


REPUBLIC OF KENYA



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REPORT

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OF

THE AUDITOR-GENERAL

ON

**MURAGA TECHNICAL TRAINING
INSTITUTE**

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



MURAGA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

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muraga technical training institute annual report and financial statements for the year ended 30th june 2023

Table of Contents

1.	Acronyms & Glossary of Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	The Council/Board of Governors.....	7
4.	Key Management Team	10
5.	Chairman's Statement	11
6.	Report of the Principal	12
7.	Statement of Performance against Predetermined Objectives	15
8.	Corporate Governance Statement.....	17
9.	<i>Management Discussion and Analysis</i>	Error! Bookmark not defined.
10.	Environmental and Sustainability Reporting Statement	xx
12.	Statement of Board of Governors/ Council's Responsibilities	xxiv
14.	Statement of Financial Performance for the Year Ended 30 June 2023	1
16.	Statement of Changes in Net Asset for the Year Ended 30 June 2023	3
17.	Statement of Cash Flows for the Year Ended 30 June 2023	4
18.	Statement of Comparison of Budget Actual amounts For Year Ended 30 th June 2023	Error! Bookmark not defined.
19.	Notes to the Financial Statements	Error! Bookmark not defined.
20.	Appendices	30

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

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
MTTI	Muraga Technical Training Institute

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

2. Key Entity Information and Management

(a) Background information

Muraga Technical Training Institute was established under the TVET Act in 2014. The entity is domiciled in Kenya and has branches in Kiini. The institute is under the Ministry of Education.

Muraga Technical Training Institute is located at Weru location maara subcounty in Tharaka nithi County. The construction of Muraga TTI started in 2014. It was a joint effort of the Ministry of education and the C.D.F. of Maara Constituency. The Government contributed Ksh. 40 million whereas the C.D.F. of Maara constituency ksh. 10 million respectively. The institute was mentored by Nkabune Technical Training Institute in Meru County. It was completed in early 2017 and was officially opened on 4th September, 2017.

The Institute opened its doors to trainees in September and started offering artisan, craft and diploma courses. In the year 2018, the government equipped the institute office furniture &, equipment, Staff Furniture, and students lecture chairs.

At ministry level, the Institute is represented by the Cabinet Secretary for education, who is responsible for the general policy and strategic direction of the Institute

(b) Principal Activities

The Principal activity for Muraga Technical Training Institute is to train competent and innovative manpower in TVET to meet the changing needs of the industry and for self- sustainability under TVETA Act 2013.

Vision:

To be centre of excellence in technical and vocational education and training

Mission:

To train competent and innovative manpower in TVET to meet the changing needs of the industry and for self-sustainability.

(c) Key Management

Muraga TTI day-to-day management is under the following key organs:

- Board of governors
- Accounting Officer/ Principal
- Top management
- Heads of Department

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mrs. Purity G. Ndigah
2	Deputy principal	Mr Stephen murithi
3.	Ag. Registrar	Mr James Lincon Nthiga
4.	Ag. Dean of student	Mr Festus Muraya
5.	Finance officer	Mr Oliver Mwiti Murungi
6.	Procurement officer	Mr Isaac Mukembu

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

No	Name of Committee	Members
1	<i>Finance Committee</i>	1. Alex Barasa
		2. Hanson Mugo
		3. Florence Musyoka
		4. Brenda Awuor
2	<i>Audit Committee</i>	1. Njue Njagi
		2. David Kitheka
		3. Hanson Mugo
		4. Mary Mugambi
		5. Njue Njagi
3	<i>Governance and human resource committee</i>	1. Brenda Awuor
		2. Mary Mugambi
		3. Njue Njagi
		4. Hanson Mugo

(f) Muraga TTI Headquarters

P.O. Box 614- 60400
Nairobi-Meru Highway
CHUKA, KENYA

(g) Muraga TTI Contacts

Telephone: (254)799519946
E-mail: muragatechinst@mail.com
Website: www.muragatechinst.ac.ke

(h) Muraga TTI Bankers

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

Kenya Commercial Banks
Account No:1212819675
Chuka Branch

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

Equity Bank
Account No:0140262856816
Chuka Branch





(i) Independent Auditors





Auditor-General
Office of Auditor General
Anniversary Towers, university 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 Council/Board of Governors

Name	Description
 <p>Name :Mr. Hanson Mugo Profession : IT consultant Academic :Masters In Corporate Management</p>	<p>Date of birth: 28/05/1969. Qualification: masters in corporate management Bachelor degree in computer science. Work Experience: 25 Years Position in BoG: Chairman BoG (Executive Committee)</p>
 <p>Name : Mrs Purity Ndigah Profession : Trainer Academic : Masters in Entrepreneurship</p>	<p>Date of birth: 22nd July 1972 Qualification: Masters in Entrepreneurship Work Experience: Principal Muraga TTI 24 Years Experience Position in BoG :BoG Secretary</p>
 <p>Name : Ms. Brenda Awour Profession : Accountant Academic : Master's Degree In Business Administration, Finance Option</p>	<p>Date of birth: 5th May 1973 Qualification: masters degree in business administration, finance option Work Experience: 24 years Regional Administrator At Community Development Trust Fund, Kenya(CDTF) 22 years' Experience Position in BoG :Member (Finance Committee)</p>
	<p>Date of birth: 15th February 1962 Qualification: Water Engineer Work Experience: Water Engineer at Gategi Irrigation Scheme. 26 years' work experience</p>





<p>Name : Ms. Florence Musyoka Profession : Water Engineer Academic : Bachelor's Degree in Environmental Engineering and Resource Management</p>	<p>Position in BoG :Member</p>
 <p>Name : David Mutua Kitheka Profession : : Agriculture Academic : Master of Science in Agriculture Resource Management</p>	<p>Date of birth: 1982 Qualification: Master of Science in Agriculture Resource Management Work Experience: Livelihood Technical Specialist/ Coordinator at ADRA Kenya. 10 years' Experience Position in BoG :Member</p>
 <p>Name : Mr. Alex Barasa Profession : IT consultant Academic : BSC Computer Science, Software Engineering</p>	<p>Date of birth: 15/01/1982. Qualification: BSC Computer Science, Software Engineering Work Experience: He is the current CEO ABNO Softwares International Limited 17 Years' Experience Position in BoG :Member</p>
 <p>Name Njue Njagi Profession : educationist Academic : Masters Degree In Education Managements</p>	<p>Date of birth: 16/01/1973 Qualification: master's degree in education managements Work Experience He is the currents CECM for agriculture ,livestock,fisheries,veterinary services industry and cooperative developments at Tharaka Nithi County</p>
	<p>Date of birth: Qualification: masters of business administration Work Experience:</p>

