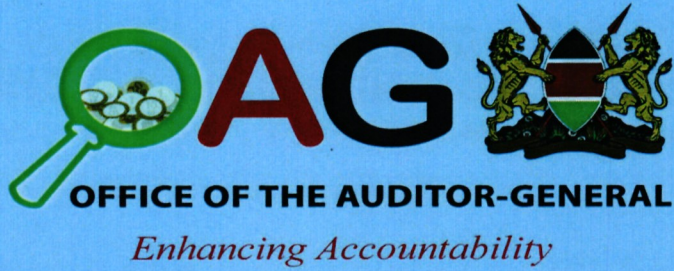


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 JUN 2023	DAY: TUESDAY
TABLED BY: Hon. Owen Baya, MP Deputy leader, majority	
CLERK-AT-THE-TABLE: Inzoga mwale	

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

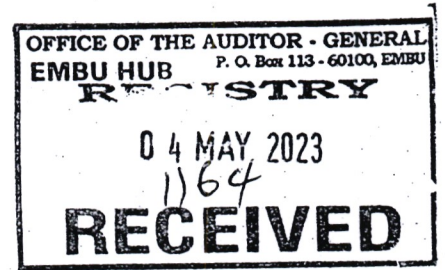
**OF**

**THE AUDITOR-GENERAL**

**ON**

**NKABUNE TECHNICAL TRAINING  
INSTITUTE**

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



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**NKABUNE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**30<sup>th</sup> JUNE, 2022**

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**Table of Contents**

I.	Key Entity Information and Management.....	ii
II.	The Board of Governors.....	vi
III.	Management Team.....	ix
IV.	Chairman's Statement.....	x
V.	Report of the Principal.....	xii
VI.	Statement of Performance against Predetermined Objectives.....	xiv
VII.	Corporate Governance Statement.....	xviii
VIII.	Management Discussion and Analysis.....	xx
IX.	Environmental and Sustainability Reporting Statement.....	xxi
X.	Report of the Board of Governors.....	xxiv
XI.	Statement of Board of Governors Responsibilities.....	xxv
XII.	Report of the Independent Auditor on Nkabune Technical Training Institute.....	xxvi
XIII.	Statement of Financial Performance for the year ended 30 June 2022.....	1
XIV.	Statement of Financial Position as at 30th June 2022.....	2
XV.	Statement of Changes in Net Asset for the year ended 30 June 2022.....	3
XVI.	Statement of Cash Flows for the year ended 30 June 2022.....	4
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022.....	5
XVIII.	Notes to the Financial Statements.....	6
XIX.	Appendices.....	30

## **I. Key Entity Information and Management**

### **a). Background information**

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

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

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

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

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

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

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

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

### **b). Principal Activities**

The principal activity is training.

### **VISION**

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

### **MISSION**

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

### **MOTTO**

Technical Skills for Self-Reliance.

**CORE VALUES**

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

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

**QUALITY POLICY STATEMENT**

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

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

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

**c. Key Management**

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

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

**d. Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Eunice Wairimu Njenga
2.	Deputy principal Academics	Alfred Mutava
3.	Registrar	Alice Ngunu
4.	Dean of students	Karwitha Mugambi
5.	Head of Finance	CPA Patrick Mutuma

**e). Fiduciary Oversight Arrangements**

The board has three committees

**Audit and risk committee**

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

**Academic/Welfare committee**

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

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

And monitoring education standards

**Finance and Human Resource committee:**

The committee role includes:

Developing and Managing an Operating Budget

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

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

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

**f). Entity Headquarters**

**Nkabune Technical Headquarters**  
P.O. Box 330-60200  
Off Mate Road  
Meru KENYA

**g). Entity Contacts**

Telephone: (254) 719186814,733777788  
E-mail: [nttinkabune@gmail.com](mailto:nttinkabune@gmail.com)  
Website: [www.nkabunetti.ac.ke](http://www.nkabunetti.ac.ke)

**h). Entity Bankers**

1. Cooperative Bank  
P.O. Box  
Meru 60200  
Meru, Kenya
2. Kenya Commercial Bank  
P.O box  
Meru
3. Equity Bank  
P.O Box 75104  
Meru Branch




**i). Independent Auditors**

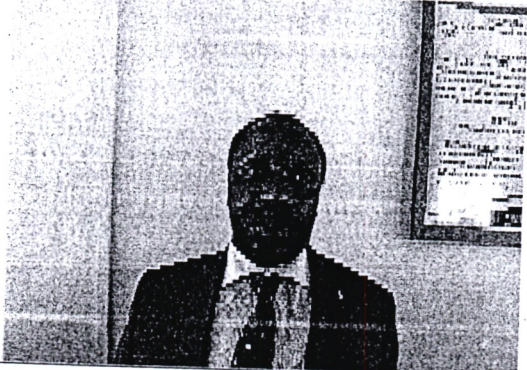



Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya


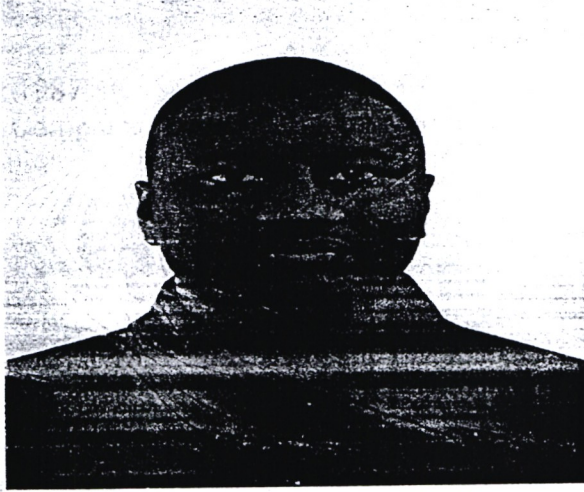
**j). Principal Legal Adviser**

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






II. The Board of Governors

<p>1. Eng. Celestino K. Marete.- Chairman</p> 	<p>DOB: 22<sup>nd</sup> June 1957 Qualifications BSc. Electrical Engineering 18 years' experience in managing projects involving developing hydropower and geothermal electricity generating stations, high voltage transmission and distribution lines. 6 years' experience in design, preparation of tender documents, procurement of contractors and supervision of electrical installations in building construction projects</p>
<p>2. Fr Dr Lawrence Njeru- Independent</p> 	<p>DOB: 28<sup>th</sup> December 1968 PhD studies (2010) Master of Educational Administration (2006 – 2009) Bachelor of Theology (1993 – 1997) Bachelor of Philosophy (1991 – 1992)</p>
<p>3. Eng. Gakungu Ndungu -Member</p> 	<p>DOB: 1<sup>st</sup> January 1957 Master's Degree Environmental and Bio systems Engineering Administrator and trainer in the TVET section in policy development and curriculum</p>

