


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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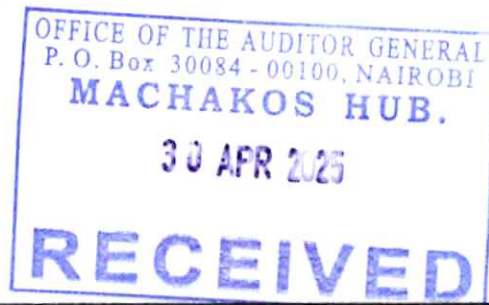
OF

THE AUDITOR-GENERAL

ON

**TSEIKURU TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



TSEIKURU TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

The *institution* was incorporated/ established under the TVET Act on January, 2016. The entity is domiciled in Kenya. The institute is under the Ministry of Education

(b) Principal Activities

Mandate

Provide Technical, Vocational Education and Entrepreneurship Training geared towards Self-Reliance to meet the Labour Market needs.

Vision Statement

A Centre of Excellence in technological training and innovation.

Mission Statement

To offer world class quality and relevant technological training that develops talents, skills attitudes and nurtures creativity in partnership with industry

Core values

- Customer satisfaction
- Courtesy and confidentiality
- Quality Service Delivery
- Teamwork and collaboration
- Honesty and Integrity
- Professionalism
- Innovation and creativity

Institute Motto

Quality training for skills acquisition

Objectives

1. To enhance access and equity in Technical Vocational Education and Training (TVET)
2. To promote institutional corporate governance
3. To enhance skills and expertise in Technical Vocational Education and Training (TVET) courses

4. To Create collaborations and linkages with labour markets and partners
5. To promote optimistic attitude towards science, technical and research

(c) Key Management

The Institute Day-day management is under the following key organs:

- i. The principal
- ii. Deputy principal
- iii. Registrar
- iv. Dean of students
- v. Finance officer
- vi. Procurement office

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Kariuki G Kiarie
2	Deputy principal	Meshach Munyithya Mwithui
3	Registrar	Johnson Wambua
4	Dean of students	Stephen K Musyoka
5	Head of Finance	Joel Kyatha Zakayo
6	Head of Procurement	Phoebe K Musyoki

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance committee of the BOG

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

Terms of Reference

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

1. To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
2. To receive reports from the Principal and the Finance Officer.
3. To monitor implementation of the strategy for the Institute estate.
4. To receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
5. To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
6. To determine the fees and charges made for Institute services and facilities.
7. To supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
8. To supervise the arrangements for safeguarding the Institute's assets.
9. To ensure the proper financial evaluation and control of projects.
10. To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
11. To ensure the appropriate exploitation of the Institute's intellectual property.
12. To make recommendations to Board of Governors on the financing of projects.
13. To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
14. To supervise the Institute's purchasing procedures and practices.
15. To submit an annual statement on its activities to Board of Governors.
16. To keep under review the activities of the Institute's various department

Academic committee activities

The academic committee of the Board is entrusted with the following roles and functions:

- a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
- b. To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
- c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
- d. To approve programs of study, regulate admission of persons to TSKTTI and determine their continuance or discontinuation in such programs.
- e. To determine the Academic policy of TSKTTI and to advise the Board on the provision of facilities to carry out that policy,
- f. To direct and regulate the teaching and instruction within the Institute subject to the powers of the Board.

Management Committee Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that TSKTTI'S Board of Governors is able to take strategic decisions relating to TSKTTI's activities
- 2) Provide leadership in communicating TSKTTI's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of TSKTTI's strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of TSKTTI's activities.

Specifically, the Senior Management Team:

- 1) Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic Framework;
- 2) Agrees TSKTTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.

- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of TSKTTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
- 5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
- 6) Oversees and monitors TSKTTI's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing TSKTTI staff to deliver the highest standards of performance and customer service.

Audit Committee

The activities of the Audit Committee include:

1) Governance initiatives:

Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.

2) Risk management:

Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.

3) Internal control framework:

Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

4) Audit activity:

Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.

5) **Follow up on management action plans:**

The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

6) **Financial statements and public accountability reporting:**

The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of the Auditor general.

(f) Entity Headquarters

P.O. Box 753-90400
Tseikuru Technical Training Institute Building
Mwingi-Kyuso-Tseikuru Road
Mwingi, KENYA

(g) Entity Contacts

TSEIKURU TECHNICAL TRAINING INSTITUTE

P.O. Box 753-90400
Mwingi, Kenya
Telephone: 0714153024
E-mail: tseikurutti.tsk@gmail.com

(h) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

KCB –Kyuso Branch
A/C NO: 1177500035
: 1178879798

(i) Independent Auditors

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


Key Entity Information and Management (Continued)

(j) Principal Legal Adviser

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

3.The Board of Governors

S.N	Governor	Title	Photograph	Responsibility	Date of birth qualifications and work experience
1	Mulaimu Mavusyu	Chairman		Overall management of the board of governors activities	<p>D.O.B:1962</p> <p>Academic Qualifications.</p> <p>1986 - Bachelor of Commerce</p> <p>Work Experience</p> <p>Jan 2019-Feb 2022 - Director of Internal Audit - Narok County</p> <p>Sept 2017- Jan 2019 - Chief Revenue Officer</p> <p>Feb 2015- Feb 2017 - Head of Internal Audit -Narok County</p> <p>June 2014- Dec 2014 - Commercial Director and Consultant- Smart Logistic Solution Ltd</p> <p>May 2013- April 2014 - Consultant- Mamba Group of Hotels</p> <p>2011-2012 - Accountant and Administrator-Scott Christian University (Former Scott Theological College).</p> <p>2003 – 2007 - Chief Accountant/Head of Accounting Unit, Pensions Department –Ministry of Finance (Gok.</p>


					<p>1993 – 2003 - District Accountant/Head of Accounting Units – Kwale, Kiambu and Nyeri.</p> <p>1987 – 1993 - District Treasury - In Garissa And Machakos</p>
2	Kariuki G. Kiarie	Principal/secretary, BOG		<p>In charge of the overall management of the institute</p>	<p>Date of birth: 1972</p> <p>Academic Qualifications.</p> <ul style="list-style-type: none"> ▪ 2015- University Of Eldoret, Eldoret - Med (Technology) – on going ▪ 1993 - 1997: Moi University, Eldoret– Bed (Technology), 2nd Class Upper Division, 1997 <p>Work Experience</p> <p>1997-1998 – Supervisor/Workshop Foreman – Kamihuri Hardware Workshop</p> <p>1998-2000 – Trainer/Lecturer – Kitale Technical Training Institute</p> <p>200-2005 – Lecturer/HOS Automotive Section – Kitale Technical Training Institute</p> <p>Mar – July 2005 – Lecturer/Deputy HOD Mechanical Engineering Department – Kitale Technical Training Institute.</p>

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					<p>2005-2018 – HOD Mechanical Engineering Department – Kitale Technical Training Institute.</p> <p>2018-2020 – Deputy Principal Academic – Kitale Technical Training Institute</p> <p>Sept – Nov 2020 – Deputy Principal Administration – Kitale Technical Training Institute.</p> <p>Feb 2021 – To date – Principal – Tseikuru Technical Training Institute</p>
3	Charles Gitau Mwaniki	Member		Independent member	<p>Date of Birth: 17th JULY 1958.</p> <p>Academic Qualifications.</p> <ul style="list-style-type: none"> ▪ Masters in Educational Planning, Management