Name: Mary Mugambi

Profession :

Academic : Masters of Bussiness Adminstration

4. Key Management Team

No	Name	Responsibility
1	 <p>Name : Mrs Purity .G.Ndigah Profession : Trainer Academic : Masters in Entrepreneurship</p>	The principal and the accounting officer
2	 <p>Stephen muriithi Higher diploma electrical & electronics</p>	Deputy principal
3	 <p>Lincoln Nthiga BeD science</p>	Ag Registrar
4	 <p>Oliver Mwiti Murungi Certified Public Accountant of Kenya (C.P.A.K) Diploma In Technical education</p>	Finance Officer

5. Chairman's Statement

I am pleased to present the annual report and financial statement of muraga Technical & Training Institute for the year ended June 30th 2023

The demand for TVET programmes in the country has continued to rise prompting the institution to continually introduce academic programmes that respond to the demand of the market. The objective of the board is to position MTTI main programmes within the context of the market requirements, cost rationalisation, equity and customer satisfaction.

During the financial year 2022-2023 period, key achievements were realized, these are

- Increased student's enrolment from 173 at the beginning of the year to 551
- Substantial physical infrastructure
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees..
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI athletics activities at the regional level.
- Enhanced marketing strategies which have prompted population growth.

During this 2022-2023 financial year financial commitment was geared towards physical development of the institute infrastructures, implementation of the institute performance contracts which has sets out the process and timeframe of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am proud to note that most of the goals set out within the year indeed been achieved. These include:

- Initiating the process of automating the registry and finance and exams
- Growth in student's numbers,
- Competitive recruitment of staff both trainers and other support staff.
- Development of the infrastructures to support academic programmes.
- Development of various physical infrastructures in the college.

The college received HELB loans /bursary and GOK capitation for the college trainees'. This funding has enabled the college acquire equipment that will make it go –a-long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

The college has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realise further development. The board is pleased with efforts of the MTTI to ensure prudent management of resources and the level of compliance with the government regulations and statutory requirement. I thank the government for its financial support so far that has made it possible to implement the MTTI functions and programmes. I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.

Hanson Mugo

Chair of the Board of Governors'

6. Report of the Principal

Presented herein is the annual report and financial statement of Muraga Technical Training Institute for the year ended June 30th 2023 as per requirements of the Public Finance Management Act of 2012 and Public Audit Act, 2015.

Non-financial information

(a) Academic programme

During the financial year under review the college had 7 academic programmes namely

- Secretarial
- Information communication technology
- Hair & Beauty
- Building technology and plumbing
- Food and Beverage
- Electrical and electronics
- General Agriculture

(b) Student population

The Institute admits students allocated by KUCCPS, walk in placements and outsourcing them from high population catchment areas. By the end of the 2021/2022 financial year, the institute had a population of 214 students. The number is expected to rise to over 514 students in the 2022/2023 financial year This will be achieved through

- Aggressive marketing of the college programmes

- Expansion of the college training facilities to accommodate more trainees
- Mounting of academic programmes that are attractive to trainees
- Improved internal and external academic performance
- Strengthened collaborations with local industrials and other institutions of higher learning

(d) Provision of Requisite Facilities

As a strategy to increase competitive advantage, the management of the Institute continued to expand the existing facilities to attract and accommodate more students.

(d) Performance contract

In the financial year 2022/2023, the institute made the following achievements;

- Reviewed and translated the Citizens' Delivery Charter to brail deposited at the Customer Care office.
- upgraded the website to enable publicity and posting of correspondence Institute
- Increased students' enrolment from 214 to 400
- Overseen the construction of eight classrooms and masonry shed
- Procured 120 pcs of chairs lecture for trainee use and trainers
- Operationalize the farm for agriculture training and partnered with Sygenta foundation
- Introduced and participated in regional athletics
- Road safety and sensitization and distribution of reflector jackets to boda boda riders

Challenges that hindered 100% achievement of the targets during the year

- Lack of sufficient resources
- Unhonoured capitation remittance

(e) CORPORATE SOCIAL RESPONSIBILITY

The institute embarked on the following CSR activities within the year.

- Training of boda boda operators on road safety
- Offering free to the community sort courses

On behalf of the management and staffs of MTTI, I take this opportunity to thank the Board of the Governors for the support accorded to the key management and for its visionary direction in development of the college.

I appreciate the support from the GOK through -out the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainers in Kenya and beyond.

I thank all the staffs and trainees of MTTI for their continued cooperation in this challenging but noble task of building the institute and I look forward to the same cooperation and enthusiastic participation in 2022 – 2023 financial year.

Purity .G.Ndigah
Principal/Secretary of the board

7. Statement of Performance against Predetermined Objectives

REVIEW OF MURAGA TTI PERFORMANCE FOR 2022/2023 FINANCIAL YEAR

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.

MURAGA TTI has 5 strategic pillars and objectives within its Strategic Plan for the FY 2021/2022- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Grow the education &TVET programmes
- Pillar 2: Promote equity &quality education and training
- Pillar 3: Strengthen organisation development and capability
- Pillar 4: Establish contemporary learning services and facilities
- Pillar 5: Pursue stake holders’ partnerships and collaborations

Muraga 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 institute achieved its performance targets set for the FY 2022/2023 period for its 5 strategic pillars, as indicated in the diagram below

Strategic Pillar no	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Grow the education &TVET programmes	Growing the education &TVET programmes	Improved service delivery Modern ICT capability adopted in management & training Number of partnership developed with key stake holders	Benchmarking of the institute services against our competitor Invest in ICT capability to support service delivery Enhance partnership with the with stake holders	Benchmarked with neighbouring si institution on food & beverages workshops setting Initiated the automation of the key departments finance,administration, exams Established partnership with Weru Factory on modern tea farm management
Pillar 2:	promote equity &quality education and training	Promoting equity &quality education and training	Number of trainers in courses mainly dominated by the opposite gender	Advocate for the participation of both gender in the TVET programmes Integrated training	High enrolment in food & beverage courses by men The institute sent finance officer to

			Number of trainers who participated in the capacity building workshops	plan that focuses on enhancing trainers excellence	Mombasa during the training organ by HELB on HELB loan/bursary managements
Pillar 3:	strengthen organisation development and capability	Strengthening organisation development and capability	Number of new financial streams established by the institute Performance appraisal tool developed for the non-teaching staffs Reward & sanctions system based on appraisal report	Enhance financial sustainability of the institute Celebrate staffs success formally through a reward & recognition programmes	Institute has been selling agriculture produce from the farm Staffs are being rewarded according their performance
Pillar 4:	establish contemporary learning services and facilities	Establishing contemporary learning services and facilities	Suggest boxes Customers complains & compliment registers	Establishing a client relationship management by Maintaining customer visitors and customers feedback systems	Suggesting management systems in place Customer complains & compliment tools in place
Pillar 5:	pursue stake holders partnerships and collaborations	Pursuing stake holders partnerships and collaborations	Number of the MOUs the institute has signed with local industries Number of meeting in year Number of business opportunities	Strengthen external networks with the industries Implement expanded community engagement plans to add value to the community	Signed MOU with Weru Tea Factor and muthambi health centre Held quarterly meetings with the community on the available busines opportunities the community can engage with institute

8. Corporate Governance Statement

The mandate of TVET in Kenya is spelt out in the TVET Act.2013. Every TVET Institution is governed by a governing body in the form of a Council/BOG which is responsible for providing the required leadership in developing appropriate plans and strategies that will contribute to a sustainable execution of its mandate to satisfy the socioeconomic advancement of the nation and the region. Each Institution is headed by a Principal/Director, who acts as the secretary to the governing Council/BOG. The Council/BOG consists of the Chairperson and other members as may be spelt out in the existing Act. In Kenya, the TVET Act 2013 gives the composition of the Council/BOG as follows:

- (a) A chairperson;
- (b) A representative of the PS in the Ministry responsible for TVET
- (c) A representative of the Governor in the county
- (d) Six other persons appointed from the fields of;
 - (i) Leadership and management;
 - (ii) Financial management;
 - (iii) Technology;
 - (iv) Industry;
 - (v) Engineering;
 - (VI Information Communication Technology/legal

There must be at least two thirds gender representation in the membership. The Council/BOG meets quarterly on average, with a three-year term renewable once and for memory, one or two members are re-appointed. The Council/BOG may have working sub-committees to like;

- i. Finance Committee,
- ii. Governance and human resource committee
- iii. Audit and Risk Management.

The Sub-Committees can co-opt persons of special expertise during their deliberations.

At the operational level, the Principal/Director is the team leader (CEO) assisted by the Deputy Principal(s)/Director(s) to ensure a smooth work/learning environment. For proper management and mentorship for sustainability, he/she appoints departmental heads, section heads and supervisors at each operational area. Together, the team ensures sustainable quality, access, relevance and equity in the programs and services offered to its customers and a back and forth smooth flow of feedback.

Each institution has clearly espoused its mandate in its statements of intention in the form of Vision, Mission and core values. There also exists a documented Strategic Plan (SP) with achievable strategic objectives with clear strategies and goals. The achievement of these objectives is monitored at the operational levels through measurable documented quality objectives

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

The BOG of the Institute has been very supportive to the management and has fully performed its oversight role in whole and through the BOG committees. The management team is also well constituted with the Principal being the team leader, deputy principals (who handles both administration and Academics), the Registrar, Dean of students, Head of Guidance and Counselling and the Industrial Liaison Officer. The Institute has a robust team of professional non-academic staff with a qualified Finance officer and procurement officer

During the financial year, the management has endeavoured to satisfy both legal and regulatory requirement as espoused in its mandate under the TVET act 2013, the education act 2013, PFM Act 2012 and its regulations etc. Our operations were smooth and undisturbed for four quarters of the year

During the period, we were able to complete most of our Performance key projects as follows: -

FY 2022/2023 Key Projects Completion Rate

Project Name	Project Description	Location	Total Estimated Cost KSHS	Current status	Allocation for FY 2022/2023 KSHS	Expected Deliverables (output for FY 2022/2023)	End of FY Completion status
Construction of eight semi-permanent Tuition classes	Preparing drawing and bill of quantities	Muraga Technical Training Institute	1,500,000	new	1,500,000	Tuition classes constructed to completion	80% Completed
TOTAL					1,500,000		

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

9. Environmental and Sustainability Reporting Statement

Muraga Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: Below is a brief highlight of our achievements

Sustainability strategy and profile

Muraga Technical Training Institute is a learning organisation under the Directorate of Technical Vocational Education and Training. In her commitment to produce skilled manpower that fits in the job market, the Institution has continued to comply with the Ministry of Education guidelines and policies. The Institution has identified the potential of the community as key in realizing the growth of the Institution. The Institution has therefore engaged the community through continuous sensitization on the TVET courses and the support given by the government through capitation and application of HELB loans. Further the Institution has reached out to the stakeholders and the political leaders for support in all aspects in the running of the Institution through attending church meetings, community meeting, and upholding support for fees payment through the CDF programmes and bursaries from all levels.

The Institution has continued to engage with the Industry to allow linkage for trainees to the industry for industrial attachment and also employment. This has enabled contributions for industry expectation through direct feedback from the Industry.

Benchmarking with other learning Institution and partnering with them remains vital for progressive growth. Attending to relevant trainings and workshops has been key in staff development.

1. Market place practices-

Muraga TTI does responsible marketing by marketing the Institution and encouraging potential trainees to join the Institution. On courses that the Institute does not offer, she recommends other Institutions to the applicants for consideration. The Institute has not been involved in politics in any way but has welcomed political leaders who have identified in support of the Institution whenever opportunity arises.

The Institute honours contracts by keeping to the commitment to the end where there is no breach. The Institutes commits to clear all her supplier's debts and keep engaging the debtors even when finances are not available to ensure re-assurance on the commitment.

The Institute gives true information on all advertisements and publicity done. This has provided confidence on the services offered by the Institution without.

All services offered by the Institutes are for the best benefit of the Clients who are our consumers. Offer of services is objectively done to the best interest of the client. The trainees who are the highest number of our clients receive quality training and pass their examinations. This will ensure they remain competitive in the job market.

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

2. Community Engagements-

The Institute Engaged in offering of short course for free to the community and road safety sensitization and distribution of reflector jackets to boda boda riders

3. Market place practices

- a) Responsible Supply chain and supplier relations** – The management implement the Public Procurement and Disposal Act of 2012 and its Regulations of 2016 in all its procurement for goods, services and contracts.

Muraga Technical Training Institute advertises our training programs through our website, the media, door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.

B.Product stewardship –

Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean’s office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorized communication channels the official addresses, mobile numbers and emails.

Environmental performance

Muraga Technical Training Institute is committed to reducing its impact on the environment. We strive to improve our environmental performance over time and to initiate additional activities that will further reduce our impacts on the environment. Our commitment is to:

- (a)** Comply with all applicable environmental regulations,
- (b)** Prevent pollution whenever possible,
- (c)** Train all of our staff on our environmental program and empower them to contribute and participate,
- (d)** Communicate our environmental commitment and efforts to our customers, staff and our community.

So far we have planted over 100 trees.

Employee welfare

The Institute has been following the procedure of hiring employees into the Institution. The Board identifies the vacancies by analysis of key responsibilities and duties that ought to be done and the staff are not available or adequate. The Board then advertises for the positions and invites qualified candidates to apply. On applications, shortlisting of qualified persons is done basing it on the advert, Gender, Ethnicity and experience. Qualified persons are

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

contacted to attend interviews through mail and telephone calls. The panel engages all interviewees and allocated marks as per the score sheet. The panel then discuss the scores and average for the best candidate to be approved. Once staff are engaged, they are taken through an orientation where the responsibilities are outlined, discussed and the objectives of the organisation are laid out. Staff are developed through support given by the BOG to attend relevant workshops and seminars especially the ones organised through the ministry. The Institute is in the process of developing the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA). Appraisal of staff is done continuously.

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 institute embarked on the following CSR activities within the year.

- Training of boda boda operators on road safety
- Offering free to the community sort courses

On behalf of the management and staffs of MTTI, I take this opportunity to thank the Board of the Governors for the support accorded to the key management and for its visionary direction in development of the college.

I appreciate the support from the GOK through -out the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainers in Kenya and beyond.

I thank all the staffs and trainees of MTTI for their continued cooperation in this challenging but noble task of building the institute and I look forward to the same cooperation and enthusiastic participation in 2023 – 2024 financial year


Purity .G.Ndigah
Principal/Secretary of the board

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

10. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements

The BOG/Board members submit their report together with the audited financial statements for the year ended June 30th 2023 which show the state of the institute's affairs.

Principle activities

The principle activities of the entity are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To determine curricula appropriate for training of the various manpower category and specialization required by the labour market through careful selection of available syllabi from local or international institutions recognized by the Ministry of Education (MoE).
- c. To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- d. To promote and inculcate Entrepreneurial skills and culture within the institute's staff and students.
- e. To conduct Applied Research.
- f. To undertake income-generating activities through production, consultancy and tailor-made short courses, in-service courses, equipment and facility hiring and hospitality services to compliment Government grants and fees revenue.
- g. Foster spiritual growth among community members both staff and students.

Result

The results of the entity for the year ended June 30th 2023 are set out on page 1-32

Council/Board of Governors

The members of the Board who served during the year are shown on page iv & v During the year there has been no change in the board of governors.

Auditors

The Auditor General is responsible for the statutory audit of the *institute* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *institute* for the year ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 Public Audit Act, 2015

By Order of the Board

for *muraga*
.....
Hanson Mugo
chair of the Board/Council

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

11. Statement of Board of Governors/ Council’s Responsibilities

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

The Council members are responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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 entity’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the entity’s financial statements give a true and fair view of the state of entity’s transactions during the financial year ended June 30, 2023, and of the entity’s financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

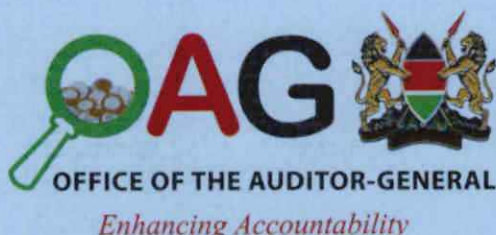
The Muraga Technical Training Institute financial statements were approved by the Board on _____ 2023 and signed on its behalf by:

From
Name Name
Chairperson of the Board/Council

.....

Accounting Officer/Principal

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

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

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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 Muraga Technical Training Institute set out on pages 1 to 31, which comprise 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Muraga 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

1. Inaccurate Property, Plant and Equipment

The statement of financial position and as disclosed in Note 19 to the financial statements reflects property plant and equipment balance of Kshs.134,230,371. However, the balance excludes a value of Kshs.1,017,675, Kshs.846,500 and Kshs.15,000,000 in respect to machines donated by the Ministry of Education through the Chinese Government, other assets procured within the year, and one hundred (100) computers in respect to a project by the Government to equip the ICT Centre in February, 2023.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.134,230,371 could not be confirmed.

2. Inaccurate Trade and Other Payables

The statement of financial position and as disclosed in Note 20 to the financial statements reflects accounts payable balance of Kshs.6,318,754. However, analysis of movement in accounts payables balance made up of opening balance of Kshs.5,077,079, total amount for the year of Kshs.38,371,908 and total actual payments for the year of Kshs.24,797,688 results in a balance of Kshs.18,651,299. This leads to an unreconciled and unexplained variance of Kshs.12,332,545.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.6,318,754 from exchange transactions could not be confirmed.

3. Non-Disclosure of Library Books

The statement of financial position and as disclosed in Note 19 to the financial statements, reflects a balance of Kshs.134,230,371 in respect to total net assets which excludes unknown value of library books. The stock sheet schedule showing the quantity and

values of the library books was not provided as the Institute failed to carry out a stock take of the library books as at 30 June, 2023 as required by the Public and Procurement Disposal Act 2015. Further, the Institute does not have a policy guideline on the recognition, measurement and disclosure of library books in the financial statements.

In the circumstances, the accuracy and completeness of the balance of Kshs.134,230,371 in respect to net assets could not be confirmed.

4. Inaccurate Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents at end of the quarter amount of Kshs.2,820,879 after adjusting for increase in payables and increase in receivables amounts of Kshs.(7,020,938) and Kshs.3,136,484 respectively. However, analysis of the statement of financial position reveals increase in payables and increase in receivables amount of Kshs.1,241,675 and Kshs.(3,136,484) respectively leading to unexplained and unreconciled variances of Kshs.7,262,613 and Kshs.6,272,968 respectively. In addition, the statement of cash flows has not been prepared using the direct method as prescribed by IPSAS.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Muruga 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.38,201,500 and Kshs.32,326,953 respectively resulting to underfunding of Kshs.5,874,547 or 15% of the final receipt budget. Similarly, the Institute spent Kshs.24,797,688 against actual receipts of Kshs.32,326,953 resulting in an under-utilization of Kshs.7,529,265 or 23% of the actual receipts.

The underfunding and underutilization 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, except for the effect of the matters described in the Basis for conclusion on lawfulness and effectiveness in the use of public resources, 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

1. Irregularities in Statutory Deductions

Review of payroll records revealed the following anomalies: -

- i. An amount of Kshs.30,480 due to NSSF was not deducted from employee's salaries. This is contrary to the NSSF Guide book page 4 on the obligations of employer under NSSF Act which provides that the employer promptly deducts and remit contributions in full to NSSF by the 15th day of the following month. Late payments of mandatory contributions shall attract a penalty of 5% of the contribution for each month or part of the month that are remitted late and that employer promptly submits accurate monthly returns in the prescribed format by the 15th day of the following month.
- ii. NSSF contributions amounting to Kshs.14,592 were deducted from Kiini campus employees' salaries. However, the mount was not remitted contrary to Section 19(4) of the Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) should pay the amount so deducted in accordance with the time period and other requirements specified in the law.
- iii. Further, in the month of August, 2022, there were only four (4) employees in the payroll whose NSSF pay was Kshs.7,200 for both employer and employees. However, the deductions paid to NSSF were Kshs.27,240 resulting in over remittance of Kshs.20,040.
- iv. Payments to employees at Kiini Campus were not subjected to NHIF deduction amounting to Kshs.20,950. NHIF deductions amounting to Kshs.10,050 was deducted from employees but was not remitted to the Authority. This was contrary to

Section 19(4) of the Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) should pay the amount so deducted in accordance with the time period and other requirements specified in the law.

- v. Examination of the Board allowance ledger showed that a total pay of Kes.744,000 was paid to the Board of Governors. However, the payment was not subjected to Pay as You Earn (PAYE) at 30%.

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

2. Unutilised Machines

Physical inspection conducted in March/April 2025 revealed that the Institution bought a facial steam machine at a cost of Kshs.1,017,675 to be used by the students doing Hairdressing Beauty and Therapy. However, the equipment had not been put to use. In addition, a heavy commercial processing plant valued at a cost of Kshs.1,222,808 that could be used to process milk and juices alongside learning, had also not been put to intended use.

In the circumstances, the value for money in the two machines valued at Kshs.2,240,483 could not be confirmed.

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

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. The first column in the statement of comparison of budget and actual amounts has not been disclosed.
- ii. The statements of financial performance and financial position reflect the heading for the year under review as ' period ended 30th June 2023' instead of 2022-2023.
- iii. The status of implementation of Auditor – General recommendations have not been signed by the Accounting Officer.
- iv. Reports of the Chairman and the Principal have not been signed.
- v. The statement of financial performance reflects net surplus for the quarter instead of net surplus for the year.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

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 effect of the matters 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

1. Failure to Carry Board of Survey

There was no evidence that the Institute carried out a Board of Survey at the close of the financial year.

In the circumstances, the controls in cash and cash equivalents could not be confirmed.

2. Incomplete Cheque Register

The cheque register did not have crucial parameters such as payment voucher numbers, vote head and brief description of the purpose of the cheque while the cheque counterfoils were not properly completed with details of drawee, purpose, specimen of signatories and particulars.

In the circumstance, the controls in accountable documents could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the 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 Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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

08 May, 2025

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

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

(The notes set out on pages 1 to 32 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 32 were signed by:

	Notes	Period ended 30th june 2023	YEAR 2021-2022
		Shs	Shs
Revenue from non-exchange transactions			
Transfer from the national governments grants/gift in kind	6	6,406,000	6,720,000
Total Revenue from non-exchange transactions		6,406,000	6,720,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	25,708,579	11,840,239
Other income	8	212,374	162,392
Revenue from exchange transactions		25,920,953	12,002,631
Total revenue		32,326,953	18,722,631
Expenses			
Use of goods and services	9	18,352,281	11,364,825
Employee costs	10	4,717,675	2,979,069
Board of governors allowances	11	744,410	744,410
Depreciation and amortization expense	12	13,574,219	9,988,666
Repairs and maintenance	13	588,353	233,520
Contracted services	14	395,379	355,031
Provision for audit fees		0	202,340
Total expenses		38,371,908	25,867,861
Net Surplus for the quarter		-6,044,955	-7,145,230

Paragon

 Chairman of Council/Board

Date

Peter

 Finance Officer
 ICPAK No Assoc/2605

Date

Principal

 Principal

Date 30/6/2023

muraga technical training institute annual report and financial statements for the year ended 30th june 2023

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

	Notes	Period ended 30th June 2023 Kshs	Year 2021-2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	16A	2,820,879	3,632,826
Receivables from exchange transactions	17	10,460,664	7,324,180
Inventories	18	1,013,826	2,480,107
Total Current Assets		14,295,369	13,437,112
Non-current assets			
Property, plant and equipment	19	134,230,371	130,988,380
Biological Assets			
Total Non-current Assets		134,230,371	130,988,380
Total assets		148,525,739	144,425,493
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	6,318,754	5,077,079
Total Current Liabilities		6,318,754	5,077,079
Total liabilities			
Capital and Reserves			
Accumulated surplus		-44,075,804	-38,030,849
capital fund		186,282,790	177,379,263
Total Capital and Reserves		142,206,986	139,348,414
Total Liabilities and Capital & Reserves		148,525,740	144,425,493

The Financial Statements set out on pages 1 to 32 were signed by:

Durogn
.....
For Chairman of Council/Board

Date

P. S. S. S.
.....
Finance officer
ICPAK NoAssoc/2605

Date

P. S. S. S.
.....
Principal
PRITHI GANDI GATH
Date 30/6/2023

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

	Revaluation reserv e	Fair value adjustme nt reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At June 30, 2022	-	-	-30,885,619	177,379,263	140,851,971
At June 30, 2022	-	-	-	-	0
Revaluation gain	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	-7,145,231	-	-7,145,231
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	0
At June 30, 2022	-	-	-38,030,849	177,379,263	133,706,740
Revaluation gain	-	-	-	8,903,527	8,903,527
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	-6,044,955	-	-6,044,955
Capital/Development grants received during the year	-	-	-	-	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	0
At 30th June 2023			-44,075,804	186,282,790	142,206,986

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

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

	Note	Period ended 30th JUNE 2023	YEAR 2021-2022
		Shs	Shs
Cashflow from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	6,406,000	6,720,000
Rendering of services	7	25,708,579	11,840,239
Other income,	8	212,374	162,392
Total Receipts		32,326,953	18,722,631
Payments			
Use of goods and services	9	18,352,281	11,364,825
Employees cost	10	4,717,675	2,979,069
Board of governors allowances	11	744,000	744,410
Repair maintenances and development	13	588,353	233,520
Contracted services	14	395,379	355,031
Provision for audit fees		0	202,340
Total Payments		24,797,688	15,879,195
Net surplus		7,529,265	2,843,436
Non-cash movements			
depreciation		13,574,219	
(less) increase in payables		-7,020,938	
(add) increase in the receivables		3,136,484	
Net cash flow from operating activities		-2,628,157	2,843,436
cash flow from investing activities			
Purchase of property, plant, equipment and intangible assets		1,816,210	-1,446,771
Net cash flows used in investing activities		1,816,210	-1,446,771
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		-811,947	1,396,665
Cash and cash equivalents at beginning of the year		3,632,826	2,236,161
Cash and cash equivalents end of the quarter		2,820,879	3,632,826

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

19. Statement Of Comparison Of Budgets And Actual Amounts For The Year Ended 30th June 2023

Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance difference	Utilization Difference
a	b	c=a+b	d		e=d/c %
Kshs	Kshs	Kshs	Kshs		Kshs
15,000,000		15,000,000	6,406,000	8,594,000	43
22,841,500	60000	22,901,500	25,708,579	-2,807,079	112
300,000	0	300,000	212,374	87,626	71
35,308,290	-35,308,290	0	0	0	0
73,449,790	60,000	38,201,500	32,326,953	5,874,547	85
				0	
5,592,000	0	5,592,000	4,717,675	874,325	84
30,055,500	-5,045,840	25,009,660	18,352,281	6,657,379	73
1,192,000	0	1,192,000	744,000	448,000	62
870,000	0	870,000	588,353	281,647	68
432,000	0	432,000	395,379	36,621	92
35,308,290	-30,202,450	5,105,840	969,710	4,136,130	19
73,449,790	-35,248,290	38,201,500	24,797,688	13,403,812	65
0	35,308,290	0	7,529,265		20

20 . Notes to the Financial Statement

1. General Information

Muraga technical training institute is established by and derives its authority and accountability from TVETA 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 *Muraga tti*. Accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, have not been identified. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Muraga tti*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (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.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
	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.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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>

iii. Early adoption of standards

Muraga tti did not early-adopt any new or amended standards in year 2023

Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

MURAGA TECHNICAL TRAINING INSTITUTE

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

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.

Notes to the Financial Statements (Continued)

Rental income

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

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on **07/012022** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of .xxx on the FY 2022/2023 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule *xxx* of the *income tax* Act.

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

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.

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 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

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

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.

Summary of Significant Accounting Policies (Continued)

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.

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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

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.

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.

MURAGA 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)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (*the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies*)

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.

MURAGA TECHNICAL TRAINING INSTITUTE

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

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 *Entity* regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

Notes to the Financial Statements (Continued)

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

MURAGA TECHNICAL TRAINING INSTITUTE
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

VIII. NOTES TO THE FINANCIAL STATEMENTS		
6.(a). TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES		
	Period ended 30th 2023	Comparative Period
Description	Shs	Shs
Unconditional grants		Shs
Capitation	5,906,000	6,720,000
Recurrents grants	500,000	-
Total	6,406,000	6,720,000
Conditional grants		
Transfer from CDF	0	0
Total government grants and subsidies	6,406,000	6,720,000

(a) Transfers from other Government entities (Categorized)

TRANSFERS FROM MINISTRIES OF EDUCATION					
6b)					
Name of the entity sending grants	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
state departments of technical training	6,406,000	-	-	6,406,000	6,720,000
National governments developments fund	-	-	-	-	-
Total	6,406,000	0	0	6,406,000	6,720,000

The details of the reconciliation have been included under appendix 111

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

7. Rendering of Services

7. RENDERING OF SERVICES		
	Period ended 30th june 2023	Year 2021-2022
Description	Shs	Shs
Driving School	28,750	0
Breakages	8,040	0
Tuition	6,599,508	2,705,829
Personal emoluments	3,573,094	1,833,000
Local travel and transport	1,194,400	611,000
Electricity water and conservancy	1,789,500	916,500
Repair maintainance and improvements	1,431,600	870,600
Activity fee	1,632,300	748,500
Registration	116,800	55,200
Students ID	116,600	53,800
Insurance	596,500	305,500
Gratuity	238,600	122,200
Internet	477,200	244,400
Practical materilas	3,333,007	1,558,200
Adminstration	1,236,450	611,000
Students council	236,600	122,200
Exams	2,967,130	893,310
Hostel	0	54,000
Industrial attachments	132,500	135,000
Total revenue from rendering of services	25,708,579	11,840,239

8. Sale of Goods

8. OTHER INCOME		
	Period ended 30th june 2023	Year 2021-2022
Description	Shs	Shs
Farm	123,634	162,392
Computer packages income	3,000	-
Sale of scrap	15,340	-
Food and beverage sales	12,710	-
Food and beverage IGA	14,480	-
Refer internal exams	2,500	-
Hair and beauty sales	710	-
Tenders	4,000	-
Total	172,374	162,392

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

9. Use of Goods and Services

	Period ended 30th June 2023	Year 2021-2022
DESCRIPTION	Shs	Shs
Kiini technical training institute mentorship	724,167	0
NITA Exam	72,000	0
Konza digital lab projects	671,890	0
Driving school expenses	23,520	0
Administration cost	1,182,894	1,288,569
Activity	1,076,040	363,168
Attachments	98,267	93,706
Bank charges	9,468	8,387
Electricity water and conservancy expense	860,189	430,259
Exam	3,309,880	1,574,990
Farm expenses	127,876	120,689
Internets services	207,588	63,312
Local travel and transport expenses	1,068,225	758,720
Marketing	823,918	659,607
Tuition Expenses	3,345,237	3,143,692
Practical's expenes	1,687,471	1,481,316
computer packages	-	6,000
Students council expenses	87,500	67,720
Value added tax with holding	-	25,901
Training and developments	1,659,697	699,760
Student ID	38,000	31,600
Performance contracts	174,000	195,152
Hostel	-	57,000
Research and developments	800	195,280
Kenya association of technical training subscription	180,000	100,000
Automation	900,000	-
Admission expenses	23,655	-
Total	18,352,281	11,364,828

10. Employee Cost

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

	Period ended 30th june 2023	Year 2021-2022
DESCRIPTION	Shs	Shs
National social security fund	330,516	362,040
National insurance fund	135,968	124,470
Paye as you earn	-	44,050
Salaries and Wages	4,053,749	2,448,509
Employee nssf	160,392	
National hospital insurance fund	23,100	
NITA levy	13,950	-
Total	4,717,675	2,979,069

11.Board/Council Expenses

Description	Period ended 31st June 2023	Year 2021-2022
	Shs	Shs
Board of governors allowances	744,000	744,410
Total remuneration of directors	744,000	744,410

12.Depreciation and Amortization expense

Description	Period ended 30th june 2023	Year 2021-2022
	Shs	Shs
Property, plant and equipment	13,574,219	9,988,666
Total depreciation and amortization	13,574,219	9,988,666

13.Repairs and Maintenance

Description	Period ended 30th june 2023	Year 2021-2022
	Shs	Shs
Repairs maintenance and improvements	588,353	233,520
TOTAL	588,353	233,520

14.Contractred Services

Description	Period ended 30th June 2023	Year 2021-2022
	Shs	Shs
Security services	395,379	355,031
Total contracted services	395,379	355,031

16(a)Cash and Cash Equivalents

	Period ended 30th june 2023	Year 2021-2022
Current account	Shs	Shs
Equity bank developments accounts	40,471	40,471
KCB bank of kenya recurrents accounts	2,696,868	3,591,191
Equity bank kiini campus	74,872	0
Cash at hand muraga campus	8,308	1,164
Cash at hand kiini campus	360	0
Total cash and cash equivalents	2,820,879	3,632,826

16 (b). Detailed Analysis of Cash and Cash equivalents

		Period ended 31st December 2022	Year 2021-2022
Financial institution		Kshs	Kshs
a) Current account	Account number		
Equity Bank	0140262856816	40,471	40,471
Kenya Commercial bank	1,212,819,675	2,696,868	3,591,191
Equity bank kiini campus	0210277231146	74,872	
Sub- total		2,812,211	3,631,662
B) Others(specify)			
cash in hand		8,308	1,164
Cash at hand kiini campus		360	
Sub- total		8,668	1,164
Grand total		2,820,879	3,632,826

17.Receivables from Exchange transactions

Description	Period ended 30th june 2023	Year 2021-2022
Current receivables	Shs	Shs
Student debtors	10,460,664	7,324,180
Total receivables	10,460,664	7,324,180

18 Inventories

18.Inventories	Period ended 30th June 2023	Year 2021-2022
consumables	1,013,826	2,480,107
Total	1,013,826	2,480,107

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

19. Property, Plant and Equipment

	Land	Buildings	Computers/Computer Accessories	furniture and fittings	water storage tank	electrical and electronics	Plant and equipments	Capital work in progress	Total
Cost		2.5%	30%	12.5%	8%	30%	12.5%		
At 30th June 2021	19,400,000	54,951,334	728,000	961,668	90,000	153,190	102,207,419	828,596	179,320,207
Additions	-	-	-	-	-	-	-	1,446,771	1,446,771
Cost/capitalized	-	-	-	-	-	-	-	-	0
Disposals	-	-	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	-	-	0
At 30th June 2022	19,400,000	54,951,334	728,000	961,668	90,000	153,190	102,207,419	2,275,367	180,766,978
Additions			15,480,000			203,400	163,100	969,710	16,816,210
Cost/capitalized									0
Disposals									0
Transfers/adjustments									0
At 30th June 2023	19,400,000	54,951,334	16,208,000	961,668	90,000	356,590	102,370,519	3,245,077	197,583,188
Depreciation and Impairment									0
At 30th June 2021		5,213,502	478,296	241,137	19,918	100,646	33,736,433	-	39,789,931
Depreciation	-	1,243,446	74,911	90,066	5,607	15,763	8,558,873	-	9,988,666
Disposals	-	-	-	-	-	-	-	-	0
Impairment	-	-	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	-	-	0
At 30th June 2022		6,456,947	553,207	331,203	25,525	116,409	42,295,306	-	49,778,598
Depreciation		1,212,360	4,696,438	78,808	5,158	72,054	7,509,402	-	13,574,219
Disposals									0
Impairment									0
Transfers/adjustments									0
At 30th June , 2023		7,669,307	5,249,645	410,011	30,683	188,463	49,804,708	-	63,352,817
Net book values									0
At 30th June 2023	19,400,000	47,282,027	10,958,355	551,657	59,317	168,127	52,565,811	3,245,077	134,230,371
At 30th June 2022	19,400,000	48,494,387	174,793	630,465	64,475	36,781	59,912,113	2,275,367	130,988,380

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).

