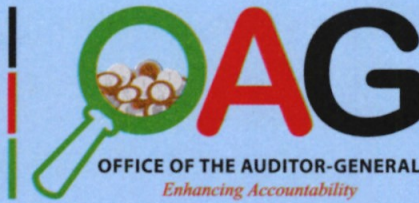



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	DATE: 05 MAR 2026
	DAY: Thursday
TABLED BY:	Hon. Owen Bwalya, MP Deputy Leader of Majority Party
OF	Ar. Shibusko

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**MAGARINI TECHNICAL AND VOCATIONAL
COLLEGE**

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

KILIFI COUNTY

Revised 30th June 2025



OFFICE OF THE AUDITOR GENERAL
P. O. Box 81543, MOMBASA
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KILIFI REGIONAL OFFICE



MAGARINI TECHNICAL AND VOCATIONAL COLLEGE

ADJUSTED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2025.

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Magarini Technical and Vocational College is a government owned Technical Training Institution, established under the TVET Act 2013 and had its first intake in September 2024. It is located in Waresa, Marafa location, Marafa ward, Magarini constituency, Kilifi County. The institution offers technical training services to youth in Kenya. The construction of the institution was funded by the Government of Kenya assisted by the area member of parliament who donated a 30-acre piece of land where the college is premised. The institute is under the Ministry of Education.

(b) Principal Activities

The principal activity of the entity is to provide technical and business training. The college vision is to be a champion in provision of comprehensive, quality and skill-based training for transformation.

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Anselim Mwakio
2.	Deputy principal Finance	Charles Thurania
3.	Registrar	Gift Chibo
4.	Dean of students	Isaac Mutunga
5.	Head of Finance	Amani Kaingu

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

- Audit and risk committee activities
- Finance and operations committee activities
- Academic committee activities

(f) Entity Headquarters

P.O. Box 105-80207
MADINA, KENYA

(g) Entity Contacts

Telephone: 0718856403
E-mail: magarinitvc@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Malindi Branch
Nairobi, Kenya
Account NO; 1303694409
Account name; Magarini technical and vocational college

(i) Independent Auditors

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

Key Entity Information and Management (Continued)




(j) Principal Legal Adviser

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




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

Nairobi, Kenya


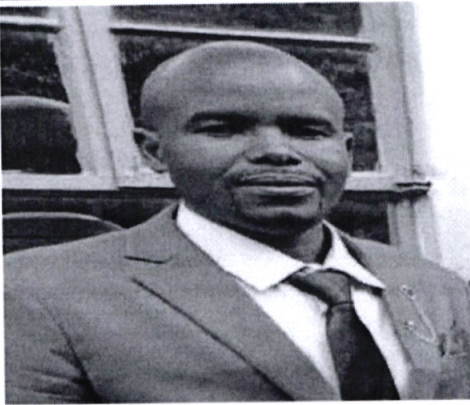
3.The Board of Governors


SN.	Member	Details
1.	 <p>AG Chairperson of the Board of governors Mr. Nyundo Katemboh</p>	<p>Nr. Nyundo Katemboh Nyele was born on 17th May, 1967. He is an independent member of the Board of governors, currently the acting chairperson of the board governors and member of the audit and risk management committee. He holds an MBA (Strategic Management) and a degree in bachelor of commerce (accounting option) from the university of Nairobi. He is serving as the managing director Kwale water and sewer Company</p>
2.	 <p>Mdm. Catherine Kenga Board member</p>	<p>Madam Catherine Kenga was born on 19th January 1979. She is an independent board member and chairperson of the audit and risk management committee. She holds a masters in arts and international studies from the university of Nairobi and a degree in bachelor of law from the University of Nairobi. She served as a parliamentary service commission Hansard reporter.</p>
3.	 <p>Board Member Mrs. Dorris Kache Kavuku</p>	<p>Mrs. Dorris Kache Kavuku was born in 15th August 1956. She is an independent member of board of governors and a member of the finance and operations committee. She holds a degree in bachelor of arts counselling. She served as a member of the Kilifi County Assembly Service Board.</p>


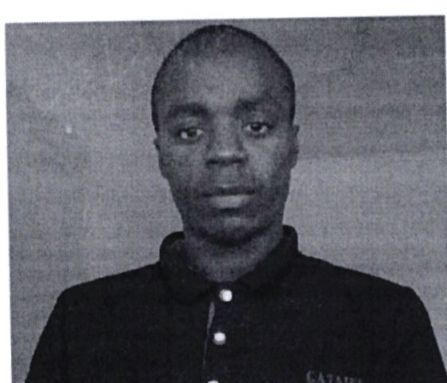
Magarini Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2025