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				<p>& Administration at Mount Kenya University (Kenya) 2016.</p> <ul style="list-style-type: none"> ▪ Bachelor of Education (ARTS): University of Nairobi (Kenya) 1981 <p>Work Experience</p> <ul style="list-style-type: none"> • UNESCO-IIEP-Consultant • Ministry of education- Senior assistant director of education, Assistant director quality assurance • Teacher training college (Kigari & Muranga)-Principal lecturer • Secondary schools- D/Principal
4	Idah Silas Mkvavale	Member		<p>Date of Birth: 23rd December, 1969</p> <p>. Academic Qualification</p> <ul style="list-style-type: none"> ▪ PhD- Sustainable Development (Development Studies)- Masinde Muliro University of Science & Technology-2017 ▪ Masters-Sociology (Development Studies), University of Nairobi -2007

				<ul style="list-style-type: none"> ▪ Bachelor's Degree in Fine Art and Design Education- Kenyatta University-1991 <p>Work Experience</p> <p>December 2017-December 2021, Lead Consultant - Critical Path Kenya Ltd</p> <p>April 2013-December 2017, Economic Advisor - County Government of Vihiga</p> <p>2010-2013, County Project Coordinator (CPC) - World Bank/Kenya Government</p> <p>2008-2010, Community Driven Development Officer - World Bank/Kenya Government</p>
5	Willy Rotich	Member		<p>D.O.B.09/09/1973</p> <p>QUALIFICATIONS</p> <p>MBA-Operations Management</p> <p>B.E.D-Tour PMU</p> <p>Dip in Technical Education</p> <p>EXPERIENCE</p> <p>Lecturer</p> <p>Eldoret Polytechnic-9years</p> <p>Business main Consultancy to date</p>

6	Michael Mwinzi Mwendwa	Mem ber		<p>D.O.B:1979</p> <p>Academic Qualifications.</p> <ul style="list-style-type: none"> ▪ Msc in Procurement and Contract – Jomo Kenyatta University of Agriculture and Technology 2 – 2015 -2019 ▪ Bachelor of Arts (Building Economics) University of Nairobi (Kenya) 1999 -2003 <p>Work Experience</p> <p>2015 – to date - Assistant Director, Metropolitan Social Infrastructure – Housing and Urban Department.</p> <p>2013 – 2015 – Ministry of Lands, Housing and Urban Development.</p> <p>2005 = 2013 – Ministry of Local Government – Urban Development Department</p>
7	Mrs. Christina Wayua Mwanzia.	Mem ber		<p>D.O.B.6th April, 1962</p> <p>Academic Qualifications.</p> <ul style="list-style-type: none"> ▪ Bachelor of Education ARTS <p>Work Experience</p> <p>1995-2008 Principal, Kimangao Girls Secondary School</p> <p>2009-2020 Chief Principal, Thitani Girls Secondary School.</p>



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8	Josephine Ayienda	Mem ber		Indep enden t memb er	D.O.B: 23-6-1991 Qualifications - Master of Science Distributed Computing and Technology (Cyber Security) - Bachelor of Science Software Engineering Work experience -Lixnet Technologies-Project manager
9	John Wamae	Count y Direct or		PS SD- VTT Repre sentat ive	D.O.B.1969 Qualifications MSC – Applied statistics

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4. Key Management Team

1. PASSPORT, NAME & QUALIFICATION	DESIGNATION
<p>MR. KARIUKI G KIARIE</p>  <p>Qualifications Bachelor degree in Technology Education(Mechanical Engineering)</p>	PRINCIPAL
<p>2. MR. MESHACH MUNYITHYA</p>  <p>Qualifications Bachelor of Education- Technology (electrical & electronics)</p>	D/PRINCIPAL

3.MR. JOHNSON WAMBUA



REGISTRAR

Qualifications

Bachelor of Education-Technology

4.MR. STEPHEN KIMEU MUSYOKA



DEAN

Academic Qualifications.

BSc (Mathematics and Computer Science - Jomo
Kenyatta University of Agriculture & Technology —
School of Mathematical Sciences (SMS)

5.MR. JOEL KYATHA ZAKAYO



Qualifications

CPA(K)

Bachelor of Commerce (in progress)

FINANCE OFFICER

6.PHOEBE K MUSYOKI



Qualifications

Diploma in Supply chain management

PROCUREMENT OFFICER

5. Chairman's Statement

TSK Technical Training Institute was established as a TVET Institution in 2016. The aim was to offer technical courses to Form Four leavers. The institute offers business and technical courses. It is managed by a Board of Governors and the government provides lecturers in the various fields of study.

It has been noted that the expected growth in students' enrolment at TSK TTI, and with regard to the national/global trends in education, research and technology the founders' vision has not been realized.

This Board is inaugural being the 3rd after the Institute was opened. I appreciate the financial support given by the Government in the form of recurrent and development grants that has seen us achieve some notable development.

In 2022/23 the Board was able enhance development in the area of infrastructure, It started with the construction of the ladies hostels which was in progress as at 30th June 2023. The institute has also finalised the procurement process of the institute bus and the driving school van.

However, the government financial support is declined thus making the operations difficult. The Institute is in a semi-arid zone making the provisions of services quite difficult. We are struggling with the challenges of water and accommodation.

As per our Strategic Plan Tseikuru TTI is determined to become a centre of excellence in TVET training in the Lower Eastern and beyond.


MULAIMU MAVUSYU
BOG CHAIRMAN

6. Report of the Chief Principal

Tseikuru Technical Training Institute began operating in January 2016.

We have tried our best to objectively align our core functions and objectives so that we become an integral part of the whole nation in realization of Vision 2030.

Our vision 'to be a centre for excellence in technology and Research in Kenya and beyond' is our driving force to spur skills into economic competitiveness and as one of our pillars in the vision 2030.

In recognition of the important role that TSK TTI plays in the Lower Eastern Region and beyond, we have set out our strategic plan aimed at providing competent craftsmen and technicians for the industry and self-employment. It's our obligation to have an impact in solving our social-economic and environmental challenges by applying science and technology.

For a long time TVET institutions have had their books of accounts audited by the Kenya schools audit department until June 2019 when a circular from the Ministry instructed that the work would be taken over by the office of the auditor general.

It is our vision that through maximum utilization of school fees, production units, Government grants and other funds from development partners, we shall greatly improve the institute's infrastructure and human capacity. This will facilitate tremendous expansion for more programs. It is our vision that TSK TTI is going to become a Technical University in the future.



OMWAMBA NAFTAL

PRINCIPAL/SECRETARY BOG

7. Statement of Performance against Predetermined Objectives

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

Tseikuru Technical Training Institute has *three* strategic pillars and objectives within its Strategic Plan for the FY 20/21- 24/25. These strategic pillars are as follows:

Pillar 1: Access and equity

Pillar 2: Corporate governance

Pillar 3: Public, Private partnerships

Tseikuru Technical Training Institute develops its annual work plans based on the above *three* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Institute* achieved its performance targets set for the FY 22/23 period for its three strategic pillars, as indicated in the diagram below:

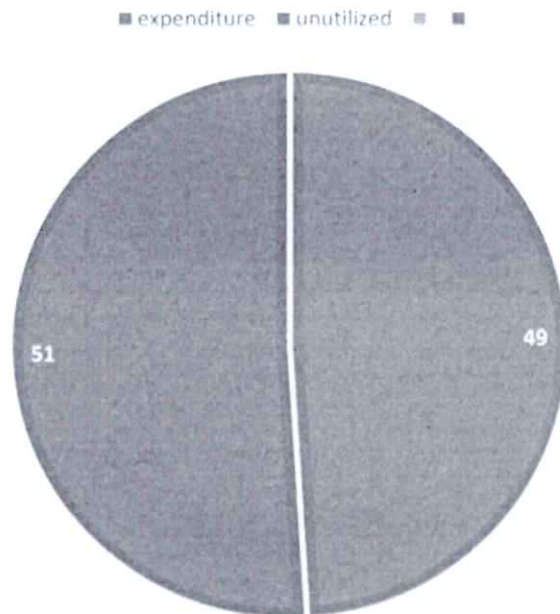
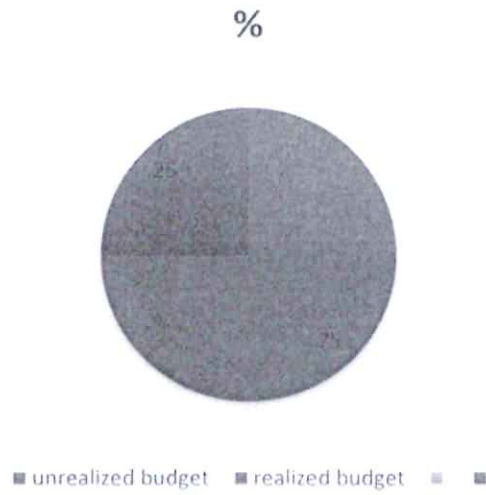
Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Access and equity	To promote access and equity with focus to youth, women and PLWDS	<ul style="list-style-type: none"> Access to loans, bursaries and sponsorships Application of modern techniques in teaching 	<ul style="list-style-type: none"> Increase access to relevant TVET education Enhance quality of curriculum delivery 	<ul style="list-style-type: none"> Increase access to TVET program Improve training methods
Pillar 2:	Corporate governance	To enhance inclusivity in institutional corporate governance	<ul style="list-style-type: none"> Involvement of both BOG and management in key 	<ul style="list-style-type: none"> Provide leadership in making key 	<ul style="list-style-type: none"> Prudent results

			decision-making process	strategic decisions	
Pillar 3:	Public, private partnerships	To encourage collaboration and linkages with County Government and stakeholders	<ul style="list-style-type: none"> • Lobby for bursaries from the county government kit • Create opportunities for provision of products and services mutual to all players. 	<ul style="list-style-type: none"> • Collaborate with County Government in ensuring that youth access TVET. • Partner with industry on areas of research, job absorption and attachments 	<ul style="list-style-type: none"> • Higher access to TVET • Efficient trainers equipped with skills

Budget Achievement

Tseikuru technical training institute had a budget of kshs**57,537,067** in F/Y 2022/23. The institute managed to realise kshs**14,380,658** which translate to **25%** of the total budget. The institute spends kshs**28,384,288** of the realised amounts which translates to approximately 49% of the budget amount.

Realization of budget



8. Corporate Governance Statement

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the institute. The board consists of nine members. The Boards of Governors for **TSEIKURU TECHNICAL TRAINING INSTITUTE** serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

ii. Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

- a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;
- c) Administering and managing the property of the institution;
- d) Developing and implementing the institutions' strategic plan;
- e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- h) Mobilizing resources for the institutions;
- i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- k) Approving collaboration or association with other institutions and industries in and outside Kenya
- l) Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;

- m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- n) Making regulations governing organization, conduct and discipline of the staff and students;
- o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- p) Providing for the welfare of the students and staff of the institutions;
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- r) Discharging all other functions conferred upon it by this Act or any other written law.

iii. Board of Governors Allowances

The institute gives sitting allowances to board members to cater for their transport.

iv. Meetings

- a. Full board meetings - are held once every term and
- b. board committee meetings- once every term

v. Number of Board members

During the period under audit, the institute had nine board members inclusive of the principal who is secretary to the board.

9. Management Discussion and Analysis

i) Operational Performance;

Management has worked hard to make living of the students in the institute easy by working so hard to see if they can get more hostels for both ladies and men.

ii) Financial Performance

The entity is fairly stable financially. It operates on fees received from students, G.O.K capitation, NYS, and H.E.L.B Funds.

iii) Institute's compliance with statutory requirements

The institute complies with making statutory payments before the relevant deadlines. The institute workers' pay PAYE Tax as generated on the I-tax portal.

Major risks facing the entity

Land encroachment – the institutes land has been encroached by some people surrounding the institute.

Key projects and investments decisions the entity has implemented/ongoing

- Purchase of the Institute bus
- Purchase of a driving school van
- Construction of hostels

10. Environmental and Sustainability Reporting Statement

Tseikuru Technical Training Institutes exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a) Sustainability strategy and profile -

Economic sustainability embraces general aspects of an organisation that have to be respected. The use of such generic aspects seems meaningful, as good results in these aspects are likely to lead to good financial and sustainability results of the institute. The management of the institute has developed the following sustainability strategies:

- Innovation and Technology
- Collaboration-good cooperation and collaboration with other institutions, county government and other stakeholders.
- Sustainability reporting. -the institute reports sustainability issues within the institute's report separately or incorporated in the integrated institutes report

b) Environmental performance

The environmental impact of an organization is an important factor in evaluation of a given corporate's level of social responsibility. Deficiency in public awareness of the importance of the environment is the main causes of the low social responsibility among the institution.

The environmental performance of food firm exerts influence on the corporate social responsibility.

c) Employee welfare

Tseikuru Technical Training Institutes Seeks to improve the welfare of its employees through:

- Increased organisational citizenship behaviours and improved employee relationships
- Enhanced employee identification with the organization
- Improved retention and organizational commitment
- More attractive institution culture to prospective employees
- Better employee engagement and performance
- Increased creativity

Tseikuru Technical Training Institutes is an equal employer were all the applicants have equal chances of been employed irrespective of their gender, tribe or religion. The institutes ensure

gender ratio any time recruitment is taking place. There is a standardised appraisal and rewarding system which applies to all employees within the institute.

Tseikuru Technical Training Institutes discloses its safety policy and compliance with occupational safety and healthy Acts of 2007, (OSHA)

d) Market place practices-

Tseikuru Technical Training Institutes maintains corporate social responsibility in the market place practices through: -

The institute and the suppliers take responsibility to do no harm to the environment, to reduce waste and pollution as well as complying with the government regulations. In order to stay away in the competition, the institute determines its strategies and plan their relevant activities

e) Corporate Social Responsibility /Community Engagements-

Tseikuru Technical Training Institutes seeks and maintain important links with the community. The institute combine with the public, business and civil constituencies who engage in voluntary, mutual beneficial, innovative relationships to address common societal aims through combining their resources and competencies.

Tseikuru Technical Training Institutes engage in community developments as follows;

- Training of community professionals in computer support and maintenance
- Students performs voluntary projects during vacations to the community where they share experiences, knowledge and sustainable practices within the community.
- Students support vulnerable communities in the development and improvement of their housing spaces
- Implementation of a community engagement programme to empower jobless youth

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023 which shows the state of the *institute's* affairs.

Principal activities

The core mandate of the Institute is providing knowledge and skills to the people of the larger KITUI County and beyond.

The Mandate of **Tseikuru Technical Training Institute** is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

Results

The results of the entity for the year ended June 30th 2023 are set out on Page 1-5

Council/Board of Governors

The members of the Board /Council who served during the year are shown on pages (vii) to (xviii).

Auditors

The Auditor General is responsible for the statutory audit of **Tseikuru Technical Training Institute** in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

12. Statement of Board of Governors Responsibilities

The BOG members are responsible for the preparation and presentation of **Tseikuru Technical Training Institutes** financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year (period) ended on June 30, 2023. The BOG 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 institute;
- 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) Safe guarding the assets of the *Institute*;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

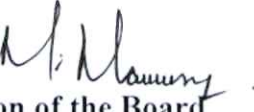
The BOG members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the TVET Act 2013*). The BOG members are of the opinion that the *institute's* financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2023, and of the *institute's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *institute*, which have been relied upon in the preparation of the *institute'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 *entity's* financial statements were approved by the Board on **28TH April 2025** and signed on its behalf by:


Name: **Mulaimu Mavusyu**

Signature 
Chairperson of the Board

Name: **Omwamba Naftal**

Signature 
Accounting Officer/Principal

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON TSEIKURU TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Tseikuru Technical Training Institute set out on pages 1 to 77 which comprise of statement of financial position as at 30 June, 2023,

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, have been audited on my behalf by MGI Alekim LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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 Tseikuru Technical Training Institute as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.3,123,125 as disclosed in Note 28 to the financial statements. Review of documents revealed that total capitation receivable for the year was Kshs.8,160,000 and the grants receivable was Kshs.2,000,000 totalling Kshs.10,160,000. During the year the Institute received Kshs.4,371,000 as transfers from other National Government entities resulting in an outstanding receivable balance of Kshs.5,789,000. The amount differs with the balance of Kshs.3,123,125 as disclosed in the financial statement resulting to unexplained variance of Kshs.2,665,875.

In the circumstances, the accuracy and completeness of the receivables from non-exchange transactions balance of Kshs.3,123,125 could not be confirmed.

2. Inaccuracies in Revaluation Reserves and Accumulated Funds

The statement of changes in net assets reflects the closing balances on revaluation reserves and accumulated funds as at 30 June 2022 of Kshs.461,811,885 and Kshs.(25,319,802) respectively. However, the opening balances on 1 July 2022 for the year under review was Kshs.409,676,345 and Nil balance for revaluation reserve and accumulated funds resulting to unexplained variances of Kshs.52,135,540 and Kshs.25,319,802 respectively.

In the circumstances, the accuracy and completeness of the opening balances on revaluation reserves and accumulated funds of Kshs.461,811,885 and (Kshs.25,319,802) respectively could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Tseikuru Technical Training Institute Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical

requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.57,537,067 and Kshs.14,380,658 respectively resulting to under-funding of Kshs.43,156,409 or approximately 75% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the report on Financial Statements, Report on lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of internal Controls, risk Management and Governance which have remained unresolved as at 30 June, 2023.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the Institute was thirty-six (36) employees out of which twenty-three (23) or approximately 64% were members of the dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

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

2. Failure to Comply with National Industrial Training Authority (NITA) Regulations

Review of the employee costs records revealed that the Institution did not remit NITA levy to the Commissioner General of Kenya Revenue Authority (KRA) for the whole year. This is contrary to Section 5B (3) of the Industrial Training (Amendment) Act, 2022 which stipulates that an employer shall pay the training levy to the Commissioner General at the time when an employee's salary is payable and shall be remitted to the Commissioner General not later than the fifth day of the month following the month in which the levy becomes due.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and an Audit Committee

The Institute has not established an internal audit function and an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee. As such the Institute did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the existence of an effective system of internal controls could not be confirmed.

2. Ineffective Human Resource Management Function

Review of documents revealed that the Institute has a Human Resource Policy, which is not operationalized. Further, there was no human resource function in place to carry out functions related to personnel management, recruitment and governance. In addition, the Institute has not yet established a code of ethics within which the employees are to operate.

In the circumstances, the existence of effective human resource management measures could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit 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 the Management and Those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are 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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

Nairobi

30 April, 2025

14. Statement of Financial Performance for the Year Ended 30 June 2023

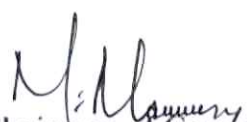
	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	5(i)	10,160,000	7,900,000
Grants from donors and development partners		-	-
Transfers from other levels of government		-	-
Public contributions and donations		-	-
		10,160,000	7,900,000
Revenue from Exchange transactions			
Rendering of services- fees from students	9(i)	10,878,700	31,374,020
Sale of goods		-	-
Rental revenue from facilities and equipment	11	30,000	-
Finance income		-	-
Miscellaneous income	13	7,000	2,000
Revenue from Exchange transactions		10,915,700	31,376,020
Total Revenue		21,075,700	39,276,020
Expenses			
Use of goods and services	14(i)	20,322,982	27,164,543
Employee costs	15(i)	7,522,130	8,551,663
Board Expenses	16	1,550,561	3,227,700
Depreciation and amortization expense	17	20,182,431	20,055,136
Repairs and maintenance	18	1,519,857	5,129,079
Contracted services		-	435,650
Grants and subsidies		-	-
Finance costs	21	35,280	32,051

Tseikuru Technical Training Institute
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Total Expenses		51,133,241	64,595,822
Other Gains/(Losses)			
Gain on sale of assets		-	-
Gain/ Loss on fair value of investments		-	-
Impairment loss		-	-
Total Other Gains/(Losses)		-	-
Net surplus/(deficit) for the year		(30,057,541)	(25,319,802)

(The notes set out on pages 13 to 71 form an integral part of the Annual Financial Statements).


The Financial Statements set out on pages 1 to 12 were signed by:


Chairman of Council/Board

Date 28.04.2025


Finance Officer
ICPAK No 26036

Date 28.04.2025


Principal

Date 28.04.2025

15. Statement of Financial Position as At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	26	2,574,449	37,566,904
Current portion of receivables from exchange transactions	27(a)	3,583,344	1,387,000
Receivables from non-exchange transactions	28	3,123,125	1,702,875
Inventories	29	260,500	354,924
Investments in financial assets		-	-
Total Current Assets		9,541,418	41,011,703
Non-Current Assets			
Long term receivables from exchange transactions		-	-
Investments		-	-
Property, plant, and equipment	31	412,433,871	433,869,010
Intangible assets	32	2,852,027	3,565,034
Investment property		-	-
Biological Assets		-	-
Total Non-Current Assets		415,285,898	437,434,044
Total Assets		424,827,316	478,445,747
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	35	2,708,512	1,953,664


Tseikuru Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Refundable deposits from customers		-	-
Current provisions		-	-
Finance lease obligation		-	-
Deferred income		-	-
Employee benefit obligation		-	-
Payments received in advance		-	-
Current portion of borrowings		-	-
Social Benefits		-	-
Total Current Liabilities		2,708,512	1,953,664
Non-Current Liabilities			
Finance lease obligation		-	-
Deferred income-mentee funds	39	42,500,000	40,000,000
Non-Current Employee Benefit Obligation		-	-
Non-Current Provisions		-	-
Non- Current Borrowings		-	-
Service Concession Liability		-	-
Social benefits		-	-
Total non- current liabilities		42,500,000	40,000,000
Total Liabilities		45,208,512	41,953,664
Net Assets		379,618,804	436,492,083
Revaluation Reserves		409,676,345	461,811,885
Accumulated Surplus		(30,057,541)	(25,319,802)
Capital Fund			
Total Net Assets and Liabilities		379,618,804	436,492,083

The Financial Statements set out on pages 1 to 12 were signed by:


Chairman of
Council/Board


Finance Officer


Principal

ICPAK No 26036

Date 28.04.2025

Date 28.04.2025

Date 28.04.2025

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021				
Revaluation gain	461,811,885	-	-	461,811,885
Surplus/(deficit) for the year	-	(25,319,802)	-	(25,319,802)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2022	461,811,885	(25,319,802)	-	436,492,083
At July 1, 2022	409,676,345			409,676,345
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(30,057,541)	-	(30,057,541)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	409,676,345	(30,057,541)	-	379,618,804

Tseikuru Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	5(ii)	4,371,000	4,732,500
Grants from donors and development partners		-	-
Transfers from other levels of government		-	-
Public contributions and donations		-	-
Rendering of services- fees from students	9(ii)	9,972,658	36,381,833
Sale of goods		-	-
Rental revenue from facilities and equipment	11	30,000	-
Finance income		-	-
Miscellaneous income	13	7,000	2,000
Total Receipts		14,380,658	41,116,333
Payments			
Use of goods and services	14(ii)	17,888,630	26,426,475
Employee costs	15(ii)	7,752,130	8,529,583
Board Expenses	16	1,550,561	3,227,700
Repairs and maintenance	18(ii)	1,157,687	4,941,129
Contracted services		0	435,650
Finance cost	21	35,280	32,051
Grants and subsidies		-	-
Total Payments		28,384,288	43,592,588
Net Cash Flows from operating activities	46	(14,003,630)	(2,476,255)
Cash flows from investing activities			

Tseikuru Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
Purchase of property, plant, equipment and intangible assets		(20,988,825)	(4,653,510)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		(34,992,455)	(37,413,339)
Cash and Cash equivalents at 1 JULY	26	37,566,904	74,980,243
Cash and Cash equivalents at 30 JUNE	26	2,574,449	37,566,904

18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparative basis	Percentage difference etc.	Variance Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	38,815,940	(12,118,873)	26,697,067	4,371,000	22,326,067	84%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other levels of government	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- fees from students	49,692,000	(19,682,000)	30,010,000	9,972,658	20,037,342	67%
Sale of goods	600,000	200,000	800,000	-	800,000	-
Rental revenue from facilities and equipment	-	-	-	30,000	(30,000)	-
Finance income	-	-	-	-	-	-
Miscellaneous Income	10,000	20,000	30,000	7,000	23,000	77%
Total Income	89,117,940	(31,580,873)	57,537,067	14,380,658	43,156,409	
Expenses						
Use of goods and services	41,322,905	(13,760,998)	27,561,907	17,923,910	9,637,997	34%
Employee costs	10,474,080	(1,532,040)	8,942,040	7,752,130	1,189,910	13%
Board /Council Expenses	3,566,000	(1,266,000)	2,300,000	1,550,561	749,439	33%
Repairs and maintenance	7,499,573	(5,999,573)	1,500,000	1,157,687	342,313	23%
Contracted services	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Total Expenditure	62,862,558	(22,558,611)	40,303,947	28,384,288	11,919,659	

Surplus For the Period						
Capital Expenditure	26,255,382		17,233,120			

(Budget notes)

- **Over budgeting of receipts from transfers from other government entities/government grants-** According to paragraph 43 of the public financial management (National Government) regulations, 2015, the accounting officer is required to exercise adequate and realistic budgetary controls. Based on the above observations, the institute had budgeted to collect transfers from other government entities during the year under audit amounting to **ksh 26,697,067** but ended up collecting **kshs4, 371,000** hence under collection of **ksh 22,326,067**. In this case, under collection was as a result of the rapid growth in tvet enrolment numbers which made the government to cut down the amount expected per student per quarter and also not to submit the 4th quarter capitation to all tvets institutions due to its budget constraints. Similarly, the prevailing poor economic conditions in the country also affected the budgeted enrolment in the institute thus unable to achieve the budgeted receipts from government.
- **Over budgeting of receipts from students-** According to paragraph 43 of the public financial management (National Government) regulations, 2015, the accounting officer is required to exercise budgetary controls. During the year under audit, the management of the entity had budgeted to collect fees from students amounting **ksh 30,010,000** but end up collecting **ksh 9,972,658** hence under collection of **ksh 20,037,342**. In this case, the under collection was as results of low students **turn over** during the year's **admission calendar** due to **poor economic conditions in the country**. The abnormal inflation rate has affected the **economy** of our country thus leading to **lower admission** than the budgeted.
- **Over budgeting of expenditure on the use of goods and services-** According to paragraph 43 of the public financial management (National Government) regulations, 2015, the accounting officer is required to exercise budgetary controls. During the financial year under audit, the management of the institute proposed to spend **ksh27,561,907** on the use of goods and services but ended up spending **kshs17,923,910** hence a variance of **ksh 9,637,997**. Due to poor economic conditions in the country, the institute could not realize 100% of the budgeted amount thus cut down its operations due to budget constraints. This has resulted to spending less amount on the use of goods and services than the budgeted.
- **Over budgeting of expenditure on director's remuneration.** According to paragraph 43 of the public financial management (National Government) regulations, 2015, the accounting officer is required to exercise budgetary controls. During the financial year under audit, the management of the institute proposed to spend **ksh2,300,000** on directors' remunerations but ended up spending **ksh1,550,561** hence a variance of **kshs749,439**. **The** un utilized funds was as a result of the budget

constrains which lend the institute to scale down the number of board meetings for the financial year less than the budgeted.

- **Over budgeting of expenditure on Repairs & Maintenance expenses.** According to paragraph 43 of the public financial management (National Government) regulations, 2015, the accounting officer is required to exercise budgetary controls. During the financial year under audit, the management of the institute proposed to spend **ksh1,500,000** on repairs & maintenance expenses but ended up spending **ksh1,157,687** hence a variance of **kshs342,313**. The unutilized funds was as a results of the budget constrains which lend the institute to scale down the operations on repairs & maintenance

19. Notes to the Financial Statements

1. General Information

Tseikuru technical training institute was established by and derives its authority and accountability from **TVET Act No29 of 2013**. Tseikuru Technical Training Institute is under the Ministry of Education, State department of Technical and Vocational Training. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to Provide Technical, Vocational Education and Entrepreneurship Training geared towards Self-Reliance to meet the Labour Market needs.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *institute's* accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act No.18 of 24th July 2012, the State Corporations Act, the TVET Act 2013 and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2019 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</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"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>Tseikuru Technical Training Institute did not apply this standard in the preparation of the accounts under review.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</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</p>

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Standard	Effective date and impact:
	<p>information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>Tseikuru Technical Training Institute did not apply this standard in the preparation of the accounts under review.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial 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> <p><i>Tseikuru Technical Training Institute did not apply this standard in the preparation of the accounts under review.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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Standard	Effective date and impact:
	<i>Tseikuru Technical Training Institute did not apply this standard in the preparation of the accounts under review.</i>

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>Tseikuru Technical Training Institute did not apply this standard in the preparation of the accounts under review.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>Tseikuru Technical Training Institute did not apply this standard in the preparation of the accounts under review.</i></p>

Early adoption of standards

Tseikuru technical training institute did not early-adopt any new or amended standards in year 2023.

Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements

Summary of Significant Accounting Policies

Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on *11.06.2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded decline appropriations of *22,558,611* on the FY 2022/2023 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 7 under section 17 of these financial statements.

Taxes

Current income tax

The entity is exempt from paying taxes as per First schedule *Section 10 subsection (a) and (b)* of the 2010 *income tax* Act

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) 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 an 50-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).* 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.

c) Property, plant and equipment

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

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

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Intangible assets

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

either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The 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.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and

foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

i) 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.

j) Social Benefits

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Nature and purpose of reserves

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

l) 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.

m) 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.

n) 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.

o) Borrowing costs

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

p) Related parties

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 Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) 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.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

4. 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.

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.

The management of Tseikuru technical training institute sets provision for bad & doubtful debts as 5%.

Notes to the Financial Statements (Continued)

5. Transfers from other National Government entities

i) Actual revenue earned from government grants & subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants (272*30,000)	8,160,000	6,900,000
Operational Grant (4*500,000)	2,000,000	1,000,000
Unconditional Development grants	-	-
Other Grants	-	-
Total unconditional Grants	10,160,000	7,900,000
Conditional Grants amortised/ recognised in revenue		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-

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Learning Facilities Grant	-	-
Other Organizational Grants	-	-
Total Government Grants and Subsidies	10,160,000	7,900,000

ii) Actual revenue received from government grants & subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	3,371,000	4,732,500
Operational Grant	1,000,000	-
Unconditional Development grants	-	-
Other Grants	-	-
Total unconditional Grants	4,371,000	4,732,500
Conditional Grants amortised/ recognised in revenue		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Learning Facilities Grant	-	-
Other Organizational Grants	-	-
Total Government Grants and Subsidies	4,371,000	4,732,500

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of XX	-	-	-	-	-
XX Ministry	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

6. Grants from Donors and Development Partners

Description	2022-2023	2021-2022
	Kshs	Kshs
JICA- Research Grant	-	-
World Bank Grants	-	-
In-Kind Donations	-	-
Donations transferred to revenue-conditions met	-	-
Other Grants (specify)	-	-
Total Grants from Development Partners	-	-

(a) Reconciliations of grants from donors and development partners

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions Met - Transferred to Revenue	-	-
Conditions Yet To Be Met - Remain Liabilities	-	-

7. Transfers from Other Levels of Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer from County XX	-	-
Transfer from XX University	-	-
Transfer from XX Institute	-	-
Total Transfers	-	-

8. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Public Donations	-	-
Donations from Local Leadership	-	-
Donations from Religious Institutions	-	-
Donations from Alumni	-	-
Other Donations	-	-
Total Donations and Contributions	-	-

(Provide brief explanation for this revenue)

Notes to the Financial Statements (Continued)

9. Rendering of Services

i) Actual revenue earned from rendering of services

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees for self-sponsored (33*56,420)	1,861,860	2,313,220
Fees for kuccps sponsored (272*26,420)	7,186,240	6,076,600
Nys sponsored students (101,700*18)	1,830,600	22,984,200
Total Revenue from The Rendering of Services	10,878,700	31,374,020

ii) Actual revenue received from rendering of services

Description	2022-2023	2021-2022
	Kshs	Kshs
HELB Loans/bursaries	1,840,200	2,672,200
Fees	6,301,858	5,430,733
Nys sponsored students	1,830,600	28,278,900
Total Revenue from The Rendering of Services	9,972,658	36,381,833

10. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Books	-	-
Sale of Publications	-	-
Sale of Farm Produce	-	-
Cafeteria sales	-	-
Other sales (specify)	-	-
Total Revenue from Sale of Goods	-	-

(Provide brief explanation for this revenue)

11. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	Kshs	Kshs
Hire of Facilities and Equipment	-	-
Contingent Rentals	30,000	-
Operating Lease Revenue	-	-
Total	30,000	-

(The attached revenue was collected from hiring of our kitchen & dining hall facility to the vendor)

Notes to the Financial Statements (Continued)

12. Finance Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from treasury bills	-	-
Interest income from treasury bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

13. Miscellaneous Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	7,000	2,000
Services concession income	-	-
Reimbursements and refunds	-	-
Graduation fees	-	-
Bad debts recovered	-	-
Income written back	-	-
Miscellaneous income (<i>specify</i>)	-	-
Total other income	7,000	2,000

Notes to the Financial Statements (Continued)

14. Use of Goods and Services

i) Accrued expenses under use of goods and services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	1,235,986	2,216,089
Industrial attachment costs	45,500	93,800
Electricity	1,377,731	1,690,759
Activities/Tvet fairs	1,384,391	1,353,421
Security	988,537	716,709
Professional and consultancy services	0	0
Subscriptions	0	0
Advertising	549,936	747,800
Knec Examination fees	2,426,320	3,131,725
Nita Examinations fee	26,500	
Performance contracting	763,350	1,059,274
Audit fees	0	0
Catering, conferences, and delegations	5,175,533	9,660,495
Contracted services	0	338,200
Travelling and accommodation	1,694,300	162,360
Fuel and oil	752,127	292,740
Insurance	486,150	265,896
Covid-19 equipment's	0	39,000
Legal expenses	0	294,200
Licenses and permits	0	10,000
Postage	0	0
Printing and stationery	1,221,438	539,045
Other administration costs	764,425	437,065
Hire charges	0	0
Rent expenses	0	464,000
Cleaning materials	206,200	423,540
Skills development levies	0	0

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Telephone expenses	0	238,500
Internet expenses	745,290	885,925
Other-Training expenses	479,268	104,000
Other (<i>specify</i>)	0	0
Total good and services	20,322,982	27,164,543

ii) Expenses paid under use of goods and services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	1,149,806	2,216,089
Industrial attachment costs	45,500	93,800
Electricity	1,036,305	1,567,777
Activities/Tvet fairs	1,384,391	1,353,421
Security	988,537	716,709
Professional and consultancy services	0	0
Subscriptions	0	0
Advertising	549,936	747,800
Knec Examination fees	2,426,320	2,853,155
Nita Examinations	26,500	0
Performance contracting	763,350	1,059,274
Catering, conferences, and delegations	4,142,265	9,660,495
Contracted services	0	338,200
Travelling and accommodation	1,694,300	2,162,360
Fuel and oil	634,177	292,740
Insurance	469,650	265,896
Covid-19 equipment's	0	39,000
Legal expenses	0	294,200
Licenses and permits	0	10,000
Postage	0	0
Printing and stationery	564,018	539,045
Other administration costs	769,425	412,415
Hire charges	0	0
Rent expenses	0	464,000
Cleaning materials	157,400	423,540

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Skills development levies	0	0
Telephone expenses	0	238,500
Internet expenses	607,482	574,059
Other-Training expenses	479,268	104,000
Other (<i>specify</i>)	0	0
Total good and services	17,888,630	26,426,475

Notes to the Financial Statements (Continued)

15. Employee Costs

i) Employees costs accrued

Description	2022-2023	2022-2022
	Kshs	Kshs
Salaries and wages	6,336,722	6,936,663
Employee related costs - contributions to pensions and medical aids	1,185,408	1,615,000
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Social contributions	-	-
Employee Costs	7,522,130	8,551,663

ii) Employees costs paid for

Description	2022-2023	2022-2022
	Kshs	Kshs
Salaries and wages	6,336,722	6,917,493
Employee related costs - contributions to pensions and medical aids	1,185,408	1,612,090
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Social contributions	-	-
Employee Costs	7,522,130	8,529,583

16. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors Emoluments	1,550,561	3,227,700
Other Allowances	-	-
Other Board/Council Expenses	-	-
Total	1,550,561	3,227,700

17. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	19,469,424	19,163,877
Intangible assets	713,007	891,259
Investment property carried at cost	-	-
Total depreciation and amortization	20,182,431	20,055,136

18. Repairs and Maintenance

i) Accrued repair and maintenance expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	-	-
Investment property – earning rentals	-	-
Equipment and machinery	29,460	-
Vehicles	137,487	-
Furniture and fittings	-	680,230
Computers and accessories	-	683,000
Others	1,352,910	3,765,849
Total Repairs and Maintenance	1,519,857	5,129,079

ii) Repairs and maintenance expenses paid for

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	-	-
Investment property – earning rentals	-	-
Equipment and machinery	29,460	-
Vehicles	137,487	-
Furniture and fittings	-	680,230
Computers and accessories	-	683,000
Others	990,740	3,577,899
Total Repairs and Maintenance	1,157,687	4,941,129

19. Contracted Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	435,650
Other (specify)	-	-
Total contracted services	-	435,650

20. Grants and Subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Social benefits expenses	-	-
Community Trust	-	-
Sporting Bodies	-	-
Total Grants and Subsidies	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. Finance Costs

Description	2022-2023	2021-2022
Bank charges –Operation account	27,179	29,126
Bank charges-Development account	8,101	2,925
Unwinding of Discount from lease liabilities	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
Total Finance Costs	35,280	32,051

Notes to the Financial Statements (Continued)

22. Gain On Sale of Assets

Description	2022-2023	2021-2022
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not capitalised	-	-
Total Gain On Sale of Assets	-	-

23. Gain/(loss) on Fair Value Investments

Description	2022-2023	2021-2022
Fair value on equity investments	-	-
Fair value arising from investment property	-	-
Fair value arising from biological assets	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

24. Impairment Loss

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Impairment Loss	-	-

25. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	2,570,280	37,565,318
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Others (Cash at hand)	4,169	1,586
Total Cash and Cash Equivalents	2,574,449	37,566,904

Notes To The Financial Statements (Continued)

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
KCB-Operation account	1177500035	794,921	19,761,311
KCB-Development account	1178879798	1,775,359	17,804,007
Sub-Total		2,570,280	37,565,318
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank – etc.		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
d) Staff Car Loan/ Mortgage			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
e) Others(Specify)			
Cash in Transit			
Cash in Hand		4,169	1,586
Mobile Money account		-	-
Sub- Total		4,169	1,586
Grand Total		2,574,449	37,566,904

Notes to the Financial Statements (Continued)

27.Receivables from Exchange transactions

27 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	3,726,941	1,460,000
Rent Debtors (Hire of kitchen & dining hall)	45,000	-
Consultancy Debtors	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance (5%)	(188,597)	(73,000)
Total Current Receivables	3,583,344	1,387,000

27 (b) Long- term Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits	-	-
Advance Payments	-	-
Public Organizations	-	-
Less: Impairment Allowance	-	-
Total	-	-
Current Portion Transferred To Current Receivables	-	-
Total Non-Current Receivables	-	-
Total Receivables	-	-

27 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current F	% of total	Comparative FY	% of total
Less than 1 year	3,583,344	100	1,387,000	100
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	3,583,344	100	1,387,000	100

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

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Provisions during the year	-	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	-	-

28. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Capitation Grants*	2,287,500	1,792,500
Recurrent Grants	1,000,000	
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	-	-
Less: Impairment Allowance (5%)	(164,375)	(89,625)
Total Current Receivables	3,123,125	1,702,875

28 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	3,123,125	100	1,702,875	100
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	3,123,125	100	1,702,875	100

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

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	102,000	110,124
Maintenance stores	92,900	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning Materials stores	65,600	116,750
Catering stores	-	128,050
Total Inventories at lower of Cost and Net Realizable Value	260,500	354,924

Notes to the Financial Statements (Continued)

30. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	-	-
CBK	-	-
Sub- Total	-	-
b) Investment with Financial Institutions/ Banks		
Bank X	-	-
Bank Y	-	-
Sub- Total	-	-
c) Equity Investments (<i>Specify</i>)		
Equity/ Shares in Company Xxx	-	-
Sub- Total	-	-
Grand Total	-	-

d) Shareholding in other entities

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

Name of Entity where Investment is Held	No of Shares				Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding	Nominal Value of Shares	Insert Current FY	Insert Comparative FY
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)**

31. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (electrical)	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021			-	9,180,404	5,532,600	31,601,940	47,216,200	198,099,983	435,187,577
Additions									
Disposals									
Transfers/Adjustments									
At 30th June 2022 (2022FY)	4,200,000	326,169,905	6,566,200	8,331,043	4,686,080	27,809,708	42,914,274	13,191,800	433,869,010
Additions		5,209,035	4,891,800	182,800	942,450	9,762,740		-	20,988,825
Disposals		-	-	-	-	-	-	-	
Transfer/Adjustments		-	-	-	-	-	-	-	
At 30th June 2023	4,200,000	331,378,940	11,458,000	8,513,843	5,628,530	27,809,708	42,914,274	13,191,800	445,095,095
Depreciation And Impairment									

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Cost	At 1 Jun 2021								
	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (critical)	Plant and equipment	Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation									
Disposals									
Impairment									
At 30 Jun 2022									
Depreciation									
Disposals									
Impairment									
Transfer/Adjustment									
At 30 th Jun 2023									
Net Book Values	4,284,000	324,751,361	9,166,400	7,492,182	4,502,824	24,472,54	37,764,56	-	412,433,87
At 30 th Jun 2022	4,200,000	331,378,940	11,458,000	8,513,843	5,628,530	27,809,70	42,914,27	13,191,80	445,095,09
At 30 th Jun 2023	4,284,000	324,751,361	9,166,400	7,492,182	4,502,824	24,472,54	37,764,56	-	412,433,87

[Include Brief Description Of WIP As A Footer]

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

The above assets have been depreciated as per the institute approved finance policy as follows:

- Furniture, electrical fittings, plant & equipment-12%
- Computers -20%
- Motor vehicles 20%
- Buildings 2%

Land has been appreciated at the rate of 2% p.a

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	-	-	-

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32. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	3,565,034	3,743,797
Additions	-	712,496
At end of the year	-	-
Additions-internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	(713,007)	(891,259)
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	2,852,027	3,565,034

Intangible assets are amortised at the rate of 20% on costs

Notes to the Financial Statements (Continued)

33. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year		
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain or loss on fair value- if fair value is elected	-	-
At end of the year	-	-

34. Biological Assets

	2022-2023	2021-2022
	Kshs	Kshs
Cattle		
Trees		
Others (Specify)		
Total		

35. Trade and Other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	2,570,704		1,653,014	
Fees paid in advance	-		-	
Salary deductions	-		22,080	
Third-Party Payments	137,808		278,570	
Other Payables	-		-	
Total Trade and Other Payables	2,708,512		1,953,664	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	2,708,512	100	1,953,664	100
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (to tie to totals above)	2,708,512	100		100

36. Refundable Deposits from Customers/Students

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Consumer deposits	-		-	
Caution money	-		-	
Other refundable deposits	-		-	
Total Deposits	-		-	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (to tie to totals deposits above)	-	-	-	-

37. Current Provisions

Description	Leave provision	Bonus provision	Gratuit y Provisi ons	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of The Year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision Utilised	-	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-	-
Total Provisions	-	-	-	-	-

38. Finance Lease Obligation

Description	2022-2023	2021-2022
	Kshs	Kshs
At the start of the year	-	-
Discount interest on Lease Liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

39. Deferred Income

Description	2022-2023	2021-2022
	Kshs	Kshs
National Government	42,500,000	40,000,000
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	42,500,000	40,000,000

Notes to the Financial Statements (Continued)

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	40,000,000	-	-	40,000,000
Additions during the year	2,500,000	-	-	2,500,000
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	42,500,000	-	-	42,500,000

Analysed as:

Description	Amount
	Kshs
Current	
Non- Current	
Total	

40. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20xx. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

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

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Description	2022-2023	2021-2022
	Kshs	Kshs
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (Post- Retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

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

Description	2022-2023	2021-2022
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (<i>specify</i>)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

Description	2022-2023	2021-2022
	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

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

41. Payments received in advance.

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Fees received in advance	-	-	-	-
Others (Specify)	-	-	-	-
Total	-	-	-	-
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-

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2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

42. Non-Current Provisions

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

43. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	-	-

43 a) Analysis of External and Domestic Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'	-	-
Sterling pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
Domestic borrowings	-	-
Kenya shilling loan	-	-
Total balance at end of the year	-	-

43 b) Breakdown of Long and Short-Term Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

44. Service Concession Arrangements

Description	2022-2023	2021-2022
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

45. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	=	=
People Living with disabilities benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	=	=
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Notes to the Financial Statements (Continued)

46. Cash generated from operations.

Surplus for the year before tax	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	(30,057,541)	(25,319,802)
Adjusted for:		
Depreciation	20,182,431	20,055,136
Non-Cash grants received		
Contributed assets		607,648
Impairment		
Gains and Losses on Disposal of Assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance Income		
Finance Cost	35,280	32,051
Working Capital Adjustments		
Increase in Inventory	(94,424)	395,406
Increase in Receivables	(3,432,816)	
Increase in Deferred Income		
Increase in Payables	754,848	(1,753,306)
Increase in Payments received in advance		
Net Cash Flow from Operating Activities	(14,003,630)	(2,476,255)

Notes to the Financial Statements (Continued)

47. Financial Risk Management

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

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

(i) Credit risk

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

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

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:

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022 (previous year)				
Receivables from exchange transactions	1,387,000	1,387,000	-	-
Receivables from non-exchange transactions	1,792,500	1,792,500	-	-
Bank balances	27,413,493	27,413,493	-	-
Total	30,592,993	30,592,993	-	-
At 30 June 2023 (current year)				
Receivables from exchange transactions	3,583,344	3,583,344	-	-
Receivables from non-exchange transactions	3,123,125	3,123,125	-	-
Bank balances	2,574,449	2,574,449	-	-
Total	9,280,918	9,280,918		

Notes to the Financial Statements (Continued)

Financial risk management (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the 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 xxxx

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022 (previous year)				
Trade Payables			1,953,664	1,953,664
Current Portion Of Borrowings			-	-
Provisions			-	-
Deferred Income			40,000,000	40,000,000
Employee Benefit Obligation			-	-
Total			41,953,664	41,953,664
At 30 June 2023 (current year)				
Trade Payables			2,708,572	2,708,572
Current Portion Of Borrowings			-	-
Provisions			-	-
Deferred Income			42,500,000	42,500,000
Employee Benefit Obligation			-	-
Total			45,208,572	45,208,572

Notes to the Financial Statements (Continued)

Financial risk management (continued)

(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.

a) Foreign currency risk

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

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Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

Notes to the Financial Statements (Continued)

Financial risk management (continued)

Foreign currency sensitivity analysis

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

U	Change in	Effect on Profit	Effect on
	currency rate	before tax	equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
Usd	10%	-	-
20xx			
Euro	10%	-	-
Usd	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

Notes to the Financial Statements (Continued)

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:

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	409,676,345	461,811,885
Retained Earnings	(30,057,541)	(25,319,802)
Capital Reserve	-	-
Total Funds	379,618,804	436,492,083
Total Borrowings	-	-
Less: Cash and Bank Balances	2,574,449	37,566,904

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Net Debt/(Excess Cash and Cash Equivalents)	377,044,355	398,925,179
Gearing		

48. 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;
- v) XXX

Notes to the Financial Statements (Continued)

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties	-	-
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
B) Purchases from related parties		
Purchases of electricity from kplc	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in Kind	-	-
Total	-	-
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	-	-
Payments for Goods and Services for XX	-	-
Total	-	-
d) Key Management Compensation		
Directors' emoluments	-	-
Compensation to Key Management	-	-

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Description	2022-2023	2021-2022
	Kshs	Kshs
Total	-	-

49. Segment Information

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

Notes to the Financial Statements (Continued)

50. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others <i>(Specify)</i>	-	-
Total	-	-

Contingent Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case Xxx against <i>(The Entity)</i>	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-

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Others (<i>Specify</i>)	-	-
Total	-	-

(Give details)

51. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

52. Events After The Reporting Period

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

53. Ultimate And Holding Entity

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

54. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Anomalies in the Financial Statement	The management has taken the auditors observations positively. The management has since amended the annual report and financial statements to correct the errors and Omissions in the cashflow statement as per the auditors' observations.	Resolved	N/A
2.0	Unconfirmed Property, Plant and Equipment	The auditor's observations has been taken positively. The management has noted that although it is located	Not Resolved	2years

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>in a disputed land, it has a title deed for the institute land as a prove of ownership and in such, it is optimistic that the active case in court will eventually revert the land back to the institute</p>		
3.0	Budgetary Control and Performance	<p>The management has taken the auditors observations positively. The unexplained difference on revenue from government grants is as result of the following: Revenue from government grants-According to paragraph 43 of the public financial management (National Government) regulations, 2015, the accounting officer is required to exercise adequate and realistic budgetary</p>	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>controls. Based on the above observations, the institute had budgeted to collect revenue from government grants during the year under audit amounting to ksh 10,000,000 but ended up collecting kshs7, 900,000 hence under collection of ksh 2,100,000. Poor road network and the remote geographical region where the institute is located has attracted less student thus lower enrollment during the period under audit. Lower students enrolment has led to lower capitation thus under collection of government grants by Kshs 2,100,000</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		Similarly, lower student's enrollment has constrained the institutes from realizing its budget due to lower revenue collection. Failure to realize the budget has forced the management to cut on expenditure thus leading to under expenditure of Kshs. 46,530,864. 00 (or 51%) of the budget		
4.0	Non-Adherence to Ethnic Diversity in Staffing	The management has taken the auditors advice positively. Going forward, the institute will ensure that any sub sequent hiring will adhere to national cohesion and integration Act (No.12 of 2008).	Not resolved	4years

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.0	Weak internal controls	The management has taken the auditors observations positively. The management has ensured that all the vouchers are renumbered and dated appropriately. The management had also engaged internal auditor from north eastern polytechnic who came to examine the institute's transactions. express his opinion on the financial statement as well as assisting the management on strengthening the internal controls within the institute	Resolved	N/A

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Name
Accounting Officer
Omwamba Naftal
Date 28.04.2025

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Appendix II: Projects Implemented by Tseikuru Technical Training Institute

Projects

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

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

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 Institute bus	5,000,000	June 2023	100%	5,000,000	4,983,600	B.O.G
2 Driving school man	1,500,000	June 2023	100%	1,500,000	1,200,000	B.O.G
3 Hostels	16,000,000	June 2023	33%	16,000,000	5,209,035	B.O.G

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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	-	-	-	-	-	-

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	-	-	-	-
N/A	N/A	N/A	-	-	-	-