

REPUBLIC OF KENYA



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**REPORT**

THE NATIONAL ASSEMBLY	
DATE: 05 JUL 2023	
Day: WED	
TABLED BY:	Hon Owen Baya, CBS, MP Deputy Leader, majority
CLERK-AT THE TABLE:	Finlay Mwiru

**THE AUDITOR-GENERAL**

**ON**

**GODOMA TECHNICAL TRAINING  
INSTITUTE**

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



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**GODOMA TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background Information**

Godoma Technical Training Institute is the first TVET institution in Kilifi County. The institute was established under the TVET Act, 2013 and had its first intake in 2016. The institute is a major pillar in the realization of the vision 2030 in providing skilled manpower to the growing economy of the republic. GTTI is a leading technical institute in the vast Kilifi County, located in the serene suburbs of Kilifi town bordering Arabuko Sokoke forest.

The locals take pride in the institute, enhancing peaceful coexistence. The institution has modern workshops and labs with state of the art equipment.

### **Principal Activities**

The principal activity of the Institute is the provision of technical, vocational, entrepreneurship training and research.

### **Vision**

A Centre of Excellence in Technical Training, Research and Business Incubation

### **Mission**

To produce quality technical and entrepreneurial skills and competencies to satisfy the middle level manpower needs of the local and international market through hands on training and research.

### **Core Values**

1. Respect
2. Quality
3. Excellence
4. Integrity
5. Discipline
6. Teamwork

**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**(a) Motto**

Quality learning for academic and technological excellence.

**(b) Core Mandate**

The Mandate of Godoma Technical Training Institute is to:

- i) Provide Technical training
- ii) Prepare and guide trainees for evaluation by appropriate examining bodies
- iii) Promote research, science, technology, and innovation in all training programs
- iv) Incubate entrepreneurship among the trainees

**(c) Key Management**

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

- Board of Governors
- Principal
- Management

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Hafsa Seif Mohammed
2.	Deputy Principal Academics	Abednego Mulu
3.	Deputy Principal Finance	Festus Mugogo
4.	Ag. Registrar	Phedinke Mambori
5.	Ag. Dean of Students	Franco Mwangala
6.	Head of Finance	Joseph Muema
7.	Head of Procurement	Leonard Nyamawi Mwamuye

**(e) Fiduciary Oversight Arrangements**

- Finance Committee
- Academic Committee
- Audit and Risk Committee

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Entity Headquarters**

Godoma Technical Training Institute  
P.O. Box 1808 - 80108  
Off Malindi Road along Arabuko Forest  
Kilifi, Kenya

**(g) Entity Contacts**

Telephone :( 254) 720972699  
E-mail:godomatti.gtti@gmail.com  
Website: www.godomatti.ac.ke

**(h) Entity Bankers**

Kenya Commercial Bank  
Kilifi Branch  
P.O. Box 528, 80108.  
Kilifi, Kenya.


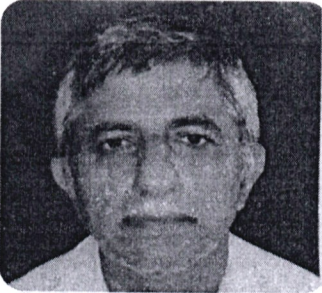


**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**BOARD OF GOVERNORS**

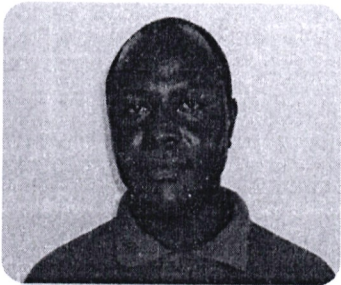
 <p><b>Mr. Jillo Kasse</b> <b>Chairman of the Board</b></p>	<p>Mr. Jillo Kasse was appointed as Chairman of GTTI Board on 9th February 2022. He is currently Pursuing PHD at Jomo Kenyatta University of Agriculture &amp; Technology. He has a Masters in HRM from Jomo Kenyatta University of Agriculture &amp; Technology, Higher Diploma from Institute Of Human Resources Nairobi, Diploma in Business Management from College of Professional Management UK and Bachelor of Arts from Kenyatta University Nairobi. To date he has over 15 years of working experience and was born in 1964.</p>
 <p><b>Mr. Kalandar Kamalkhan</b> <b>Member</b></p>	<p>Mr. Kalandar Kamalkhan joined the board for the first time on 5th October 2018. He was reappointed on 9th February 2022. He holds a master's degree in Infrastructure planning from the University of Stuttgart (Germany), post graduate diploma in housing Studies from the institute of housing studies, Rotterdam, Netherlands, and Bachelor of Architecture Degree from the University of Nairobi. To date he has 32 years of working experience and was born in 1964.</p>
 <p><b>Mrs. Fatma Khamis Ali</b> <b>Member</b></p>	<p>Mrs. Fatma Khamis Ali joined the board on 9th February 2022. She is an effective team worker with administrative and supervisory experience, a diligent, creative and enthusiastic professional who is looking forward to a more challenging role. She has a MSc in Information System from Nairobi University coupled with ISO 9001:2015 QMS Lead Auditor. To date she has 15 years of working experience and was born in 1979.</p>
 <p><b>Mrs. Rehema Wampy</b> <b>Member</b></p>	<p>Mrs. Rehema Athman Wampy joined the board on 9th February 2022. A highly personable, competent, and team spirited professional with over 5 years of experience in Lecturing, and Administration. She holds a Master's Degree in Computer Science from American University in London, Bachelor's degree in computer Science from Islamic University - Uganda. She was born in 1979.</p>

**GODOMA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**



**Mrs. Josephine Kilifi  
Member**

Dr. Josephine Miyonga Kilifi joined the board on 9th February 2022. She holds a PhD in Business Administration (Strategic Management) from JKUAT, Master's degree in Business Administration from JKUAT and Bachelor of Business Administration degree from Kenya Methodist University (Marketing Option) To date she has 31 years of working experience and was born in 1964.



