principal
- Head of Finance

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Daniel Muumbi
2.	Deputy principal - Finance/Academics	Josephine Nzioki
3	Head of Finance	Jackson Swili

**(e) Fiduciary Oversight Arrangements**

**Risks and Audit committee**

- i. Financial management
- ii. Reporting of financial information to users of financial reports
- iii. Application of the accounting policies
- iv. Protection of the College assets
- v. Facilitating communication between the Board of directors and internal and external auditors

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**Finance and resource mobilization committee activities**

- i. The role of the committee is to monitor the financial status of the College on behalf of the Board of Governors
- ii. To receive the reports from the principal and the assistant accountant on the financial matters of the College.
- iii. To supervise the financial administration of the institute and make the recommendations to Board of Governors where appropriate
- iv. To supervise the arrangements for safeguarding the College assets
- v. To ensure proper financial evaluation and control of projects

**Academic committee activities**

- i. To direct and regulate the teaching and instruction within the College subjects to the powers of the Board.
- ii. To determine the academic policy and advice the Board on the provision of facilities to carry out that policy.
- iii. To approve programmes of study of the College.

**Governance/strategies/Human Resource committee**

- i. Take a strategic overview of performance in all areas of College activities.
- ii. Ensure that the Board of Governance is able to take strategic decision relating to College activities.
- iii. Provide leadership in communicating the mission, vision and achievements of the College.

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**David Mbiti Wambuli TVC Information and Management (Continued)**

**(f) College Headquarters**

David Mbiti Wambuli TVC  
P.O. Box 3308-90100  
Machakos  
Machakos – Kali Road

**(g) College Contacts**

Telephone: 0743896827  
E-mail: davidwambulitvc@gmail.com  
Website: www.davidmbitiwtvc.ac.ke

**(h) College Bankers**

Kenya Commercial Bank  
Machakos Branch  
P.O Box 652-90100  
Machakos, Kenya

**(i) Independent Auditors**





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

**(j) Principal Legal Adviser**



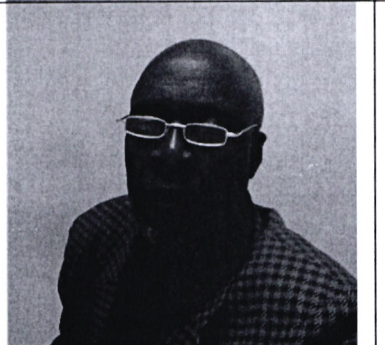
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**II. The Board of Governors**

S/No	Governor	Title	photograph	Responsibility	Date of birth qualifications and work experience
1	Mr. Michael Muhoho	BOG,Chairman		In charge of all the BOG committees. Chairing of full and special BOG meetings	Date of birth 1987 MBA in logistics and supply chain management
2	Dr. Fredrick Kasomi	Member		Chairs human resource and governance committee.	Date of birth :1977  PHD in business Administration/Bachelor in economics
3	Mr.Charles Mwaniki	Member		Chairs audit and risk management committee.	Date of birth 1958 Master's in education planning and administration
4	Mr. Stephen Kyande	Member		Finance and resource mobilization committee	Date of birh:1964  MBA strategic management

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5	Ms. Malvine Nkotoi	Member		Member of human resource and governance committee.	Date of birth 1967 MBA resource mobilization
6	Ms. Irene Okeyo	Member		Member of finance and resource mobilization committee.	Date of birth: 1972 Master of architecture Engineering
7	Ms. Redempta Kavindu	Member		Chairs academic committee.	Date of birth 1987 Masters in Business Studies
8	Mr. Washington Gilo	Member		Member of academic committee.	Date of birth 1962 Bachelor of Philosophy in Mechanical Engineering

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9	Mr. John Wamae	County director of TVET, Machakos, Makueni & Kitui		Representing the Cabinet Secretary Ministry of Education.	Date of birth: 1965 Masters in strategic planning
10	Mr. Daniel Muumbi	Principal/secretary, BOG		In charge of the overall management of the College	Date of birth: 1964 Bachelor in Education Technical Education

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**III. Management Team**

S/no	Manager	Title	Photograph	Responsibility	Date of birth, qualifications & work experience
1	Daniel Muumbi	Principal/Secretary, BOG		Overall in charge of institute Affairs	Date of birth:1964 Bachelor in Education Technical Education
2	Josephine Nzyoki	Deputy principal		Planning, Administration & Academics	Date of birth:1968 Master's in business administration(strategic management)
3	Jackson Swili	Finance Officer		Financial management of the College	Date of birth:1972 CPA K, Diploma in business Management

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#### **IV. Chairman's Statement**

##### **Key activities**

During the 2021/2022 financial year the College undertook the following activities;

- i. Training and assessment of trainees with the Kenya National Examination Council.
- ii. Capacity building of trainers through seminars and workshops organised by the Kenya Association of Technical Training Institutes (KATTI) and other service providers.
- iii. Constructed a gate funded by the Mbooni Constituency NG-CDF
- iv. Entered into agreement with the County Government of Makueni to construct a workshop
- v. College programs marketing through visits to the neighbouring secondary schools to offer career talks.
- vi. The College is guided by a 5 years plan (2020-2024) that clearly outlines vision and mission. It projects the staffing level and student enrolment in the next 5 years.

The Management focus is to expand the training space to match the available accommodation space. The community had constructed a 700-capacity accommodation facility while the training infrastructure had a capacity of 300 trainees. There is great need to increase the training space to enable programs diversification. This will impact on the increase in student enrolment.

The Government has changed the TVET funding policy through the introduction of capitation to the trainees to improve access and completion rate. This implied that funding was pegged to enrolment. The policy encourages the new Colleges to carry out intensive marketing strategies.

Recurrent grants are given to newly opened Colleges for a period of 3 years. It is assumed that after that period the College is able to run on its own. Our College opened in 2019 and received the funds until 2021.

The College embraces the national TVET strategy to produce more artisans and craftsmen to match the continuously increasing need to realize the Big 4 agenda (Food security, Manufacturing, Healthy and Housing). This will highly contribute in the achievement of the Kenya Vision 2030.

##### **Challenges**

- i. Inadequate trainers
- ii. Inadequate resources
- iii. Inadequate physical infrastructure-lecture rooms, workshops, laboratories, offices
- iv. Lack of College transport.

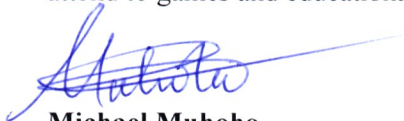
As we increase the training programs, there arises the need to employ more trainers. This becomes a challenge in the increase of wage bill.

The College relies mainly in fees collection as the means of raising funds for funding her operatives.

Occasionally the fees are not collected 100%. The Board and the administration are working towards the introduction of income generating activities to improve the resource base.

