

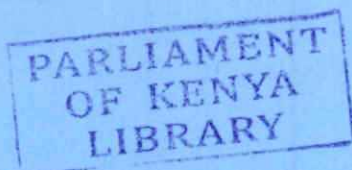
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

MUSAKASA TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2023

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 06 MAR 2025

DAY
Thursday

TABLED
BY:

Hon Naomh Mwangi MP
Deputy Majority Party Whip

CLERK-AT
THE-TABLE:

A. Shikuku



Musakasa Technical Training Institute

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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Acronyms & Glossary of Terms

B	Board of Governors
CPA	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
CTC	Teacher Training College
TVETC	Technical Vocational College
Key Management Personnel	Key management personnel who have financial responsibility in the entity

Provide a list of Acronyms and glossary of terms used in the financial report as per above example. The list to be exhaustive)

Key Entity Information and Management

(a) Background information

Musakasa Technical Training Institute is located in Bumula Sub-County of Bungoma County, at Musakasa Market along Netuma-Napara Road.

The idea to start the institute was born out of informal discussion by the local religious community way back in 2010. This was boosted by the political leadership which availed funds to purchase a 15-acre piece of land. It was registered by the then MOHESIT in December 2012. The first block was constructed in 2013, which houses the offices and lecturer rooms.

In June 2014, the first batch of 22 students was enrolled in Fashion Design and Garment Making Technology at Artisan level. Currently, the student population is 700 in the following programs; Fashion Design and Garment making technology, Building and Civil Engineering, Electrical and Electronics Engineering, Information Communication Technology and Business Management, Hair Dressing and Beauty Therapy, Catering and Accommodation, Secretarial Studies, Automotive Engineering, Mechanical Engineering, Mechatronic Engineering among others. Currently the Institute has an overall population of 1613 students, 23 PSC Trainers, 30 BOG Trainers and 24 Non-teaching Staff.

(b) Principal Activities

The principal activity of Musakasa Technical Training Institute is to provide training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

The mandate of Musakasa TTI is as under;

- Implement the prescribed curriculum for technical training at artisan, technician and technologist level
- Promote, coordinate and popularize research at the institute
- Spearhead the application of research results in technological programmes at the institute
- Monitor and evaluate technical education programmes at the institute
- Promote standards and quality assurance at the Ministry
- Implement the MOE policy on TVET

Vision, Mission and

Motto Vision

To Be a Leading Institution in the Provision of Technical and Vocational Training

Mission

To Provide Quality Technical and Vocational Training in Collaboration with Stakeholders to Produce Highly Skilled and Innovative Human resource

Motto

Training to Serve

Core Values

This strategic Plan is built upon a set of interrelated core values that are embedded in beliefs and desired behaviour found within Musakasa Technical training institute. The Board of governors, the management and other stake holders embrace the following core values which represent the fundamental beliefs that influence the way the institute relates and deals with its customers and clients:

- **Excellence** - The Institute shall ensure quality teaching, research and provision of excellence in teaching, research and provision of service to the public.
- **Equity**- the Institute shall ensure fair treatment of staff, students and all other stakeholders without bias.
- **Integrity** – The Institute staff shall have common decorum reflected in their personal appearances, interactions and conducts.
- **Team work** - The Institute is committed to teamwork environment where every person is a valued member treated with respect, encouraged to contribute and recognized and rewarded for his or her efforts.
- **Innovation** – The Institute shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

(c) **Key Management**

Musakasa Technical Training Institute's day-to-day management is under the following key organs:

- The Board of Management
- The Principal
- Top Management
- The Administration

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Samson Wekesa Ndeke
2.	Deputy Principal (Academics)	Mrs. Florence Misiko
3.	Registrar	Mr. Clinton Ouma
4.	Dean of students	Mr. Protus Seng'enge
5.	Head of Finance	CPA. Christine Wamboka
6.	Head of Procurement	Mr. Moses Makumba
7.	Head of Human Resource	Mr. Joseck Wafula

(e) Entity Headquarters

*Musakasa Technical Training Institute
 Along Netima Napara Road
 Off. Kimwanga Mayanja Along Kanduyi Malaba Road
 P.O. Box 1249 – 50200, BUNGOMA.
 Tel. 0716056878, 0717624837
 Email: enquiries@musakasa.inst@gmail.com*

(f) Entity Contacts

*Telephone: 0716056878, 0717624837
 E-mail: musakasa.inst@gmail.com
 Website: www.musakasatti.ac.ke*

(g) Entity Bankers

*Kenya Commercial Bank
 Bungoma Branch
 P. O. Box 380, 50200
 BUNGOMA*

*Cooperative Bank of Kenya Limited
 Bungoma Branch
 P. O. 1964 - 50200
 BUNGOMA*

(h) Independent Auditors



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

Key Entity Information and Management (Continued)

(i) Principal Legal Adviser

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

3. Board of Governors

	<p>Name: Dr. Brian W Singoro D.O.B: May 1968 Key Qualifications: PhD (DMHA), MA (Econs), Bed (Arts), KACE Work Experience: Ass Lecturer of Economics, Kibabii University Senior Trainer and Presiding officer with IEBC Kabuchai Constituency Bungoma County, Senior head of Department Bukembe High School, Senior Lecturer Department of Geography Kibabii Diploma Teachers Training College, Part-time lecturer in physical environment Bachelor of technology in building and construction, Senior HOD Bungoma Baptist Girls , Senior supervisor. 2009 Kenya Population and housing census. Senior HOD Wamalwa Kijana High School, Principal St. Teresa's high school, Presiding officer General Elections , Founder Principal, St. Christopher's Mabanga Girls. Dr. Brian Singoro is the Chairman Board and Executive board member of Governors of Musakasa TTI.</p>
	<p>Name: Samuel Wanyonyi D.O.B: 1951 Key Qualifications: MSC, GIS, BSC Survey-University of Nairobi Work Experience: Ag. Director/ Senior Deputy Director of TVET at Ministry of Education Science and Technology – Kenya Ag. Principal Programme Coordinator, Technical Education Department at Kenya Institute of Education/Principal Lecturer(Survey & Mapping) Mr. Wanyonyi is the executive board member (current) and former chairman of the Board of Governors.</p>



Name: Jonah Misoi

D.O.B: 1965

Key Qualifications: BCOM(Accounting option-University of Nairobi, CPA II

Work experience:

GOK – Office of the President ministry of Environment & Natural resources, and the treasury as an Accountant.

Kenya Tea Packers Limited – Accountant I, Management accountant, Assistant Chief Accountant, Senior Financial Accountant, Ag. Head of Finance.

Mr. Jonah is the executive board and Chairperson of Finance committee of Musakasa TTI.