<p>4. Julius Mbaabu Inoti - Member</p> 	<p>DOB - 1962                  UON: 1984 – 1987 Bachelor of Law                  1988: Diploma in Legal Systems</p>
<p>5. Mrs Eunice Wairimu Njenga                  Secretary to the Board</p> 	<p>DOB: 21<sup>ST</sup> Sept, 1971                  MA Project Management                  BA Project Planning</p>
<p>6. Mrs Doreen Gakii George- Member</p> 	<p>DOB: 2nd October 1984                  2015: Bachelor of Commerce- Finance option                  Meru University of Science And Technology                  2010: CPA Part III – Foresight Institute of Logistics and Business Studies</p>
<p>7. Mrs Mercy Chidi Baidoo- Member</p> 	<p>DOB: 3<sup>rd</sup> July 1970                  Master in Leadership                  Program Director                  Project Coordinator                  District Programs Coordinator</p>

<p>8. Mrs Maureen Njeri Kinyanjui- Member</p> 	<p>DOB: 1987 2015: UON –Master of Arts in Construction project Management. 2007-2011: UON: Bachelor of Quantity Surveying</p>
<p>9. Mr John Chege- Member</p> 	<p>DOB: 1987 B.Sc. Computer Science- University of Nairobi</p>

III. Management Team

<p>1. Mrs Eunice Njenga</p> 	<p>Principal DOB:21<sup>ST</sup> Sept, 1971 BA Project Planning MA Project Management</p>
<p>2. Mr Alfred Mutava</p> 	<p>Deputy principal DOB:1963 BSC Agriculture</p>
<p>3. Ms Alice Ngunu</p> 	<p>Registrar DOB:15<sup>TH</sup> July,1969 BSc. Clothing Textile &amp;Interior Decoration</p>
<p>4. Nkarichia S. Karwitha</p> 	<p>Dean of Students DOB 27<sup>TH</sup> Feb 1972 Pursuing Master of Science Community Resource Management and Extension- KU Post Graduate Diploma in Special Needs-KISE Senior Management Course -KSG Bed. Home Economics - KU</p>
<p>5. CPA Patrick Mutuma</p> 	<p>Finance Officer DOB:16<sup>TH</sup> Aug, 1990 Bachelor of Commerce, Accounting Option ,CPAK</p>

#### **IV. Chairman's Statement**

Nkabune TTI is an integral part of the development of the Kenyan society. As one of the Country's registered provider of vocational education and training, I am proud of the value we bring to the community. Our positioning statement "Technical Skills for Self Reliance" reinforces our focus on providing skilled graduates, innovative workforce development solutions for businesses and industry and strong vocational education outcomes for everyone. We are an inclusive organization that provides learning opportunities for individuals regardless of their background.

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

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

Our Strategic plan sets out how Nkabune TTI will:

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

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

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

Nkabune Technical Training Institute Board of Governors was inaugurated on 3<sup>rd</sup> Feb 2020. The Board has three Committees i.e.

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

Members of the Board comprises of:

- |                          |                                   |
|--------------------------|-----------------------------------|
| 1. Margaret Nduhiu       | TVET county Director Meru /Isiolo |
| 2. Eng. Celestino Marete | BOG Chairman                      |
| 3. Mr John Chege         | BOG member- Audit Committee       |
| 4. Mr Julius Mbaabu      | BOG member –Finance Committee     |
| 5. Doreen Gakii          | BOG member –Finance Committee     |
| 6. Mr Ndungu Gakungu     | BOG member – Finance Committee    |

**Nkabune Technical Training Insitute**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2022**

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- |                              |                                |
|------------------------------|--------------------------------|
| 7. Dr. Fr. Lawrence Njeru    | BOG member- Academic Committee |
| 8. Maureen Njeri (Ms.)       | BOG member- Audit Committee    |
| 9. Mercy Chidi Baidoo (Mrs.) | BOG member- Audit Committee    |
| 10. Eunice W Njenga          | Principal/BOG – Secretary      |


**Key activities carried are:**

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

**Challenges**

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

Prepared by

  
Eng. Celestino K. Marete

Date 3<sup>RD</sup> MAY 2023

**B.O.G. Chairman**

### **V. Report of the Principal**

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

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

Currently the students' enrolment is at 1554 expecting to be 2,000 by January 2023; the institute has one hundred and eight(108) trainers where sixty one (61) are employed by public service commission and forty seven (47) employed by board of governors . the non-teaching staff are twenty nine(29) in number. Currently the courses offered are business technical education programmes (BTEP), technical education programmes (TEP), from Artisan, Certificate and Diploma level. The Institute recently started competency based education training (CBET) level four and five.

#### **Academic Departments**

The departments in the Institute Include:

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

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

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

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

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

#### **Proposed projects/activities for 2021/2022 FY**

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

# **Nkabune Technical Training Institute**

## **Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2022**

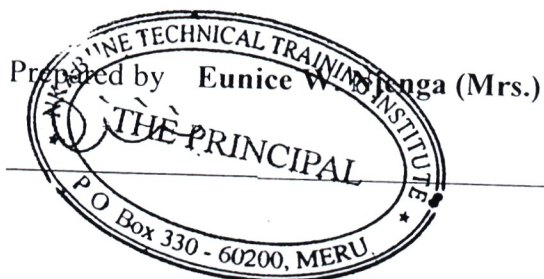
The Institute has been able to carry out its daily operations, fund the proposed projects within the year and pay its suppliers.

### **Sources of funds**

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

### **Challenges**

1. Water is inadequate since supply is from a community project which is normally supplied intermittently. This also is a great challenge because some of the courses such as Food and Beverage require adequate supply of water every day due to its practical oriented nature.
2. Inadequate infrastructure to accommodate the growth of enrolment, this includes hospitality complex, classrooms and workshops.
3. Lack of adequate trained teaching staff
4. Covid 19 pandemic which has affected parents economically not able to clear fees balance leading to huge balances.
5. Delayed capitation grants from MOE for students.