Introduction of more programs go with the expansion of the training space. We are working towards the construction of more workshops and lecture rooms.

On transport, the College relies on public transport for her activities. Trainees use public means of transport to attend to games and educational tours. This comes with a lot of challenges.



**Michael Muhoho  
Chairman, BOG**

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## **V. Report of the Principal**

The annual financial operations of the College are pegged to the strategic plan. The College is in Performance Contracting with the Ministry of Education. The Board makes commitments with the Cabinet Secretary based on the College annual budget and the procurement plan. This approach focuses the College financial obligations towards the achievement of predetermined objectives and targets.

During the financial year 2021/2022 the College undertook the following activities:

### **Key Activities**

- i. Presented candidates for KNEC examination in July 2022.
- ii. Capacity build staff in the areas of MIS application in TVET and in management skills
- iii. College marketing activities through secondary school visits.

### **Financial performance during FY 2021/2022**

During the audit year, the College did not financially perform well. There was a huge difference between the budget estimates and the actual expenditure (**37,963,340** and **16,788,707** respectively). This was caused by the assumption during the budget making process that, the County Government and other donors would provide ksh 10 million for development but only the Makueni County Government gave 5 million. The expected number of trainees was 350 but enrolled 190. The situation is aggravated by the GOK policy to stop development fund grants and the directive to prevent the initiation of new projects.

The Board has put in some corrective measure by advising the finance committee to budget within the available resources and minimise the variance between the estimates and the actual as much as possible.

### **Challenges**

- i. Inadequate physical infrastructure –the College is facing this challenge due to growing numbers of staff and students.
- ii. Inadequate trainers,
- iii. Lack of College means of transport.

### **Way forward/future outlook**

In order to address those challenges, the College has planned to carry out the following activities during the FY 2021/2022

- i. Construct pit latrines for both trainers and staff
- ii. Recruiting support staff
- iii. Partnership with County Government of Makueni to benefit from subsidiary grants and Toyota Kenya Academy for training equipment.
- iv. Increase industrial linkages so as to enhance trainee attachments and employment

**PRINCIPAL**  
DAVID M. WAMBULI TECHNICAL &  
VOCATIONAL COLLEGE  
P. O. Box 3308-90100, MACHAKOS

**Daniel Muumbi 896 827**  
**Principal/Secretary, BOG**

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

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

David Mbiti Wambuli has 5 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020-2023/2024. These strategic pillars are as follows:

Pillar 1: Infrastructure

Pillar 2: Training and research

Pillar 3: Governance

Pillar 4: Access and Equity

Pillar 5: Collaboration

The College develops her annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved her performance targets set for the FY 2021/2022 period for her 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Infrastructure Development	Improve and expand institutional infrastructure	Construction of physical structures that support training eg lecture rooms, labs, workshops, ablution blocks, etc	<ul style="list-style-type: none"> <li>➤ Improve and expand institutional infrastructure</li> <li>➤ Erecting of perimeter fence, gate and land scaping</li> <li>➤ Construct and equip a library</li> <li>➤ Equip all the academic departments</li> <li>➤ Construction of 3 pit latrines 2 for students with 4 doors, 1 for staff with 2 doors</li> <li>➤ Construct and equip an electrical installation workshop</li> <li>➤ Construct a tuition block with ICT lab.</li> <li>➤ Equip 3 technical drawing rooms</li> <li>➤ Construct Automotive, Hair &amp; Beauty workshop</li> <li>➤ Construct administration block complex</li> <li>➤ Acquire additional 5 acres of land</li> </ul>	<ul style="list-style-type: none"> <li>• Did a fence and a gate</li> <li>• Levelled a play field</li> <li>• Wrote a letter to the Mbiti family successors requesting for 10 more acres.</li> </ul>

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Pillar 2:	Training and research	Prudent utilization of resources	Signed budgets and procurement plans	<ul style="list-style-type: none"> <li>➤ Prepare budgets for approval by the BoG and submit quarterly reports to treasury.</li> <li>➤ Prepare procurement plan for approval by the BoG</li> <li>➤ Extract annual work plans from strategic plan for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepares budget and the BOG approves during each financial year.</li> <li>• Prepares annual procurement plans</li> </ul>
Pillar 3:	Governance	Improve institutional corporate governance.	Approved policies	<ul style="list-style-type: none"> <li>➤ Develop institutional policies to align with the strategic plan.</li> <li>➤ Carry out capacity building for the Top Management and the Staff on leadership.</li> <li>➤ Carry out Benchmarking on leadership, finance, procurement and curriculum implementation.</li> <li>➤ Develop and issue Job descriptions to all staff in the College.</li> </ul>	<p>Developed policies on:</p> <ul style="list-style-type: none"> <li>• Academic</li> <li>• Human resource</li> <li>• HIV</li> <li>• Industrial Attachment</li> </ul>

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Pillar 4:	Access and Equity	Increase student enrolment	Increased enrolments in each department	<ul style="list-style-type: none"> <li>➤ Marketing through the media, use of posters and brochures.</li> <li>➤ Participation in trade fairs and exhibitions and one on one meeting.</li> <li>➤ Introduce new programmes</li> <li>➤ Sensitize students and parents on various avenues of funding</li> <li>➤ Capacity building and training of staff</li> <li>➤ Career talks in secondary schools</li> <li>➤ Sensitize the secondary schools' heads on training opportunities in TVET</li> <li>➤ Offer subsidized short courses to continuing students</li> </ul>	<p>Advertised through Musyi FM</p> <ul style="list-style-type: none"> <li>• Distributed College brochures after attending the Makueni County Government Agricultural Fair held at Kikima.</li> <li>• Sent staff for capacity building at Mombasa</li> </ul>
Pillar 5:	Collaboration	Enhance collaboration with the industry	Signed MOUs	<ul style="list-style-type: none"> <li>➤ Sensitization on opportunities at the College</li> <li>➤ MoUs</li> <li>➤ Timely and accurate reports</li> <li>➤ Timely information</li> <li>➤ Competent personnel handling information</li> </ul>	<ul style="list-style-type: none"> <li>• Signed an MOU with the North Carolina Central University to collaborate in the matters of global peace keeping, research, staff and students exchange programs, resource mobilisation.</li> </ul>

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					<ul style="list-style-type: none"><li>• Signed an MOU Mutisya Driving School to offer driving classes at the College</li></ul>
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## **VII. Corporate Governance Statement**

### **Appointment of BOG Members**

The Cabinet Secretary, Ministry of Education appoints members of the Board following proposals from the principal of the College. The Board consist of nine members.