Name: Mr. Ocharo Kebira

D.O.B: May 1971

Key Qualifications: Certified Professional Mediator, Master of science in Human Resource Management, Diploma in law, Bachelor of Law, KACE Certificate.

Work experience: Managing partner Ocharo Kebira and Company Advocates Bungoma, Associate Advocate Omagwa Angima and Company Advocates, Legal Assistant Omagwa Angima and Company Advocates Bungoma.

Mr. Ocharo is the executive board Member and Chairperson of Risk and Audit committee of Musakasa TTI.



Name: Ms Carol A. Owiti

D.O.B: 18/08/1990

Key Qualifications: MSC Computer systems, B.BIT, D. BIT, CCNA1(Cisco Certified Network Associate)

Work Experience: Simplify IT LTD – IT Support Engineer, Huduma Centre Homabay Branch, Mercy corps International Software Development Assistant.

Ms Carol is an independent member of the Board of Governors of Musakasa TTI.



Name: Inviolata Siboe

D.O.B: 1959

Key Qualifications. MSc Construction Project Management
JKUAT , BPHIL, University of Nairobi

Work experience: Works officer in UON for over five years and has wide experience in various areas in the Public sector.
Lecturer (part time) at Technical University of Kenya – construction department.
Design Assistant; at Kenya Railways Corporation.

Structural Assistant; at the ministry of works

Siboe is the executive board Member Musakasa

TTI.



Name: Dr Patrick Kuloba

D.O.B: 1965

Key Qualifications: Doctor of philosophy in Environmental and Bio systems Engineering

Master of Science in Mechanical Engineering

Bachelor of Science in Agricultural Engineering.

Work experience: Kenya Industrial Research and Development Institute

Dr. Patrick Kuloba is executive board Member Musakasa t

4. Key Management Team



Name: Samsom Wekesa Ndeke

D.O.B: 1.07.1963

Key Qualifications:
B.ED (Technology)

Work Experience:
Over 32 years in TVET Institutions.

Mr. Wekesa Ndeke is the Principal
Musakasa Technical Training Institute.



NAME Misiko Florence Monicah

D.O.B: 13/05/1977

Key Qualification: PHD. Food Security and Sustainable Agriculture

Work experience: 20 years in TVET Training.

Florence Monicah is the Deputy Principal Academics Musakasa TTI



Name: Clinton Ouma

D.O.B: 1.07.1989

Key Qualifications:
B ED (Technology Education)

Work Experience:
Over 9 years

Mr. Clinton Ouma is the Registrar Musakasa Technical Training Institute



Name: Protus Seng'enge

D.O.B: 1976

Key Qualifications:
Bachelor of Technology(Tech. Ed(BCT)

Work Experience: 12 years in Education Mr. Protus Seng'enge
is the Dean of Students



Name: Christine Wamboka Koyabe

D.O.B: 17/07/1977

Key Qualification:

Certified Public Accountant CPAK (ICPAK Member) Bachelor of Commerce Accounting Option in Kibabii University
Diploma in Accountancy (KNEC) in Western College of Arts and Applied Sciences (WECO)

Work Experience:

18 years in Accounting Profession:
2008 to 2020 - Senior Accountant KNUT Bungoma South Branch and KNUT Bungoma County
2003 to 2008 - Bursar Napara Girls High School (Centre of Excellence)

Christine Wamboka is currently the Finance Officer-Musakasa Technical Training Institute.



Name: Moses Makumba

D.O.B : 21/3/1985

Key Qualification:

Bachelor Degree in BA, option Supplies Chain Management, (KISM-Member),
Diploma Supply chain (KNEC) Diploma Project Management.

Work Experience: 6 years.

Moses Makumba is the Procurement Officer Musakasa TTI



NAME: Joseck Wafula Maombo

D.O.B : 12/11/1982

Key Qualifications:

CHRP, IIND
HRM, DIP. TEC. Education,
KATC Final

Work Experience:

Sigalagala National Polytechnic as a Trainer, Friends
Secondary School Kuywa as a Teacher (DOS), Kisiwa
TTI as Deputy HOD Business Department

Mr. Joseck Wafula is the HR Musakasa TTI

5. Chairman's Statement

On behalf of the Musakasa Technical Training Institute Board, I am pleased to present the Annual Report for the 2022/2023 financial year. It was a productive financial year and I have enjoyed being part of the dynamic team at Musakasa. The education sector is currently facing reforms with the focus area being quality over quantity as the strategic driving force to the Ministry of Education.

Musakasa Technical Training Institute remains committed to all its stakeholders in executing its mandate as outlined in the 2021-2022 strategic Plan whose overall theme is to achieve Global excellence in Technical Training Institute Education. The Technical Training Institute is mandated to execute the various strategic directions as set out in the Plan, marking its third year of execution.

During FY 2022/2023, Musakasa Technical Training Institute received a good number of students reporting to the Institute enhancing its viability and future growth.

New Programs

The following new programs have been marketed and currently we have student's enrolment in them. We have made application to TVETA to have them accredited.

1. Diploma Food and Beverage
2. Certificate Food and Beverage
3. Certificate in General Agriculture
4. Diploma in General Agriculture
5. Artisan in Plumbing
6. Artisan in Hair Dressing & Beauty Therapy
7. Artisan in food and beverage
8. Artisan in Store Keeping
9. Certificate Purchasing and Supply Chain
10. Diploma Purchasing and Supply Chain
11. Artisan Welding and Fabrication
12. Certificate Catering and Accommodation
13. Diploma in Catering and Accommodation
14. Diploma in Information studies
15. Certificate in Information studies.


Financial Performance

In the financial year that ended June 2023 Musakasa Technical Training Institute recorded a better financial performance. This attributed to stringent financial management measures. We recorded a good increase in student enrolment as from 905 to 1613 as at 30th June 2023.

To improve the Institute's infrastructure and enhance students' experience an ongoing building (Tuition/Administration block phase I) was completed to provide more space to students and staff.

As I conclude, I would like to extend my sincere gratitude to Musakasa Technical Training Institute Board, our Principal and his entire Management Board, our staff members, students, partners and donors, for their commitment and collaboration towards the Technical Training Institute. I am optimistic that the Technical Training Institute is headed to a prosperous future that can only bode well for this great Institution.

Thank you



Dr. Brian Singoro

Chairman Board of Governors

6. Report of the Principal

Dear stake holders, firstly I would like to state that 2022/2023 FY has been a year of relative success, challenging but fruitful. We at Musakasa Technical Training Institute have continued creating networks and maintained strategic alliances at the regional and global level. The value of these alliances cannot be overstated and are aimed at ensuring the Technical Training Institute has a competitive advantage. We have invested in opportunities to provide exposure, synergy, knowledge sharing and expertise. All these is aimed at contributing to intellectual and human capital.