Date 3<sup>RD</sup> MAY 2023

**VI. Statement of Performance against Predetermined Objectives**

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

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

Pillar 1: Growing the TVET Programmes

Pillar 2: Promoting Equity and Quality Education and Training

Pillar 3: Strengthening Organizational Development and Capability

Pillar 4: Establishing Contemporary Learning Services and Facilities

Pillar 5: Pursuing Stakeholder Partnerships and Collaboration

*Nkabune Technical Training Institute* develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Nkabune Technical Training Institute* achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

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

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2022**

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

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2022**

Strategic Objectives	outcomes	strategies	
	<b>Outcome 3</b>		
	Nkabune TTI develops higher education programs in niche areas to meet market needs	<ol style="list-style-type: none"> <li>1. Undertake market research to identify further TVET program options</li> <li>2. Partner with other institutions to develop and deliver TVET programs</li> <li>3. Strengthen and maintain relationships with other TVET providers</li> </ol>	
	<b>Outcome 4</b>		
	Nkabune TTI provides equitable support services to all Trainees	<ol style="list-style-type: none"> <li>1. Provide effective and accessible services that support the diverse learning needs of all Trainees</li> <li>2. Strengthen specialist support services for all equity groups including Trainees with a disability</li> <li>3. Improve participation and outcomes for Trainees through effective support and learning pathways</li> <li>4. Deliver programs in culturally appropriate ways</li> </ol>	
	<b>Strategic Objective 3: Strengthening Organizational Development and Capability</b>	<b>Outcome 1</b>	
		Nkabune TTI has a cohesive organizational culture demonstrated by a positive learning and working environment	<ol style="list-style-type: none"> <li>1. Promote a positive organizational culture that values staff and integrity</li> <li>2. Celebrate staff success formally through a rewards and recognition program and informally through social events</li> <li>3. Adopt working conditions that allow for creative and innovative work situations</li> <li>4. Promote and install quality management culture and systems in the institution</li> <li>5. Enhance financial sustainability of the institute</li> </ol>
		<b>Outcome 2</b>	
Nkabune TTI has a flexible, adaptable and skilled workforce able to respond to the		<ol style="list-style-type: none"> <li>1. Implement an integrated capability framework linked to Nkabune TTI's strategic directions</li> <li>2. Drive workforce development including performance management, professional development and recruitment through the organizational capability framework</li> </ol>	

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

## **VII. Corporate Governance Statement**

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

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

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

The following committees have been in the institute.

### **Academic /Welfare**

1. Dr. Fr.Lawrence Njeru- Chairperson
2. Mercy Chidi
3. Margaret N. Karogo

### **Finance /Human Resource**

1. Engineer Ndungu Gakungu – Chairman
2. Doreen Gakii
3. Mbaabu M Inoti

### **Audit Committee**

1. Maureen Njeri
2. John Chege- Chairman
3. Mercy Chidi

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

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

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2022**

During the year 2021/2022 the table below shows the number of board and committee meetings held.

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

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

Board Training: During the year we had a board training in the month of February 2022 at Naivasha that highlighted on internal audit department control and functions of audit committee

**VIII. Management Discussion and Analysis**

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

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

During the year the student enrollment increased from student population of 1200 to 1600 students. The management has recruited additional staff in both academic and support staff to ensure smooth learning of operations. During the year the management developed a Human Resource policy and motivational policy documents to handle staff issues.

The institute has received a lot of support from the government through the Ministry Of Education by receiving capitation, Helb funds and state of the art equipment.

During the year the management completed constructed one tuition block to provide more space for teaching classes and completed construction and equipping an admission block to provide enough offices for the institute.

Also there were new courses introduced in the engineering department for plumbing and automotive courses which has led to increase in institute enrolment.

During the year the institute faced the following challenges

1. A two kilometer road to the institution is not tarmacked and it's impassable during the rain seasons, however the management is engaging the county government of Meru to address the issue.
2. The Institute has no enough public service lecturers thereby incurring huge costs on personnel cost to hire Board Of Governor's trainers.
3. Fees arrears from students due to impact of Covid 19 and hard economic times experienced in the country.

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

### **Sustainability strategy and profile**

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

### **Strategies**

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

### **Environmental performance**

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

### **Outcome 1**

Nkabune TTI forms productive and sustained partnerships with industry

### **Strategies**

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

### **Employee welfare**

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

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

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

#### **Human Resource policy manual**

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

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

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

#### **Trainings**

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

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

#### **Market place practices-**

Nkabune TTI is committed to providing contemporary client services and facilities by providing a consistent coordinated and high quality approach to contemporary trainees' services, flexible spaces that foster informal and formal learning and the integration of information technology in learning programs and services

#### **Outcome 1**

Nkabune TTI provides streamlined and integrated administrative services which meet individual and industry needs

#### **Strategies**

- a) Implement a whole Institute approach to provide seamless and consistent information, procedures and processes
- b) Implement a client relationship management system to maintain Nkabune TTI information for external client enquiries
- c) Undertake a whole Institute client satisfaction surveys regularly and respond to the feedback

**Corporate Social Responsibility / Community Engagements**

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

- (i). Saturday 3 July 2021- they visited the elderly and needy within the Nkabune community and gave donations to the four homes visited in cash and kind. The chief of the area appreciated the kind gesture and more so those visited.
  
- (ii). Wednesday 20 October 2021- they visited Meru Children's Home and gave our donations in cash and kind. They also assisted to carry out the daily chores, and then interacted with the children through plays, skits and words of encouragement.
  
- (iii). Saturday 6 November 2021- they visited Karura Forest –Kiambu County and helped keep the pathways clean by picking up litter along the routes used as well as sensitizing members of the public to keep the environment clean. They also played a football match with the young people they met there and then after the match shared information on pertinent issues in the society like drug and substance abuse, and then shared their meal with them.
  
- (iv). Termly HTC and wellness promotion activities that include cancer screening (breast, Cervical), Body Mass Index, Blood Pressure, Blood sugar levels and Nutritional Assessment to all members of Nkabune TTI fraternity and by extension to their family members.

The community and all the places visited appreciated the visits and the services rendered, what we were able to share with them and said we can always visit again.

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

**X. Report of the Board of Governors**

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

**Principal activities**

The principal activities of the entity are training.