### **Role and functions of Board of Governors**

- i. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law
- ii. Developing and implementing the institutions' strategic plan
- iii. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions
- iv. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act;
- v. Mobilizing resources for the institutions
- vi. Developing and reviewing programmes for training and to make representations there on to the Board;
- vii. Approving collaboration or association with other institutions and industries in and outside Kenya
- viii. Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- ix. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- x. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- xi. Providing for the welfare of the students and staff of the institutions
- xii. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions
- xiii. Administering and managing the property of the institution

The College give the sitting allowances to Board members to cater for their transport.

Full Board meeting is held once every term.

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## **VIII. Management Discussion and Analysis**

### **Financial performance of the College**

The main source of revenue is through fees collection. About half of the students are NYS sponsored. When the NYS delays to disburse fees, the College heavily strains to meet her financial obligations. During the year, the College raised about 57% of the budgeted funds. The deficit was due to the low enrolment. The projected enrolment was 350 while the actual was 190. The Risk and Mitigation Board committee has advised that more intensive marketing activities be undertaken to improve the enrolment as this highly impacts the College resource base.

In mitigation the Board has factored and raised the marketing vote head. More activities in this aspect would include use of branded materials during marketing visits to markets, churches, schools, chief's meetings and trade fairs.

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

The College complies with the legal requirements of submission of statutory deductions to the relevant bodies.

### **Major risks facing the College**

**Financial mitigation** – due to limited finances, the College has not been able to start any income generating activities. However, plans are underway to register driving school to serve as a production unit.

A committee has been appointed to develop a risk management plan to outline the best approach to mitigate any arising financial risk.

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

At end of the financial year 2021/2022 the College carried out the construction of a gate fully funded by the NG-CDF-Mbooni Constituency.

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**IX. Environmental and Sustainability Reporting Statement**

David Mbiti Wambuli Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 4 pillars: putting the customer first. We offer industry-driven courses as we improve operational excellence. We are a centre of excellence in Electrical/ Electronic Engineering. The other courses are ICT, Business Studies and Agricultural Value Addition. All the courses are offered at both Diploma and Certificate level. Below is a brief highlight of our achievements in each pillar.

**1. Sustainability strategy and profile**

A sustainability or corporate responsibility strategy is a prioritized set of actions. It provides an agreed framework to focus investment and drive performance, as well as engage internal and external stakeholders. Our immediate stake holders are our trainees. We endeavour to ensure that the learning environment is friendly. We have located suggestion/opinion boxes at strategic points in order to capture and implement any idea that will eventually improve our stay. Besides this is a complaints box where any unsatisfied person can drop his/her complaint. A complaints committee opens the box weekly and responds to arising issues accordingly.

The table below shows all our stakeholders; their possible expectations verses ours.

<b>NAME OF STAKEHOLDER</b>	<b>STAKEHOLDER EXPECTATION</b>	<b>DMWTVC EXPECTATION</b>
➤ Students	<ul style="list-style-type: none"> <li>➤ Accessible and Confidential counselling services</li> <li>➤ Comprehensive accessible and prompt service provision</li> <li>➤ Quality training</li> <li>➤ Timely information</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pass exams</li> <li>➤ Timely information</li> <li>➤ Feedback</li> <li>➤ Maintain discipline</li> <li>➤ Avail themselves for training</li> </ul>
➤ Parents/Guardians/Sponsors	<ul style="list-style-type: none"> <li>➤ Safety of their children</li> <li>➤ Timely communication with identified channels of communication</li> <li>➤ Value for money</li> </ul>	<ul style="list-style-type: none"> <li>➤ Prompt payment of fees</li> <li>➤ Provision of relevant information</li> <li>➤ Harmonious co-existence</li> <li>➤ Support and guide the students</li> </ul>
➤ Community	<ul style="list-style-type: none"> <li>➤ Employment and Business opportunities</li> <li>➤ Good public relation</li> <li>➤ Solution to their problems</li> </ul>	<ul style="list-style-type: none"> <li>➤ Harmonious co-existence</li> <li>➤ Provision of relevant information</li> </ul>

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

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

## **2. Environmental performance**

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

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

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

In her contribution the College has planted 100 trees to help in greening the compound. We have a pit from where all solid waste like paper, cloth, rubbish is burned. The compound is drug-free. The College have not carried out a survey to determine our performance index. This will be done in the next financial year.

## **3. Employee welfare**

The College has a Human Resource Policy which guides in the execution of employment procedures. The College has a BOG subcommittee that handles HR issues, conducts interviews during employments and attends to all HR issues.

The procedure for hiring is outlined in the HR policy. The vacancies arise as per existing staff needs/gaps and ability to pay. The other factors are gender and qualifications. The College is an equal employer and encourages people living with disabilities to apply.

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

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

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**4. Market place practices**

The market for TVET Colleges is both in trainee catchment areas and enrolment. The other level is the utility of our products (graduates) to the labour market/industry. The training is such that one can work in an industry or begin some income generating activities either through innovation and creativity or

Through the adaptation to the rapidly changing technology and civilization dynamics, the College has embraced online marketing by ensuring the sustainability of a website where the customers can access our products. We are interacting with our customers through Facebook.

Having presence online, in what we would consider a saturated market, is one Colleges greatest marketing success. Brands need to connect with their customers through various digital channels and platforms. Within this multichannel brand strategy is the marketplace, which is the positioning of our courses on one or more e-commerce

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**X. Report of the Board of Governors**

The Board members submitted their report together with the audited financial statements for the year ended June 30, 2022 which showed the state of the College's affairs.

**Principal activities**

The principal activities of the College are Provision of Technical and Vocational Training.

**Results**

The results of the College for the year ended June 30 2022 are set as out on page 1-58

**Board of Governors**

The members of the Board who served during the year are shown on page iv-vi. During the year that ended 30 June 2022 the following members were replaced after they had completed one term (3 years);

- i. Amb. Dennis Awori-Chairman
- ii. Mr Samuel Mativo - Member
- iii. Mrs Juliana Kivasu- Member
- iv. Ms Ruth Okowa - Member

**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.

By Order of the Board

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**Secretary of the Board**

**Nairobi**

**Date:**

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**XI. Statement of Board of Governors**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (require the Board of Governors 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 financial year/period and the operating results of the College for that year/period. The Board of Governors are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board of Governors are also responsible for safeguarding the assets of the College.