Increased infrastructure

In the last FY, the Tuition Block phase I was completed. The project is expected to promote practical learning and research in the Institute. The project will be sustainable since it will be used to promote research, innovation and entrepreneurship. This will contribute to reduction of poverty in the society.

During the Financial Year, the Institute renovated five classrooms to accommodate the new Mechatronics Equipment that were provided by the Ministry of education. Within the FY under review The Institute made a proposal to the government for funding of a tuition block complex phase II. This will address the issue of facilities that has limited enrolment in the Institute due to lack of space

This is a strong indication that we value infrastructure necessary for leading Institution in the Provision of Technical and Vocational Training. It is envisaged that this will enhance student experience and provide excellent facilities for staff and students.

Conferences

Academic workshops and conferences are essential for the growth of Musakasa Technical Training Institute. It provides a basis for benchmarking, networking and research. There were multiple conferences, seminars and workshops organized during the year by Various Institutes These were largely successful and valuable lessons were gathered.

2021 and beyond

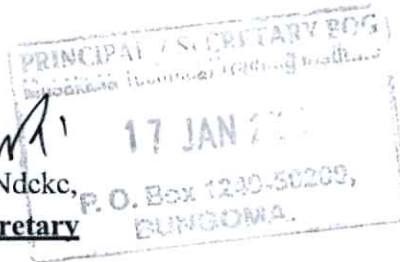
While the achievements of the years past have put us in a position of strength, our effort in the coming days will be doubled so that we can meet our long term objective of being Leading Institution in the Provision of Technical and Vocational Training. We will continue to face competition from both the public and private Institutes. We shall have to be innovative to stay

afloat. To this end, we shall endeavor to become more visible by using generally accepted parameters of measure to place ourselves. For one, ISO certification will help us earn our place as a certified super brand. Our collective effort will make us and our actions will help actualize this dream of a Technical Training Institute serving society and the world. I wish to convey my gratitude to all staff, both academic and administrative and the students who together, are lending to form our collective dream. Together we shall deliver.

Thank you



Mr. Samson Wekesa Ndckc,
Principal/ Board Secretary



7. Statement of Performance against Predetermined Objectives

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

Musakasa has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/2022. These strategic pillars/ themes/ issues are as follows:

1. Training and Development
2. Governance and Human Resource
3. Financial Stewardship and Sustainability
4. ICT Integration
5. Students Welfare

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

Strategic Pillar	Objectives	Activities	Achievements	Key Performance Indicators
Training	Reviewing training programmes to align them to Big four agenda and emerging clients' needs and delivery methodologies within the institute academic policy	Conduct SWOT analysis of existing training programmes	Relevance of training programmes	Number of SWOT analysis conducted
		Set up MUSTTI academic review committee to review the institute's academic policy	Quality & relevance of CBET Programmes	Reviewed academic policy
		Carry out labour needs assessment	Relevance of CBET	Number of Labour Needs Assessment
			CBET Training	

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		Fine tune the reviewed curriculum		Number of refined curricula
		Induct trainers on CBET Curriculum	Quality & relevance of training	No of staff trained in CBET Programmes
	Initiate and implement CBET programmes	Increase the number of CBET courses offered by departments from 0 to 10	CBET programmes	Lists of identified programmes in user departments
		Application to TVETA for registration of training programmes and accreditation	Accreditation of CBET programmes by TVETA	Accreditation certificate
		Establish CBET implementation committee	Monitoring, Evaluation & Reporting	CBET Committee in place
		Staff sensitization, creating awareness about CBET programmes	Quality and relevance of training	Number of Sensitization and awareness created
		Implement developed curriculum	Quality of training	Trainer attendance
		Conduct internal exam moderation	Quality of training	Proportion of exam moderated

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		Monitor and evaluate implementation of curriculum	Quality training	M&E Reports
		Conduct course evaluations	Improved performance	Proportion of courses evaluated
		Produce Mechatronics-related items in line with manufacturing (Big 4 Agenda)		
		Organize graduation	Trainee completion	Number of assessments and graduations organized
	Upgrade staff skills	Induct trainers on reviewed curriculum	Quality training	Number of trainers
		Recruit qualified staff	Quality service delivery	% of staff trained
		Skills training for trainers	Quality service delivery	Number of trainers/trainings conducted
		Attachment of trainers to industry	Quality training	No of staff attached
	Acquiring and equipping the institute with adequate and modern training facilities	Acquire more learning books annually	Quality training	
		Acquire more computers, projectors and smart boards for training in every department	Quality training	Number of books acquired

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	Expand and Equip workshops with relevant equipment and materials	Quality training	Number of equipment and materials acquired
	Enhance installation of CCTV Cameras for security purposes	Safety and security	More CCTV Cameras installed
	Provide reliable unlimited high speed internet access	Full time internet access	Internet service contract
	Acquire a motorcycle, car and truck for a driving school	Establishment of driving school	Operational driving school
	Establish credible marketing strategies to boost student enrolment	Improved student enrollment	No of marketing strategies used
	Establish students' online reporting portal	Improved customer service	online reporting portal in place
	Improve efficiency in customer service in the institute	Customer satisfaction & marketing	Customer feedback
	Promoting female students in SET Programmes	Improved student enrollment	No of female students in SET Programmes

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Governance and Human Resource	Continuous capacity building of the institute management, BOG and students' council	Induct new board members	Quality service	Number of Board members inducted
		Train new Board members on corporate governance	Good corporate governance	Number of management staff trained
		Train management on strategic leadership	Good corporate governance	Tender documents, signed contracts, minutes of tender committee
		Induct new students' council members	Good leadership	Number of student council inducted
		Train students' council on leadership skills	Charismatic leadership	Number of meetings held with students
		Hold regular meetings between students and management	Good Service	Number of meetings held
		Hold regular staff meetings	Performance management	Number of meetings held
		Conduct regular team building activities	Improve service delivery	Number of team building activities conducted
	Competitive recruitment and promotion of staff on merit, retain and reward	Identify and draw up indents for vacancies for filling	Competent human resource	Number of vacancies identified
		Advertise for job vacancies	Competent human resource	Number of job adverts

high quality workforce and also implement recognition and rewards scheme	Profile job applicants	Competent human resource	Status reports, minutes
	Shortlist and invite candidates for the job interviews	Competent human resource	Number of applicants invited
	Interview and hire qualified candidates for respective job, orient and train them	Competent human resource	Number of candidates hired