<p>4.</p>	 <p>Mr. Stephen vandika Board member</p>	<p>Mr. Stephen Mwendwa Vandika was born on 12th May, 1984. He is an independent member of board of governors and Chairperson of the education and training and research committee (Academic). He holds a degree in bachelor of technology in civil engineering from the Technical University of Mombasa. Served as clerk of works in the construction of Kenya Maritime Authority towers Office block project.</p>
<p>5.</p>	 <p>Mr. Ahmed Abdallah Board member</p>	<p>Mr. Abdalla Ahmed Ali was born on 1st January 1961. He is an independent member of board of governors and chairperson of the finance and operations committee. He holds MBA (Strategic Management) from the university of Mount Kenya and Executive Master of Education Leadership and Policy Education) from Moi university. He served as a county chief Officer in education, technology and vocational training.</p>
<p>6.</p>	 <p>Mr. Anselim Mwakio Secretary to Board/ Principal</p>	<p>Mr. Anselim Mwakio was born on 27th March, 1967. He is the secretary to the board and the Accounting Officer of the College. He is an executive member of the board of governors. He holds a MSC in Entrepreneurship and Development from Kenyatta University and a degree in Bachelors in Business management from the university of Moi. He has 35 years experience as a trainer in TVET.</p>

4. Key Management Team

SN.	Member	Details
1.	 <p>SECRETARY TO BOARD/ PRINCIPAL Mr. Anselim Mwakio was born on 27th March, 1967. He is the secretary to the board and the Accounting Officer of the College. He holds a MSC in Entrepreneurship and Development.</p>	<p>Duties & Responsibilities:</p> <ul style="list-style-type: none"> • Setting performance objectives for trainers and trainees • implementing and monitoring school policies and safety protocols. • Overseeing administrative tasks e.g. updating employee records. • Oversee day-to-day school operations. • Manage institute logistics and budgets. • Set learning goals for trainees and trainers based on national curricula. • Monitor and report on trainer's performance. • Present data from Institute performance to board members. • Research new resources and techniques to improve training. • Interview and hire institute personnel. • Review and implement institute policies. • Provide guidance and counselling to trainers. • Handle emergencies and institute crises. • organize institute events and assemblies. • Ensure a safe and clean environment for trainees (e.g. implementing hygiene rules). • Attend conferences to gain knowledge on current educational trends
2.		<p>Duties & Responsibilities:</p> <ul style="list-style-type: none"> • Teaching the subject of specialization. • Maintenance of students' academic records. • Coordination of promotion of all academic programmes. • Preparation and monitoring of departmental annual budget. • Overall supervision and guidance of departmental staff. • Performing any other relevant duty assigned by the Head of the Institution

	<p>DEPUTY PRINCIPAL Mr. Charles Thurania was born on 1st July, 1982. He holds a degree in Bachelor of science, Business Information Technology from Mount Kenya University, 2023. He has 15 years in public service trainer in TVET. He worked in Nkabune TTI from 2010 to 2021, Weru TVC from 2021 to 2024 and joined Magarini TVC from 2024.</p>	<ul style="list-style-type: none"> • Planning, organizing and monitoring of all the administration activities. • Ensure instructional material are sourced, available and utilized by the trainers and trainees. • Coordinate staff appraisal. • Maintenance and safety of equipment. • Preparation of departmental timetable and harmonization with HODs. • Validation of data for continuing KUCCIPS trainees to gain capitation.
<p>3.</p>	 <p>REGISTRAR Mr. Gift Chibo Mwangome was born on 17th March, 1994. He holds a post graduate diploma in Technical Education from Dedan Kimathi University, 2024 and a degree in Bachelor of science Business Information Technology from the university of Dedan, 2016. He has 8 years as a trainer in TVET, joined the college from Kenya Coast National Polytechnic.</p>	<p>Registrar Duties & Responsibilities:</p> <ul style="list-style-type: none"> • Teaching the subject of specialization. • Maintenance of students' academic records. • Coordination of promotion of all academic programmes. • Preparation and monitoring of departmental annual budget. • Supervision and guidance of BOG staff. • Overall supervision and guidance of departmental staff, • Secretary to the heads of departments' committee meetings. • Performing any other relevant duty assigned by the Head of the institution

<p>4.</p>	 <p>DEAN OF STUDENTS Mr. Isaac Mutunga was born in 1st January, 1994. He holds a diploma in mechanical engineering. He joined the college in the year 2024.</p>	<p>Duties & Responsibilities:</p> <ul style="list-style-type: none"> • Teaching the subject of specialization. • General guidance and counselling of students. • Formulation and review of policies and guidelines directly related to students e.g. Students governing council. • Overseeing the welfare of students. • Students discipline" monitoring. • Budgeting for activities that involve students. • Registration and monitoring clubs and societies. • Election and running of students Government. • Application and scrutiny of HELB loans and bursaries. • Addressing public grievances (ombudsman). • Resolution of students' conflicts. grievances and complaints. • Advising Principal on decisions and social clubs and societies.
<p>5.</p>	 <p>ACCOUNTANT Mr. Amani Kaingu was born on 3rd June -, 1999. He holds a degree in banking and finance from JKUAT</p>	<p>Duties & Responsibilities:</p> <ul style="list-style-type: none"> • Prepare final accounts that reflect true and fair view of the financial position of the institution to ensure compliance with the statutory requirements. • Ensure proper interpretation and implementation of financial regulations and procedures. government circulars, letters and instructional to comply with statutory' requirement. • Review funds disbursement requests from department heads, and approve as appropriate. • Advise the institution management on all financial matters. • Oversee preparation and submission of- statutory reports