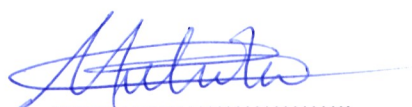
The Board of Governors are responsible for the preparation and presentation of the College financial statements, which give a true and fair view of the state of affairs of the College at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial 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 College; (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 Governors accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act) The Board of Governors are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2021, and of the College's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Governors to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The College's financial statements were approved by the Board on 30.5.2023 and signed on its behalf by:



Name: **Michael Muhoho**  
Chairperson of the Board

PRINCIPAL  
DAVID M. WAMBULI TECHNICAL &  
VOCATIONAL COLLEGE  
P. O. Box 3306-5100, MACHAKOS  
CEL: 0742826827  
Name: **Daniel Muumbi**  
BOG Secretary

# 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 DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

- A. Report on the 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Control, 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of David Mbiti Wambuli Technical and Vocational College set out on pages 1 to 54, which comprise of the statement of

financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of David Mbiti Wambuli Technical and Vocational College as at 30 June, 2022 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1. Misstated Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment Nil balance. However, review of records revealed existence of assets in use by the College which have not been included in the financial statements as tabulate below.

<b>Asset</b>	<b>Date Procured/Received</b>	<b>Value (Kshs)</b>
Land	Not specified	Values not indicated
Building	8 August 2016	50,876,935
Septic and external drainage	8 August 2016	4,319,056
Firefighting equipment	8 August 2016	852,100
Office furniture	Not specified	Values not indicated
Computers and accessories	Not specified	Values not indicated
Training machines and equipment	Not specified	Values not indicated
Library books	Not specified	Values not indicated

Further, as previously reported, the College is on a five (5) hectares of land donated by the person the College is named. However, the land is not valued for inclusion in the financial statements and Management did not provide the title deed to confirm ownership.

In the circumstances, the accuracy and completeness of the property, plant and equipment Nil balance as at 30 June, 2022 could not be confirmed.

### **2. Unsupported Remuneration of Directors**

The statement of financial performance and as disclosed in Note 17 to the financial statements reflects a balance of Kshs.237,000 in respect to board expenses. However,

the expenditure were not supported with adequate documents such as gazette notices and attendance registers.

In the circumstances, the regularity of the board expenses of Kshs.237,000 for the year ended 30 June, 2022 could not be confirmed.

### **3. Errors in the Annual Report and Financial Statements**

Review of the financial statements revealed the following anomalies:

- i. Corporate Social Responsibility/Community Engagements under Environmental and Sustainability Reporting Statement is omitted;
- ii. ICPAK number of the Finance Officer is not included under the signature in the financial statements;
- iii. Note 39 on Employee Benefit Obligations was not included;
- iv. The explanation on retirement benefit asset/liability has information that is misleading;
- v. Note 43 on cash generated from operations is not included;
- vi. Note 44 on Credit Risk Financial Risk Management has omitted the second statement which states, "The entity has significant concentration of credit risk on amounts due from xxxx";
- vii. Sensitivity analysis market risk was stated in percentage instead of in amounts; and
- viii. The foot notes numbers 46, 48 and 49 were not addressed.

In the circumstances, the annual reports and financial statements prepared are not in compliance with the requirements of the reporting template issued by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the David Mbiti Wambuli Technical and Vocational College Management in accordance with ISSAI 130 on 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. There were no key audit matters to report in the year under review.

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.37,963,340 and Kshs. 18,008,760 respectively, resulting to an under-funding of Kshs.19,954,580 or 53% of the budget. Similarly, the College spent Kshs.16,788,707 against an approved budget of Kshs.37,963,340 resulting to an underperformance of Kshs.21,174,633 or 56% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, and based on the audit procedures performed, except for the matters described in the Basis for conclusion on Lawfulness and Effectiveness in 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. Weaknesses in Imprest Management**

The statement of financial performance reflects use of goods and services of Kshs.12,279,829 as disclosed in Note 15 to the financial statements. Included in this amount is travelling and accommodation expenditure of Kshs.1,317,140. However, the following anomalies were noted in respect to imprest management:

- i. The College did not maintain an imprest register indicating the applicant's name and the amount applied for.
- ii. There are no formal imprest applications (requests) stating the nature of assignment, number of days and venue to determine the applicable per diem rates.
- iii. The College does not use imprest warrants to capture the details of the imprest holder.
- iv. There was no finance manual to offer guidelines on cash and imprest management within the College.

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

#### **2. Poor Management of Inventory**

The statement of financial performance reflects use of goods and services expenditure of Kshs.12,279,829 as disclosed in Note 15 to the financial statements. The expenditure

includes procurement of goods to the College. However, despite the College indicating that they received the goods, no store ledger cards were maintained as a control tool to record the receipts and issues. Further, there were no delivery notes to confirm the quantity of goods received and therefore the nil balance on inventories could not be confirmed.

In the circumstances, the inventories is exposed to pilferage, wastage and loss.

### **3. Lack of Requisitions from User Departments**

The statement of financial performance reflects repairs and maintenance of Kshs.941,360 as disclosed in Note 19 to the financial statements. The expenditure includes procurement of materials relating to repairs and maintenance for furniture and fittings. However, review of the procurement process revealed that there were no requisitions from user departments indicating what was to be repaired and maintained.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 3000 and 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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, and based on the audit procedures performed, except for the matter described in the Report on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Internal Audit Function**

Review of the College systems and operations, indicated that the College does not have an internal audit function to perform risk assessment processes and evaluate operational effectiveness of the institution through reviews of the internal controls.

The College lacks the ability to mitigate on risks and may not ensure that the systems in place are functioning effectively.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The standards require that I plan and perform

the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and 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 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 sustain services, disclosing as applicable, matters related to sustainability of services and using appropriate basis of accounting unless Management is aware of intention to terminate the College or 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.

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

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

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 July, 2023

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XIII. Statement of Financial Performance for the year ended 30<sup>th</sup> June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	6,000,000	3,112,500
Grants from donors and development partners	7	0	0
Transfers from other levels of government	8	0	0
Public contributions and donations	9	0	0
		0	0
		0	0
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	12,008,760	12,531,822
Sale of goods	11	0	0
Rental revenue from facilities and equipment	12	0	0
Finance income	13	0	0
Other income	14	0	202,000
<b>Revenue from Exchange transactions</b>			<b>12,733,822</b>
<b>Total Revenue</b>		<b>18,008,760</b>	<b>15,846,322</b>
<b>Expenses</b>			
Use of goods and services	15	12,279,829	9,104,813
Employee costs	16	3,330,518	1,195,530
Board Expenses	17	237,000	436,000
Depreciation and amortization expense	18		
Repairs and maintenance	19	941,360	2,541,512
Contracted services	20	0	0
Grants and subsidies	21	0	0
Finance costs	22	0	0
<b>Total Expenses</b>		<b>16,788,707</b>	<b>13,277,855</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	23	0	0
Unrealized gain on fair value of investments	24	0	0
Impairment loss	25	0	0
<b>Total Other Gains/(Losses)</b>		<b>0</b>	<b>0</b>
<b>Net surplus for the year</b>		<b>1,220,053</b>	<b>2,568,467</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling College			