**Results**

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

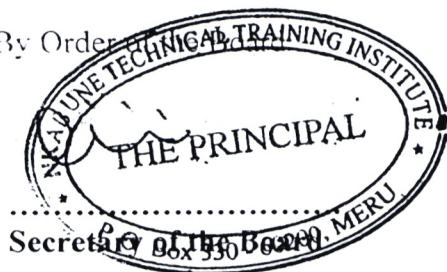
**Board of Governors**

The members of the Board who served during the year are shown on page ix. During the year 2021/2022 no director retired/ resigned and none was appointed with effect from 1<sup>st</sup> July 2021 to date.

**Auditors**

The Auditor General is responsible for the statutory audit of Nkabune Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of Nkabune Technical Training Institute for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order



Date: 3<sup>RD</sup> MAY 2023

**XI. Statement of Board of Governors Responsibilities**

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

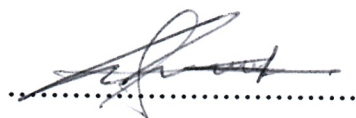
The Council members are responsible for the preparation and presentation of the Nkabune Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Nkabune Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the Nkabune Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 –The council members are of the opinion that the Nkabune Technical Training Institute financial statements give a true and fair view of the state of Nkabune Technical Training Institute transactions during the financial year ended June 30, 2022, and of the Nkabune Technical Training Institute financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Nkabune Technical Training institute, which have been relied upon in the preparation of the *Nkabune Technical Training Institute* financial statements as well as the adequacy of the systems of internal financial control.


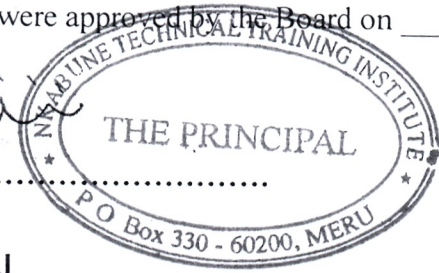
Nothing has come to the attention of the Council members to indicate that the Nkabune Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Nkabune Technical Training Institute financial statements were approved by the Board on 30<sup>th</sup> September 2022 and signed on its behalf by:



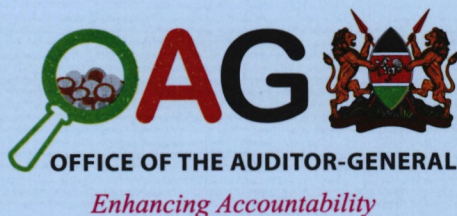
Name  
Chairperson of the Board

Name  
Principal

# REPUBLIC OF KENYA

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



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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

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

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

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

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Cash Flows**

The statement of cash flows reflects rendering of services - fees from students amount of Kshs.99,302,690. However, the statement of financial performance reflects an amount of Kshs.118,845,217 resulting to an unexplained and unreconciled variance of Kshs.19,542,527.

In the circumstances, the accuracy and completeness of the rendering of services - fees from students amounting to Kshs.99,302,690 could not be confirmed.

#### **2. Inaccuracies in the Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment comparative balance of Kshs.569,393,126. However, Note 21 to the financial statements reflects a balance of Kshs.522,504,737 resulting to an unexplained and unreconciled variance of Kshs.46,888,389.

In the circumstances, the accuracy and completeness of the property, plant and equipment comparative balance of Kshs.569,393,126 could not be confirmed.

#### **3. Unsupported Caution Money**

The statement of financial position and as disclosed in Note 25 to the financial statements reflects a balance of Kshs.345,000 in respect of refundable deposits from students (caution money). However, the supporting list of the outstanding caution money and an analysis of the overdue refundable amounts for the previous years was not provided for audit review. Further, the Institute ought to surrender the unclaimed caution money to the Unclaimed Financial Assets Authority (UFAA) who are mandated to obtain, safeguard and reunite these assets to their rightful owners if the amounts have not been claimed from the Institute after a period exceeding two (2) years.

In the circumstances, the accuracy, existence and completeness of the caution money balance of Kshs.345,000 could not be confirmed.

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

## **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**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.178,207,500 and Kshs.146,297,542, respectively resulting to an under funding of Kshs.31,909,958 or 18% of the budget. Similarly, the statement reflects final expenditure budget of Kshs.178,207,500 and actual expenditure of Kshs.159,381,388 resulting to an under-expenditure of Kshs.18,826,112 or 11% of the budget.

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

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 LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-Gazettement of Board of Governors**

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.2,560,100 in respect of Board expenses. However, the Cabinet Secretary for Education appointed nine (9) persons to the Board of Governors of the Institute for a period of three (3) years with effect from 29 September, 2020 without issuing a Gazette notice and acceptance to the appointment was not provided contrary to Chapter 1.8.e. of Mwongozo Guidelines which states that each Board member shall formally be appointed to the Board through a gazette notice and thereafter be issued with appointment letter to which they should signify their acceptance in writing.

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

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

### **Basis for Conclusion**

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 control 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 its operations.

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

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 controls.
- 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 June, 2023


**XIII. Statement of Financial Performance for the year ended 30 June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	23,805,000	21,180,000
		<b>23,805,000</b>	<b>21,180,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	118,845,217	100,363,238
Sale of goods	8	679,284	459,688
Rental revenue from facilities and equipment	9	662,120	1,345,731
Other income	10	2,305,921	365,289
<b>Revenue from Exchange transactions</b>		<b>122,492,542</b>	<b>102,533,946</b>
<b>Total Revenue</b>		<b>146,297,542</b>	<b>123,713,946</b>
<b>Expenses</b>			
Use of goods and services	11	101,805,042	85,369,214
Employee costs	12	26,074,764	18,384,710
Board Expenses	13	2,560,100	2,912,115
Depreciation and amortization expense	14	22,136,127	14,910,875
Repairs and maintenance	15	7,375,847	19,954,130
Contracted services	16	3,088,000	2,964,949
Provisions for audit services	17	650,000	550,450
<b>Total Expenses</b>		<b>163,689,880</b>	<b>145,046,443</b>
<b>Net surplus (Deficit) for the year</b>		<b>(17,392,337)</b>	<b>(21,332,497)</b>

(The notes set out on pages 7 to 29 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 33 were signed by:

  
.....  
Chairman of Board

  
.....  
Finance Officer  
ICPAK No 25280



Date 03/05/2023

Date 03/05/2023


Date 03/05/2023

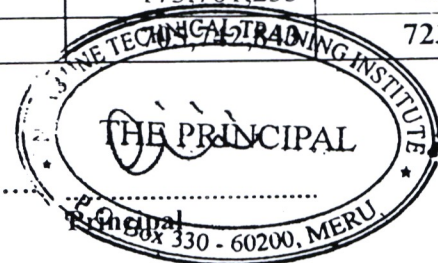
XIV. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	18	70,882,683	100,694,034
Current portion of receivables from exchange transactions	19	73,884,973	36,447,873
Inventories	20	10,580,060	13,151,030
Biological Assets	23	285,000	140,000
		<b>155,632,715</b>	<b>150,432,937</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	21	547,079,128	569,393,126
Intangible assets	22	3,031,000	3,830,000
		<b>550,110,128</b>	<b>573,223,126</b>
<b>Total Assets</b>		<b>705,742,843</b>	<b>723,656,063</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables from exchange transactions	24	1,250,858	2,577,241
Refundable deposits from students	25	345,000	189,500
Current provisions	17	1,804,237	1,154,237
Total Liabilities		3,400,096	3,920,978
Capital and Reserves			
Revaluation Reserves		528,561,515	528,561,515
Retained Earnings		173,781,233	191,173,570
<b>Total</b>		<b>705,742,843</b>	<b>723,656,063</b>

The Financial Statements set out on pages 1 to 35 were signed by:

  
Chairman of Board

  
Finance Officer  
ICPAK No 25280



Date 03/05/2023

Date 03/05/2023

Date 03/05/2023

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings/ Accumulated Surplus	Total
<b>At July 1, 2020</b>	528,561,515	-	212,506,067	741,067,582
Revaluation gain	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-
Total comprehensive income	-	-	-21,332,497	-21,332,497
Capital/development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2021</b>	528,561,515	-	191,173,570	719,735,085
At July 1, 2021	528,561,515	-	191,173,570	719,735,085
Revaluation gain	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-
Total comprehensive income	-	-	(17,392,337)	(17,392,337)
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
<b>At June 30, 2022</b>	528,561,515	-	173,781,233	702,342,748


(Note:

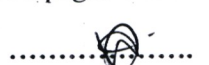
1. In the statement of changes in net assets the revaluation reserve of kshs.528,561,515 was as a result of valuation done on institute asset by the Ministry of Housing and Planning
2. The retained earnings of kshs.173, 781.233 was as a result of accumulated surplus over the years from the statement of financial performance. Retained earnings=191, 173,570-17392,337=173, 781,233 which is in financial position.

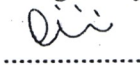
XVI. Statement of Cash Flows for the year ended 30 June 2022

Description	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Cash flows from operating activities</b>			
Receipts			
Transfers from other government entities-Capitation	6	23,805,000	21,180,000
Rendering of services- fees from students	7(a)	99,302,690	60,283,181
Sale of goods	8	679,284	459,688
Rental revenue from facilities and equipment	9	662,120	1,345,731
Other income	10	2,305,921	365,289.00
<b>Total Receipts</b>		<b>126,755,015</b>	<b>83,633,889</b>
<b>Payments</b>			
Compensation of employees	12	26,074,764	18,384,710
Use of goods and services	11	101,805,042	85,369,214
Board Expenses	13	2,560,100	2,912,115
Repairs and Maintenance	15	7,375,847	19,954,130
Contracted Services	16	3,088,000	2,964,949
<b>Total Payments</b>		<b>140,903,753</b>	<b>129,585,118</b>
<b>Net Deficit</b>		<b>(14,148,738)</b>	<b>(45,951,229)</b>
Less; In (increase)/Decrease in Receivables from Exchange transaction		37,437,100	12,996,376
Less; In (increase)/Decrease in Inventories		(2,570,970)	-
Less; In (increase)/Decrease in Biological Assets		145,000	-
Less; In (increase)/Decrease in Trade payables		(1,326,382)	-
Less; In (increase)/Decrease in Deposits from students		155,500	-
Less: In (increase)/Decrease in Current provisions		650,000.00	-
Less Total Increase/Decrease		34,490,248	12,996,376
<b>Net Cash Flows from operating activities</b>		<b>(48,638,986)</b>	<b>(58,947,605)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	21	(18,477,635)	(32,994,287)
Purchase of intangible assets	22	(350,000)	-
Net cash flows used in investing activities		(18,827,635)	(32,994,287)
<b>Cash flows from financing activities</b>			
Refundable deposits from customers		-	-
<b>Net cash flows used in financing activities</b>			
Net Increase/(Decrease) in Cash and Cash equivalents		(29,811,351)	(62,984,191)
<b>Cash and Cash equivalents at 1 July 2021</b>		<b>100,694,034</b>	<b>163,678,225</b>
<b>Cash and Cash equivalents at 30 June 2022</b>		<b>70,882,683</b>	<b>100,694,034</b>

The Financial Statements set out on pages 1 to 35 were signed by:

  
Chairman of Board

  
Finance Officer

  
Principal

## XVII. Statement of Comparison of Budget &amp; Actual amounts for the year ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	33,000,000	-	33,000,000	23,805,000	9,195,000	72
Rendering of services- fees from students	140,736,000	-	140,736,000	118,845,217	21,890,783	84
Sale of goods	1,095,000	-	1,095,000	679,234	415,716	62
Rental revenue from facilities and equipment	860,500	-	860,500	662,120	198,380	77
Other income	2,516,000	-	2,516,000	2,305,921	210,079	92
<b>Total Income</b>	<b>178,207,500</b>	<b>-</b>	<b>178,207,500</b>	<b>146,297,542</b>	<b>31,909,958</b>	<b>82</b>
Compensation of employees	26,108,850	-	26,108,850	26,074,764	34,086	100
Use of goods and services	115,268,911	-	115,268,911	101,805,042	13,463,869	88
Remuneration of directors	2,650,500	-	2,650,500	2,560,100	90,400	97
Repairs and Maintenance	8,518,739	-	8,518,739	7,375,847	1,142,892	87
Development	22,540,500	-	22,540,500	18,477,635	4,062,865	82
contracted services	3,120,000	-	3,120,000	3,088,000	32,000	99
<b>Total Expenditure</b>	<b>178,207,500</b>	<b>-</b>	<b>178,207,500</b>	<b>152,381,388</b>	<b>18,826,112</b>	<b>89</b>
<b>Surplus /Deficit For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,083,846)</b>		

(Budget notes)

21. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPS: S 24.14

**XVIII. Notes to the Financial Statements**

**1. General Information**

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

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

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

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> </ul> <p>The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires.</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

iii. Early adoption of standards

Nkabune Technical Training Institute did not early-adopt any new or amended standards in year 2022.