Magarini Technical and Vocational College

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

	year, 2022. Joined the Magarini TVC as an accountant in 2024.	<ul style="list-style-type: none">• Develop the institution budget.• Maintain inventory of all bank accounts to monitor the liquidity status of the institution. o• Ensure availability of funds for day-to-day, activities for efficient and effective running of the institution.
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5. Chairman's Statement

The year ended 30th June, 2025 marked our first year of student admissions, our first intake being September, 2024. This important milestone was achieved despite financial challenges and inadequate training materials. The institution has remained steadfast in its mandate of delivering quality technical and vocational education while laying a strong foundation for future growth and excellence.

With the admission of our pioneer students, priority has been directed towards strengthening learning facilities, providing essential training resources, and enhancing staff capacity to ensure learners are adequately supported. These efforts reflect our long-term commitment to nurturing a competent workforce that meets the evolving demands of industry and contributes to national development.

The Board remains firmly committed to guiding and supporting the performance of the institution. Looking ahead, we shall continue strengthening financial management, enhancing oversight, and pursuing strategic partnerships to mobilize resources. We also look forward to increased government capitation and support from stakeholders in providing financial assistance, which will enable us to expand access, improve the learning environment, and position the institution as a center of excellence in technical and vocational education.

On behalf of the Board, I wish to sincerely appreciate the Government, our stakeholders, staff, and students for their dedication and support. It is through this collective effort that the institution will continue to grow stronger and deliver on its mandate.

Sign.....


Date..... 24/11/2025

Chairman of the Board of Governors

NYUNDO KATEMBO

6. Report of the Principal

Introduction

The year under review was historic as the college admitted its first cohort of students in September 2024. The good enrollment reflected community confidence and marked the beginning of our journey as a Technical and Vocational Education and Training (TVET) center.

Financial Performance

Despite limited resources, financial operations were managed prudently to sustain key activities. Funds were directed toward staff support, student welfare, and basic training resources. However, budgetary constraints continue to slow down the implementation of some projects.

Academic

Training programs for the pioneer students were successfully rolled out. Staff demonstrated great dedication under resource constraints, and students responded positively, showing strong potential in their studies. The focus remains on producing skilled graduates aligned with labour market needs.

Challenges

The college faced several challenges, including a shortage of training materials, unreliable electricity, and security concerns due to the absence of a perimeter wall and window grills. In addition, inadequate infrastructure is under pressure from increasing student enrollment, while the low teacher and non-teaching staff to student ratio hampers service delivery. Budgetary limitations have also led to stalled projects, underscoring the need for stronger government capitation and stakeholder support.

Conclusion

In conclusion, the year laid a solid foundation for growth despite significant challenges. With continued support from government, stakeholders, staff, and students, the college is confident of steady progress towards becoming a center of excellence in technical and vocational training.

I commend the Board, Management and staff for their tireless efforts and commitment to the attainment of Magarini Technical and Vocational College set targets. I am truly honoured to serve alongside you as we endeavour to redefine the role played by Magarini Technical Training Institute and drive the Institute towards the realization of its strategic goals and objectives. on behalf of Board, Management, Staff and students, I would like to appreciate the support accorded to Magarini Technical and Vocational College by the GOK through the Ministry of Education, State Department for Vocational and Technical Training. We look forward to your continued support.

Sign..... *Anselim Mwakio* Date..... 24/11/2025

Principal/ Secretary to the Board

Anselim Mwakio



7. Statement of Performance against Predetermined Objectives

Magarini TVC has three strategic pillars and objectives within 2024/2025 financial year. These strategic pillars are as follows: Pillar 1: Financial sustainability, Pillar 2: Infrastructure development Pillar 3: trainer capacity, for the FY 2024/2025 period for its annual strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Activities	Key Performance Indicators (KPI)	Achievements
Pillar 1: Financial Sustainability	To enhance financial stability through revenue generation and efficient resource utilization.	- Mobilization of resources - Diversification of income sources	Revenue collection against annual target	Target: Kshs 120,150,500 Attained: 45%
Pillar 2: Infrastructure Development	To provide a conducive learning environment through modern facilities.	- Installation of water supply - Construction of perimeter fence	Completion of planned infrastructure projects	Projects planned , to commence in FY 2025/2026
Pillar 3: Trainer Capacity	To strengthen trainer capacity and institutional visibility.	- Marketing initiatives to attract students - Recruitment of trainers	Number of trainers recruited Student enrolment rate	Target: 500 trainers Achieved: 50% recruitment Marketing ongoing

8. Corporate Governance Statement

The Magarini Technical and Vocational College, is committed to the values and principles of good corporate governance as an integral part of corporate culture and guides the manner in which its Governors, management, staff and students conduct the business of the organisation. As a public-sector organization dedicated to providing quality service to its stake holders. the institution decisions are guided by the core tenets prescribed in the public Officers Ethics Act, The leadership and Integrity Act, The Authorities Code of conduct, corporate Governance guidelines Board and Board committee charters.