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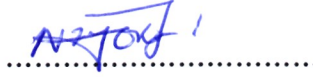
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(The notes set out on pages 9 to 53 form an integral part of the Annual Financial Statements)  
The Financial Statements set out on pages 1 to 8 were signed by:



Chairman of Board

Date 30.5.2023



Finance Officer

ICPAK No

Date 30/5/2023

PRINCIPAL  
DAVID M. WAMBULI TECHNICAL &  
VOCATIONAL COLLEGE  
P. O. Box 2108-90100, MACHAKOS  
CEL: 0723 896 827

Principal

Date 30.5.2023

**DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE  
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**XIV. Statement of Financial Position as at 30<sup>th</sup> June 2022**

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	7,739,782	3,920,992
Current portion of receivables from exchange transactions	27(a)	677,140	
Receivables from non-exchange transactions	28		
Inventories	29		
Investments	30		
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	27(b)		
Investments	30		
Property, plant, and equipment	31		
Intangible assets	32		
Investment property	33		
<b>Total Assets</b>		<b>8,416,922</b>	<b>3,920,992</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34		29,262
Refundable deposits from customers	35	250,000	
Current provisions	36		
Finance lease obligation	37		
Current portion of borrowings	41		
Deferred income	38		
Employee benefit obligation	39		
Payments received in advance		3,055,209	0
<b>Non-Current Liabilities</b>			
Finance lease obligation	37		
Deferred income	38		
Non-Current Employee Benefit Obligation	39		
Non-Current Provisions	40		
Borrowings	41		
Service Concession Liability	42		

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Description	Notes	2021-2022 Kshs	2020-2021 Kshs
Deferred Tax Liabilities	49		
<b>Total Liabilities</b>			
<b>Net Assets</b>			
Reserves			
Accumulated Surplus		5,111,713	3,891,660
Capital Fund			
<b>Total Net Assets and Liabilities</b>		<b>8,416,922</b>	<b>3,920,992</b>

The Financial Statements set out on pages 1` to 8 were signed by:



Chairman of Board

Date 30.5.2023



Finance Officer

ICPAK No

Date 30/5/2023

PRINCIPAL  
DAVID M. WAMBULI TECHNICAL &  
VOCATIONAL COLLEGE  
P. O. Box 3308-90100, MACHAKOS  
TEL: 0743 896 827

Principal

Date 30/5/2023

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**XV. Statement of Changes in Net Asset for the year ended 30<sup>th</sup> June 2022**

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2020</b>			<b>1,323,193</b>		
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			2,568,467		
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings					
<b>At June 30, 2021</b>			<b>3,891,660</b>		
<b>At July 1, 2021</b>			<b>3,891,660</b>		
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			1,220,053		
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings					
<b>At June 30, 2022</b>			<b>5,111,713</b>		

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**XVI. Statement of Cash Flows for the year ended 30<sup>th</sup> June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants		6,000,000	3,112,500
Public contributions and donations			
Rendering of services- fees from students		12,008,760	12,531,822
Sale of goods			
Rental revenue from facilities and equipment			
Finance income			
Other income			202,000
<b>Total Receipts</b>		<b>18,008,760</b>	<b>15,846,322</b>
<b>Payments</b>			
Compensation of employees		3,330,518	
Use of goods and services		12,279,829	9,098,215
Board expenses		237,000	6,598
Rent paid			
Repair and maintenance		941,360	
Other payments			4,173,042
Grants and subsidies paid			
<b>Total Payments</b>		<b>16,788,707</b>	<b>13,277,855</b>
<b>Net Cash Flows from operating activities</b>		<b>1,220,053</b>	
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets			
Proceeds from sale of property, plant and equipment			
<b>Net cash flows used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing			
Repayment Of Borrowings			
Payments received in advance		3,055,209	
Deposits receipts		250,000	
<b>Net cash flows used in financing activities</b>			
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>4,525,262</b>	
Cash and Cash equivalents at 1 JULY	26	3,920,992	1,508,034
<b>Cash and Cash equivalents at 30 JUNE</b>	<b>26</b>	<b>7,739,782</b>	<b>3,920,992</b>

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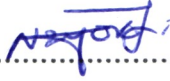
IPSAS 2 allows a College to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation.

The Financial Statements set out on pages 1 to 58 were signed by:



Chairman of Board

Date 30.5.2023



Finance Officer

ICPAK No

Date 30.5.2023



PRINCIPAL  
DAVID M. WAMBULI TECHNICAL &  
VOCATIONAL COLLEGE  
P.O. Box 3308-90100, MACHAKOS  
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Principal

Date 30.5.2023

DAVID MBITI WAMBULI TECHNICAL AND VOCATIONAL COLLEGE  
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XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
<b>Revenue</b>												
Transfers from other govt entities and govt grants	2,000,000				2,000,000		1,000,000		1,000,000			50
Public contributions and donations	10,000,000				10,000,000		5,000,000		5,000,000			50
Rendering of services- fees from students	25,963,340				25,963,340		12,008,760		13,954,580			54
Sale of goods												
Finance income												
Other income												
Gains on disposal, rental income and agency fees												
<b>Total Income</b>	<b>37,963,340</b>				<b>37,963,340</b>		<b>18,008,760</b>		<b>19,954,580</b>			<b>53</b>
<b>Expenses</b>												
Compensation of employees	4,500,000				4,500,000		3,330,518		1,169,482			26
Use of goods and services	32,663,340				31,663,340		12,279,829		19,383,511			61
Repairs and maintenance					1,000,000		941,360		58,640			6
Rent paid												
Remuneration of directors	800,000				800,000		237,000		563,000			70
Grants and subsidies paid												
Others												
<b>Total Expenditure</b>	<b>37,963,340</b>				<b>37,963,340</b>		<b>16,788,707</b>		<b>21,174,633</b>			<b>56</b>
<b>Surplus For the Period</b>					<b>0</b>		<b>1,220,053</b>					

## **XVIII. Notes to the Financial Statements**

### **1. General Information**

David Mbiti Wambuli TVC is established by and derives its authority and accountability from TVET Act. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College principal activity is providing the knowledge and skills to the people in the whole world

### **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 judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the College.

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 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

#### **ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an College's future cash flows.

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Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a College’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>The College did not deal in any Financial instruments during the year under review</p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the College;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the College’s financial performance, financial position and cash flows.</li> </ul> <p>The College did not have any reason to early adopt this standard</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41,</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

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Standard	Effective date and impact:
Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> <p>The College did not adopt any new or amended standards in year 2022</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p>The College did not adopt any new or amended standards in year under review</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a College.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The College did not have any reason to early adopt this standard</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>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:</p>

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<b>Standard</b>	<b>Effective date and impact:</b>
Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The College did not have any reason to early adopt this standard

**iii. Early adoption of standards**

The College did not early-adopt any new or amended standards in year 2022.