**Mr. Finyange Nicodemus Pole  
Member**

Mr. Finyange Nicodemus Pole joined the board on 9th February 2022. He is a horticulturalist who aspires to attain expertise in sustainable agriculture, product development; science and technology management, promotion of technology development and transfer, and to manage agriculture and scientific projects. He is currently a PhD Candidate at Kenyatta University, Has a MSc and BSc in Agriculture & Rural Development from Kenya Methodist University. Born in 1965 he has more than 25 years of working Experience.



**Mr. Mwangandi Kalume Kiponda  
Member**

Mr. Mwangandi Kalume Kiponda joined the board on 9th February 2022. Currently MSc Candidate in Applied Statistics at Technical University of Mombasa. He has a BSc in Statistics and Programming from Kenyatta University. Born in 1988 with 7 years of working Experience in Programming, Data Management and Analysis in Stata and R; data entry, cleaning, preliminary analysis, and Presentation in R using the R-Studio Integrated Development Environment (IDE).



**MANAGEMENT TEAM**



**Mrs. Hafsa Seif Mohammed  
Principal**

Mrs. Hafsa Seif Mohammed has served as Principal of Godoma Technical Training Institute since August 2015. She holds a bachelor's in business management from Moi University, a Diploma in technical education from Kenya Teachers College and typist certificate from Government Secretarial College. Prior to her appointment, She served as Department head and registrar at Kenya Coast National Polytechnic. She has also worked at Rift Valley Technical Training Institute and office of the President. To date he has 28 years of working experience and was born in 1966.

**Principal's Duties & Responsibilities:**

- 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 trainers 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

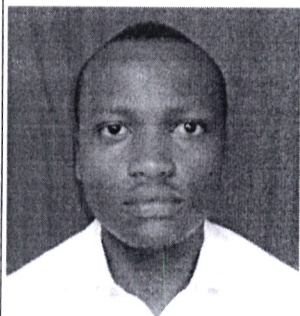


**Mr. Abednego Mulu  
Deputy Principal Academics**

Mr. Abednego Mulu has served as Deputy Principal Godoma Technical Training Institute since February 2021. He holds a bachelor's degree of Education (Electronics, Physics and Math), He also holds a Diploma in Human Resource and Certificate in solar PV and Solar water Heating. Prior to his appointment, He served as Dean of students, Secretary Senior management committee, and Chairman resolution and complaint handling committee. To date he has 17 years of working experience and was born in 1978.

**Deputy Principal Academics Affairs Duties & Responsibilities:**

- Teaching the subject of specialization.
- Ensuring that students are adequately prepared registered and presented for the National Examinations in accordance to the Kenya National Examination Council Regulations and other examining bodies.
- Identifying the appropriate curriculum for the institution.
- Ensuring that examinations and assessments are carried out and that proper scheduling of training programmes are implemented.
- Supervision of all training programmes in the institution.
- Supervising trainers and other institutional employees in the proper discharge of tuition programmes.
- Chair the academic/HOD meeting.



**Mr. Festus Mugogo**  
**Ag. Deputy Principal Finance**

Mr. Festus Mugogo has served as Ag. Deputy Planning, Administration and Finance of Godoma Technical Training Institute since January 2020. He holds a bachelor's degree of Computer Science from Pwani University; He also holds a Post Graduate Diploma in Customs Administration and Post graduate in Technical Education. Prior to his appointment, He served as Technician in Mombasa Technical Training Institute. To date he has 5 years of working experience and was born in 1992.

**Deputy Principal Finance Duties & Responsibilities:**

- Teaching the subject of specialization.
- 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
- Networking with other departments on teaching and extra-curricular activities
- Preparation of departmental timetable and harmonization with HODs
- Submission of quarterly performance reports as and when required
- Validation of data for continuing KUCCPS trainees to gain capitation
- Maintaining of proper records of trainers and trainees
- Record-keeping of fees paid per trainee and follow up of owing balances
- Make prior arrangements for attachment when due



**Mrs. Phedinke Mambori**  
**Ag. Registrar**

Mrs. Phedinke Mambori has served as Head of Department ICT of Godoma Technical Training Institute since May 2017. Currently she is the Ag. Registrar. She holds a Bachelor of Education (Technology Education – Computer Studies) from University of Eldoret. To date she has 7 years of working experience and was born in 1991.

**Registrar Duties & Responsibilities:**

- Teaching the subject of specialization.
- Maintenance of students' academic records.
- Coordination of promotion of all academic programmes.
- Coordination of verification of graduation data.
- Coordination of certification of graduating students.
- 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



**Mr. Franco Mwangala**  
**Ag. Dean of Students**

Mr. Franco Mwangala has served as Ag. Dean of students of Godoma Technical Training Institute since January 2020. He holds a bachelor's degree of Computer Science from Kenyatta University. Prior to his appointment, He served as branch Manager Mombasa Quality Inspectors Ltd.

To date he has 7 years of working experience and was born in 1984.

**Dean Duties & Responsibilities:**

- 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.
- Issuance of students ID cards to bonfide students.
- 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.



**Mr. Joseph Muema**  
**Finance Officer**

Mr. Joseph Muema David joined the Institute in October 2020. He holds a Certified Public Accountancy Part I, II and III, from Vision Institute of Professional and Star Institute of Professional Studies respectively. Currently, he is perusing a Bachelor's degree of Commerce (B.Com) at Pwani University. He worked as an assistant accountant at Bandari Sacco and Yalfa Enterprise Limited.

To date he has 7 years of working experience and was born in 1990.

**Finance Officer Duties & Responsibilities:**

- 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.
- Develop the institution budget.
- Maintain inventory of all bank accounts to monitor the liquidity status of the institution.
- Ensure availability of funds for day to day activities for efficient and effective running of the institution.
- Sign cheques and vouchers within the required/set threshold for prudent and timely execution to enhance smooth running of the institution's operations.



**Mr. Leonard Nyamawi  
Procurement Officer**

Mr. Leonard Nyamawi holds a B.com in Procurement Supply Chain management from the University of Nairobi, Currently pursuing MSc. in Procurement & Logistics from Jomo Kenyatta University of Agriculture and Technology and a certificate in accounting packages. He previously worked at Barclays Bank Of Kenya, Kenya Ferry services and County Government of Mombasa in the Procurement and Supplies Departments. To date she has 7 years of working experience and was born in 1984.