Role and function of the Board

The primary function of the Board of Governors' is to provide effective strategic leadership and direction to enhance the long-term achievement of Magarini Technical and Vocational College strategic plan.

Board Size and Composition

The Board comprised 6 members, including the Chairman, Principal (Secretary), excluding the appointed chairman Mr. Lennox Maitha who was relieved of his duties due to health complications and the County Director Peter Mwangi.

During the financial year 2024/2025 the institution did not maintain a board charter.

Board Approval and Appointment

In accordance with the TVET Act, 2013, members were nominated by a selection panel and appointed by the Cabinet Secretary. The members of the Board of Governors are nominated by a selection panel and submitted to the cabinet Secretary for approval and appointment the selection panel comprises of the chairperson and three other members as follows;

1. Chairman - County Director TVET
2. Secretary - Principal
3. Deputy County Commissioner
4. Area Member of Parliament

The selection panel nominates at least two people for post except for representative of Principal secretary and the representative of County Governor Board of Governors nominated by the panel is then forwarded to the cabinet Secretary for approval and appointment.

Meetings and Attendance

The Board of governors convened 4 meetings during the financial year 2024/2025, with satisfactory attendance recorded. With three of them being 3 physical meeting and 1 online meeting.

Board Mandate

The Board is mandated to provide strategic oversight, ensure financial prudence, and uphold compliance with TVET policies.

Board Performance

During the year under review, the Board effectively discharged its oversight role despite challenges of inadequate infrastructure, staffing shortages, unreliable electricity, and stalled projects

Board Remuneration

The independent Board members are paid sitting allowances and fuel refund allowance for every meeting attended.

The institution did not maintain other documentation in relation to board members other than the named above.

9. Management Discussion and Analysis

Operational and financial performance

During the year under review, the institution successfully admitted its first cohort of trainees and rolled out foundational academic and technical programs. Operations focused on setting up learning workshops, equipping ICT facilities, and recruiting qualified staff to support training delivery. Total surplus for the year ended 2024/2025 amounted to 9,200,962 shillings, primarily from, tuition fees, and Operational grants. Expenditure stood at 5,593,339 shillings, with infrastructure, and student resources forming the largest expenditure components.

Compliance with Statutory Requirements

The institution complied with the provisions of the TVET Act, 2013 and other applicable government regulations. Financial statements were prepared in accordance with the Public Finance Management Act and International Public Sector Accounting Standards (IPSAS) and annual reports were submitted to the relevant oversight bodies as required.

Major Risks Faced

The main risks identified during the reporting period include:

- **Funding gaps** arising from delays in government disbursements and limited internally generated revenue.
- **High operational costs** associated with establishing a new institution, including infrastructure development and staffing.
- **Student affordability challenges**, which may affect fee collection and enrollment levels.

Material arrear and financial obligations

As at year-end, the institution had no material arrears were reported. suppliers settled in line with government requirements. However, suppliers' bills pending were totaling 382,663 shillings were recorded, mainly relating supplier of teaching and training materials. Management is engaging the relevant government agencies and stakeholders to ensure timely settlement of these obligations in the subsequent financial year.

Conclusion

The institution has made significant progress in its first year of operations, establishing strong governance, financial, and academic foundations. While challenges remain, particularly in funding and infrastructure development, management is confident that with prudent financial discipline, effective risk management, and continued government and industry support, the institution is well-positioned to achieve sustainable growth and deliver on its mandate of providing quality technical and vocational training.

10. Environmental And Sustainability Reporting Statement

Sustainability Strategy and Profile

The institution aligned its operations with Kenya's Vision 2030 and the Sustainable Development Goals (SDGs), focusing on resource efficiency, inclusivity, and good governance. As a newly established TVET institution, this was the first year of admitting trainees, and efforts were concentrated on stabilizing operations while laying the foundation for long-term sustainability. Financial constraints remained the biggest challenge, limiting the pace of infrastructure expansion and adoption of large-scale green technologies. To mitigate this, the institution pursued phased implementation and engaged development partners to support sustainability initiatives.

Environmental Performance

The institution's Environmental Policy, aligned with NEMA regulations, guided operations. However, the limited financial base restricted major investments in renewable energy and green buildings. Management plans to address these gaps through phased projects, greater resource mobilization, and sensitization programs for staff and students.

Employee welfare

The Human Resource Policy emphasized inclusivity and compliance with the Occupational Safety and Health Act (OSHA, 2007). Recruitment considered gender balance and youth representation. Staff benefited from training and appraisals, while workplace safety audits ensured compliance. No major injuries were reported during the year.

Magarini TVC provides regular capacity-building workshops, ICT training, and technical upskilling for staff. Appraisal systems are performance-based and reviewed annually.