**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 College and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

The College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the College right to receive payments is established.

**4 Summary of Significant Accounting Policies (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**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 2021/2022 was approved by the Council or Board on 25<sup>th</sup> June, 2021. 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 College upon receiving the respective approvals in order to conclude the final budget.

The College budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 1 of these financial statements.

**c) Taxes**

***Current income tax***

The College is exempt from paying taxes as per First Schedule Section 10 subsection (a) and (b) of the 2010 income tax Act.

***Sales tax/ Value Added Tax***

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

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

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

**Summary of Significant Accounting Policies (Continued)**

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of five years.

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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the College 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 College. 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 College 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 so as 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.

#### 4 Summary of Significant Accounting Policies (Continued)

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 College will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

##### g) Intangible assets

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

##### h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

##### i) Financial instruments

###### *Financial assets*

###### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The College determines the classification of its financial assets at initial recognition.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less

#### 4 Summary of Significant Accounting Policies (Continued)

impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the College has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### *Impairment of financial assets*

The College assesses at each reporting date whether there is objective evidence that a financial asset or an College of financial assets is impaired. A financial asset or an College of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the College of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

#### i) Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets (Continued)*

- The debtors or an College of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

##### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The College determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

##### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

#### 4 Summary of Significant Accounting Policies (Continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### j) Inventories

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

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

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

##### **Inventories (Continued)**

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 College.

##### k) Provisions

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the College expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

##### **Contingent liabilities**

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

##### **Contingent assets**

The College does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future

**4 Summary of Significant Accounting Policies (Continued)**

events not wholly within the control of the College in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Nature and purpose of reserves**

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

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

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

**n) Employee benefits**

**Retirement benefit plans**

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

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

**p) 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.

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) 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.

**t) Comparative figures**

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

**u) 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, 2022.

## 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 College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. 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

There were no provisions raised during the year under review

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**6. Transfers from other National Government entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants		
Operational Grant	1,000,000	1,500,000
Other Grants		1,612,500
<b>Conditional Grants</b>		
Library Grant		
Hostels Grant		
Administration Block Grant		
Laboratory Grant		
Learning Facilities Grant	5,000,000	
Other Organizational Grants		
<b>Total Government Grants and Subsidies</b>	<b>6,000,000</b>	<b>3,112,500</b>

**(a) Transfers from other Government entities (Categorized)**

Name Of The College Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2021-2022
			Kshs	Kshs	Kshs
Ministry State Department					
Ministry					
<b>Total</b>					

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**7. Grants from Donors and Development Partners**

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant		
World Bank Grants		
In-Kind Donations		
Other Grants		
<b>Total Grants from Development Partners</b>		

**Reconciliations of grants from donors and development partners**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>		
Current year receipts		
Conditions Met - Transferred to Revenue		
<b>Conditions Yet To Be Met - Remain Liabilities</b>		

**8. Transfers from Other Levels of Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer from County		
Transfer from University		
Transfer from Institute		
<b>Total Transfers</b>		

**9. Public Contributions and Donations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations		
Donations from Local Leadership		
Donations from Religious Institutions		
Donations from Alumni		
Other Donations		
<b>Total Donations and Contributions</b>		

There were no public contributions and donations during the year under review

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**10. Rendering of Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	3,848,959	732,100
Activity Fees	413,740	125,380
Industrial Attachment Fees	186,010	60,600
Examination Fees	1,362,810	54,300
Library Fees		
Facilities And Materials		
Registration Fees	8,350	10,500
Others	6,188,891	11,548,942
<b>Total Revenue from The Rendering Of Services</b>	<b>12,008,760</b>	<b>12,531,822</b>

**11. Sale of Goods**

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books		
Sale of Publications		
Sale of Farm Produce		
Cafeteria sales		
Other		
<b>Total Revenue from Sale of Goods</b>		

There was no sale of good during the year under review

**12. Rental revenue from facilities and equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment		
Contingent Rental		
Operating Lease Revenue		
<b>Total</b>		

There was no rental revenue from facilities and equipment during the year under review

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**13. Finance Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits		
Interest income from treasury bills		
Interest income from treasury bonds		
Interest from outstanding debtors		
<b>Total finance income</b>		

There was no finance income during the year under review

**14. Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance recoveries		
Consultancy fees		
Income from sale of tender	0	7,000
Services concession income		
Reimbursements and refunds		
Graduation fees		
Toyota Kenya	0	195,000
<b>Total other income</b>		<b>202,000</b>

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**15. Use of Goods and Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	4,733,771	2,459,315
Industrial attachment costs	162,800	
Electricity	349,774	390,899
Water	26,450	
Security		
Professional and consultancy services		
Subscriptions		
Advertising		
Examination fees	1,136,730	237,955
Audit fees		
Catering, conferences, and delegations		
Travelling and accommodation	1,317,140	1,711,800
Fuel and oil		
Insurance	29,050	6,720
Legal expenses		
Licenses and permits		
Postage		
Printing and stationery		
Hire charges		
Rent expenses		
Skills development levies		
Telephone expenses		6,598
Internet expenses		
Others	4,524,114	4,298,124
<b>Total good and services</b>	<b>12,279,829</b>	<b>9,104,813</b>

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**16. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	3,202,505	1,155,410
Employee related costs - contributions to pensions and medical aids	128,018	40,120
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Performance and other bonuses		
Social contributions		
<b>Employee Costs</b>	<b>3,330,518</b>	<b>1,195,530</b>

**17. Board Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria		
Directors Emoluments	237,000	436,000
Other Allowances		
Other Board/Council Expenses		
<b>Total</b>	<b>237,000</b>	<b>436,000</b>

**18. Depreciation and Amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>		

**19. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property		
Investment property – earning rentals		
Equipment and machinery		
Vehicles		
Furniture and fittings	941,360	2,541,512
Computers and accessories		
<b>Total Repairs and Maintenance</b>	<b>941,360</b>	<b>2,541,512</b>

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20. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarial valuations		
Investment valuations		
Property valuations		
<b>Total contracted services</b>		

21. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development		
Education Initiatives and Programs		
Social Development		
Community Trust		
Sporting Bodies		
<b>Total Grants and Subsidies</b>		

22. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings (Amortized Cost)*		
Finance Leases (Amortized Cost)		
Unwinding of Discount		
Interest on Bank Overdrafts		
Interest on Loans from Commercial Banks		
Bank charges		6598
<b>Total Finance Costs</b>		

23. Gain On Sale of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
Other Assets not capitalised		
<b>Total Gain On Sale of Assets</b>		

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**24. Unrealized Gain on Fair Value Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value		
<b>Total Gain</b>		