**Procurement Officer Duties and Responsibilities:**

- Develop and implement the institution procurement strategy to ensure timely procurement of goods and services
- Present procurement reports to the management to ensure proper recommendations on the gaps identified
- Coordinate and monitor the implementation of the board procurement recommendations to ensure the implementation meets the set timelines and is compliant with Public Procurement Act and Regulations
- Coordinate the preparation of the procurement work plan to ensure the timely delivery of goods and services
- Coordinate timely preparation of the institution procurement budget to ensure sufficient resources are allocated for the implementation of the procurement plan.
- Ensure proper maintenance of records and documents for easy retrieval of information when required.

**CHAIRMAN'S STATEMENT**

**Introduction**

Godoma Technical Training Institute was initiated by the Government of Kenya as an AfDB project through the Ministry of Education in Ganze Sub-county of Kilifi County. The institute vision is to be "A Centre of Excellence in Technical Training, Research and Business Incubation".

The institute Phase I (built as a department of Electrical) has seven modern classrooms and two Electrical Engineering workshops with state of the art electrical equipment. Phase II was built as a department of Building and Civil Engineering having four workshops, four labs and four classrooms with state of the art equipment.

A new Board was appointed and has formed the committees named below, chaired as follows:

- i. Finance and Human Resource Committee – Dr. Kalandar Kamalkhan
- ii. Academic Committee – Dr. Josephine Kilifi
- iii. Audit and Risk Committee – Mwangandi Kiponda

The Board commits to produce competent market-oriented trainees and to nurture talents exhibited by the trainees.

Construction of Phase II as a department of Building and Civil Engineering with state-of-the art equipment has given a boost to the institute. The enrolment has gradually grown to almost 1,500 trainees. The Institute offers courses in both technical and business areas at all levels. CBET and NITA courses have been rolled out to impact skills to trainees to give the required manpower for delivery of the Big Four Agenda as stipulated by the Government of Kenya.

The Institute receives capitation from the Ministry of Education, collects fees from sponsors (such as the National Youth Service, GIZ, KCBF) and self-sponsored students. A total of 26 Public Service Commission trainers and almost 30 trainers are employed on contract and part-time (as need arise). This results in heavy financial pressure in paying of huge salaries to the BOG employees.

**Challenges facing the Institute**

Godoma Technical Training Institute is experiencing the following challenges:

- i) Transport for students and staff – the Institute does not have a bus to ferry students or staff especially during activities such as drama and music, sports and games. If assisted to acquire a bus, it would also serve as a marketing tool to help us boost our enrolment. A 62-passenger capacity bus will also enhance in income generation.
- ii) Lack of accommodation facilities.
- iii) Insufficient PSC Trainers
- iv) Constrained funds to pay salaries of BOG staff and other expenses such as the pending bill of audit fee.

We look forward to producing quality and competent technical trainees with entrepreneurial skills to satisfy manpower needs of the local and international market through training and research.

Thank you.



13<sup>th</sup> April 2023

Date.....

.....  
**JILLO KASSE  
CHAIRMAN BOARD OF GOVERNORS**

## **REPORT OF THE PRINCIPAL**

### **Key activities during the year**

The Godoma Technical Training institute officially came into existence in October 2016 when the institution was registered by the TVET Authority to offer a variety of courses up to Diploma level. The key activities during the 2020/2021 Financial Year were as follows:

#### **1 Appointment of Board of Governors**

The third Board was appointed on 9th February 2012 comprising of (Eight) 7 members, having the BoG secretary (Principal) and the Regional Coordinator.

#### **2 Trainee Activities**

- KNEC, NITA Examinations
- Industrial Attachment/Placement and supervision of trainees.
- Educational tours for trainees in various departments such as Electrical, ICT and Hospitality which includes both Food& Beverage and Tourism sections.
- Participation in TVET fairs both regional and national levels
- Participation in extracurricular activities i.e. sports and games, music and drama.

#### **3 Staffing and staff development**

The Institute has 17 teaching staff deployed by PSC trainers and 19 BOG trainers. There are 20 non-teaching staff and 10 support staff. Cleaning and security services are outsourced.

We managed to send eight (8) staff for training during the year to improve in their performance. All the staff have been duly paid their monthly salaries/wages to date.

#### **4 Success consolidated**

We managed to undertake the following activities successfully: -  
Training of students

The Institute has the following academic departments:

- Electrical and Electronics Engineering,
- ICT
- Business Studies
- Building & Civil Engineering
- Hospitality and Tourism

**REPORT OF THE PRINCIPAL (CONTINUED)**

**5 Challenges**

The management has faced a number of challenges.  
Some of which are explained as follows: -

- Shortage of trainers in Building and Civil Engineering.
- The Business Department has been handled fully by trainers hired by the Board of Governors.
- Insecurity due to lack of CCTV
- Lack of Hostel facilities
- The Institute lacks an Institute bus
- Constrained Finances due to huge wage and salary bills

Future outlook of the organization

- The Public Service Commission intends to hire technical trainers. We are optimistic that Godoma TTI will get more PSC trainers hence minimize the huge wage bills in the next Financial Year.
- The institute has intentions of installing CCTV cameras to beef security at the institute.
- The institute has embarked on an intensive market campaign at the same time seeking for more sponsorship for needy students.
- Expanded on Linkages with industries for attachment placement and exposure of our trainees.

Thank you.



**MRS HAFSA SEIF  
PRINCIPAL**



Date.....13<sup>th</sup> April 2023.....

**GODOMA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

The Institution recorded a surplus of Ksh 40.7 million being an increase of 30.2 million from 10.5 million reported in 2021. Refer to the statement of financial performance for the year ended 2022.

**CORPORATE GOVERNANCE STATEMENT**

Godoma Technical Training Institute is committed to the values and principles of good corporate governance as an integral part of corporate culture and guides the manner in which the Board, management, staff and trainees conduct the business of the organization. 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. The Institution endeavors to develop, strengthen and sustain the trust that the Government, employees, trainees and public has placed in it. The board is committed to regularly evaluate national and international emerging standards in responsible, transparent, and efficient management with a view of enhancing corporate governance at the Institution and consistently deliver on its statutory mandate.

**Role of the Board of Governors**

The primary function of the Board of Governors (The Board) is to provide effective strategic leadership and direction to enhance the long-term achievement of Godoma Technical Training Institute strategic plan. The strategic plan overall objective is to enhance the achievement of the institute's objectives on priority basis and in line with the policies of the Ministry of Education, the Vision 2030 and the big 4 agenda of the government.

**The Board Size, Composition, and Independence**

The Board consists of 7 members excluding the Regional Director and Principal. The Board composition draws a good mix of skills, experience, and proficiencies in various fields, their biographies as shown on pages 5 to 7.

**Board Remunerations**

The non-executive Board members are paid sitting allowances for every meeting attended. Director's fees are paid to non-executive Board members who are not representing any Government institution. The Board has three committees that are constituted as follows:

**Name of the Committee**

Finance and HR Committee

**Members**

Dr. Kalandar Kamalkhan  
Mr. Peter Mwangi  
Mrs. Rehema Wampy

Academics Committee

Dr. Josephine Kilifi  
Mr. Finyange Pole  
Mrs. Fatma Khamis

Audit and Risk Committee

Mr. Mwangadi Kiponda  
Mr. Finyange Pole  
Mrs. Fatma Khamis

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Section I: Operation and Financial Performance**



# **GODOMA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

Godoma Technical Training Institute is a public institution which relies on government funding through capitation and fees paid by students. This makes it a non-profit making organization.

Due to reduced GoK grants the organization has not been able to accomplish its projected activities in its budget hence having projects and other activities not able to be finished in the stipulated time in the contracts.

## **Section II: Compliance with the statutory Requirements**

Godoma Technical Training Institute complies with the statutory obligations and remittance of the statutory deduction; NHIF, NSSF and PAYE as required by the law

## **Section III: Projects undertaken**

The key projects that Godoma TTI undertook are listed below and their source of funding

- i) Magarini TTI funded by the Ministry of Education
- ii) Rabai TTI which was under the equalization fund core funded by the MoE and the NG-CDF of the Rabai constituency
- iii) Staff Housing

## **Section IV: Financial and Management Risks**

Major risks that are facing the institution include.

- Inadequate funding by the Ministry of education on capitation/operation and development grant
- Delayed funding
- Poor fees payment
- Delays in paying suppliers due to late funding
- Shortage of staff

Due to the above factors the institute is facing serious challenges in meeting its operations obligation fully resulting to pressure from creditors.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Godoma Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer and Citizen first, delivering relevant goods and services, and improving operational excellence.

Below is a highlight of strategies and activities that promote the organization's strategic objectives.

- Installation of gutters to collect rain water to supplement the fresh piped water from KIMAWASCO which is charged highly in order to cut the operation cost. The organisation of had projected in its budget to construct a water treatment plant to recycle the waste water to supplement the fresh piped water in order reduce the operation cost as well as provide an alternative source of water for other activities in the institute.
- Planting of trees to prevent erosion as our land topology is sloppy which in turn gives us a better look as the cover of the trees serves as beautification as well as to cub global warming
- We use solar panels in our phase II as a source of power which reduces cost of operation as well as utilization of available resources
- Increase enrolment.

**GODOMA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Institute affairs.

**Principal activity**

The principal activity of the institute is the provision of technical, vocational, entrepreneurship training and research

**Results**

The results of the institute for the year ended June 30, 2022 are set out on page 1.

**Members of the institute board**

The Members of the Institute 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 entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

**By Order of the Board**



Mrs. Hafsa Seif  
**Secretary, Board of Governors**



Date: 13<sup>th</sup> April 2023

**STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES**

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


The council members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Institutes' financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, and the TVET Act. The council members are of the opinion that the Institute financial statements give a true and fair view of the state of Institute transactions during the financial year ended June 30, 2021, and of the Institute's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Board members to indicate that the Institute 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 Institute's financial statements were approved by the Board on 13<sup>th</sup> April 2023 and signed on its behalf by:

Signature.....

Jillo Kasse - **Chairman of the Board**

Signature.....

Hafsa Seif - **Principal**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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## **REPORT OF THE AUDITOR-GENERAL ON GODOMA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Godoma Technical Training Institute set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have

obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Godoma Technical Training Institute as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the annual report and financial statements presented for audit revealed the following:

- i. The statement of financial position and Note 16 to the financial statements reflects receivables from exchange transactions balance of Kshs.62,371,211. However, the balance includes refundable deposits of Kshs.291,000 which is also disclosed in Note 23 to the financial statements as a current liability resulting to overstatement of receivables from exchange transactions by Kshs.291,000.
- ii. Included in the receivables from exchange transactions balance of Kshs.62,371,211 are student debtors of Kshs.62,050,212. However, the ledger indicates a student debtors balance of Kshs.45,299,267 resulting to unexplained variance of Kshs.16,750,945.
- iii. The statement of financial position reflects payables from exchange transactions opening balance of Kshs.5,812,364 while the audited balance was Kshs.7,189,917 resulting to unexplained variance of Kshs.1,377,553.
- iv. In addition, four (4) unexplained variances between the financial statements and re-calculated amounts were noted as detailed below:

<b>Description</b>	<b>Amount as per Financial Statements (Kshs.)</b>	<b>Re-calculated Amount (Kshs.)</b>	<b>Variance (Kshs.)</b>
<b>Statement of Cash flows</b>			
Increase in receivables	25,095,592	28,095,592	3,000,000
Net cash flows from operating activities	22,784,576	32,950,509	10,165,933
<b>Statement of Comparison of Budget and Actual Amounts</b>			
Total income final budget	137,740,619	159,204,247	21,463,628
Total expenditure performance difference	30,841,134	44,627,399	13,786,265

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

## **2. Inaccuracies in the Cash and Bank Balance**

The statement of financial position and Note 15 to the financial statements reflects cash and bank balance of Kshs.11,763,298. Included in the balance is a recurrent account balance of Kshs.8,746,246 and development account balance of Kshs.3,017,052. However, the bank reconciliation statement as at 30 June, 2022 for the recurrent account reflected a cashbook balance of Kshs.10,739,114 resulting to unreconciled variance of Kshs.1,992,868. Further, information provided for audit indicated that Management opened two bank accounts in a local bank for two mentored institutions. However, the two bank balances were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the cash and bank balance of Kshs.11,763,298 could not be confirmed.