Notes to the Financial Statements (Continued).

20. Trade and Other Payables

	Period ended 30th june 2023	Year 2021-2022
Description	Shs	Shs
Trade payables	2,115,837	766,253
Fees paid in advance	2,456,807	3,154,268
other payable	1,746,110	
Total trade and other payables	6,318,754	3,920,521

5. Financial Risk Management

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

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

(i) Credit risk

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

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

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

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20XX (previous year)				
Receivables from exchange transactions	7,324,180	7,324,180		
Receivables from non-exchange transactions	6,720,000	6,720,000		
Bank balances	3,632,826	3,632,826		
Total	17,677,006	17,677,006		
At 30 June 20XX (current year)				
Receivables from exchange transactions	10,460,664	10,460,664		
Receivables from non-exchange transactions				
Bank balances	2,820,879	2,820,879		
Total	13,281,543	13,281,543		

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements (Continued)
Financial risk management (continued)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20XX (previous year)				
Trade Payables	766,253			766,253
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
Total	766,253			766,253
At 30 June 20XX (current year)				
Trade Payables	1,500,000	1,420,000	941,947	3,861,947
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
Total	1,500,000	1,420,000	941,947	3,861,947

Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

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

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

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

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

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

Financial risk management (continued)

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)
Financial risk management (continued)

iv) Capital Risk Management

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

Description	Insert Current FY	Year 2021-2022
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-44,075,804	(3,803,0849)
Capital Reserve	186,282,790	177,379,263
Total Funds	142,206,986	139,349,000
Total Borrowings		
Less: Cash and Bank Balances	(2,820,879)	(3632826)
Net Debt/(Excess Cash and Cash Equivalents)		
Gearing		

6. Related Party Balances

Nature of related party relationships

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

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

Government of Kenya

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

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

Notes to the Financial Statements (Continued)

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies		
Rent income from govt. agencies		
Water sales to govt. agencies		
Others (<i>specify</i>)		
Total		
B) Purchases from related parties		
Purchases of electricity from kplc	860,189	430,259
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others (<i>specify</i>)		
Total		
b) Grants /Transfers from the Government		
Grants from National Govt	500,000	
Grants from County Government		
Donations in Kind		
Total		
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees		
Payments for Goods and Services for XX		
Total	1,360,189	430,259
d) Key Management Compensation		

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Directors' emoluments	744,000	744,410
Compensation to Key Management		
Total	744,000	744,410

7. Segment Information

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

Notes to the Financial Statements (Continued)

8. Events After The Reporting Period

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

9. Ultimate And Holding Entity

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

10. Currency

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

MURAGA 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported receivables from exchange transactions –students debtors	The institute has installed system which will solve the issue	resolved	
2	Omitted and unconfirmed ownership of property, plant and equipment's	Biological asset have been valued and included in the financial statements land is yet to be valued	Not resolved	
3	Unsupported trade and other payables from exchange transactions	Provision for audits fee h as been provided in the trade and other payables	resolved	
1	Budgetary control and performance	The deficits is within the allowed limits of +/-10%	resolved	
2	Unsolved prior year matters	All the maters have been illustrated in this table	resolved	
1	Non –tagging of fixed asset	All the asset have been tagged	resolved	
2	Stalled projects	The managements has initiated the process of operationalizing of the stalled plant	Not resolved	
3	Noncompliance with law on ethnic composition	The salary offered by the institution is not much attractive to communities living at far distance	resolved	

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Unbalanced	The managements has put measures in place to ensure budgets is always balanced	resolved	
1	Lack of internal audits	The institute has engaged the services of internal auditor form Nkabune tti to be conducting internal audits	resolved	
2	Lack of audits committee	The committee was in place for the period under audits	resolved	

.....

Name
Accounting Officer
(Enter title of Head of entity)
Date

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix II: Projects Implemented by (The Entity)

Projects

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

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

Status of Projects completion

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

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

MURAGA TECHNICAL TRAINING INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix III- Inter-Entity Confirmation Letter



MURAGA TECHNICAL TRAINING INSTITUTE
P.O BOX 614 - 60400 CHUKA - KENYA TEL: 0113175113
E-Mail: info@muragatechnical.ac.ke / muragatechinst@gmail.com
Website: www.muragatechnical.ac.ke



muraga technical training institute
P.O BOX 614 - 60400 CHUKA

The *muraga technical training institute* wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

		Confirmation of amounts received by [muraga technical training institute] as at 30 th June 2023					
		Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [Muraga technical training institute] ksh as at 30th june 2023	Differences (Kshs)
Reference Number	Date Disbursed	Recurrent	Development	Inter-Ministerial	Total	(E)	(F)=(D-E)
		(A)	(B)	(C)	(D)=(A+B+C)		
Capitation grants	24/10/2022	1,730,000	0	0	0	1,730,000	NIL
Recurrents grants	25/10/2022	500,000	0	0	0	500,000	NIL
Capitation grants	26/01/2023	2,088,000	0	0	0	2,088,000	NIL
Capitation grants	29/06/2023	2,088,000	0	0	0	2,088,000	NIL
Total		6,406,000	0	0	0	6,406,000	

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

Head of Accountants department of beneficiary Entity:

Name SignDate