**25. Impairment Loss**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
<b>Total Impairment Loss</b>		

**26. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	7,739,782	3,920,992
On - Call Deposits		
Fixed Deposits Account		
Staff Car Loan/ Mortgage		
Others (Specify)		
<b>Total Cash and Cash Equivalents</b>	<b>7,739,782</b>	<b>3,920,992</b>

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

Financial Institution	Account number	2021-2022 Kshs	2020-2021 Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1253017115	2,730,884	3,897,704
	1253017980	5,000,000	0
Equity Bank, etc.			
<b>Sub- Total</b>			
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Equity Bank – etc.			
<b>Sub- Total</b>			
<b>c) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Bank B			
<b>Sub- Total</b>			
<b>d) Staff Car Loan/ Mortgage</b>			
Kenya Commercial Bank			
Bank B			
<b>Sub- Total</b>			
<b>e) Others(Specify)</b>			
Cash in Transit			
Cash in Hand		8,898	23,288
Mobile Money account			
<b>Sub- Total</b>			
<b>Grand Total</b>		<b>7,739,782</b>	<b>3,920,992</b>

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**Notes to the Financial Statements (Continued)**

**27. Receivables from Exchange transactions**

**27(a) Current Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	677,140	
Rent Debtors		
Consultancy Debtors		
Other Exchange Debtors		
Less: Impairment Allowance		
<b>Total Current Receivables</b>	<b>677,140</b>	

**27(b) Long- term Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Refundable Deposits		
Advance Payments		
Public Organizations		
Less: Impairment Allowance		
<b>Total</b>		
Current Portion Transferred To Current Receivables		
<b>Total Non-Current Receivables</b>		
<b>Total Receivables</b>		

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year		
Provisions during the year		
Recovered during the year		
Write offs during the year		
At the end of the year		

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**Notes to the Financial Statements (Continued)**

**28. Receivables from Non-Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Capitation Grants*		
Transfers from Other Govt. entities		
Undisbursed Donor Funds		
Other Debtors (Non-Exchange Transactions)		
Less: Impairment Allowance		
<b>Total Current Receivables</b>		

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

**29. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores		
Maintenance stores		
Health Unit stores		
Electrical stores		
Cleaning Materials stores		
Catering stores		
<b>Total Inventories at lower of Cost and Net Realizable Value</b>		

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**Notes to the Financial Statements (Continued)**

**30. Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury Bills and Bonds</b>		
<b>Financial Institution</b>		
CBK		
CBK		
<b>Sub- Total</b>		
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank X		
Bank Y		
<b>Sub- Total</b>		
<b>c) Equity Investments (<i>Specify</i>)</b>		
Equity/ Shares in Company		
<b>Sub- Total</b>		
<b>Grand Total</b>		

**d) Shareholding in other entities**

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of College where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding			
	%	%	%	Kshs	Kshs	Kshs
College A						
College B						

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31. (a). Property, Plant and Equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Other Assets (Specify) Kshs	Plant and equipment Kshs	Capital Work in progress Kshs	Total Kshs
At 1 July 2021								
Additions								
Disposals								
Transfers/Adjustments								
<b>At 30<sup>th</sup> June 2022</b>								
Additions								
Disposals								
Transfer/Adjustments								
<b>At 30<sup>th</sup> June 2022</b>								
<b>Depreciation And Impairment</b>								
At 2021								
Depreciation								
Impairment								
<b>At 30 June 2022</b>								
Depreciation								
Disposals								
Impairment								
Transfer/Adjustment								

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<b>Cost</b>	<b>Land and Buildings Kshs</b>	<b>Motor vehicles Kshs</b>	<b>Furniture and fittings Kshs</b>	<b>Computers Kshs</b>	<b>Other Assets (Specify) Kshs</b>	<b>Plant and equipment Kshs</b>	<b>Capital Work in progress Kshs</b>	<b>Total Kshs</b>
<b>At 30<sup>th</sup> June 2022</b>								
<b>Net Book Values</b>								
<b>At 30<sup>th</sup> June 2022</b>								
<b>At 30<sup>th</sup> June 2022</b>								

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Valuation**

**31 (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			
Plant And Machinery			
Motor Vehicles including Motorcycles			
Computers and Related Equipment			
Office Equipment, Furniture, And Fittings			
<b>Total</b>			

**32. Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>		
Additions		
<b>At end of the year</b>		
Additions–internal development		
<b>At end of the year</b>		
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>		
Amortization		
<b>At end of the year</b>		
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>		

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**33. Investment Property**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At beginning of the year</b>		
Additions		
Disposal during the year		
Depreciation		
Impairment		
<b>At end of the year</b>		

This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

**34. Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables		29,262
Fees paid in advance		
Salary deductions		
Third-Party Payments		
Other Payables		
<b>Total Trade and Other Payables</b>		<b>29,262</b>

**35. Refundable Deposits from Customers/Students**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits		
Caution money	250,000	
Other refundable deposits		
<b>Total Deposits</b>	<b>250,000</b>	

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**Notes to the Financial Statements (Continued)**

**36. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance at The Beginning Of The Year</b>					
Additional Provisions					
Provision Utilised					
Change Due To Discount And Time Value For Money					
Transfers From Non -Current Provisions					
<b>Total Provisions</b>					

**37. Finance Lease Obligation**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At the start of the year</b>		
Discount interest on Lease Liability		
Paid during the year		
<b>At end of the year</b>		

**Maturity Analysis**

Period	Amount
	Kshs
Year 1	
Year 2	
Year 3	
Year 4	
Year 5 and Onwards	
Less: Unearned Interest	

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**Analysed as:**

Description	Amount
	<b>Kshs</b>
Current	
Non- Current	
<b>Total</b>	

**38. Deferred Income**

Description	2021-2022	2020-2021
	<b>Kshs</b>	<b>Kshs</b>
National Government		
International Funding Bodies		
Public Contributions and Donations		
<b>Total Deferred Income</b>		

**The deferred income movement is as follows:**

Description	National government	International funders/ donors	Public contributions and donations	Total
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Balance brought forward				
Additions during the year				
Transfers to capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward				

**Analysed as:**

Description	Amount
	<b>Kshs</b>
Current	
Non- Current	
<b>Total</b>	

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**39. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation					
Non-Current Benefit Obligation					
<b>Total Employee Benefits Obligation</b>					

**Retirement benefit Asset/ Liability**

The College operates a defined benefit scheme for all full-time employees from July 1, 2021. The scheme is administered by Human Resource committee while principal is the custodians of the scheme. The scheme is based on 25 percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30th June 2021 by administration actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	0%	0%
Future Salary Increases	0%	3.6%
Future Pension Increases	0%	0%
Mortality (Pre- Retirement)	0%	0%
Mortality (Post- Retirement)	0%	0%
Withdrawals	0%	0%
Ill Health	0%	0%
Retirement	years	years