## **3. Undisclosed Property, Plant and Equipment**

The statement of financial position and Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.412,413,578. However, the balance excludes electrical and electronic equipment with a total value of Kshs.11,615,550.

In the circumstances, the accuracy and completeness of property, plant and equipment balance Kshs.412,413,578 could not be confirmed.

## **4. Inaccurate Depreciation and Amortization Expense**

The statement of financial performance reflects depreciation and amortization expense of Kshs.13,786,265. However, the corresponding Note 12 to the financial statements reflects an amount of Kshs.14,939,358 resulting to unexplained variance of Kshs.1,153,093. Further, Management did not disclose the depreciation rates applied for each category of assets.

In the circumstances, the accuracy and completeness of depreciation and amortization expense of Kshs.13,786,265 could not be confirmed.

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

## **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.137,740,619 and Kshs.94,678,013 respectively, resulting in an under-funding of Kshs.43,062,606 or 31% of the budget. Similarly, the statement shows that the Institute expended Kshs.53,882,286 against an approved budget of Kshs.84,723,420, resulting in an under-expenditure of Kshs.30,841,134 or 36% of the budget.

The revenue shortfall and under-expenditure affected the planned activities and might have impacted negatively on service delivery.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised. However, the Management had not resolved the issues as at 30 June, 2022 or given any explanations. In addition, the Appendix for Progress on Follow-up of Auditor's Recommendations is omitted from these financial statements, contrary the Public Sector Accounting Standards Board reporting template.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Projects for Mentored Institutions**

As previously reported, the Institute is a mentor two (2) Colleges, Waresa Technical Training Institute in Magarini Constituency and Gandani Technical Training Institute in Rabai Constituency, where projects worth Kshs.109,459,483 are being implemented. However, Management did not open and operate separate retention bank account for the retention monies. In addition, the following observations were made with regards to the implementation of the two projects:

##### **i. Stalled Project at Gandani Technical Training Institute**

The contract for erection and completion of twin workshop, classrooms and offices block (2 storey building) at Gandani Technical Training Institute at contract sum of Kshs.51,632,172, signed on 11 September, 2017 was to be completed within fifty-two (52) weeks. However, the project has since stalled with only the ground slab and columns done, which Management has attributed to lack of funding. The contractor had been paid Kshs.12,196,040 by the time the project stalled.

##### **ii. Poor Implementation of Project at Waresa Technical Training Institute**

The contract for erection and completion of twin workshop, classrooms and offices block (2 storey building) at Waresa Technical Training Institute at a contract sum of Kshs.54,865,865, signed on 19 November, 2015 was to be completed in fifty-two (52) weeks. However, as previously reported, the contract was terminated on 18 August, 2017 due to poor workmanship after the contractor had been paid



Kshs.11,545,851. Evidence of efforts to recover the amount paid to the contractor after breach of contract was not provided for audit.

The contract for Waresa Technical Training Institute was retendered and awarded to another contractor at a contract sum Kshs.57,827,311, signed on 27 June, 2018 and was to be completed in 52 weeks. However, as at the time of audit in March, 2023 the project was about 95% complete with electrical works and painting finishes not done. The contractor had been paid Kshs.46,052,273 as at 30 June, 2022.

In the circumstances, value for money on Kshs.46,052,273 so far spent on the project, could not be confirmed.

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for 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 overall governance were not effective.

### Basis for Conclusion

#### 1. Unrestricted Access to Data by Software Vendor

The statement of financial position and Note 19 to the financial statements reflects intangible assets balance of Kshs.1,958,680. The asset is a software (Ultimate ERP) owned by the institution. Review of the ERP revealed that the vendor has unlimited access to the system and that no formal agreement was signed between the vendor and the institution regarding data protection.

In the circumstances, the safety and integrity of the Institute's data was not guaranteed.

#### 2. Failure to Operate a Refundable Deposits Bank Account

The statement of financial position and Note 23 to the financial statements reflects refundable deposits from customers of Kshs.291,000. However, no separate bank account was operated for the customer deposits.

In the absence of a separate bank account for the funds, the institution runs the risk of diversion or misappropriation of the funds.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Board of Governors**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**31 May, 2023**

**GODOMA TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

Statement of Financial Performance	Notes	2021-2022	RESTATED FIGURES 2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government Entities	6	16,800,000	15,930,000
		<b>16,800,000</b>	<b>15,930,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services - fees from students	7	77,233,013	26,642,579
Other income	8	645,000	142,330
		<b>77,878,013</b>	
<b>Total revenue</b>		<b>94,678,013</b>	<b>42,714,909</b>
<b>Expenses</b>			
Use of goods and services	9	(17,513,716)	(9,614,022)
Employee costs	10	(7,255,001)	(3,994,530)
Remuneration of board of governors	11	(500,000)	(406,800)
Depreciation and amortization expense	12	(13,786,265)	(3,637,333)
Repairs and maintenance	13	(7,563,332)	(6,812,942)
General expenses	14	(7,263,972)	(7,653,194)
<b>Total expenses</b>		<b>(53,882,286)</b>	<b>(32,118,821)</b>
<b>Surplus for the year</b>		<b>40,795,727</b>	<b>10,596,088</b>

The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Institute Board of Governors by:



Chairman of Board of Governors

13<sup>th</sup> April 2023

Date.....



Finance Officer

13<sup>th</sup> April 2023

Date.....



Principal/BoG Secretary

13<sup>th</sup> April 2023

Date.....