	Develop appropriate and competitive rewards scheme	Staff attraction	Rewards scheme in place
	Recognize and award good performance and also promotion on merit	Staff retention	Number of staff awarded/promoted
Regular review of terms and conditions of service as per the institute Human Resource Policy	Constitute review committee	Staff welfare	Functional committee in place
	Review terms and conditions of service	Staff welfare	New terms and conditions of service
	Reviewing the institute's organizational structure	performance management	New Institute's structure in place
Continuous investments in staff development	Conduct Training Needs Analysis	Staff development	TNA Reports
	Develop and implement training plan	Staff development	Proportion of staff trained in the plan
	Hold regular meetings between staff and management	Staff development	Number of staff meetings held
	Procure, acquire and install biometric clock in system	performance management	Minutes of tender committee
Enhance staff discipline as per PSC Code of Conduct	Sensitize staff on PSC Code of Conduct	Improved staff discipline	Sensitization meetings
	Improve monitoring of staff discipline	Improved staff discipline	Submission of relevant feedback documents

Enhance effective MUSTTI security services	Develop and implement security policy and manual	Improved security	Security policy and manual developed
	Develop and implement framework for security risk assessment	Security and safety services	Security risk assessment framework
	Establish a surveillance system to safeguard organization's assets	Improved security	Presence of surveillance system in place

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		Support the establishment of fencing of the organization estate	Improved security	Presence of perimeter wall
		Total on Governance and Human Resource		
Financial Stewardship and Sustainability	Increasing and Strengthening Revenue Streams	Develop a strategy paper on revenue diversification	Increased revenue	Developed strategy paper
		Formulate Income Generating policy	IGUs	Number of formulated IGUs Policy
		Carry market survey for business proposal	Revenue streams increased	Number of market survey carried out
		Introduce new short courses such as driving	Resource mobilization	Amount of revenue raised
		Develop and implement a business model and business proposals	IGUs	Number of business proposal
	Enhancing efficiency in mobilization and utilization of resources	Develop Cost reduction / saving guidelines	Financial management perspective	Guidelines in place
		Identify and implement cost saving strategies	Cost financing and resource mobilization	Number of strategies identified; amount of revenue saved
	Ensuring and strengthening internal systems for transparency and			
		Strengthen internal control systems	Accountability and transparency	Number of internal control systems in place

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accountability of financial sustainability by procuring necessary resources and appropriate allocation	Effective budgeting and budgetary control by implementing the Institute's Standard Chart of Accounts	Accountability and transparency	Institutes Standard chart of accounts implemented
	Analysis of variance against actual	Accountability and transparency	ANOVA Reports
Source for donor funding			
	Identify call for proposals from potential donors	Revenue generation	Number of proposal calls recorded

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		Constitute a team to write proposals for funding	Revenue generation	Number of winning proposals
		Establish office of the fundraiser	Revenue generation	Functional fundraising office
	To strengthen the procurement and supplies system in Accordance with Public Procurement Law			
		Develop and institutionalize an efficient procurement and supplies system in compliance with the relevant laws and regulations	efficient procurement and supplies system	Presence of e-procurement
		Automate supply chain management operations	efficient procurement	Automate supply chain system in place
	Develop and implement a framework for asset management	Effective asset management	Developed asset management framework	
ICT Integration	To upgrade infrastructural facilities so as to correspond to the training standards	Acquire and maintain machines	Equipped ICT center	Increase in ICT equipment
		Develop and implement ICT policy and infrastructure	Improved ICT services delivery	Policy developed
	To upgrade the existing infrastructural ICT facilities so as to correspond to the training standards			
	Adopt the use of new technologies in 75% of MUSTTI operations by Capacity building of staff on ICT usage & benchmarking with other institutions	Improvement in use of technology	use of new technologies, # of staff trained in ICT	

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	To acquire and expand the ICT infrastructural facilities in all areas required	Develop and implement cohesive knowledge, information and communication technologies platform/database	Improvement in use of technology	Knowledge & information technologies platform/database, new ICT equipment
Students welfare	Reduce Drug and Substance abuse by strengthening the capacity of G&C department			
		Invite guest speakers from institutions such as NACADA	Students welfare	Number of talks held
				M&E reports

	Monitor and evaluate implementation of MOUs		
Promoting Environmental Sustainability	Set up environment conservation strategies	Environment saving	Conservation reports
	Carry out tree planting occasions to cover 2 acres of institute land	Environment saving	Conservation reports
Enhancing and strengthening co-curricular activities	Diversify sporting activities in the institute	Students welfare	Number of sporting activities
	Acquire sporting infrastructure and facilities such as fields and uniforms	Students welfare	Number of infrastructure and facilities in place
	Strengthen and capacity build the sports and games section	Students welfare	Number of staff trained in sports and games
	Participate and compete with other institutions at all levels	Students welfare	Number of competition participated
Promoting Universal Health Care and continuous sensitization on non-communicable diseases	Prepare and implement HIV/AIDS annual Programmes	Students welfare	Number of annual Programmes implemented
	Determine annual malaria prevalence in the institute	Students welfare	% annual prevalence

			e	
		Identify strategies of reducing malaria	Students welfare	Action plan
		Implement strategies of reducing malaria	Students welfare	Strategies implemented
		Monitor and evaluate HIV/AIDs and malaria programmes	Students welfare	M&E reports
	Supporting and	Conduct capacity building for Students council	Students welfare	Empowered students council
	empowering students' governance	Establish allowances policy for Student leaders	Students welfare	Empowered students council

Corporate Governance Statement

Musakasa TTI is governed by the Board of Governors. The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Institute.

Appointment of Board Members

- i. Every appointment is by name and by notice in the Kenya Gazette but ceases if the Board member:
 - a) Serves the appointing authority with a written notice of resignation; or
 - b) Is absent, without the permission of the Chairperson, from the three consecutive meetings; or
 - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Council; or
 - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Council.
- ii. Any removal of a Board member under (i) above, shall be through formal revocation.

Ethics and Conduct

The Board adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the Board's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. By exemplifying the ethical behaviours and corporate values described in the Code, the Board is expected to uphold Article 10 of the Constitution of Kenya, 2010 on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

Conflict of Interest Policy & Disclosures

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arm's-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict

shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including

information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

Board members are remunerated for their services in accordance with State Corporations Act provisions and/or guidance from the State Corporations Advisory Committee. In line with best practice, the remuneration includes Honoraria for the Chair of Board and allowances for all members on attendance of Board meetings.

Board Induction and Training

When new Board members are appointed, the Institute organizes for induction in order to familiarize themselves with their responsibilities as Members of Board, general principles of corporate governance and Council practices. The induction programme provides the Board members with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics. The current Council members were inducted in the year under review.