Marketing practises

Procurement was conducted transparently under the Public Procurement and Asset Disposal Act, with an emphasis on fairness, inclusivity, and responsible supplier relations. The institution maintains neutrality in political matters and upholds respect for peer institutions. marketing of courses and programs is factual, inclusive, and free from exaggerated claims. The college uses community forums and career fairs to ethically attract prospective students.

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Magarini Technical and Vocational College affairs.

Principal activities

The principal activities of the entity will continue to be provision of technical and business training to youth in Kenya.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 33

Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the college in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....
Secretary of the Board/Principal
ANSELIM MWAKIO
Date: 24/11/2025



12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board members 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 Council members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The Board members are also responsible for safeguarding the assets of the college.

The Board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 members accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, and the TVET Act, 2013.) The board members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2025, and of the College's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

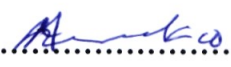
Nothing has come to the attention of the Council members to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Magarini Technical and Vocational College financial statements were approved by the Board on _____ 2025 and signed on its behalf by:



.....
Name; NYUNDO KATEMBOH
Chairperson of the Board



.....
Name: ANSELIM MWAKIO
Accounting Officer/Principal



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 MAGARINI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025 - KILIFI COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Magarini Technical and Vocational College – Kilifi County set out on pages 1 to 38, which comprise of the

statement of financial position as at 30 June, 2025 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 Magarini Technical and Vocational College – Kilifi County as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education and Training Act, 2013 and The Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Comparative Amounts

The financial statements reflects comparative amounts in three (3) items that reflect unexplained variances with previous year audited amounts as detailed below:

Particular	Financial Statement Amount (Kshs)	Prior Year Audited Amount (Kshs)	Variance (Kshs)
Use of goods and Services	388,606	1,077,956	689,350
Accumulated Deficit	1,634,272	801,832	832,440
Capital Fund	60,827,311	56,994,871	3,832,440

In the circumstances, the accuracy and completeness of the comparative amounts could not be confirmed

2. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.801,582 as disclosed in Note 16 to the financial statements. However, the stock take sheets or reports were not provided for audit.

In the circumstances, the accuracy, completeness and existence of the inventories balance of Kshs.801,582 could not be confirmed.

3. Inaccurate and Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.57,888,321 and as disclosed in Note 17 to the financial statements. However, summary of the fixed asset register was not disclosed in the financial statement annexes while fixed asset registers as well as the valuation report for the land and the ownership documentations were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.57,888,321 could not be confirmed.

4. Unsupported Trade and Other Payables from Exchange Transactions Balance

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.382,582 as disclosed in Note 18 to the financial statements. However, detailed schedule indicating nature of goods or services supplied, invoices and LPOs or LSO numbers was not provided for audit.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance amounting to Kshs.382,582 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.12,041,150 and Kshs.6,621,551 respectively resulting to an under-funding of Kshs.5,419,600 or 45 % of the budget. Similarly, the College spent a balance of Kshs.5,575,249 against actual receipts of Kshs.6,621,55 resulting to an under-utilization of Kshs.1,046,302 or 16% of the receipt.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on the Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and

Effectiveness on Internal Controls, Risk Management and Governance respectively. Review of the status during audit of the College in 2024/2025 revealed that the following five (5) issues remained unresolved:

No	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Statement of Cash Flows
2	2023/2024	Inaccurate and Unsupported Property, Plant and Equipment Balance
3	2023/2024	Unsupported and Irregular Expenditure on Use of Goods and Service
4	2023/2024	Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements
5	2023/2024	Lack of Internal Audit Function and Failure to Establish Audit Committee

Other Information

The Management is responsible for the Other Information set out on page iii to xx which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The statement of Board of Governors Responsibilities does not reflect the financial statements approval date. The statement of cashflows reflects purchase of property, plant and equipment of Kshs.855,500 whereas Note 17 reflects asset additions of Kshs.1,007,800 and no reconciliation was done by Management. The statement of comparison of budget and actual amounts for the year under review does not include budget reconciliation statement.

In the circumstances, Management did not comply with the Public Sector Accounting Standards Board Reporting Requirements.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Establish Internal Audit Function and Audit Committee

During the financial year under review, the College was operating without an internal audit unit also, the Board had not established an audit committee contrary to section 73 of the Public Finance Management Act, 2012.

In the circumstances, the College did not benefit from the oversight role and advice from the audit committee and the internal audit function.