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

Statement of Financial Position	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and bank balances	15	11,763,298	5,070,019
Receivables from exchange transactions	16	62,371,211	37,275,619
Receivables from non-exchange transactions	17	10,595,619	7,595,619
Inventory	18	3,062,060	363,287
<b>Total Current Assets</b>		<b>87,792,188</b>	<b>50,304,544</b>
<b>Non-Current Assets</b>			
Property plant and equipment	20	412,413,578	406,083,199
Intangible assets	19	1,958,680	2,669,960
<b>Total Non-current Assets</b>		<b>414,372,258</b>	<b>408,753,159</b>
<b>Total assets</b>		<b>502,164,446</b>	<b>459,057,703</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	22	3,439,968	7,189,917
Payables from non-exchange transactions	21	5,812,365	
Refundable deposits from customers	23	291,000	42,400
<b>Total Current liabilities</b>		<b>9,543,333</b>	<b>7,232,317</b>
<b>Net assets</b>		<b>492,621,113</b>	<b>451,825,386</b>
Capital Fund		394,776,696	394,776,696
Accumulated surplus		97,844,417	57,048,690
<b>Total net assets and liabilities</b>		<b>492,621,113</b>	<b>451,825,386</b>

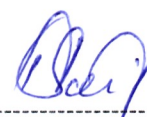
The Financial Statements set out on pages 1 to 30 were signed on behalf of the Institute Board of Governors by:



Chairman of Board of Governors



Finance Officer



Principal/BoG Secretary

Date.....**13<sup>th</sup> April 2023**.....

Date.....**13<sup>th</sup> April 2023**.....

Date.....**13<sup>th</sup> April 2023**.....

**STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022**

	Accumulated surplus		Capital Fund		Total
RESTATED	Kshs		Kshs		Kshs
<b>At July 1, 2020</b>	<b>46,452,602</b>		<b>400,125,628</b>		<b>446,578,230</b>
Adjustment for depreciation	-		(10,148,932)		(10,148,932)
Additions during the year			4,800,000		4,800,000
Surplus for the year	10,596,088		-		10,596,088
<b>At June 30, 2021</b>	<b>57,048,690</b>		<b>394,776,696</b>		<b>451,825,386</b>
<b>At July 1, 2021</b>	<b>57,048,690</b>		<b>394,776,696</b>		<b>451,825,386</b>
Adjustment for depreciation	-				
Additions during the year	-				
Surplus for the year	40,795,727		-		40,795,727
<b>At June 30, 2022</b>	<b>97,844,417</b>		<b>394,776,696</b>		<b>492,621,113</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Surplus for the year before tax</b>		<b>40,795,727</b>	<b>10,550,677</b>
<b>Adjusted for:</b>			
Depreciation		14,228,078	2,971,464
Amortization		711,280	711,280
<b>Working Capital adjustments</b>			14,233,421
Increase in receivables		(25,095,592)	(27,272,893)
Increase in payables		2,311,016.40	(6,899,540)
<b>Net cash flow from operating activities</b>		<b>22,784,575.6</b>	<b>(19,939,012)</b>
<b>Cash flows from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	20	(9,426,250.24)	(7,891,697)
Purchase of intangible assets			(1,804,800)
<b>Net cash flows used in investing activities</b>		<b>(9,426,250.24)</b>	<b>(9,696,497)</b>
<b>Cash flows from financing activities</b>			
Changes in capital fund			5,348,932
<b>Net cash flows used in financing activities</b>			<b>5,348,932</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,693,279</b>	<b>(24,286,577)</b>
<b>Cash and cash equivalents at 1 July</b>		<b>5,070,019</b>	<b>29,356,596</b>
<b>Cash and cash equivalents at 30 June</b>		<b>11,763,298</b>	<b>5,070,019</b>



Chairman of Board of Governors

13<sup>th</sup> April 2023  
 Date.....



Finance officer

13<sup>th</sup> April 2023  
 Date.....



Principal /BoG Secretary

13<sup>th</sup> April 2023  
 Date.....



**GODOMA TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR**  
**ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference		
	2022-2021	2022-2021	2022-2021	2022-2021	2022-2021	Difference	Explanation Note
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Revenue</b>							
Rendering of services - fees from students	74,067,480		74,067,480	77,233,013	(3,165,533)	-4%	a
Government grants and subsidies							
- Operational grants	31,020,000		31,020,000	16,800,000	14,220,000	85%	b
- Development	50,881,767		50,881,767		50,881,767	100%	c
Other income	3,235,000		3,235,000	645,000	2,590,000	402%	
<b>Total income</b>	159,204,247	-	137,740,619	94,678,013	41,713,635		
<b>Expenses</b>							
Compensation of employees	(9,000,000)		(9,000,000)	(7,255,001)	(1,744,999)	24%	
General expenses	(23,097,350)		(23,097,350)	(7,263,972)	(15,833,378)	218%	
Remuneration of board of governors	(4,204,000)		(4,204,000)	(500,000)	(3,704,000)	740.8%	
Depreciation and amortization expense				(13,786,265)	-	0%	
Use of goods and services	(39,905,070)		(39,905,070)	(17,513,716)	(22,391,354)	128%	
Repairs and maintenance	(8,517,000)		(8,517,000)	(7,563,332)	(953,668)	13%	
<b>Total expenditure</b>	(84,723,420)	-	(84,723,420)	(53,882,286)	(30,841,134)	57%	d
<b>Surplus for the period</b>	74,480,827	-	74,480,827	40,795,727	33,685,100		
* Notes							

a) There was an increment of student enrolment during the year.

b) There was a short fall in capitation received from the government.

c) There were no development receipts from the government.

d) The difference between budget and actual expenditure is attributed low level of activities during the year.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Godoma Technical Training Institute is established by and derives its authority and accountability from The Technical and Vocational Education and Training Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the provision of technical, vocational, entrepreneurship training and research.

**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 entity'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 5.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held.</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position, and cash flows.</li> </ol>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when</li> </ol>

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Standard	Effective date and impact:
	<p>IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.  Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.  Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Taxes (continued)**

*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.

**c) Investment property**

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**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 of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**f) 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

**g) Research and development costs**

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

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

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.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

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

*Impairment of financial assets*

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



**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial instruments (Continued)**

*Impairment of financial assets (Continued)*

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

*Loans and borrowing*

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

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

**j) Inventories**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Inventories (Continued)**

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**l) Provisions**

Provisions are recognized when the Entity 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 Entity 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 Entity 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 Entity 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 Entity 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) Nature and purpose of reserves**

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

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

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

**o) Employee benefits**

**Retirement benefit plans**

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. 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.

**p) Foreign currency transactions**

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

**q) 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**r) Related parties**

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

**s) Service concession arrangements**

The Entity 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) 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.

**u) Comparative figures**

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

**v) 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, 2021.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 TRANSFERS FROM NATIONAL GOVERNMENT ENTITIES**

<b>Transfers from the National Government Entities</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Unconditional grants</b>		
Operational grants - Transfers from the State Department for Vocational and Technical Training	16,800,000	15,930,000
<b>Conditional grants</b>		
Development grants - Transfers from the State Department for Vocational and Technical Training		
<b>Total government grants</b>	<b>16,800,000</b>	<b>15,930,000</b>

**7 RENDERING OF SERVICES - FEES FROM STUDENTS**

<b>Rendering of services - fees from students</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition fees	34,874,413	9,570,978
Activity Fees	2,005,430	1,195,001
Examination Fees	8,749,476	2,578,171
Registration Fees	617,000	263,000
Caution Fee	291,000	132,500
Student ID Card	19,800	104,400
Student Council Fee	262,300	4,800
Development Fee	141,500	594,000
Personal Emoluments	7,176,861	3,494,000
Industrial Attachment and Medical Cover	1,708,240	919,500
EW&C	1,907,000	917,500
Insurance	787,500	329,100
LT&T	1,736,560	832,565
RMI	1,054,234	502,248
Facilities and Materials	4,702,274	211,000
Equipment Income	1,000	-
Accommodation	11,094,084	4,787,245
Hospitality	1,030	1,030
Arrears	66,771	172,000
Kuccps	36,000	
Meals	540	33,540
<b>Total rendering of services - fees from students</b>	<b>77,233,013</b>	<b>26,642,579</b>

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**8 OTHER INCOME**

<b>Other income</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Centre Fees	60,930	12,400
Lab Coats, T-Shirts	63,500	-
Coast region athletics	498,450	-
Production Unit Income (Farm)	22,120	1,030
<b>Total other income</b>	<b>645,000</b>	<b>13,430</b>

**9 USE OF GOODS AND SERVICES**

<b>Use of goods and services</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Electricity, water and conservancy	1,370,933	989,124
Examinations expenses	1,651,570	2,790,010
Teaching Equipment & Stores	3,964,590	833,658
Boarding and accommodation expenses	10,526,623	5,001,230
<b>Total use of goods and services</b>	<b>17,513,716</b>	<b>9,614,022</b>

**10 EMPLOYMENT COSTS**

<b>Employment costs</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	7,174,377	3,794,030
Social contributions	46,624	-
Staff Capacity Building- KATTI	34,000	200,500
<b>Total employee costs</b>	<b>7,255,001</b>	<b>3,994,530</b>

**11 REMUNERATION OF BOARD OF GOVERNORS**

<b>Remuneration of board of governors</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Members emoluments	500,000	406,800
<b>Total remuneration of board of governors</b>	<b>500,000</b>	<b>406,800</b>

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**12 DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Depreciation and amortization expense</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	14,228,078	2,971,464
Intangible assets	711,280	711,280
<b>Total depreciation and amortization expense</b>	<b>14,939,358</b>	<b>3,682,744</b>

**13 REPAIRS AND MAINTENANCE**

<b>Repairs and maintenance</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Repairs, maintenance, and improvements	7,563,332	6,812,942
<b>Total repairs and maintenance</b>	<b>7,563,332</b>	<b>6,812,942</b>

**14 GENERAL EXPENSES**

<b>General expenses</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Activity expense	919,960	70,000
Computer Expenses	21,000	672,630
Contingency Expense	197,200	61,500
Insurance expense	444,929	-
Internet Expense	317,675	706,154
Learning Materials		384,425
Marketing - Advertisement Expense	783,192	1,130,000
Planning & Policy Development		14,000
Security	1,400,000	1,206,525
ASK Show exhibitions	348,370	-
International Conference & Travel	202,524	-
Local Transport & Travelling Expense	1,190,240	590,090
Subscriptions	314,812	579,121
Covid-19 Intervention	43,500	774,548
Administration	437,566	1,014,201
Coast regional athletics	98,000	
Hospitality department	479,706	
Electrical and electronic department	21,808	
Building and civil engineering department	35,490	
Performance Contracting	8,000	450,000
<b>Total general expenses</b>	<b>7,263,972</b>	<b>7,653,194</b>



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**15 CASH AND BANK BALANCES**

<b>Cash and bank balances</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Current accounts</b>		
Kenya Commercial Bank current a/c	8,746,246.48	4,931,053
Kenya Commercial Bank development a/c	3,017,052	138,966
<b>Others</b>		
Cash in hand		-
<b>Total cash and bank balances</b>	<b>11,763,298.48</b>	<b>5,070,019</b>

**16 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**16(a) CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>CURRENT RECEIVABLES</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Student debtors	62,050,211	37,244,619
Other debtors	30,000	31,000
<b>Total receivables from exchange transactions</b>	<b>62,080,211</b>	<b>37,275,619</b>

**16(b) LONG- TERM RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>NON-CURRENT RECEIVABLES</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Refundable deposits	291,000	
Total non – current receivables	291,000	
<b>Total receivables</b>	<b>62,371,211</b>	<b>37,275,619</b>

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**17 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<b>Receivables from non-exchange transactions</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Rabia Technical Training Institute		-
Magarini Technical Training Institute	10,595,619	7,595,619
<b>Total receivables from non-exchange transactions</b>	<b>10,595,619</b>	<b>7,595,619</b>

**18 INVENTORY**

<b>Inventory</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Library books	3,062,060	363,287
<b>Total Inventory</b>	<b>3,062,060</b>	<b>363,287</b>

**19 INTANGIBLE ASSETS**

<b>Intangible assets</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Intangible assets</b>		
<b>Cost or valuation</b>		
At July	3,556,400	1,751,600
Additions		1,804,800
<b>At June 30</b>	<b>3,556,400</b>	<b>3,556,400</b>
<b>Amortization</b>		
At July	886,440	175,160
Charge for the year	711,280	711,280
<b>At June</b>	<b>1,597,720</b>	<b>886,440</b>
<b>Net book value</b>		
<b>At June 30</b>	<b>1,958,680</b>	<b>2,669,960</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20 PROPERTY, PLANT AND EQUIPMENT**

	Land	Plant & equipment	Buildings	Motor vehicle	Computers	Furniture, fittings, and equipment	Work in progress	Total
<b>Cost or valuation</b>								
At July 1, 2021	1,100,000	140,000	394,674,238	4,800,000	6,607,100	25,610,702	21,149,676.76	455,066,990
Additions	-	-	-	-	1,050,000	-	9,426,255.24	10,476,250
<b>At June 30, 2022</b>	<b>1,100,000</b>	<b>140,000</b>	<b>394,674,238</b>	<b>4,800,000</b>	<b>7,657,100</b>	<b>25,610,702</b>	<b>30,575,932</b>	<b>465,543,240</b>
<b>Depreciation</b>								
At July 1, 2021	-	17,500	23,969,193	600,000	2,973,987	10,355,636	-	37,916,316
Charge for the year	-	17,500	7,893,485	600,000	2,297,130	3,419,963	-	14,228,078
<b>At June 30, 2022</b>	<b>-</b>	<b>35,000</b>	<b>31,862,678</b>	<b>1,200,000</b>	<b>5,271,117</b>	<b>13,775,599</b>	<b>-</b>	<b>52,144,394</b>
<b>Net book value</b>								
At June 30, 2022	1,100,000	105,000	362,811,560	3,600,000	2,385,983	11,835,103	30,575,932	412,413,578
At June 30, 2021	1,100,000	122,500	370,705,045	4,200,000	4,683,113	15,255,066	11,067,475	406,083,199

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**21 PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

<b>payables from non exchange transactions</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Retention Money	4,819,421	6,058,654
With-Holding VAT	96,960	96,960
With-Holding TAX	240,528	239,917
Retention Money Mwashua Enterprises Ltd	655,455	655,456
<b>Total payables from non exchange transactions</b>	<b>5,812,364</b>	<b>7,050,987</b>

**22 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Trade and other Payables from exchange transactions</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade creditors	313,422	
Prepayments	2,992,616	
Uncredited Receipts A/c	133,930	138,930
<b>Total Trade and other payables from exchange transactions</b>	<b>3,439,968</b>	<b>138,930</b>

**23 REFUNDABLE DEPOSITS FROM CUSTOMERS**

<b>Refundable deposits from customers</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Caution money	291,000	42,400
<b>Total refundable deposits from customers</b>	<b>291,000</b>	<b>42,400</b>

**24 FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24 FINANCIAL RISK MANAGEMENT (Continued)**

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

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

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

	Fully Performing Kshs	Past due Kshs	Impaired Kshs	Total amount Kshs
<b>At 30 June 2022</b>				
Receivable from exchange transactions	62,371,211			62,371,211
Receivable from non- exchange transactions	10,595,619			10,595,619
Bank Balances	11,763,298	-	-	11,763,298
<b>Total</b>	<b>84,730,128</b>	-	-	<b>84,730,128</b>
<b>At 30 June 2021</b>				
Receivable from exchange transactions	37,275,619	-	-	37,275,619
Receivable from non- exchange transactions	7,595,619	-	-	7,595,619
Bank Balances	5,070,019			5,070,019
<b>Total</b>	<b>49,941,257</b>	-	-	<b>49,941,257</b>

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

The entity has significant concentration of credit risk on amounts due from Student balances.

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

**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24 FINANCIAL RISK MANAGEMENT (Continued)**

**(ii) Liquidity risk management (continued)**

Within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total amount Kshs
<b>At 30 June 2022</b>				
Trade and other payables from exchange transactions	3,439,968	-	-	3,439,968
Payables from non-exchange transactions	5,812,365	-	-	5,812,365
Refundable deposits from customers	291,000			291,000
<b>Total</b>	<b>9,543,333</b>	<b>-</b>	<b>-</b>	<b>9,543,333</b>
<b>At 30 June 2021</b>				
Trade and other payables from exchange transactions	7,189,917	-	-	7,189,917
Payables from non-exchange transactions				
Refundable deposits from customers	42,400	-	-	42,400
<b>Total</b>	<b>7,232,317</b>	<b>-</b>	<b>-</b>	<b>7,232,317</b>

**(iii) Market risk**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24 FINANCIAL RISK MANAGEMENT (Continued)**

**iv) Capital Risk Management**

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

	2021-2022	2020-2021
	Kshs	Kshs
Accumulated surplus	<b>97,844,417</b>	57,048,690
Capital Fund	394,776,696	394,776,696
Total Funds	<b>492,621,113</b>	<b>451,667,387</b>
Less: Cash and Bank balances	(11,763,298)	(5,070,019)
Net debt(excess cash and cash equivalent)	(11,763,298)	<b>(5,070,019)</b>
Gearing	<b>Nil</b>	<b>Nil</b>

**25 RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

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

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



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25 RELATED PARTY BALANCES (CONTINUED)**

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

	2021-2022	2020-2021
	Kshs	Kshs
i) Board members emoluments	500,000	406,800
ii) <i>Grants from the Government</i>		
<i>Operational Grants from National Govt</i>	16,800,000	15,930,000
iii) <i>Due from Related Parties</i>		
iv) <i>Receivables from mentored TTI's</i>	10,595,619	7,595,619
v) <i>Due to Related Parties</i>		
<i>Payables to mentored TTI's</i>	9,426,250.24	-

**26 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There were no contingencies during the year.

**27 EVENTS AFTER THE REPORTING PERIOD**

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

**28 ULTIMATE AND HOLDING ENTITY**

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

**29 ULTIMATE AND HOLDING ENTITY**

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

**30 CURRENCY**

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

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**APPENDIX III: INTER-ENTITY TRANSFERS**

	<b>ENTITY NAME:</b>	GODOMA TECHNICAL TRAINING INSTITUTE		
	<b>Breakdown of Transfers from the State Department of Technical and Vocational Education and Training</b>			
	<b>FY 2021/2022</b>			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KSh)</u>	<u>Indicate the FY to which the amounts relate</u>
		18 Nov 2021	5,392,500	FY 2021/2022
		02 March 2022	5,392,500	FY 2021/2022
		03 June 2022	6,015,000	FY 2021/2022
		<b>Total</b>	<b>16,800,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

**Finance Manager**  
**Godoma Technical Training Institute**

**Head of Accounting Unit**  
**Ministry of Education**

Sign: .....  .....

Sign: .....