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**Notes to the Financial Statements (Continued)**

**Recognition of Retirement Benefit Asset/ Liability**

**a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:**

<b>Description</b>	<b>2021-2022 Kshs</b>	<b>2020-2021 Kshs</b>
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial Gains/ Losses Arising From changes In Financial Assumptions		
Actuarial gains and losses arising from experience adjustments		
Others ( <i>specify</i> )		
Adjustments for restrictions on the defined benefit asset		
<b>Remeasurement of the net defined benefit liability (asset)</b>		

**b) Amounts recognised in the Statement of Financial Position**

<b>Description</b>	<b>2021-2022 Kshs</b>	<b>2020-2021 Kshs</b>
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded status(=a-b)		
Restrictions on asset recognised		
Others		
Net asset or liability arising from defined benefit obligation		

The College also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The College's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 400 per employee per month. . Employees contribute 1% while employers contribute 1% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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**40. Non-Current Provisions**

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Less: Current portion					
<b>Total deferred income</b>					

**41. Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the year		

**41 a) Analysis of External and Domestic Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External borrowings</b>		
Dollar denominated loan from organization		
Sterling pound denominated loan from organization'		
Euro denominated loan from organization		
<b>Domestic borrowings</b>		
Kenya shilling loan		
<b>Total balance at end of the year</b>		

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**Notes to the Financial Statements (Continued)**

**41 b) Breakdown of Long and Short-Term Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)		
Long Term Borrowings		
<b>Total</b>		

**42. Service Concession Arrangements**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

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**43. Cash generated from operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>1,220,053</b>	<b>2,568,467</b>
<b>Adjusted for:</b>		
Depreciation	0	0
Non-Cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and Losses on Disposal of Assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance Income	0	0
Finance Cost	0	0
<b>Working Capital Adjustments</b>		
Increase in Inventory		
Increase in Receivables		
Increase in Deferred Income		
Increase in Payables	-29,262	
Increase in Payments received in advance	3,055,209	
Increase in refundable deposits	250,000	
<b>Net Cash Flow from Operating Activities</b>	<b>4,496,000</b>	<b>2,568,467</b>

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in

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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

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the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2022</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

**44. Financial Risk Management (Continued)**

**(i) Credit risk (continued)**

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
<b>Total</b>				
<b>At 30 June 2022</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
<b>Total</b>				

**44. Financial Risk Management (Continued)**

**(iii) Market risk**

The College has put in place an internal audit function to assist it in assessing the risk faced by the College 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 College'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 College's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

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**a) Foreign currency risk**

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>			
Financial Assets (Investments, Cash, Debtors)			
Liabilities			
Trade and Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

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

**44. Financial Risk Management (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)			
Liabilities			
Trade and Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

**a) Foreign currency sensitivity analysis**

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

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	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2021</b>			
Euro	10%		
Usd	10%		
<b>2022</b>			
Euro	10%		
Usd	10%		

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**44 Financial Risk Management (Continued)**

**(iii) Market risk (Continued)**

**b) Interest rate risk(continued)**

*Sensitivity analysis*

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income of current floating interest rates increase by one percentage point as an increase of 3.5%. A rate increase of 5% would result in an increase in profit before tax of 7.8%.

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**Notes to the Financial Statements (Continued)**

**IV) Capital Risk Management**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
<b>Total Funds</b>		
Total Borrowings	0	0
Less: Cash and Bank Balances	0	0
Net Debt/(Excess Cash and Cash Equivalents)	0	0
<b>Gearing</b>		

**45. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies		
Rent income from govt. agencies		
Water sales to govt. agencies		
Others ( <i>specify</i> )		
<b>Total</b>		
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others ( <i>specify</i> )		
<b>Total</b>		
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	1,000,000	
Grants from County Government	5,000,000	
Donations in Kind		
<b>Total</b>		
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for xx Employees		
Payments for Goods and Services for		
<b>Total</b>		
<b>d) Key Management Compensation</b>		
Directors' emoluments		
Compensation to Key Management		
<b>Total</b>		

**46. Segment Information**

Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires a College to present segmental information of each geographic region or department to enable users understand the College's performance and allocation of resources to different segments

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**47. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>	0	0
Insurance Reimbursements	0	0
Assets arising from determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>		

**Contingent Liabilities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>		
Court Case against (The College)	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from Contracts including PPPs	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>		

**48. Capital Commitments**

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	0	0
Authorised and Contracted for	0	0
<b>Total</b>		

NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the College but at the end of the year had not been contracted or those already contracted for and ongoing)

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**49. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	0	0
Unrealised Exchange Gains/(Losses)	0	0
Revaluation Surplus	0	0
Tax Losses carried forward	0	0
Provisions for Liabilities and Charges	0	0
<b>Net Deferred Tax Liability/(Asset)</b>		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year		

[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

**50. Events After The Reporting Period**

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

**51. Ultimate And Holding College**

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

**52. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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**XIX. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Lack of risk management policy and disaster recovery plan	The College has developed the two policies	Resolved	
2.	Failure to automate key processes	The College has sourced and implemented a Management Information System(MIS)that has automated the key operations	Resolved	
3.	Lack of human resource policy document	The College has developed a human resource management policy	Resolved	
4.	Failure to maintain stores records	The College maintains Good Received Notes and Ledger cards	Resolved	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your College responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

..... **PRINCIPAL**  
**DAVID M. WAMBULI TECHNICAL &  
 VOCATIONAL COLLEGE**  
 P. O. Box 308-90100, MACHAKOS  
 011 43 896 827  
**Name** *David M. Wambuli*  
**Accounting Officer**  
**David Mbiti Wambuli TVC**  
**Date**

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**Appendix II: Projects Implemented by the College**

**Projects**

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

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

**Status of Projects completion**

Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

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

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**Appendix III- Inter-College Confirmation Letter**

**Confirmation of amounts received by [Insert name of beneficiary College] as at 30<sup>th</sup> June 2022**

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by [beneficiary College] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

Head of Accountants department of beneficiary College:

Name ..... Daniel Mumbi ..... Sign ..... [Signature] ..... Date 30.5.2023

**PRINCIPAL**  
DAVID M. WAMBULI TECHNICAL &  
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P.O. Box 3708-90100, MACHAKOS  
TEL: 0743 898 827

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

David Mbiti Wambuli Technical and Vocational College  
0743896827  
davidwambulitvc@gmail.com  
Daniel Muumbi

Name and contact details of contact person Daniel Muumbi Tel: 0724081208

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

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**Appendix V: Disaster Expenditure Reporting Template**

Date:		College		Year		Quarter	
Period to which this report refers (FY)							
Name of Reporting Officer							
Contact details of the reporting officer:		Email		Telephone			
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments	