

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL


*Enhancing Accountability*



# REPORT

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 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 17 JUN 2025	DAY: TUESDAY
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CLERK-AT THE-TABLE:	WILLS OBIEDU

THE AUDITOR-GENERAL

ON

**NKABUNE TECHNICAL TRAINING  
INSTITUTE**

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



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**NKABUNE TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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

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## 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 Nkabune Technical Training Institute was incorporated/ established under the TVET Act on 1971. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

Nkabune Technical Training Institute was started in 1964 to train social workers and clerks by Consolata Sisters. In addition to social training the Institute offered a two year course in commercial studies to girls who had achieved C.P.E

In 1967 the Ministry of Education requested the Sisters to start a grant – aided Commercial Technical school for girls. This opened in 1968 at the current Gitoro Primary school.

Lack of sufficient land for expansion at Gitoro made the sisters to move the school to its present location at Nkabune on a 25 acre piece donated by the local community. Initial construction work was financed by the Kenyan Government, Misereor German Episcopal Conference and the German Government.

Learning at the Girls Commercial Technical started in 1971. In 1986, Nkabune Technical and Commercial Girls, among 18 other technical secondary schools were converted to Technical Training Institutes. The objective was to instil skills to trainees to enable them to be either self-employed or join salaried employment in public and private sector.

The first trainees under the new system were enrolled in the institute in 1986 to train in Secretarial and accounts clerks' courses alongside form three and four, which were phased out in 1987. Other courses like CPA Part one, garment making and Food and Beverage at Craft level were introduced in 1988.

Currently, the institute offers BTEP, TEP and TVET (Mod I, II, III) courses which advance to Diploma level. The institute graduates its trainees each year. The majority of them have secured formal employment in both public and private organizations, others have established small scale business, while others join the national polytechnics, local and overseas universities for further studies.

It has several departments namely Food and beverage, Electrical and electronics, Liberal studies, Business, Information Communication Technology, Clothing Technology, Procurement and Finance Department.

**(b) Principal Activities**

The principal activity is training.

**VISION**

To be a centre of excellence in provision of Technical Vocational Education and Training (TVET)

**MISSION**

To provide Technical Vocational Educational and Training (TVET) and produce skilled manpower that compete favourably in the local and international labour market as well as creating self-reliance that suits current market and changing technology.

**MOTTO**

Technical Skills for Self-Reliance.

**CORE VALUES**

The institute is guided by the following Core values and Competences which form her corporate culture:

- a) Excellence and team work
- b) Innovation and creativity
- c) Professionalism and ethics
- d) Corporate governance

**QUALITY POLICY STATEMENT**

Nkabune technical training institute is committed to provide Technical Vocational Education and Training (TVET) through offering market driven courses to meet and strive to exceed customers' expectations.

In pursuit of this commitment, the Institute shall comply with the requirements of ISO 9001:2015 International Standard and continually improve on the effectiveness of her quality management system.

The top management of NTTI shall ensure that quality objectives are established in all departments and sections and are reviewed annually for continuing suitability.

**(c) Key Management**

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

- Board of Governors members
- Accounting officer/ Principal
- Management
- Head of departments

**(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:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	Eunice Wairimu Njenga
2.	Deputy Principal Academics	Mary Ngoci
3.	Deputy Principal Administration	Stephen Kinyua
3.	Registrar	Julius Nganga
4.	Dean Of Students	Albanus Mutuku
5.	Head of Finance	CPA Patrick Mutuma

## **Key Entity Information and Management (Continued)**

### **(e) Fiduciary Oversight Arrangements**

- **Audit and risk committee**

The Internal Audit and Risk committee advises the board on internal controls to safeguard institute assets and financial resources.

- **Academic/Welfare committee**

Activities include overseeing the academic performance and welfare of students, staff and BOG members

The major role of the committee in Nkabune Technical Training Institute is to promote quality education, develop institutional policies, provide adequate infrastructure and monitor curriculum development. The committee is also involved in decision making And monitoring education standards

- **Finance and Human Resource committee:**

The committee role includes:




**Developing and Managing an Operating Budget**




Developing and managing the operating budget is the most important functions of the board finance committee. A budget guides the organization on where to direct funds during the budgeted financial period.

Implementation and evaluation of planned activities and recruitment of new staff and other oversight activities




- (f) **Entity Headquarters**  
Nkabune Technical Headquarters  
P.O. Box 330-60200  
Off Mate Road  
Meru KENYA
- (g) **Entity Contacts**  
Telephone: (254) 719186814,733777788  
E-mail: [nttinkabune@gmail.com](mailto:nttinkabune@gmail.com)  
Website: [www.nkabunetti.ac.ke](http://www.nkabunetti.ac.ke)
- (h) **Entity Bankers**
1. Cooperative Bank  
P.O. Box  
Meru 60200  
Meru, Kenya
  2. Kenya Commercial Bank  
P.O box  
Meru
- (i) **Independent Auditors**  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**3.The Board of Governors**





<p>1. Mr.Samson Raiji.</p> 	<p>DOB: 1963  Qualifications  PhD. Corporate Governance and Corporate Communications</p>	<p>Chairman of the Board</p>
<p>2. Ms Jenu John</p> 	<p>DOB: 5/02/1979  MSc. Information Systems</p>	<p>Independent Chair Academic Committee</p>
<p>3. Elias Mutwiri</p> 	<p>DOB: 18/01/1988  MBA-Strategic Management – JKUAT  Bachelor Of Purchasing And Supplies management – JKUAT</p>	<p>Member Finance committee</p>

<p>4. Julius Mbaabu Inoti</p> 	<p>DOB - 1962 UON: 1984 – 1987 Bachelor of Law 1988: Diploma in Legal Systems</p>	<p>Member Chair Finance &amp;HR Committee</p>
<p>5. Mrs Eunice Wairimu Njenga</p> 	<p>DOB:21<sup>ST</sup> Sept, 1971 MA Project Management BA Project Planning</p>	<p>Secretary to the Board</p>
<p>6. Mrs Doreen Gakii George</p> 	<p>DOB: 2rd October 1984 2015: Bachelor of Commerce- Finance option Meru University of Science And Technology 2010: CPA Part III – Foresight Institute of Logistics and Business Studies</p>	<p>Member Finance committee</p>
<p>7. Adan Ibrahim</p>	<p>DOB: 13/7/1992 Qualification Bachelor Of Economics And Statistics-UON</p>	<p>Member Audit &amp; Risk committee</p>

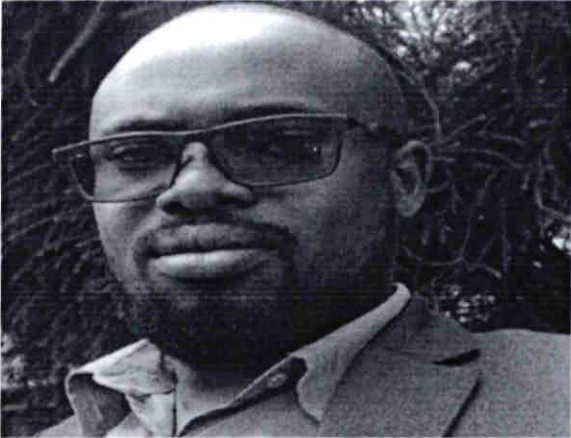

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<p>8. Mrs Maureen Njeri Kinyanjui</p> 	<p>DOB: 1987 2015: UON – Master of Arts in Construction project Management. 2007-2011: UON: Bachelor of Quantity Surveying</p>	<p>Member Audit &amp; Risk committee</p>
<p>9. Hillary Jumba</p> 	<p>DOB-6/01/1982 Qualification MSc. Information Science</p>	<p>Member Audit &amp; Risk committee</p>

4. Key Management Team

<p>1. Mrs Eunice Njenga</p> 	<p>DOB:21<sup>ST</sup> Sept, 1971                  BA Project Planning                  MA Project Management</p>	<p>Principal</p>
<p>2. Mr Stephen Kinyua</p> 	<p>DOB:1974                  MBA(Finance) - KU                  BCOM –Accounting - KU                  CPA III,CSIA II</p>	<p>Deputy Principal Administration</p>
<p>3. Ms Mary Ngoci</p> 	<p>DOB:1967                  BSC. Computer Information Systems                  Dip. Clothing Textile</p>	<p>Deputy Principal Academics</p>
<p>4. Julius Nganga</p> 	<p>DOB:1974                  MSC. Data Communication and Networking</p>	<p>Registrar</p>

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<p>5. Albanus Mutuku</p> 	<p>DOB:1988          BED. Electrical and          Electronics          Engineering</p>	<p>Dean of Students</p>
<p>6. CPA Patrick Mutuma</p> 	<p>DOB:1990          Bachelor of          Commerce,          Accounting Option          ,CPAK</p>	<p>Finance Officer</p>

## **5. Chairman's Statement**

Nkabune TTI is an integral part of the development of the Kenyan society. As one of the registered provider of vocational education and training. Our positioning statement "Technical Skills for Self Reliance" reinforces our focus on providing skilled graduates, innovative workforce development solutions for businesses and industry and strong vocational education outcomes for everyone. We are an inclusive institution that provides learning opportunities for all those eligible.

Our staff is well qualified, responsive and committed to providing quality services. Our industry, community and Government partnerships are strong and mutually beneficial. We foster professional and social connections for our trainees and the society at large. In a changing external environment these connections are becoming more valuable as the society looks to our institution for relevant, demand-driven training courses and services.

I am not only proud of the pathways we offer young people from schools to employment and lifelong learning, but also the services we provide to businesses and industry to help them achieve their business goals. Additionally, I delight with the quality we bring to vocational education which has been recognized through our trainees.

Our Strategic plan sets out how Nkabune TTI will:

- Strengthen the fabric of our community and society at large.
- Be positioned to respond to local, national and international changes.
- Deliver what is needed to build workforce solutions.
- Be able to take advantage of the opportunities in a competitive environment.
- Have the ability to respond to diverse community and industry needs.
- Maintain quality of excellence.

I am confident that Nkabune TTI will achieve higher status and leadership in Technical, Vocational Education and Training and will continue to grow as we move towards the achievement of Kenya's Vision 2030.

We look forward for continued participation of our key stakeholders especially the Ministry of Education on timely resource support to ensure efficient implementation of the set out strategies in support of the realization of vision 2030.

Nkabune Technical Training Institute Board of Governors was inaugurated on 3<sup>rd</sup> Feb 2023. The Board has three Committees i.e.

1. Finance/Human Resource
2. Academic/welfare
3. Audit and Risk committee

Members of the Board comprises of:

- |                        |                                       |
|------------------------|---------------------------------------|
| 1. Samson Raiji        | BOG Chairman                          |
| 2. Jenu John           | BOG member- Academic Committee        |
| 3. Mr Julius Mbaabu    | BOG member –Finance Committee         |
| 4. Doreen Gakii        | BOG member –Finance Committee         |
| 5. Elias Mutwiri       | BOG member- Finance Committee         |
| 6. Maureen Njeri (Ms.) | BOG member- Audit/Academic Committee  |
| 7. Adan Ibrahim        | BOG member- Audit Committee           |
| 8. Hillary Amudavi     | BOG member – Audit/Academic Committee |
| 9. Eunice W Njenga     | Principal/BOG – Secretary             |

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**Key activities carried are:**

1. Recruitment of additional staff
2. Improvement of academic performance
3. Performance contracting setting of targets, evaluation, negotiations and follow up on implementation.

**Challenges**

The Institute has a challenge with the road connecting to the Institute which is felt more during the rainy season because the road is impassable. This has greatly affected the growth of the Institute in terms of enrolment. The Institute has state of the art equipment which is not being utilized fully due to accessibility to the Institute. It becomes even more difficult to manage sick students at night, academic trips, and conduct KNEC exams and to offer evening classes. Street lights to light up the areas since students have rented hostels from the community. Students may fail to enrol due to security issues especially if they have to do individual studies in the library at night.

**Samson Raiji**  
**B.O.G. Chairman**

.....Date..... 15-12-2023

## **6. Report of the Principal**

Nkabune Technical Training Institute is a Technical Institute which started way back in 1964 and is located in Imenti North constituency in Meru County. In 1967 the Ministry of Education requested the Sisters to start a grant –aided Commercial technical school for girls. This opened in 1968 at the current Gitoro Primary School, but due to lack of sufficient land for expansion the Sisters had to move the school to its present location at Nkabune on an 8.21 acre- piece of land donated by the local community.

In 1986, Nkabune Technical and Commercial Girls, among eighteen (18) other technical secondary schools was converted to technical training institutes. The courses that were offered then were Secretarial and Accounts Clerks' alongside form three and four, which were phased out in 1987. Other courses like CPA Part one, Garment Making and Food and Beverage at Craft level were introduced in 1988.

Currently the students' enrolment is at 1554 expecting to be 1900 by January 2023; The institute has one hundred and eight(108) trainers where sixty one (61) are employed by public service commission and forty seven (47) employed by board of governors . The non-teaching staff are twenty nine (29) in number. Currently the courses offered are business technical education programmes (BTEP), technical education programmes (TEP), from Artisan, Certificate and Diploma level. The Institute recently started competency based education training (CBET) level four and five.

### **Academic Departments**

The departments in the Institute Include:

1. Engineering( electrical, automotive ,building technology ,plumbing) – with course levels at Artisan, Certificate and Diploma
2. Hospitality ( clothing ,food and beverage , hair and beauty therapy) – with course levels at Artisan, Certificate and Diploma, CBET level four and five
3. Business(secretarial , management ) – Certificate and Diploma
4. Liberal Studies Department – Certificate and Diploma
5. Computing and informatics – Certificate and Diploma

The source of student's population is from national youth service (NYS) sponsored students, self-sponsored and some partly -sponsored by other organizations.

The Institute has received equipment from the Ministry of Education in the following departments:

1. Engineering (Electrical and Electronics)
2. Hospitality (clothing technology, hair and beauty)

The Institute has outsourced accommodation from the community for the fully sponsored students.

### **Proposed projects/activities for 2022/2023 FY**

1. Recruitment of additional staff.
2. Improvement works – renovations
3. Equipping workshops.
4. Construction of students' Workshops

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The Institute has been able to carry out its daily operations, fund the proposed projects within the year and pay its suppliers.

**Sources of funds**

1. Capitation grants from Government.
2. Fees from students
3. HELB loans to students
4. NYS fees for students
5. Production units

**Challenges**

1. Water is inadequate since supply is from a community project which is normally supplied intermittently. This also is a great challenge because some of the courses such as Food and Beverage require adequate supply of water every day due to its practical oriented nature.
2. Inadequate infrastructure to accommodate the growth of enrolment, this includes hospitality complex, classrooms and workshops.
3. Lack of adequate trained teaching staff
4. Delayed capitation grants from MOE and Helb loans for students for students.

Eunice W. Njenga (Mrs.).....  
Principal



Date 15.12.2023

**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.

*Nkabune Technical Training Institute* has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Growing the TVET Programmes
- Pillar 2: Promoting Equity and Quality Education and Training
- Pillar 3: Strengthening Organizational Development and Capability
- Pillar 4: Establishing Contemporary Learning Services and Facilities
- Pillar 5: Pursuing Stakeholder Partnerships and Collaboration

*Nkabune Technical Training Institute* develops its annual work plans based on the above 5 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *Nkabune Technical Training Institute* achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below:

<b>Strategic Objectives</b>	<b>outcomes</b>	<b>strategies</b>
<b>Strategic Objective 1:</b>  <b>Growing the TVET Programmes</b>	<b>Outcome 1</b> Nkabune TTI is a leading national provider of TVET services	1. Continue to develop and enhance partnerships with government, industry, business and the community that support Nkabune TTI’s business objectives through provision of industry/enterprise relevant training
		2. Develop high quality recognition services that meet the needs of our Trainees and other stakeholders
		3. Benchmark Nkabune TTI’s services against those of other providers to ensure continuous improvement and to acquire and maintain leadership position
		4. Invest in ICT capability to support service delivery that meets market expectations
	<b>Outcome 2</b> Nkabune TTI is at the forefront of running service delivery in new and	1. Provide flexible learning options that focus on student choice
		2. Invest in sustainable business ventures to maximize the Institute's competitiveness and long term financial viability

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Strategic Objectives	outcomes	strategies
	emerging training areas.	
	<p><b>Outcome 3</b></p> <p>Nkabune TTI is a respected institution in the provision of TVET programmes in Kenya</p>	<ol style="list-style-type: none"> <li>1. Influence national and local vocational education and training policy and direction by actively engaging in national debates</li> <li>2. Participate in relevant national, business, industry and educational forums for the marketing of the institution and TVET programmes</li> <li>3. Support staff to develop their networks, be active members of their relevant professional bodies and enhance their professional reputation and that of the Institute</li> </ol>
<p><b>Strategic Objective 2:</b></p> <p><b>Promoting Equity and Quality Education and Training</b></p>	<p><b>Outcome 1</b></p> <p>Nkabune TTI offers innovative and flexible learning to Trainees</p>	<ol style="list-style-type: none"> <li>1. Develop an integrated teaching and learning plan that focuses on enhancing teacher excellence and a student centered approach to learning</li> <li>2. Develop the vocational education and training pedagogy skills of all teaching staff through professional activities and create opportunities to share best practice through networks and professional conversations</li> <li>3. Support research into innovative teaching and learning including workplace and work based delivery and assessment</li> <li>4. Advocate for the participation of both male and female in the TVET programmes</li> <li>5. Integrate environmental sustainability content and practices into learning programs</li> </ol>
	<p><b>Outcome 2</b></p> <p>Nkabune TTI facilitates</p>	<ol style="list-style-type: none"> <li>1. Deliver education services that achieve industry and workforce development goals</li> <li>2. Adapt training packages to suit student requirements in competitive timeframes</li> </ol>

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Strategic Objectives	outcomes	strategies
	workforce skill development	3. Simplify processes and procedures for clients to facilitate timely service delivery
	<b>Outcome 3</b> Nkabune TTI develops higher education programs in niche areas to meet market needs	1. Undertake market research to identify further TVET program options 2. Partner with other institutions to develop and deliver TVET programs 3. Strengthen and maintain relationships with other TVET providers
	<b>Outcome 4</b> Nkabune TTI provides equitable support services to all Trainees	1. Provide effective and accessible services that support the diverse learning needs of all Trainees 2. Strengthen specialist support services for all equity groups including Trainees with a disability 3. Improve participation and outcomes for Trainees through effective support and learning pathways 4. Deliver programs in culturally appropriate ways
<b>Strategic Objective 3: Strengthening Organizational Development and Capability</b>	<b>Outcome 1</b> Nkabune TTI has a cohesive organizational culture demonstrated by a positive learning and working environment	1. Promote a positive organizational culture that values staff and integrity 2. Celebrate staff success formally through a rewards and recognition program and informally through social events 3. Adopt working conditions that allow for creative and innovative work situations 4. Promote and install quality management culture and systems in the institution 5. Enhance financial sustainability of the institute
	<b>Outcome 2</b> Nkabune TTI has a flexible, adaptable and skilled	1. Implement an integrated capability framework linked to Nkabune TTI's strategic directions 2. Drive workforce development including performance management, professional

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Strategic Objectives	outcomes	strategies	
	workforce able to respond to the external environment	<p>development and recruitment through the organizational capability framework</p> <p>3. Increase leadership and management capability by implementing leadership and management development programs</p>	
	<p><b>Outcome 3</b></p> <p>Nkabune TTI has a sound financial management system for sustainable financing of its programmes</p>	<p>1. Set up production units in each department and generate revenue centers in the institute</p> <p>2. Develop alternative and diversification of funding sources</p> <p>3. Strengthen revenue collection and debt management strategies</p> <p>4. Design and implement cost reduction measures through outsourcing for some of the non-core activities</p> <p>5. Strengthen stakeholder support and participation</p>	
	<p><b>Strategic Objective 4:</b> <b>Establishing Contemporary Learning Services and Facilities</b></p>	<p><b>Outcome 1</b></p> <p>Nkabune TTI provides streamlined and integrated administrative services which meet individual and industry needs</p>	<p>1. Implement a whole Institute approach to provide seamless and consistent information, procedures and processes</p> <p>2. Implement a client relationship management system to maintain Nkabune TTI information for external client enquiries</p> <p>3. Undertake a whole Institute client satisfaction surveys regularly and respond to the feedback</p>

## **8. Corporate Governance Statement**

As a Board, we believe that a strong corporate governance framework and culture translates to a strong institute that delivers to its mandate. According to the TVET Act, 2013 members of the board of governors are appointed by the Cabinet Secretary from the ministry of education from the following areas;

- a). Leadership
- b). Financial management
- c). Industry
- d). Technology
- e). ICT
- F). Engineering

The board also seeks other committees to carry responsibility required in the governance of the institute.

The following committees have been in the institute.

### **Academic /Welfare**

1. Maureen Njeri
2. Hilary Amudavi
3. Jenu John-Chairperson

### **Finance /Human Resource**

1. Julius Mbaabu – Chairman
2. Doreen Gakii
3. Elias Mutwiri

### **Audit Committee**

1. Maureen Njeri-Chairperson
2. Adan Ibrahim
3. Hillary Amudavi

The following are board functions as out lined in the TVET Act.

1. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVET Act.
2. Promoting and maintaining standards quality and relevance in advocating and training in the institution in accordance with the act and any other written law.
3. Administering and managing the property of the institution
4. Developing and implementing the institutions strategic plan
5. Preparing annual estimates of the revenue and expenditure of the institution
6. Receiving on behalf of the institution fees, grants and other monies.
7. Determining fees payable and prescribing conditions under which fees may be remitted in part or whole in accordance with the guideline developed under the provisions of this act.

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During the year 2022/2023 the table below shows the number of board and committee meetings held.

<b>Meetings</b>	<b>No of board meetings</b>	<b>Meeting held</b>
Full board	4	4
Academic committee	4	4
Finance /HR Committee	4	4
Audit committee	4	3
<b>Total</b>	<b>16</b>	<b>15</b>

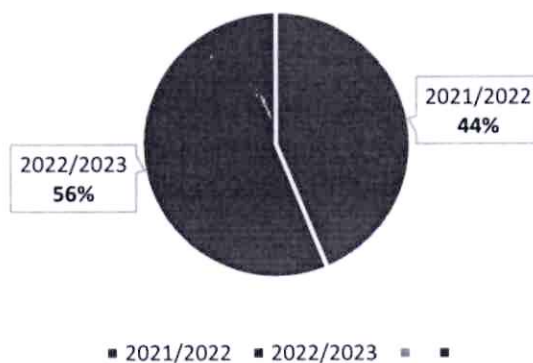
Conflict of interest: Nkabune TTI is committed to the highest standards of transparency, probity, and accountability. It seeks to conduct its affairs in a responsible manner considering the requirements of the law and the human standards fostered by the Institute. Guided by a conflict of interest policy, all members of the Institute community, from the Institute Teaching and non-teaching staff are bound by this policy. Nkabune Institute perceives conflict of interest to be wherever there is personal, professional, and commercial or financial interests of activities outside of the Institute, which have the possibility either in actuality or Appearance.

## 9. Management Discussion and Analysis

Nkabune Technical Training Institute is ISO 9001 -2015 Certified and has a Quality Management System in place and the management has put in place a system to handle the following areas in the process of ensuring there are proper internal controls in place.

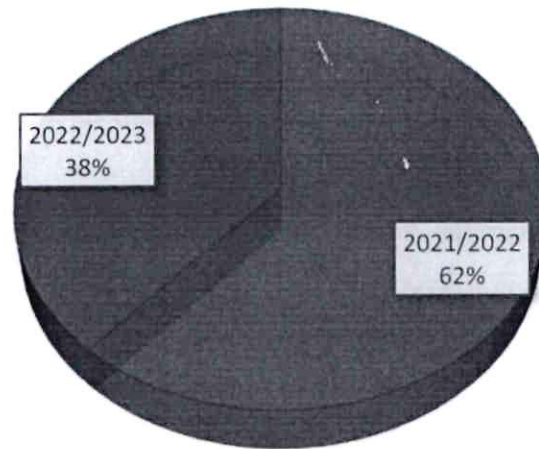
1. Financial management
2. Student registration
3. Boarding and accommodation
4. Examination management
5. Procurement and store control
6. Internal audit department

**Student population**



- The management has recruited additional staff in both academic and support staff to ensure smooth learning of operations.
- During the year there are huge student debts as a result of low capitation funding from the government as shown below.
- The major risk facing the organization huge student debts caused by low funding and the hard economic situation where students are not able to clear their fee arrears.

## GOVERNMENT CAPITATION



- There were new courses introduced in the engineering department for plumbing and automotive courses which has led to increase in institute enrolment.
- Compliance with statutory requirements
- Nkabune Technical Training Institute has complied with all legal requirement in all its operations by ensuring all statutory deductions including NSSF, PAYE and NHIF was paid on time.

## **10. Environmental and Sustainability Reporting Statement**

### **Sustainability strategy and profile**

Nkabune TTI contributes significantly to Kenya's growth, prosperity and community cohesion. The Institute is a training provider of choice for a growing number of Trainees from within and outside the Meru region. Nkabune TTI is focused on achieving excellent outcomes for our trainees and will achieve this by being externally focused, providing quality education and training solutions, and being cost effective, flexible and responsive to market needs.

### **Strategies**

1. Continue to develop and enhance partnerships with government, industry, business and the community that support Nkabune TTI's business objectives through provision of industry/enterprise relevant training
2. Research, identify and develop growth streams of business for the Institute
3. Develop high quality recognition services that meet the needs of our trainees and clients
4. Benchmark our services against those of our competitors to ensure continuous improvement and to acquire and maintain leadership position  
Invest in ICT capability to support service delivery that meets market expectations

### **Environmental performance**

Nkabune TTI is committed to pursuing forward thinking partnerships with industry, the community, and government by stimulating collaborative approaches to industry development, actively engaging with community members, and increasing the ability to communicate and partner effectively with government and other key sectors of the society.

#### **Outcome 1**

Nkabune TTI forms productive and sustained partnerships with industry

### **Strategies**

1. Provide training in relationship management for staff to enhance current relationships and build new relationships
2. Partner with other organizations in a way that creates a competitive advantage
3. Build significant relationships with private registered training organizations, international organizations, higher education providers, business/industry enterprises and cultural institutions
4. Strengthen external networks to enable the Nkabune TTI meet industry needs and expectations

**Nkabune Technical Training Institute**  
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**Employee welfare**

The Institute HR Policy was made in 2019. Through it, the Institute seeks to continue being sustainable by combining making the most compatible hire and then maintaining an environment that nurtures that hire through the long term. It requires both efforts to retain our human and intellectual capitals and help them be as productive as possible.

**During recruitment, the Institute considers the following:**

- The ethos, standards, values, and principles of the Institute;
- The prescribed qualifications for holding or acting in the position;
- The experience and achievements attained by the candidate;
- The conduct of the candidate;
- The need for transparency; and
- Individual performance.

**Human Resource policy manual**

Nkabune TTI HR manual is designed to attract, motivate and retain competent Employees who will promote the Institute mission and vision for the short, medium and long-term goals.

Nkabune TTI strongly believes in the need to recognise excellence and effort. In line with this, the institution has an annual performance appraisal system and budgeted annual increments for all staff.

The Institute has an Occupational Safety and Health Act of 2007, (OSHA) committee that ensures employee's safety and compliance to OSHA.

**Trainings**

The Institute conducts trainings to its staff members holding various job positions for continuous professional development and skills improvement.

During the year we took all HODS for benchmarking to improve their performance and learn new skills.

**Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

### **Corporate Social Responsibility / Community Engagements**

The following activities were carried out as part of corporate social responsibility by the Guidance & Counseling department during the period stated above;

□ Saturday 18th February 2023- they visited the elderly and needy within the Nkabune community and gave donations to the three homes visited in cash and kind. The Institute played a big role in the donations and even provided a vehicle for the transportation of the gifts with our Principal leading the pack. The Assistant chief of the area appreciated the kind gesture and more so those visited.



□ Termly HTC and wellness promotion activities that included cancer screening (breast, Cervical), Body Mass Index, Blood Pressure, Blood sugar levels and Nutritional Assessment to all members of Nkabune TTI fraternity and by extension to their family members.

□ Interactive visits to other institutions- Meru University of Science and Technology and Tharaka University where they sensitized each other on the need to co-exist well with the surrounding communities.

The community and all the places visited appreciated the visits and the services/ donations rendered.

On our part, it was a privilege and a humbling experience to be able to give back to the society.



**Nkabune Technical Training Insitute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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**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 show the state of the Nkabune Technical Training affairs.

**Principal activities**

The principal activities of the entity are training.

**Results**

The results of the entity for the year ended June 30 are set out on page 1 to 37

**Board of Governors**

The members of the Board who served during the year are shown on page ix. During the year 2022/2023 the following board members retired namely: Ndungu Gakungu, Mercy Chidi and Lawrence Njeru and the following were appointed with effect from 1<sup>st</sup> February 2023 to date namely: Adan Ibrahim, Elias Mutwiri and Hillary Amudavi

**Auditors**

The Auditor General is responsible for the statutory audit of Nkabune Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of Nkabune Technical Training Institute for the year ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Secretary of the Board**

**Date:**...15.12.2023.....

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

**12. Statement of Board of Governors Responsibilities**

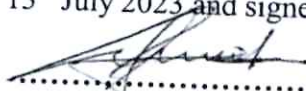
Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the board members to prepare financial statements in respect of Nkabune Technical Training Institute, which give a true and fair view of the state of affairs of the at the end of the financial year and the operating results of for that year. The board members are also required to ensure that Nkabune Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Nkabune Technical Training Institute. The board members are also responsible for safeguarding the assets of Nkabune Technical Training Institute. The Council members are responsible for the preparation and presentation of the Nkabune Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Nkabune Technical Training Institute for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the Nkabune Technical Training Institute 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 section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 –The council members are of the opinion that the Nkabune Technical Training Institute financial statements give a true and fair view of the state of Nkabune Technical Training Institute transactions during the financial year ended June 30, 2023, and of the Nkabune Technical Training Institute financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Nkabune Technical Training Institute, which have been relied upon in the preparation of the *Nkabune Technical Training Institute* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that the Nkabune Technical Training 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**

Nkabune Technical Training Institute financial statements were approved by the Board on \_\_\_\_  
13<sup>th</sup> July 2023 and signed on its behalf by:

  
.....

Name  
Chairperson of the Board

  
.....

Name  
Principal

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

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

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### 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

The accompanying financial statements of Nkabune Technical Training Institute set out on pages 1 to 34, which comprise of the statement of financial position as at

30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Gemal and Company Ltd, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nkabune 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccuracy in Cash and Cash Equivalents**

The statement of financial position reflects a cash and cash equivalents balance of Kshs.21,395,045. However, review of the bank reconciliation statements, cash books and bank statements for the months of May and June 2023 reveals that cheques totalling Kshs.2,570,041 issued from 29 December, 2022 and earlier years, were more than 6 (six) months old and had therefore become stale but had not been written back in the cash book.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.21,395,045 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.164,304,050 and Kshs.135,971,351 respectively resulting to underfunding of Kshs.28,332,699 or 17% of the final receipt budget. Similarly, the Institute spent Kshs.165,972,162 against actual receipts of Kshs.135,971,351 resulting in an over-utilization of Kshs.30,000,811 or 22% of the actual receipts.

The underfunding affected the implementation of 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

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

Review of the progress on follow up on prior year auditor's recommendations reveal that, several issues were raised under the Report on Financial Statements which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

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

##### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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**

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

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

##### **Conclusion**

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

## **Basis for Conclusion**

### **Weakness in the System of Internal Control Over Student Debtors**

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.96,421,073 which includes student debtors balance of Kshs.96,238,173 as disclosed in Note 19 to the financial statements. However, ageing analysis was not disclosed and the Management-approved policy on management of debts was not provided for review.

In the absence of ageing analysis and policy on management of debts, the Institute may incur losses in the form of uncollected debts.

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

### **Responsibilities of Management and the Board of Management**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**12 May, 2025**

**Nkabune Technical Training Insitute  
Annual Report and Financial Statements for the year ended 30th June 2023**

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

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6		23,805,000
			<b>23,805,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services	7	133,305,481	118,845,217
Sale of goods	8	1,313,583	679,284
Rental revenue from facilities and equipment	9	1,352,287	662,120
Other income	10		2,305,921
<b>Revenue from Exchange transactions</b>		<b>135,971,351</b>	<b>122,492,542</b>
<b>Total Revenue</b>		<b>135,971,351</b>	<b>146,297,542</b>
<b>Expenses</b>			
Use of goods and services	11	86,697,224	101,805,042
Employee costs	12	28,410,542	26,074,764
Board Expenses	13	3,417,040	2,560,100
Depreciation and amortization expense	14	22,615,817	22,136,127
Repairs and maintenance	15	7,191,748	7,375,847
Contracted services	16	3,791,356	3,088,000
Provisions for audit services	17		650,000
Provisions for bad debts		2,973,348	
<b>Total Expenses</b>		<b>155,097,075</b>	<b>163,689,880</b>
<b>Net Deficit for the year</b>		<b>-19,125,723</b>	<b>-17,392,338</b>

*(The notes set out on pages 7 to 34 form an integral part of the Annual Financial Statements).*

The Financial Statements set out on pages 1 to 34 were signed by:



Chairman of Board

Date 15-12-2023



Finance Officer

ICPAK No 25280

Date 15-12-2023



Principal

Date 15-12-2023

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

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**15. Statement of Financial Position as at 30th June 2023**

<b>Description</b>	<b>Notes</b>	<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	21,395,045	70,882,683
Current portion of receivables from exchange transactions	19	96,421,073	73,884,973
Inventories	20	11,831,912	10,580,060
Biological Assets	21	285,000	285,000
<b>Sub-Total</b>		<b>129,933,030</b>	<b>155,632,715</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	22	542,347,612	547,079,128
Intangible assets	23	<b>4,321,700</b>	3,031,000
<b>Sub-Total</b>		<b>546,669,312</b>	<b>550,110,128</b>
<b>Total Assets</b>		<b>676,602,342</b>	<b>705,742,843</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	25	5,023,864	1,250,858
Refundable deposits from students	26	313,500	345,000
Audit fee liability	17	1,804,237	1,804,237
<b>Total Liabilities</b>		<b>7,141,601</b>	<b>3,400,096</b>
<b>Net assets</b>		<b>669,460,741</b>	<b>702,342,748</b>
<b>Capital and Reserves</b>			
Reserves		528,561,515	528,561,515
Prior year adjustments		34,162,517	
<b>Total reserves</b>		<b>562,724,032</b>	
Accumulated Surplus		106,736,709	173,781,233
<b>Total Reserves and accumulated surplus</b>		<b>669,460,741</b>	<b>702,342,748</b>

The Financial Statements set out on pages 1 to 34 were signed by:

**Nkabune Technical Training Insitute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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.....  
Chairman of Board

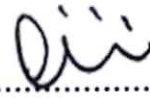
Date *15-12-2023*  
.....



.....  
Finance Officer

ICPAK No;25280

Date *15-12-2023*  
.....



.....  
Principal

Date *15-12-2023*  
.....

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

**16. Statement of Changes in Net Asset For The Year Ended 30 June 2023**

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Total
<b>At July 1, 2021</b>	528,561,515		191,173,750	<b>719,735,085</b>
Revaluation gain	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0
Total comprehensive income	0	0	-17,392,337	-17,392,337
Capital/development grants received during the year	0	0	0	0
Transfer of depreciation/amortization from capital fund to Retained earnings	0	0	0	0
<b>At June 30, 2022</b>	<b>528,561,515</b>	<b>0</b>	<b>173,781,233</b>	<b>702,342,748</b>
<b>At July 1, 2022</b>	<b>528,561,515</b>	<b>0</b>	<b>173,781,233</b>	<b>702,342,748</b>
Revaluation gain	0	0	0	0
Prior year adjustments-Assets valuation	0	34,162,517	0	34,162,517
Total comprehensive income	0	0	-19,125,723	-19,125,723
Capital/development grants received during the year	0	0	0	0
Prior year adjustments-overstatement of income	0	0	-47,918,801	-47,918,801
<b>At June 30, 2023</b>	<b>528,561,515</b>	<b>34,162,517</b>	<b>106,736,709</b>	<b>669,460,741</b>

**Note:**

1. The figures in the statement of changes in net asset of kshs. **562,724,032 (528,561,515+34,162,517)** was as a result of asset valuation done in the year 2020 while the figure of kshs. **106,736,709** was derived from accumulated surplus/retained earning.
2. There were Prior year adjustments

**Nkabune Technical Training Insitute**  
**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		2022-2023	2021-2022
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services		95,235,138	99,302,690
Sales of goods		1,313,583	
Rental revenue from hired facilities		1,352,197	
<b>Total Receipts</b>		<b>97,718,108</b>	<b>126,755,015</b>
<b>Payments</b>			
Employee cost		28,410,542	26,074,764
Use of goods and services		94,209,882	101,805,042
Board Expenses		3,417,040	2,560,100
Repairs and Maintenance		6,487,138	7,375,847
Contracted Services		3,791,356	3,088,000
<b>Total Payments</b>		<b>136,315,958</b>	<b>140,903,753</b>
<b>Net Cash Flows from operating activities</b>		<b>-38,597,850</b>	<b>-48,638,986</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		-8,675,087	18,477,635
Purchase of intangible assets		-2,200,000	350,000
<b>Net cash flows used in investing activities</b>		<b>-10,875,087</b>	<b>18,827,635</b>
<b>Cash flows from financing activities</b>			
Refundable deposits from customers		-14700	-
<b>Net cash flows used in financing activities</b>		<b>-14700</b>	<b>-</b>
Net Decrease in Cash and Cash equivalents		-49,487,637	-29,811,351
<b>Cash and Cash equivalents at 1 July 2022</b>		<b>70,882,683</b>	<b>100,694,034</b>
<b>Cash and Cash equivalents at 30 June 2023</b>		<b>21,395,045.42</b>	<b>70,882,683</b>

*NB. Direct method of cashflow has been used*

**Nkabune Technical Training Institute**  
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**18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	Remarks
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>	
Rendering of services- fees from students	160,708,000	-	160,708,000	133,305,481	27,402,519	83	Decreased in enrolment
Sale of goods	1,456,550	-	1,456,550	1,313,683	142,867	90	
Rental revenue from facilities and equipment	1,643,950	-	1,643,950	1,352,187	291,763	82	Less income from hire of facility
Other income	495,550	-	495,550		495,550	0	
<b>Total Income</b>	<b>164,304,050</b>	<b>-</b>	<b>164,304,050</b>	<b>135,971,351</b>	<b>28,332,699</b>	<b>83</b>	
<b>Expenses</b>					<b>0</b>		
Employees cost	28,712,074	-	28,712,074	28,410,542	301,532	99	
Use of goods and services	108,473,775	-	108,473,775	86,697,224	21,776,551	80	Some of activities not done due to fund constrains
Board expenses	3,417,800	-	3,417,800	3,417,040	760	100	
Repairs and Maintenance	7,340,401	-	7,340,401	7,191,748	148,653	98	
Depreciation and amortization			0	22,615,817	-	22,615,817	
Provision for bad debts			0	2,973,348	-2,973,348		
contracted services	3,360,000	-	3,360,000	3,791,356	-431,356	113	
<b>Total Expenditure</b>	<b>164,304,050</b>	<b>-</b>	<b>164,304,050</b>	<b>155,097,075</b>	<b>9,206,975</b>	<b>94</b>	
<b>Deficit for the period</b>			<b>0</b>	<b>-19,125,724</b>			
Development	13,000,000	-	13,000,000	10,875,087	2,124,913	84	

**19. Notes to the Financial Statements**

**1. General Information**

Nkabune Technical Training Institute entity is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Training.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

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

**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.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>No impact on the Nkabune technical training institute</i></p>
<b>IPSAS 42: Social Benefits</b>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.  (b) The key features of the operation of those social benefit schemes; and  (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>No impact on the Nkabune technical training institute</i></p>
<b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b>	<p><b>Applicable: 1st January 2023:</b></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>

**Nkabune Technical Training Institute  
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<b>Standard</b>	<b>Effective date and impact:</b>
	<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><b><i>No impact on the Nkabune technical training institute</i></b></p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <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).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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><b><i>No impact on the Nkabune technical training institute</i></b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <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><b><i>No impact on the Nkabune technical training institute</i></b></p>

**iii. Early adoption of standards**

Nkabune TTI did not early-adopt any new or amended standards in year 2023.

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**  
**4. Summary of Significant Accounting Policies**

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

**Transfers from other government entities**

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

- ii) **Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**  
**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Board on 31/01/2021. Subsequent revisions or additional appropriations were not 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. Nkabune Technical training institute 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.

**c) Taxes**

***Current income tax***

Nkabune technical training institute is exempted from paying taxes

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

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

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

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

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**  
**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**d) Investment property**

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

**e) Property, plant and equipment**

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

The assets are depreciated using reducing balance method of depreciation using the following rates

Class	Depreciation
Building	2%
Motor vehicles	25%
Computers	30%
Furniture and fittings	12.5%
Equipment and Machinery	12.5%

**f) Leases**

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

## **Nkabune Technical Training Insitute**

### **Annual Report and Financial Statements for the year ended 30th June 2023**

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

#### **g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date. Intangibles assets are amortized at the rate of 30%.

#### **h) Research and development costs**

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

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

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

#### **i) 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. 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.

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**Annual Report and Financial Statements for the year ended 30th June 2023**  
**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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

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**Annual Report and Financial Statements for the year ended 30th June 2023**  
**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)

**Financial liabilities**

**Classification**

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

**j) Inventories**

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

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

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

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.

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**Annual Report and Financial Statements for the year ended 30th June 2023**  
**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*.

**k) 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.

**l) 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.

**Nkabune Technical Training Institute  
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Notes to the Financial Statements (Continued)**

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

**m) Nature and purpose of reserves**

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

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

The Nkabune Technical Training Institute recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**o) Employee benefits**

**Retirement benefit plans**

The *Nkabune Technical Training Institute* provides retirement benefits for its employees. 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. Nkabune TTI has defined contribution plans for staff by paying 12% of basic salary and employee contribute 7% of basic to County Pension Fund.

**p) Foreign currency transactions**

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

**q) Borrowing costs**

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

**r) Related parties**

The Nkabune Technical Training Institute 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,

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**Annual Report and Financial Statements for the year ended 30th June 2023**

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)**

**s) Service concession arrangements**

The Nkabune Technical Training Institute 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 Nkabune Technical Training Institute 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 Nkabune Technical Training Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) Cash and cash equivalents**

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

**u) Comparative figures**

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

**v) Subsequent events**

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

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**  
**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Nkabune Technical Training Institute 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 Nkabune Technical Training Institute.
- 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. Provision for bad debts was set 3% on all student arrears.

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Annual Report and Financial Statements for the year ended 30th June 2023  
Notes to the Financial Statements (Continued)**

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

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Unconditional Grants		
Capitation for students		23,805,000
<b>Total Government Grants and Subsidies</b>		<b>23,805,000</b>

**7. Rendering of Services**

Tuition Fees	15,086,164.00	24,971,629.00
Personal Emoluments	17,777,720.00	15,370,100.00
Electricity, Water and Conservancy	6,385,482.50	5,123,040.00
Repairs, Maintenance and Improvement(RMI)	4,763,400.00	4,103,100.00
Activity	4,278,700.00	3,522,000.00
Medical	928,605.00	804,505.00
Insurance	4,263,950.00	2,897,800.00
Local Travel and Transport (LT&T)	4,632,000.00	3,808,500.00
Gratuity	914,800.00	801,600.00
Internet	1,829,000.00	1,608,600.00
Student Council	915,100.00	801,600.00
Attachment	4,249,703.33	3,629,224.00
Hostel fee	7,213,840.00	7,148,443.00
Registration fee	188,400.00	201,000.00
Student ID Card	138,550.00	159,797.00
Practical Materials	7,220,453.33	4,453,997.00
Examination Fee	13,709,083.33	12,145,184.00
PTA Development	4,056,000.00	3,621,500.00
Meals	18,657,000.00	17,806,650.00
Capitation.		5,072,698.00
Uniform.	1,323,530.00	794,250.00
	<b>118,531,481</b>	<b>118,845,217.00</b>

*(Student fees)*

**Nkabune Technical Training Institute  
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**8. Sale of Goods**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Production unit sales	1,023,802	36,420
Sale Of Uniform/Tshirt	289,681	631,364
Other incomes	100	11,500
<b>Total Revenue From The Sale Of Goods</b>	<b>1,313,583</b>	<b>679,284</b>

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

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Rent-Kitchen	440,287	336,220
Hire of Facilities	84,500	325,900
Staff House Rent	827,400	
<b>Total</b>	<b>1,352,287</b>	<b>662,120</b>

**10. Other Income**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Library fines	0	5,380
Photocopying Services	0	99,735
Computer Packages	0	51,500
Student meal card replacement	0	10,070
Equipment Charges	0	55,316
Graduation.	0	583,920
Seminars	0	1,363,500
Others-Benchmarking & special exams	0	136,500
Paid to devepment account	0	
<b>Total other income</b>	<b>0</b>	<b>2,305,921</b>

**Nkabune Technical Training Insitute**  
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**Notes To the Financial Statements (Continued)**

**11. Use of Goods and Services**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition (SES) Expenses	9,599,260	20,530,096
Local Transport & Travel	5,136,390	5,626,001
Motor Vehicle Repairs And Maintenance	-	33,390
Administration Expenses	10,674,898	13,248,662
Electricity Water and Conservancy	3,074,070	4,173,533
Medical Expense	226,935	864,070
Activity Expense	6,405,693	3,253,867
Internet/ICT Expense	1,019,314	1,970,620
Student Council	911,580	878,775
Examination	15,766,540	12,968,190
Hire of Facility	-	2,000
Tender Expenses	75,082	23,000
Farm	270,340	665,529
Student Meals	15,029,225	18,019,384
CT Production Unit/ Uniforms	282904	548,426
Insurance Expense	1,184,491	973,519
Graduation	-	782,060
Fuel & Oil Expenses	4,637,946	2,870,891
Practical materials expense	858,627	
Hospitality practical materials	5,032,726	
Hostel expense	3,745,460	5,901,760
House Rent Expense	-	311,800
Meetings & Conferences	-	7,500
Casuals		16,145
Food and beverage production unit	1,793,701	
Attachment Expense	884,236	1,715,400
Bank Charges	87,806	51,123
Secretarial Training	-	840,207
<b>Total good and services</b>	<b>86,697,224</b>	<b>101,805,042</b>

**Nkabune Technical Training Insitute**  
**Annual Report and Financial Statements for the year ended 30th June 2023**  
**Notes To the Financial Statements (Continued)**

**12. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	27,802,767	25,904,314
Gratuity Expense	607,775	170,450
<b>Employee Costs</b>	<b>28,410,542</b>	<b>26,074,764</b>

**13. Board Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Allowances	3,417,040	2,560,100
<b>Total</b>	<b>3,417,040.00</b>	<b>2,560,100</b>

**14. Depreciation and Amortization expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	21,706,517	20,987,127
Intangible assets	909,300	1,149,000
<b>Total depreciation and amortization</b>	<b>22,615,817</b>	<b>22,136,127</b>

**15. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Building painting and improvements works	7,191,748	7,375,847
<b>Total Repairs and Maintenance</b>	<b>7,191,748</b>	<b>7,375,847</b>

**16. Contracted Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Security and cleaning services	3,791,356	
	<b>3,791,356</b>	

**Nkabune Technical Training Institute**  
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**Notes To the Financial Statements (Continued)**

**17. Provisions for audit services**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>1,804,237</b>	1,154,237
Additional Provisions during the year	0	650,000
<b>Total provisions</b>	<b>1,804,237</b>	<b>1,804,237</b>

**18. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	21,395,045.42	70,882,683
<b>Total Cash and Cash Equivalents</b>	<b>21,395,045.42</b>	<b>70,882,683</b>

**Nkabune Technical Training Insitute**  
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**Notes To The Financial Statements (Continued)**

**18 (a). Detailed Analysis of Cash and Cash equivalents**

		<b>2022-2023</b>	<b>2021-2022</b>
a) Financial institution	Account number	KShs	KShs
Cooperative Bank Main Acc.	01129022017100	16,501,523.00	62,882,450
Co-operative Bank Instant Acc.	01100022017100	2,600,335.07	1,961,595
KCB Production Unit Acc.	1182909272	1,927,371	1,826,192
Kenya Commercial bank	1117245136	332,968.35	3,790,276
Equity bank	0140262856793	321	366,321
Cash in hand	cash in hand	32,527	55,848
<b>Grand Total</b>		<b>21,395,045.42</b>	<b>70,882,683</b>

**Nkabune Technical Training Institute**  
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**Notes to the Financial Statements (Continued)**

**19. Receivables from Exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	96,238,173	61,906,635
Rent Debtors	182,900	52,200
<b>Total Current Receivables</b>	<b>96,421,073</b>	<b>61,958,835</b>

**Nkabune Technical Training Insitute**  
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**20. Inventories**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Health unit	95,354	136,488
Cosmetology	1,198,474	0
Automotive	382,372	0
Library	7,147,394	9,264,258
Electrical	1,389,705	1,049,600
Fashion design	386,192	0
Food beverage	325,427	0
House keeping	31,946	0
Stationery	704,875	0
Store	95,876	95,876
Production unit	74,297	33,838
<b>Total inventories at the lower of cost and net realizable value</b>	<b>11,831,912</b>	<b>10,580,060</b>

**21. Biological assets**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Ayrshire dairy	140,000	140,000
Ayrshire dairy	0	-
Ayrshire heifer	0	-
Friesian	145,000	145,000
<b>Total</b>	<b>285,000</b>	<b>285,000</b>

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

**22. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Rates		2.0%	25%	12.50%	30%	12.50%		
As at 1st July 2021	60,000,000	393,820,875	26,554,704	6,644,958	7,561,881	73,771,900	27,083,882	589,807,914
Additions	-	0	5,500,000	957,490	499,600	2,860,479	8,660,066	16,118,591
Disposals	-	0	-	-	-	-	-	-
Transfers/adjustments	-	35,743,948		-	-		-35,743,948	-
<b>At 30th June 2022</b>	<b>60,000,000</b>	<b>429,564,823</b>	<b>32,054,704</b>	<b>7,602,448</b>	<b>8,061,481</b>	<b>76,632,379</b>	<b>0</b>	<b>613,915,835</b>
Additions	0	0	0	1,025,000	0	2,427,656	5,222,431	8,675,087
Disposals	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	-5,500,000	-955,697	4,766,239	-6,299,872	0	-7,989,330
<b>At 30th June 2023</b>	<b>60,000,000</b>	<b>429,564,823</b>	<b>26,554,704</b>	<b>7,671,751</b>	<b>12,827,720</b>	<b>72,760,163</b>	<b>5,222,431</b>	<b>614,601,592</b>
Depreciation and impairment								-
At 1 July 2021	-							
Depreciation	-	19,444,906	15,868,010	2,191,883	4,164,158	8,878,506	-	50,547,463
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	-	19,444,906	15,291,711	2,447,759	4,140,914	25,511,417	0	66,836,707
Prior year adjustments		-	576,299	-255,876	23,244	-16,632,911		-16,289,244
Depreciation charged	-	8,202,398	2,671,673	551,415	2,599,250	7,681,781	-	21,706,517
At 30 June 2023	-	27,647,304	18,539,683	2,743,298	6,763,408	16,560,287	0	72,253,980
<b>Net book values</b>								
<b>At 30th June 2022</b>	<b>60,000,000</b>	<b>410,119,917</b>	<b>16,762,993</b>	<b>5,154,689</b>	<b>3,920,567</b>	<b>51,120,962</b>	<b>-</b>	<b>547,079,128</b>

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At 30th June 2023	60,000,000	401,917,519	8,015,021	4,928,453	6,064,312	56,199,876	5,222,431	542,347,612
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**Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2023**

**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 Ministry of Physical planning and Housing professional valuer on 20/9/2020. These amounts were adopted in the financial statements on FY2022/2023.

**22 (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:

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	60,000,000		60,000,000
Building	429,564,823	27,647,304	401,917,519
Motor vehicles	26,554,704	18,539,683	8,015,021
Furniture and fittings	7,671,751	2,743,298	4,928,453
Computers	12,827,720	6,763,408	6,064,312
Plant and Equipment	72,760,163	16,560,287	56,199,876
Work in progress	5,222,431		5,222,431
<b>Total</b>	<b>614,601,592</b>	<b>72,253,980</b>	<b>542,347,612</b>

**23. Intangible Assets**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	4,180,000	3830000
Additions during the period	2,200,000	350,000
<b>At end of the period</b>	<b>6,380,000</b>	<b>4,180,000</b>
Additions–internal development	0	0
<b>At end of the period</b>	<b>0</b>	<b>0</b>
<b>Amortization and impairment</b>	<b>0</b>	<b>0</b>
<b>At beginning of the year</b>	1,149,000	0
Amortization during the period	909,300	1,149,000
<b>At end of the period</b>	<b>2,058,300</b>	<b>1,149,000</b>

**Nkabune Technical Training Institute**  
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Impairment loss during the period	0	0
<b>At end of the period</b>	-	-
<b>NBV</b>	<b>4,321,700</b>	<b>3,031,000</b>

24.

Description	2022-2023	2021-2022
	Kshs	Kshs

25. Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade and Other Payables	5,023,864	418,678
<b>Total Trade and Other Payables</b>	<b>5,023,864</b>	<b>1,250,858</b>

26. Refundable Deposits from Students

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Caution money	313,500		345,000	
<b>Total Deposits</b>	<b>313,500</b>		<b>345,000</b>	
<b>Ageing analysis:</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
Under one year	313,500	%	345,000	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (to tie to totals deposits above)</b>	<b>313,500</b>	<b>%</b>	<b>345,000</b>	<b>%</b>

27. Events After The Reporting Period

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

**Nkabune Technical Training Institute**  
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**28. Ultimate And Holding Entity**

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

**29. Currency**

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

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

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe:</b>
<b>1.Inaccuracies in Statement of cash flows</b>	The statement of cash flows reflects rendering for services amount of Kshs. 99,302,690 which differs with the amount of Kshs.118,845,217reflected in the statement of financial performance resulting to an unexplained difference of Kshs.19,542,527.	The management has amended the financial statement as per auditor recommendation.	Resolved	30 <sup>th</sup> June 2023
<b>2.In accuracies in property,plant and equipment</b>	The statement of financial position reflects property,plant and equipment comparative balance of kes.569,393,126.However,note 21 to the financial statements reflects abalance of ksh.522,504,737 resulting to an unexplained and unreconciled variance of kesh.46,888,389	The figures were amended to reflect the correct values	Resolved	30 <sup>th</sup> June 2023
3.	Unsupported caution money	Caution money is refundable to students once they clear school fees	Not resolved	30 <sup>th</sup> June 2023
<b>1. Budgetary control and performance</b>	<b>2. Budgetary control and performance</b> The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of KShs. 178,207,500 and	The management amended the budget	Resolved	30 <sup>th</sup> June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	Kshs. 146,297,542, respectively resulting to an underfunding of Kshs. 31,909,958 or 18% of the budget. Similarly, the institute expended Kshs. 159381388, against an approved budget expenditure of Kshs. 178,207,500 resulting to an under-expenditure of Kshs. 18,826,112 or 11% of the expenditure budget			
	Non-Gazettement of board of governors	It's the responsibility of the cabinet secretary to do the gazettement of the board of governors	Not resolved	

**Accounting Officer**



**Eunice W.Njenga**  
**Principal**  
Nkabune TTI

**Nkabune Technical Training Institute**  
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