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

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

###### Transfers from other government entities

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

##### ii) Revenue from exchange transactions

###### Rendering of services

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

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

###### Sale of goods

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

###### Interest income

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

###### Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (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.

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 30/1/2021. 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 in order to conclude the final budget. Accordingly, the entity did not record additional appropriations of xxx on the FY 2021/2022 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 a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented 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 xxx 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.

**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 a period of xxx years.

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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

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

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.

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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

4 Summary of Significant Accounting Policies (Continued)

21) Financial instruments (Continued)

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

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

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Loans and borrowing*

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

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

j) **Inventories**

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

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

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

## Notes to the Financial Statements (Continued)

### 4 Summary of Significant Accounting Policies (Continued)

#### **Inventories (Continued)**

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

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

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

#### **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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

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

m) 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.

n) 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.

o) 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.

p) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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

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

**q) Related parties**

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

**r) 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.

**s) 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.

**t) Comparative figures**

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

**u) 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, 2022.

Notes to the Financial Statements (Continued)

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

Nkabune Technical Training Institute  
 Annual Report and Financial Statements for the year ended 30th June 2022  
 Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation for students	23,805,000	21,180,000
<b>Total Government Grants and Subsidies</b>	<b>23,805,000</b>	<b>21,180,000</b>

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2021-2022
			Kshs	Kshs	Kshs
State Department of TVET	23,805,000	-	-	-	23,805,000
<b>Total</b>	<b>23,805,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,805,000</b>

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	24,971,629	20,513,802
Personal Emoluments	15,370,100	13,473,500
Electricity, Water and Conservancy	5,123,040	4,090,840
Repairs, Maintenance and Improvement(RMI)	4,103,100	3,357,350
Activity	3,522,000	3,171,920
Medical	804,505	704,800
Insurance	2,897,800	1,761,700
Local Travel and Transport (LT&T)	3,808,500	2,901,205
Gratuity	801,600	704,800
Internet	1,608,600	1,409,400
Student Council	801,600	704,800
Attachment	3,629,224	3,461,146
Hostel fee	7,148,443	6,285,684
Registration fee	201,000	116,200
Student ID Card	159,797	98,191
Practical Materials	4,453,997	5,958,862
Examination Fee	12,145,184	9,029,222
Student's arrears	25,738	-
Development	3,621,500	2,901,750
Meals	17,806,650	17,968,500
Capitation.	5,046,960	983,966
Uniform.	794,250	765,600
<b>Total Revenue from The Rendering Of Services</b>	<b>118,845,217</b>	<b>100,363,238</b>

7(a)

Description	2021-2022	2020-2021
Actual receipts from fees	99,302,690	60,283,181
<b>Total</b>	<b>99,302,690</b>	<b>60,283,181</b>

These are actual revenue collected during the financial period from invoices raised through accrual method of kshs. 118, 845,217.a total of kshs.99,302,690 was collected during the period included in the cash flow statement.

8. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
sale of tenders	-	16,000
Sale of Farm Produce	36,420	129,260
Cafeteria Sales	631,364	314,428
Sale of Uniforms/T-shirt	11,500	-
<b>Total Revenue From The Sale Of Goods</b>	<b>679,284</b>	<b>459,688</b>

(This are revenue generated from production units within the institution)

Notes to the Financial Statements (Continued)

9. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities	336,220	527,531
Staff House Rent	325,900	818,200
<b>Total</b>	<b>662,120</b>	<b>1,345,731</b>

(This is revenue generated from hire of institute facilities i.e bus and staff houses rented to the teaching staff)

10. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Library fines	5,380	3,195
Photocopying Services	99,735	78,800
Computer Packages	51,500	25,200
Student meal card replacement	10,070	6,900
EQUIPMENT CHARGES	55,316	251,194
Graduation.	583,920	-
Secretarial capacity building	1,363,500	-
Others-Guest room charges	136,500	-
<b>Total other income</b>	<b>2,305,921</b>	<b>365,289</b>

(These are incomes charged within the Institution).

11. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition (SES) Expenses	20,530,096	11,227,383
Local Transport & Travel	5,626,001	4,100,306
Motor Vehicle Repairs And Maintenance	33,390	-
Administration Expenses	13,248,662	21,558,256
Electricity Water and Conservancy	4,173,533	5,016,457
Medical Expense	864,070	1,144,734
Activity Expense	3,253,867	658,714
Internet/ICT Expense	1,970,620	1,392,060
Student Council	878,775	747,803
Examination	12,968,190	12,253,150
Hire of Facility	2,000	1,500
Tender Expenses	23,000	433,890
Farm	665,529	327,750

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Caution Money	22,500	1,800
Student Meals	18,019,384	12,366,930
CT Production Unit/ Uniforms	548,426	302,380
Insurance Expense	973,519	875,996
Graduation	782,060	-
Fuel & Oil Expenses	2,870,891	2,202,849
Practical materials expense	4,090,369	1,806,846
Hostel expense	5,901,760	7,748,496
House Rent Expense	311,800	-
Meetings & Conferences	7,500	122,600
Casuals	16,145	-
cafeteria expenses/kitchen	1,416,225	193,118
Attachment Expense	1,715,400	728,450
Bank Charges	51,123	37,746
Secretarial Training	840,207	-
Subscription expenses	-	120,000
<b>Total good and services</b>	<b>101,805,042</b>	<b>85,369,214</b>

12. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	25,904,314	18,195,570
Gratuity Expense	170,450	189,140
Employee Costs	26,074,764	18,384,710

13. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Director's Allowances	2,560,100	2,912,115
<b>Total</b>	<b>2,560,100</b>	<b>2,912,115</b>

14. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	20,987,127	14,910,875
Intangible assets	1,149,000	-
<b>Total depreciation and amortization</b>	<b>22,136,127</b>	<b>14,910,875</b>

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

15. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Building painting and improvements works	7,375,847	19,954,130
<b>Total Repairs and Maintenance</b>	<b>7,375,847</b>	<b>19,954,130</b>

16. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
security	668,000	831,199
cleaning services	2,420,000	2,133,750
<b>Total Contracted Services</b>	<b>3,088,000</b>	<b>2,964,949</b>

17. Provisions for audit services

Description	2021-2022	2020-2021
	KShs	KShs
<b>Balance at the beginning of the year</b>	1,154,237	603,787
Additional Provisions during the year	650,000	550,450
<b>Total provisions</b>	<b>1,804,237</b>	<b>1,154,237</b>

18. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	70,882,683	100,694,034
<b>Total Cash and Cash Equivalents</b>	<b>70,882,683</b>	<b>100,694,034</b>

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

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

Financial institution	Account number	2021-2022 KShs	2020-2021 KShs
<b>a) Current account</b>			
Cooperative Bank Main Acc.	1129022017100	62,882,450	94,516,039
Co-operative Bank Instant Acc.	1100022017100	1,961,595	1,516,275
KCB Production Unit Acc.	1182909272	1,826,192	451,531
Sub- total		66,670,237	96,483,845
<b>b) Development Account</b>			
Kenya Commercial bank	1117245136	3,790,276	3,791,341
Equity Bank – Kaelo TVC	140262856793	366,321	369,321
Sub- total		4,156,597	4,160,662
<b>c) Others(specify)</b>			
cash in hand		55,848	49,527
Sub- total		55,848	49,527
<b>Grand total</b>		<b>70,882,683</b>	<b>100,694,034</b>

19. Receivables from Exchange transactions

Description	2021-2022 Kshs	2020-2021 Kshs
<b>Current Receivables</b>		
Student Debtors	73,832,773	36,310,673
Rent Debtors	52,200	137,200
<b>Total Current Receivables</b>	<b>73,884,973</b>	<b>36,447,873</b>

20. Inventories

Description	2021-2022 KShs	2020-2021 KShs
Health unit stores	136,488	64,162
Electrical stores	1,049,600	1,340,755
Cafeteria PU	33,838	-
Stores	95,876	-
Library stores	9,264,258	11,746,113
<b>Total inventories at the lower of cost and net realizable value</b>	<b>10,580,060</b>	<b>13,151,030</b>

**Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022**

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

**21. Property, Plant and Equipment**

Cost	Land		Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Specify)		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 <sup>st</sup> July 2020	60,000,000		393,820,875	26,554,704	5,275,958	4,084,401	72,707,975	1,063,925	27,083,882									562,444,788
Additions	0		-	-	1,369,000	3,477,480	-	-	-	-	-	-	-	-	-	-	-	32,994,287
Disposals	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments																		
At 30 <sup>th</sup> June 2021	60,000,000		393,820,875	26,554,704	6,644,958	7,561,881	73,771,900	2,860,479	27,083,882									595,438,200
Additions	-		-	5,500,000	957,490	499,600	-	-	-	-	-	-	-	-	-	-	-	18,477,635
Disposals	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments																		
At 30 <sup>th</sup> June 2022	60,000,000		429,564,823	32,054,704	7,602,448	8,061,481	76,632,379	3,920,567	35,743,948									613,915,835
Depreciation and impairment																		
At 1 July 2020	-		-	11,833,916	577,058	1,225,320	9,088,497	-	-	-	-	-	-	-	-	-	-	22,724,791
Depreciation	-		9,845,522	1,728,898	1,236,553	1,225,320	9,088,497	-	-	-	-	-	-	-	-	-	-	23,124,790
Impairment	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2021	-		9,845,522	13,562,814	1,813,611	2,450,640	18,176,994	-	-	-	-	-	-	-	-	-	-	45,849,581
Depreciation	-		9,599,384	1,728,898	634,148	1,690,274	7,334,423	-	-	-	-	-	-	-	-	-	-	20,987,127
At 30 June 2021	-		19,444,906	15,291,711	2,447,759	4,140,914	25,511,417	-	-	-	-	-	-	-	-	-	-	66,836,707
Net book values																		
At 30 <sup>th</sup> June 2021	60,000,000		383,975,353	12,991,890	4,831,347	5,111,241	55,594,906	-	-	-	-	-	-	-	-	-	-	522,504,737
At 30 <sup>th</sup> June 2022	60,000,000		410,119,917	16,762,993	5,154,689	3,920,567	51,120,962	-	-	-	-	-	-	-	-	-	-	547,079,128

NB; There are changes to audited balances brought forward due to accumulated depreciation for motor vehicle and building. Motor vehicles cost not captured last year but NBV of Kshs. 16,080,000 and building not charged depreciation previous year this has been amended in current year PPE.

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**Valuation**

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

**21 (b) Property, Plant and Equipment at Cost**

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

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	60,000,000	-	60,000,000
Building	429,564,823	19,444,906	410,119,917
Motor vehicles	32,054,704	15,291,711	16,762,993
Furniture and fittings	7,602,448	2,447,759	5,154,689
Computers	8,061,481	4,140,914	3,920,567
Plant and Equipment	76,632,379	25,511,417	51,120,962
<b>Total</b>	<b>613,915,835</b>	<b>66,836,707</b>	<b>547,079,128</b>

**22. Intangible Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
At beginning of the year	3,830,000	0
Additions	350,000	3,830,000
Cost end of the year	4,180,000	3,830,000
<b>Amortization and impairment</b>		
At beginning of the year		
Amortization	1,149,000	-
Amortization at end of the year	1,149,000	-
Less :Impairment loss		
At end of the year	-	-
<b>NBV</b>	<b>3,031,000</b>	<b>3,830,000</b>

**Nkabune Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**23. Biological assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Opening balance	140,000	-
Ayrshire dairy	-	50,000
Ayrshire dairy	-	60,000
Ayrshire heifer	-	30,000
Friesian	145,000	-
<b>Total</b>	<b>285,000</b>	<b>140,000</b>

*(This note applies to dairy cows held by institution at the farm).*

**24. Trade and Other Payables from Exchange transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Trade and Other Payables	418,678	-
Fees paid in advance	832,180	2,577,241
<b>Total Trade and Other Payables</b>	<b>1,250,858</b>	<b>2,577,241</b>

**25. Refundable Deposits from Students**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Caution money	345,000	189,500
<b>Total Deposits</b>	<b>345,000</b>	<b>189,500</b>

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

**26. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Nkabune Technical Training Institute*, holding 100% of the *Nkabune Technical Training* 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 Ministry of Education
- iii) State Department Of Technical and Vocational Education
- iv) Heads of Department
- v) Key management;
- vi) Board of directors;
- vii) Suppliers
- viii) Students
- ix) community

**27. Events After The Reporting Period**

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

**28. Ultimate And Holding Entity**

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

**29. Currency**

The financial statements are presented in Kenya Shillings (KShs)