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

Responsibilities of the Management and the Board 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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

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

an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL


Nairobi

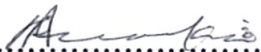
04 December, 2025


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

	Notes	2024/2025	2023/2024
		FY	FY
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,500,000	2,000,000
Transfers from other Levels' Government	7	80,000	
		2,580,000	2,000,000
Revenue from Exchange transactions			
Rendering of services- fees from students	8	12,214,301	-
Revenue from Exchange transactions		12,214,301	-
Total Revenue		14,794,301	2,000,000
Expenses			
Use of goods and services	9	2,990,887	388,606
Employee costs	10	709,550	85,300
Board Expenses	11	325,500	220,000
Depreciation and amortization expense	12	1,443,902	1,418,576
Repairs and maintenance	13	123,500	-
Total Expenses		5,593,339	2,801,832
Net surplus for the year		9,200,962	-801,832

The Financial Statements set out on pages 6 to 29 were signed by:


.....
Chairman of Council/Board
NYUNDO KATEMBOH
Date 24/11/2025


.....
Principal
ANSELIM MWAKIO
Date 24/11/2025


.....
Finance Officer
AMANI KAINGU
Date 24/11/2025

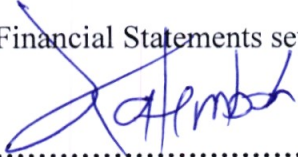


Magarini Technical and Vocational College
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15. Statement of Financial Position As At 30th June 2025

Description	Notes	2024/2025	2023/2024
		FY	FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	1,046,302	868,566
Current portion of receivables from exchange transactions	15(a)	9,040,454	-
Inventories	16	801,582	-
Total Current Assets		10,888,338	868,566
Non-Current Assets			
Property, plant, and equipment	17(a)	57,888,321	55,324,473
Total Non-Current Assets		57,888,321	55,324,473
Total Assets (A)		68,776,659	56,193,039
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	382,658	-
Total Current Liabilities		382,658	-
Total Liabilities (B)		382,658	-
Net Assets (A-B)		68,394,001	56,193,039
Represented By:			
Accumulated Surplus		7,566,690	-1,634,272
Capital Fund		60,827,311	60,827,311
Net Assets		68,394,001	59,193,039

The Financial Statements set out on pages 6 to 29 were signed by:




Chairman of Council/Board
NYUNDO KATEMBOH

Date 24/11/2025



Principal
ANSELIM MWAKIO

Date 24/11/2025



Finance Officer
AMANI KAINGU

Date 24/11/2025



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

Description	Revaluation reserve	Accumulated Fund	Capital Fund	Total
Balance as at July 1, 2023	-	(1,634,272)	60,827,311	59,193,039
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	-	(1,634,272)	60,827,311	59,193,039
At July 1, 2024	-	(1,634,272)	60,827,311	59,193,039
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,200,962	-	9,200,962
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2025	-	7,566,690	60,827,311	68,394,001

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

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other National Government entities	2,499,138	2,000,000
Rendering of services- fees from students	3,173,847	-
Transfers from other Level of Government	80,000	
Total Receipts	5,752,985	2,000,000
Payments		
Use of goods and services	3,516,199	1,179,016
Employee costs	709,550	85,300
Board Expenses	325,500	220,000
Repairs and maintenance	123,500	-
Total Payments	4,719,749	1,484,316
Net Cash Flows from operating activities	1,033,236	515,684
Cash flows from investing activities		
purchase of property, plant, equipment and intangible asset	855,500	
Net cash flows used in investing activities	(855,500)	-
Net cash flows used in financing activities	-	-
Net Increase/(Decrease) in Cash and Cash equivalents	177,736	515,684
Cash and Cash equivalents at 1 JULY	868,566	352,882
Cash and Cash equivalents at 30 JUNE	1,046,302	868,566

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization on Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year	-	-	-	868,566	-868,566	100%
Receipts						
Transfers from other National Government entities	2,000,000	-	2,000,000	2,499,138	499,138	125%
Transfer from other levels of government	0	-	0	80,000	80,000	100%
Rendering of services- fees from students	10,041,150	-	10,041,150	3,173,847	-6,867,303	32%
Total Receipts	12,041,150	-	12,041,150	6,621,551	-5,419,600	55%
Payments					0	
Use of goods and services	9,861,150	-	9,861,150	3,561,199	-6,299,952	36%
Employee costs	1,392,000	-	1,392,000	709,550	-682,450	51%
Board /Council Expenses	588,000	-	588,000	325,500	-262,500	55%
Repairs and maintenance	200,000	-	200,000	123,500	-76,500	62%
Total Expenditure Payments	12,041,150	-	12,041,150	4,719,749	-7,321,402	39%
Capital Expenditure Payments	0	-	0	855,500	855,500	100%
Surplus	0	-	0	1,046,302	-1,046,302	100%

Budget notes

1. Grant received was higher than expected as a result of spill over grant from the last financial year 2023/2024 into this year.
2. Total fee fees Collected was ay less than budgeted because of failure of HELB scholarship disbursement on time

3. The total actual expense against the budgeted was not realized due to failure to achieve the estimated revenue upon which expenses are subject.

18(a) Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,046,302
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,046,302

19. Notes to the Financial Statements

1. General Information

Magarini Technical and Vocational College is established by and derives its authority and accountability from TVET Act N0. 29 of 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is to provide technical training.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

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	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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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.