Board Meetings and Governance

During the year, the Board held **meetings** as follows;

a. Full Board

S.N	NAME	DESIGNATION	MEETING HELD		
			Q1	Q2	Q3
1	Dr. Brian W Singoro	Chairperson	✓	✓	✓
2	Mr. Samuel Wanyonyi	Member	✓	✓	✓
3	Mr. Jonah Misoi	Member	✓	✓	✓
4	Mr. Ocharo Kebira	Member	✓	✓	✓
5	Ms Carol A. Owiti	Independent Member	✓	✓	✓
6	Eng. Inviolata Siboe	Member	✓	✓	✓
7	Dr Patrick Kuloba	Member	✓	✓	✓

The full BOG consists of the following 3 Committees;

b. Finance, Planning and Development Committee

S.N	NAME	DESIGNATION	MEETING DATE		
			Q1	Q2	Q3
1	Mr. Jonah Misoi	Chairperson	✓	✓	✓
2	Dr Patrick Kuloba	Member	✓	✓	✓
3	Eng. Inviolata Siboe	Member	✓	✓	✓

c. Risk and Audit Committee.

S.N	NAME	DESIGNATION	MEETING DATE	
			Q1	Q2
1	Mr. Ocharo Kebira	Chairperson	✓	✓
2	Mr. Samuel Wanyonyi	Member	✓	✓
3	Ms Carol A. Owiti	Member	✓	✓

d. Human Resource, Training, Research & Innovation.

S.N	NAME	DESIGNATION	MEETING DATE		
			Q1	Q2	Q3
1	Mr. Samuel Wanyonyi	Chairperson	✓	✓	✓
2	Eng. Inviolata Siboe	Member	✓	✓	✓
3	Ms Carol A. Owiti	Member	✓	✓	✓
4	✓ . Means the member was present or had a justifiable apology.				

Board Responsibilities

The Board of Management, during the inauguration on 13th November 2019, was sensitized on their roles and responsibilities according to the TVET Act which were:

- a) Overseeing the conduct of education and training in the Institute in accordance with the Provisions of TVET Act 2013 and any other written law.
 - a) Promoting and maintaining standards, quality and relevance in education and training in the Institute in accordance with the TVET Act 2013 and any other written law.
 - b) Administering and managing the property of the Institute
 - c) Developing and implementing the Institute's Strategic Plan.
 - d) Preparing annual estimates of revenue and expenditure for the Institute and incurring Expenditure on behalf of the Institute
 - e) Receiving, on behalf of the Institute, fees, grants, subscriptions, donations, bequests or other Moneys and to make disbursement to the institution or other bodies or persons.
 - f) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013
 - g) Mobilizing resources for the Institute
 - h) Developing and reviewing programmes for training and to make recommendation to TVETA
-Board is in the process of launching CBET Curriculum
 - i) Regulating the admission and exclusion of students from the Institute, subject to a qualifications framework and the provisions of TVET Act 2013
 - j) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry.
 - k) Recruiting and appointing trainers from among qualified professionals and practicing trades

persons in relevant sectors of industry

- l) Determining suitable terms and conditions of service for support staff, trainers and instructors
and remunerating the staff of the Institute in consultation with the Authority
- m) Making regulations governing organization, conduct and discipline of the staff and students
- n) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.
- o) Providing for the welfare of the students and staff of the Institute
- p) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institute
- q) Discharging all other functions conferred upon it by TVET Act 2013 or any other written law

9. Management Discussion and Analysis

The Institute operational and Financial Performance.

Generally, the Institute operated at a net surplus of kshs.3,534,345.00 during the financial year. This was majorly due to decrease in students' population.

Compliance with Statutory Requirements

By the end of the year, the Musakasa had paid all its statutory requirements in terms of NSSF, NHIF, PAYE and all withholding taxes from contractors payable to KRA. The Institute has been withholding taxes on all payment made to contractors and remitting them to KRA. The Institute is operating under legal frame works necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal act, 2015
- IPSAS standards.
- All other relevant laws in its operation (regular circulars from treasury and ministry of education)

Key Projects the Institute Implemented

The Institute has the following projects:

i) Tuition Block phase II Wing A(WIP)

The project is expected to promote practical learning and research in the Institute.

The project will be sustainable since it will be used to promote research, innovation and entrepreneurship.

This will contribute to reduction of poverty in the society.

This project is financed by Government of Kenya. The contract sum of the project was Ksh.19,918,916.80

ii) Proposed Tuition Block Phase II Wing B

A proposal was made to the government for funding of a Tuition Block Complex phase

II. This will address the issue of facilities that has limited enrolment in the Institute for lack of capacity.

This project is anticipated to cost Kshs.60,604,600.00 and is to be financed by Government of Kenya.

Major risks the Institute is facing; Operational Risks

The Institute faces competition for resources including; students, staff and financial resources.

The Institute's financial assets are trade receivables as well as cash and short term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables which are all current. The management has ensured timely payment to suppliers, contractors and other service providers, hence no historic debt.

The Institute has exposure to the following risks:

i) Liquidity risks

ii) Credit risks

The Council has overall responsibility for the establishment and oversight of the Institute's risk management framework.

Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Institute receives fees from students as well as capitation from the Government which minimizes the credit risk exposure.

Material Arrears and Financial Obligations

The Institute had substantial fees arrears totaling to Ksh. 105,969,970.00 which had not been received by the year end.

10. Environmental And Sustainability Reporting Statement

Musakasa Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our five strategic directions. In our operations we recognize the need of putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements:

i) Sustainability strategy and profile

From the year 2013, the Institute received their first batch of students. To ensure sustainability, The institute has continued to review existing programmes and develop new market driven programmes that will be attractive to students. The Institute has also invested in its human resource to ensure improved quality of services offered to students and other stakeholders.

ii) Environmental performance

The Institute continues to play a significant role in environmental conservation and sustainability. During the year in review, the Institute participated in the 2020 National Tree Planting Campaign themed "*Panda miti, boresha maisha*". In Conjunctions to this the Institute received seedlings from Kaberua Forest Station, in Mount Elgon Bungoma County.

The Institute continues to sustain its greening initiatives by maintaining over 70% green cover by planting and maintenance of flora in all strategic locations in the Institute.

iii) Employee welfare

Musakasa Technical Training Institute acknowledges the importance of its human resource in achieving its strategic objectives and ensures that their welfare is prioritized through capacity building, provision of a good working environment and offering competitive remuneration.