**XIX. 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:
1.1 statement of financial position	The statement of financial position reflects cash and cash equivalent of ksh. 100,694,034 and comparative balance of Ksh. 163, 678,225 as disclosed in Note 25(b) to the financial statements. However, a recast of the comparative balance gives an amount of Ksh. 164, 559,355, resulting to an unexplained and an unreconciled variance of Kshs. 881,130. Further, the statement of financial position reflects a comparative balance of 508,707,727 relating to revaluation reserve (restated). However, the statement of changes in net assets for the year ended 30 June 2021 reflects opening balance of Kshs. 528,561,515 for the same item resulting to an unreconciled difference of Kshs. 19,853,788.	The management has amended variance highlighted in the 2021/2022 financial report.	Resolved	30 <sup>th</sup> June 2022
1.2 statement of changes in net position	The statement of changes in net assets reflects balances of Kshs. 528,561,515 and Kshs. 212,506,067 relating to revaluation reserves and retained earnings opening balances as at 01 July 2020. However, the audited financial statements for the financial year 2019/2020 reflects balances of Kshs. 542,872,376 and Kshs.204,	The management has made amended recommendation in the 2021/2022 financial report	Resolved	30 <sup>th</sup> June 2022

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	703,195 respectively resulting to unexplained variances of Khs.14, 310,861 and Kshs.7, 802,872 for the two items.			
a. Statement of cash flows	The statement of cash flows reflects rendering for services amount of Kshs. 60,283,161 which differs with the amount of Kshs.100, 363,238 reflected in the statement of financial performance resulting to an unexplained difference of Kshs.40, 080,057. In addition, the difference of Kshs. 40,080, 057 could not be traced to the receivables balances of Kshs. 36,447,873 reflected in the statement of financial position. Further, the statement of receipts and payments amount of Ksh. 2,964,949 in respect of contacted services was not included in the statement of cashflows for the year.	The management has amended the financial statement as per auditor recommendation.	Resolved	30 <sup>th</sup> June 2022
b. Statement Of Comparison Of Budget And Actual Amounts	The statements of comparison of budget and actual amounts reflects an amount of Kshs. 27,083,882 relating to actual development expenditure. However, Note 30 to the financial statements on property, plant and equipment reflects additions of Kshs.32, 994,287 resulting to an unexplained variance of Kshs. 5,910,405. In addition, the statement excludes amounts of Kshs. 19,954,130 and Kshs. 2,964,949 in respect of repairs and	The management has amended the financial statement as per auditor recommendation.	Resolved	30 <sup>th</sup> June 2022

Nkabune Technical Training Institute

Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>maintenance and contracted services respectively reflected in the statement of financial performance. Further, the statement reflects total actual expenditure on comparable basis of Kshs. 129,583,615 while a recast gives an amount of Kshs. 133,749,921 resulting to unexplained variance of Kshs. 4,166,306.</p>			
<p><b>2. Property Plant and Equipment</b></p>	<p>The statement of financial position reflects an amount of Kshs. 569,393,126 in respect of property, plant and equipment as disclosed in Note 30 to the financial statements. However, verification and inspection of assets revealed they had not been tagged and ownership documents for land and motor vehicles were not provided for audit. This is contrary to Regulation 139(1)(b) of the Public Finance Management (National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.</p> <p>In addition, the institute had four (4) motor vehicles with an estimated net book value of Kshs. 12,060,000. However, one of the motor vehicles registration number KAM 011L had a civilian registration number instead of recommended blue</p>	<p>The management has provided the documents during 2021/2022 Audit</p>	<p>Resolved</p>	<p>30<sup>th</sup> June 2022</p>

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>number plates for National Government entities.</p> <p>In the circumstances, the ownership, existence and completeness of property, plant and equipment balance of Kshs. 569,393,126 could not be confirmed.</p>			
<b>3.1 Current Receivables from Exchange Transactions</b>	<p>The statement of financial position reflects a balance of Kshs. 36,477,873 as disclosed in Note 26(a) to the financial statements in respect to receivables from exchange transactions. The receivables include an amount of Kshs. 36,310,673 for current receivables (students debtors) out of which an amount of Kshs. 23,451,497 or 65% has been outstanding for over three (3) years. However, no evidence was provided for audit on the measures taken by management to recover the outstanding debts. Further, the management has not adopted any provision policy for doubtful debts or made any specific provision to cater for the doubtful debts arising in the course of the institute's operations.</p> <p>In the circumstances, the accuracy and recoverability of the balances of Kshs. 23,451,497 relating to long outstanding students' debts could not be confirmed</p>	<p>The huge student arrears were as a result of capitation not received from ministry. The management has forwarded the student debtors list to the Ministry awaiting release of funds</p>	Not resolved	30 <sup>th</sup> June 2023
<b>3.2 Uncollected Rental Revenue</b>	<p>The statement of financial position reflects an amount of</p>	<p>The management has recovered</p>	Resolved	30 <sup>th</sup> June 2022

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	Kshs. 36,447,873 relating to current receivables from exchange transactions, which as disclosed in Note 26(A) to the financial statement, includes an amount of Kshs. 137,200 relating to outstanding rent could not be confirmed.	the outstand rent from members of staff.		
<b>4 Unsupported Employee Cost</b>	The statement financial performance as disclosed in Note 16 to the financial statements reflects an amount of Kshs. 18,384,710 relating to employee costs. However, supporting documents including payment vouchers for expenditure totaling to Kshs. 1,847,769 relating to salaries were not provided for audit	The management supported the employee cost by proving supporting documents.	Resolved	30 <sup>th</sup> June 2022
<b>1. Budgetary control and performance</b>	2. Budgetary control and performance The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 172,130,490 and Kshs. 123,713,946 respectively resulting to an underfunding of Kshs. 48,416,544 or 28% of the budget. Similarly, the institute expended Kshs. 129,583,615 against an approved budget expenditure of Kshs. 174,630,990 resulting to an under-expenditure of Kshs. 45,047,375 or 26% of the expenditure budget	The management amended the budget	Resolved	30 <sup>th</sup> June 2022
<b>Non –gazettement of board</b>	1. Non –gazettement of board of directors and non-maintenance of	The management has written to the ministry of	Not resolved	30 June 2023

Nkabune Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>meetings attendance register</p> <p>The standard of financial performance reflects an amount of Kshs. 2,912,116 relating to remuneration of Directors. However, the cabinet Secretary for education appointed nine (9) persons to the board of Governors of the institute</p>	<p>Education for Gazettement.</p>		



Name  
Eunice W. Njenga  
Principal  
Nkabune TTI  
Date 30<sup>TH</sup> September 2022