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on 24th January, 2025. Subsequent revisions or additional appropriations were not made to the approved budget.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Sales tax/ Value Added Tax

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

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

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

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

The land included in the PPE was donated by the area member of national assembly without value, therefore the value reflected in the PPE is the current market price of land within the Waresa township.

e) Intangible assets

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

f) Research and development costs

The 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.

g) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

Inventories (Continued)

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

j) Social Benefits

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

k) Nature and purpose of reserves

The *College* creates and maintains reserves in terms of specific requirements. (College to state the reserves maintained and appropriate policies adopted).

l) 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.

m) 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.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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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.

q) 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.

r) 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.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of 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

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

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

6. Transfers from other National Government entities

Description	2024/2025 FY	2023/2024 FY
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	-	-
Operational Grant	2,500,000	2,000,000
Development grants	-	-
Other Grants	-	-
Total unconditional Grants	2,500,000	2,000,000
Conditional Grants amortised/ recognised in revenue	-	-
Total Government Grants and Subsidies	2,500,000	2,000,000

(a) Transfers from other Government entities (Categorized)

Name of the College Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year 2024-2025	Total grant income for the previous year 2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	2,500,000	-	-	2,500,000	2,000,000
Education Ministry	-	-	-	-	-
Total	2,500,000	-	-	2,500,000	2,000,000

7. Transfers from Other Levels of Government

Description	2024-2025 FY	2023-2024
	Kshs	Kshs
Transfer from Godoma TTI(mentor institution)	35,000	-
Transfer from Kinango TVC	45,000	
Total Transfers	80,000	-

8. Rendering of Services

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Tuition Fees	6,568,969	-
Personal Emoluments	2,279,211	-
E.W.C	729,641	-
R.M.I	729,641	-
L.T & T	611,413	-
Activity fee	798,226	-
Medical fee	352,000	-
Student ID	33,000	-
Student Council	33,000	-
TVETA fee	59,400	-
Registration Fees	19,800	-
Total Revenue from The Rendering of Services	12,214,301	-

9. Use of Goods and Services

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Teaching and learning materials	500,771	-
Marketing	272,500	-
Administration expenses	1,022,150	287,546
Hire expenses	-	11,000
Energy and water	99,980	-
Activity Expenses	22,900	216,184
Examination fees	26,000	-
Travelling and accommodation	955,600	537,550
Printing and stationery	58,880	14,610
Bank charges	12,106	1,066
Telephone expenses	20,000	10,000
Total good and services	2,990,887	1,077,956

10. Employee Costs

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Salaries and wages	709,550	85,300
Employee Costs	709,550	85,300

11. Board Expenses

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Board Expenses	325,500	220,000
Total	325,500	220,000

12. Depreciation and Amortization expense

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Property, plant and equipment	1,443,902	1,418,576
Total depreciation and amortization	1,443,902	1,418,576

13. Repairs and Maintenance

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Property	46,390	-
Furniture and fittings	77,110	-

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Total Repairs and Maintenance	123,500	-
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14. Cash and Cash Equivalents

Description	AS AT 30 TH JUNE, 2025	AS AT 30 TH JUNE, 2024
	Kshs	Kshs
Current Account	1,046,302	868,566
Total Cash and Cash Equivalents	1,046,302	868,566

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

Financial Institution	Account number	AS AT 30 TH JUNE, 2025	AS AT 30 TH JUNE, 2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1303694409	1,023,802	868,566
Sub- Total		1,023,802	868,566
b) Others		-	-
Cash in Hand		22,500	-
Sub- Total		22,500	-
Grand Total		1,046,302	868,566

15. Receivables from Exchange transactions

15 (a) Current Receivables from Exchange transactions

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Current Receivables		
Student Debtors	9,040,454	-
Total Current Receivables	9,040,454	-

15 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025 FY		2023-2024 FY	
	Kshs		Kshs	
	2024-2025 FY	% of the total	2023-2024 FY	% of the total
Less than 1 year	9,040,454	100%	-	-%
Between 1- 2 years	-	-%	-	-%
Between 2-3 years	-	-%	-	-%
Over 3 years	-	-%	-	-%
Total (a+b)	9,040,454	-%	-	-%

16. Inventories

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Consumable stores	186,005	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Departmental Materials stores	615,777	-
Catering stores	-	-
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	801,582	-

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17. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	Depreciation Rate		2.5%	25.0%	12.5%	33.3%	12.5%
At 1st July 2023	3,000,000	57,827,311	-	-	-	-	60,827,311
Additions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
At 30th June 2024	3,000,000	57,827,311	-	-	-	-	60,827,311
Additions	-	-	-	-	306,300	701,500	1,007,800
Revaluation	-	-	-	-	-	-	-
At 30th June 2025	3,000,000	57,827,311	-	-	306,300	701,500	61,835,111
Depreciation And Impairment							
At 1 Jun 2023	-	1,084,262	-	-	-	-	1,084,262
Depreciation	-	1,418,576	-	-	-	-	1,418,576
At 30 Jun 2024		2,502,838	-	-	-	-	2,502,838
Depreciation	-	1,383,112	-	-	39,785	21,005	1,443,902
At 30th Jun 2025	-	3,885,950	-	-	39,785	21,005	3,946,740
Net Book Values							
At 30th Jun 2024	3,000,000	55,324,473	-	-	-	-	58,324,473
At 30th Jun 2025	3,000,000	53,941,361	-	-	346,085	722,505	57,888,371