Staff Training

The Institute uses staff appraisals to identify gaps in capacity and recommend training in order to build the capacity of staff. During the year in review, 5 staff were supported to attend training locally.

iv) Market place practices-

Musakasa Training Institute endeavours to maintain the highest standards of ethics and instils a culture of integrity among the members of staff

11. Report of the Council/Board of Governors

The Board submit their report together with the audited financial statements for the year ended June 30, 2023, which shows the state of Musakasa Technical Training Institute's affairs.

i) Principal activities

The principal activities of the Musakasa TTI continues to be provision of training of artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

i) Results

The results of the entity for the year ended June 30 are set out from page 1

ii) Board of Governors

The members of the Board of G who served during the year are shown on page iv. During the year none of the governors retired/ resigned and non was appointed.

iii) Auditors

The Auditor General is responsible for the statutory audit of the Musakasa TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Name..... Moses Sakuma

Signature..... M Sakuma Date..... 17/07/23

Principal /Secretary to the Board

12. Statement of Board of Governors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)*) require the Board Members to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of Musakasa TTI at the end of the financial year/period and the operating results of the *Institute* for that year/period. The Board Members are also required to ensure that Musakasa TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Institute*. The Directors are also responsible for safeguarding the assets of Musakasa TTI.

The Board Members are responsible for the preparation and presentation of the *Musakasa Technical Training Institute's* financial statements, which give a true and fair view of the state of affairs of the *Institute* for and as at the end of the financial year (period) ended on June 30, 2023. 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 *Musakasa Technical Training Institute*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for Musakasa financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The TVET Act. The Board Members are of the opinion that *Musakasa Technical Training Institute's* financial statements give a true and fair view of the state of *the Institute's* transactions during the financial year ended June

30, 2023, and of the *Musakasa Technical Training Institute's* financial position as at that date.

The Board Members further confirms the completeness of the accounting records maintained for the *Institute*, which have been relied upon in the preparation of *Musakasa Technical Training Institute's* financial statements as well as the adequacy of the systems of internal financial contr

REPUBLIC OF KENYA

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



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

Enhancing Accountability

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Musakasa Technical Training Institute set out on pages 1 to 50 which comprise the statement of financial position as at

30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Injete Imbuye & Associates, auditors appointed under Section 23 of the Public Audit Act, 2015 and in accordance with the provisions of Article 229 of the Constitution of Kenya. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Musakasa Technical Training Institute as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.105,969,970. However, a debtors aging analysis was not provided for audit review to confirm when the debts were incurred.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.105,969,970 could not be confirmed.

2. Unsupported Borrowings

The statement of financial position and Note 25 to the financial statements reflect borrowings balance of Ksh3,602,150. Review of supporting documents provided for audit revealed that the loan was taken from a local bank in July, 2020 to purchase a bus for the Institute. However, no evidence was provided to show that the loan was approved by Cabinet Secretary to The National Treasury. Further, the Institute has not reported any finance cost in the financial statements and Management has not explained how interest charged on the loan was accounted for in the Institute's books.

In the circumstances, the accuracy and completeness of the borrowings balance of Kshs.3,602,150 could not be confirmed.

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

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved some of the issues or given any explanation for the delay in resolving the issues.

Other Information

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

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

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

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 effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Law on Staff Ethnic Diversity

Analysis of the payroll and staff list provided for audit review revealed that during the year under review, the Institute had fifty-two (52) employees, both teaching and non-teaching and on permanent and pensionable terms. However, out of the total number, thirty-nine (39) employees or 75% were from one ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from one ethnic community.

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

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

REPORT ON THE 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 governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 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 the Management and the Board of Governors

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 January, 2025

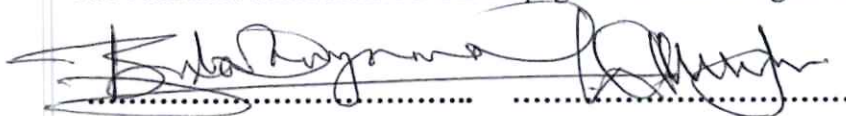
Musakasa Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6(a)	8,169,000	19,432,500
Public contributions and donations	7	-	-
Total Revenue from non-exchange transactions		8,169,000	19,432,500
Revenue from exchange transactions			
Rendering of services- Fees from students	8	33,771,980	31,351,700
Sale of goods	9	640,945	672,748
Rental revenue from facilities and equipment	10	40,000	56,000
Other income	11	103,950	27,000
Revenue from exchange transactions		34,556,875	32,107,448
Total revenue		42,725,875	51,539,948
Expenses			
Use of goods and services	12	14,986,669	22,160,781
Employee costs	13	9,373,302	13,861,039
Remuneration of directors	14	356,000	1,058,400
Depreciation and amortization expense	15	14,344,809	15,335,120
Repairs and maintenance	16	130,750	78,170
Total expenses		39,191,530	52,493,510
Net Surplus for the year		3,534,345	(953,562)

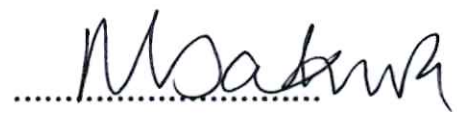
The notes set out on pages 6 to 39 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Council/Board

Finance Officer



Principal

Date: 17th June 2025

ICPAK No. 25961

Date: 17/6/2025

PRINCIPAL / SECRETARY BOG
 Musakasa Technical Training Institute
 Date: 17 JAN 2025
 P. O. Box 1240-50200,
 BUNGOMA.

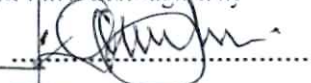
Musakasa Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023


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

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	2,829,633	2,345,615
Receivables from exchange transactions	18	105,969,970	81,211,327
Inventories	20	393,248	200,885
Total Current Assets		109,192,851	83,757,826
Non-current assets			
Property, plant and equipment	25	101,187,397	115,325,812
Intangible assets	21	235,982	350,396
Total Non-current Assets		101,423,379	115,676,208
Total assets		210,616,230	199,434,034
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	12,038,298	3,105,229
Payments received in advance	23	326,987	795,736
Total Current Liabilities		12,365,285	3,900,965
Non-current liabilities			
Borrowings	0	3,602,150	4,510,599
Total Non-current liabilities		3,602,150	4,510,599
Total liabilities		15,967,435	8,411,564
Net assets			
Capital and Reserves			
Reserves		169,681,604	169,589,624
Accumulated surplus		24,732,007	21,197,662
Capital Fund		235,184	235,184
Total Capital and Reserves		194,648,795	191,022,470
Total Liabilities and Capital & Reserves		210,616,230	199,434,034

The Financial Statements set out on pages 1 to 6 were signed by:


Chairman of Council/Board


Finance Officer


Principal

Date: 17th Jan 2025

ICPAK No. 2556/.....
Date: 17/01/2025

PRINCIPAL SECRETARY P.O.G.
MUSAKASA TECHNICAL TRAINING INSTITUTE
Date: 17 JAN 2025
P. O. Box 1240-30200,
BUNGOMA.

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f as at July 1, 2020	168,355,124	-	22,151,224	235,184	190,741,532
Revaluation gain	-				-
Fair value adjustment on quoted investments					-
Total comprehensive income			(953,562)		(953,562)
Capital/Development grants received during the year	1,234,500				1,234,500
Balance as at June 30,2021	169,589,624	-	21,197,662	235,184	191,022,470
Balance b/f at July 1, 2021	169,589,624	-	21,197,662	235,184	191,022,470
Revaluation gain	-				-
Fair value adjustment on quoted investments				-	-
Total comprehensive income			3,534,345		3,534,345
Capital/Development grants received during the year	91,980				91,980
Transfer of depreciation/amortization from capital fund to retained earnings					
Balance c/d as at June 30, 2022	169,681,604	-	24,732,007	235,184	194,648,795

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

17. Statement of Cash Flows For The Year Ended 30 June 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	8,169,000	19,432,500
Public contributions and donations	7	0	-
Rendering of services- Fees from students	8	33,771,980	13,106,556
Sale of goods	9	640,945	672,748
Rental revenue from facilities and equipment	10	40,000	56,000
Other incomes	11	103,950	27,000
Total Receipts		42,725,875	33,294,804
Payments			
Compensation of employees	13	9,373,302	13,861,039
Use of goods and services	12	14,986,669	22,160,781
Finance cost	17	550,449	0
Directors Remuneration	14	184,000	1,058,400
Repair & Maintenance	16	130,750	78,170
Total Payments		25,225,170	37,158,390
Net cash flows from operating activities		17,500,705	-3,863,586
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	22	-91,980	-1,234,500
Increase /Decrease in current receivables		-24,758,643	-2,389,877
Increase /Decrease in current Payables		1,901,931	-299,977
Increase/Decrease prepayments		-468,749	
Net cash flows used in investing activities		-23,417,441	-3,924,354
Cash flows from financing activities			
Proceeds from borrowings	25	4,510,599	6,251,770
Repayment of borrowings	25	-669,411	-1,741,172
Net cash flows used in financing activities		3,841,188	4,510,598
Net increase/(decrease) in cash and cash equivalents		-19,576,253	-3,277,342
Cash and cash equivalents at 1st July 2022		2,345,615	5,622,956
Cash and cash equivalents at 30th June 2023	17(a)	2,829,633	2,345,614

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

	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual Kshs	Performance difference Kshs	% of utilisation
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Revenue from Non Exchange transactions	54,000,000	- 45,300,000	8,700,000	8,169,000	531,000	94%
Public Contribution and Donations	-	-	-	-	-	
Rendering of Services	44,856,000	- 9,945,900	34,910,100	33,771,980	1,138,120	97%
Other incomes	2,550,000	- 2,440,000	110,000	103,950	6,050	95%
Rental Revenue	1,200,000	-1,940,000	- 740,000	40,000	- 780,000	93%
Sale of Goods	1,200,000	-550,000	650,000	640,945	9,055	99%
Total Income	103,806,000	-60,175,900	43,630,100	42,725,875	904,225	98%
Expenses						
Employee Cost	17,550,000	-6,056,780	11,493,220	9,373,302	2,119,918	82%
Remuneration of Board of Governors	1,848,000	-1,460,000	388,000	356,000	32,000	92%
Repairs and maintenance	6,750,000	- 6,610,000	140,000	130,750	9,250	93%
Use of Goods & services	61,658,000	- 45,549,120	16,108,880	14,986,669	1,122,211	93%
Depreciation	16,000,000	- 500,000	15,500,000	15,174,458	325,542	98%
Total Expenditure	103,806,000	- 60,175,900	43,630,100	40,021,179	3,283,379	

Budget notes

1. The variances in employees costs shows that there was under expenditure due to reduction in number of BOG employees

19. Notes to the Financial Statements

1. General Information

Musakasa TTI is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to provide quality technical and vocational training in collaboration with stake holders to produce highly skilled and innovative human resource .

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Institute's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Institute*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (*include any other applicable legislation*), 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 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Institute. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The Institute did not early-adopt any new or amended standards in year 2022/2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on 10/2/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 2022/2023 budget following the Board's approval. The Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section xxx of these financial statements.

c) Taxes

Current income tax

The Institute 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

The annual depreciation rates in use are:

- Building 2%
- Plant, machinery and equipment 12.5%
- Furniture and fittings 12.5%
- Library books 10%
- Motor Vehicles 25%
- Computers 33.3%
- Intangible assets 25% – Amortized over useful life
- Freehold land is not depreciated as it is deemed to

f) Leases

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

are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

Provisions are recognized when the *Institute* 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 *Institute* 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 *Institute* 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 *Institute* 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 *Institute* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Social Benefits

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The *Institute* creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Institute'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 Institute. 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.

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	kshs	kshs
Unconditional grants	-	-
Operational grant		
Operational grant	8,169,000	19,432,500
Total Government grants and subsidies	8,169,000	19,432,500

(a) Transfers from other Government entities (Categorized)

State Department Of Ministry Of Education	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Ministry of Education	8,169,000	0	0	8,169,000	19,432,500
Others	0	0	0	0	0
Total	8,169,000	0	0	8,169,000	19,432,500

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Notes to the Financial Statements (Continued)

7. Public Contributions and Donations

Description	2022-2023	2021-2022
	kshs	kshs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from alumni		
Other donations(Covid 19)	-	-
Total Public Contributions and Donations	=	=

8. Rendering of Services

Description	2022-2023	2021-2022
	kshs	kshs
Tuition fees	13,886,150	14,349,900
Activity fees	2,339,130	1,918,080
Examination fees	1,147,380	1,843,820
Personal Emoluments	5,740,650	3,888,000
Electricity, Water & Conservancy	2,390,520	2,073,600
LT& T	4,006,600	2,764,800
RMI	2,363,050	1,728,000
Registration fees	120,500	161,500
CAPYEI	-	22,000
Refund	8,000	10,000
Attachment fees	1,770,000	2,592,000
Total Rendering of Services	<u>33,771,980</u>	<u>31,351,700</u>

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9. Sale of Goods

Description	2022-2023	2021-2022
	kshs	kshs
Medical	9,570	22,100
Kitchen and Catering Services	114,780	246,305
Food and Beverage	17,130	11,400
Sale of Farm Produce	120,165	237,243
Bus	379,300	155,700
	640,945	672,748

10. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	kshs	kshs
Boarding Fees	40,000	56,000
Total rentals	40,000	56,000

11. Other Incomes

Other income	2022-2023	2021-2022
Description	kshs	kshs
Income from sale of tender	-	27,000
Student ID income	29,000	
Student Union fees	58,600	
HELB application fees	16,350	-
Total other income	103,950	27,000