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

32 (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	3,000,000	-	3,000,000
Buildings	57,827,311	3,885,950	53,941,361
Plant And Machinery	701,500	21,005	680,445
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	306,300	39,785	266,515
Office Equipment, Furniture, And Fittings	-	-	-
Total	61,835,061	3,946,740	57,888,321

18. Trade and Other Payables

Description	2024 -2025 FY		2023-2024 FY	
	Kshs		Kshs	
Suppliers	382,658		-	
Total Trade and Other Payables	382,658		-	
Ageing analysis:	2024 -2025 FY	% of the Total	2023-2024 FY	% of the Total
Under one year	382,658	100%	-	-
1-2 years	-	-%	-	-
2-3 years	-	-%	-	-
Over 3 years	-	-%	-	-
Total (to tie to totals above)	382,658	-%	-	-

19. 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 college'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 college 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 accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college'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	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	868,566	868,566	-	-
Total	-	-	-	-
At 30 June 2025				
Receivables from exchange transactions	9,040,454	9,040,454	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	1,046,302	1,046,302	-	-
Total	10,086,756	10,086,756	-	-

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Financial risk management (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 college has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the college'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.

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade Payables	382,658	-	-	382,658
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	382,658	-	-	382,658

(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.

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	2024-2025 FY	2023- 2024 FY
	Kshs	Kshs
Accumulated Retained Earnings	7,566,690	-1,634,272
Capital Reserve	60,827,311	60,827,311
Total Funds	68,394,001	59,193,039
Less: Cash and Bank Balances	-1,046,302	-868,566
Net Debt/(Excess Cash and Cash Equivalents)	67,347,699	58,324,473
Gearing	98.47%	98.53%

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20. 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;

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

Description	2024 -2025 FY	2023 -2024 FY
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Transfer from other levels of government	80,000	-
Total	80,000	-
b) Grants /Transfers from the Government		
Grants from National Govt	2,499,138	2,000,000
Total	2,499,138	2,000,000
c) Key Management Compensation		
Board members emoluments	325,500	220,000
Compensation to Key Management	955,600	537,550
Total	1,281,100	757,550

21. Contingent Assets and Contingent Liabilities

There were no contingencies during the year

22. Events After The Reporting Period

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

23. 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.

24. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies in the Statement of Cash Flows	The management committed to correct the cash flow statement inaccuracies	Resolved	closed
2	Inaccurate and Unsupported Property, Plant and Equipment Balance	The management verified and supported the property, plant, and equipment balances.	Resolved	closed
3	Budget Control and Performance	The management had low budget control due to low enrolment, low fees payment and lack of disbursement of government sponsorship. The management is committed to introduce new approach by allowing fees payment on installment and also sensitize parents on the importance of paying fees and ensure improved budget monitoring and aggressive marketing.	Not resolved	01/04/2026
4.	Unresolved prior year Matters	The management is committed to enhance timely submission of	Resolved	closed

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		financial reports.		
5.	Late submission of financial statements for audit FY 2023-2024	The management submitted its financial statements for the FY 2024-2025 on time before 30 th August 2025 as required.	Resolved	Closed
6.	Unsupported and Irregular Expenditure on Use of Goods and Service	The management attached the evidence required as per the recommendations.	Resolved	closed
7.	Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirement	The college had no funds to install FMIS and thus manual record keeping was done. The management is committed to carry out capacity building and use the standard operating procedures. The accountant was taken through the accrual system training.	Resolved	Closed.
8.	Lack of internal audit function and failure to establish audit Committee	The College had no funds to employ a substantive Internal Auditor. To ensure compliance, the management requested for services from the Internal auditor of Taita Taveta National Polytechnic. The management Commits to employ a substantive Internal auditor should funds be available in future.	Resolved.	Closed.

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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 the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.

.....

Name **ANSELM MUAKIO**
 Accounting Officer
 Principal
 Date **24/11/2025**
 Signature *[Handwritten Signature]*



Appendix III- Inter-College Confirmation Letter

Name of transferring college.....

Name of beneficiary college.....

Confirmation of amounts received by Magarini technical and vocational college as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks

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MOE/DTE/CAP9/38(63)	14 th July, 2024	500,000	-	500,000	Well received
MOE/DTE/CAP9/44(59)	30 th September, 2024	500,000	-	500,000	Well received
MOE/DTE/CAP9/45(55)	21 st January, 2025	500,000	-	500,000	Well received
MOE/DTE/CAP9/46(44)	4 th , June, 2025	500,000	-	500,000	Well received
MOE/DTE/CAP9/47(41)	17 th June 2025	500,000	-	500,000	Well received
Total		2,500,000	-	2,500,000	Well received

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

Head of Accounts Department - Disbursing College:

Name Sign Date

Head of Accounts Department - Beneficiary College:

Name JOSEPH ANTON KANGU Sign [Signature] Date... 24/11/2025

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