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

12. Use of Goods and Services

Use of Goods and Services	2022-2023	2021-2022
Description	kshs	kshs
EWC	126,870	685,024
Tuition	6,288,582	12,654,997
Bus expenses	341,980	
Activity	766,825	2,011,120
Advance	0	17,500
Bank Charges (for Development a/c 2021/2022)	0	2,376
Mourice Cardinal Otunga TVC	775,000	-
LTT	2,612,670	2,585,035
Attachment	702,650	1,021,331
Boarding	31,500	90,000
PU	505,092	459,268
HELB REFUND	27,110	9,230
ADM COST	2,000	-
Examination	2,806,390	2,584,900
Tender		40,000
	14,986,669	22,160,781

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Notes To the Financial Statements (Continued)

13. Employee Costs

Description	2022-2023	2021-2022
	kshs	kshs
Salaries and wages	9,373,302	13,861,039
Total Employee costs	9,373,302	13,861,039

14. Board Expenses

Description	2022-2023	2021-2022
	kshs	kshs
Chairman's Honoraria	-	-
BOG emoluments	356,000	1,058,400
Total director emoluments	<u>356,000</u>	<u>1,058,400</u>

15. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	kshs	kshs
Property, plant and equipment	14,230,395	15,299,366
Intangible assets	114,414.00	35,754
Investment property carried at cost		
Total depreciation and amortization	14,344,809	15,335,120

16. Repairs and Maintenance

Description	2022-2023	2021-2022
	kshs	kshs
RMI	130,750	78,170
Total Repairs and Maintenance	130,750	78,170

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Notes To the Financial Statements (Continued)

17. (a) Cash and Cash Equivalents

Description	2022-2023	2021-2022
	kshs	kshs
Current account	2,569,563	1,587,284
Cash in hand	6,110	435
Others(Mpesa)	253,960	757,896
Total cash and cash equivalents	2,829,633	2,345,615

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

Financial Institution	Account number	2022-2023	2021-2022
		kshs	kshs
a) Current account			
Co-operative Bank	01134291182100	1,927,224.00	304,256.45
Co-operative Bank-CDF A/c	01141291182100	610,539.00	611,740.00
Kenya Commercial bank-Main	1166608387	19,082.00	0
Kenya Commercial bank-PU	1166608247	8,117.00	439,059.60
Kenya Commercial Devt	1166608077	4,601.00	231,644.00
Sub- total		2,569,563.00	11,587,284 .00
b) Others(specify)			
Cash in transit			-
cash in hand		6,110.00	435.00
Mobile Money account		253,960.00	757,896.00
Sub- total		260,070.00	758,331.00
Grand total		2,829,633.00	2,345,615.00

Notes to the Financial Statements (Continued)

18. Receivables from Exchange transactions

18 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	kshs	kshs
Current receivables		
Student debtors	50,993,492	45,215,848
Student debtors (portion financed by Government)	54,976,478	35,995,478
Total current receivables	105,969,970	81,211,326
Non-current receivables		
Refundable deposits		
Advances to staff	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total non-current receivables	-	-
Total receivables	105,969,970	81,211,326

19. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	kshs	kshs
Current receivables		
Transfers from other govt. entities	-	31,029,270
Undisbursed donor funds		
Total current receivables	-	31,029,270

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Notes to the Financial Statements (Continued)

20. Inventories

Description	2022-2023	2021-2022
	kshs	kshs
Building Equipment and Consumable stores	58,250	24,850
Central and General stores	229,115	119,474
Health Unit	18,217	-
Farm stores	350	8,905
Cleaning materials and Electrical & Electronic stores	73,300	14,000
Catering and Hospitality	14,016	33,656
Total Inventories	393,248	200,885

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Notes to the Financial Statements (Continued)

21. Intangible Assets Software

Description	2022-2023	2021-2022
	kshs	kshs
Cost		
At beginning of the year	572,070	572,070
Additions		
Cost end of the year	572,070	572,070
Amortization and impairment		
At beginning of the year	221,674	185,920
Amortization	114,414	35,754
Amortization at end of the year	336,088	221,674
Less :Impairment loss		
At end of the year	-	-
NBV	235,982	350,396

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Notes to the Financial Statements (Continued)

22. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	library books	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1st July 2021	8,700,000	47,077,994	6,906,870	5,522,268	1,857,980	530,420	85,218,635	12,540,957	168,355,124
Additions	0	0	0	476,000	758,500	0	0	0	1,234,500
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments		0	0	0	0	0	0	0	0
At 30 th June 2022	8,700,000	47,077,994	6,906,870	5,998,268	2,616,480	530,420	85,218,635	12,540,957	169,589,624
at 1st July 2022	8,700,000	47,077,994	6,906,870	5,998,268	2,616,480	530,420	85,218,635	12,540,957	169,589,624
Additions	0	0	0	0	0		91,980	0	91,980
Disposals	0	0	0	0	0	0	0	0	0
At 30 th June 2023	8,700,000	47,077,994	6,906,870	5,998,268	2,616,480	530,420	85,310,615	12,540,957	169,681,604
Depreciation and impairment									
At 1st July 2021	0	2,713,320	379,870	1,894,034	1,701,983	318,252	31,956,987	0	38,964,446
Depreciation	0	941,560	1,726,718	749,784	872,073	106,084	10,652,329	250,819	15,299,366
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
At 30 th June 2022	0	3,654,880	2,106,588	2,643,818	2,574,056	424,336	42,609,316	250,819	54,263,812
At 1st July 2022	0	3,654,880	2,106,588	2,643,818	2,574,056	424,336	42,609,316	250,819	54,263,812
Depreciation	0	941,560	1,726,718	749,784	42,424	106,084	10,663,827	0	14,230,396
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
At 30 th June 2023	0	4,596,440	3,833,305	3,393,601	2,616,480	530,420	53,273,143	250,819	68,494,207
Net book values									
At 30 th June 2022	8,700,000	43,423,114	4,800,283	3,354,451	42,424	106,084	42,609,319	12,290,138	115,325,812
At 30 th June 2023	8,700,000	42,481,554	3,073,565	2,604,667	0	0	32,037,472	12,290,138	101,187,397

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

Notes to the Financial Statements (Continued)

22 (a) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	8,700,000	0	8,700,000
Buildings	47,077,994	4,596,440	42,481,554
Plant And Machinery	85,310,615	53,273,143	32,037,472
Motor Vehicles	6,906,870	3,833,305	3,073,565
Computers and Related Equipment	2,616,480	2,616,480	0
Library Books	550,420	550,420	0
Work in progress	12,540,957	250,819	12,290,138
Office Equipment, Furniture, And Fittings	5,998,268	3,393,601	2,604,667
Total	169,681,604	68,494,207	101,187,397

23. Trade and Other Payables

Description	2022-2023	2021-2022
	kshs	kshs
Trade payables	7,846,278	1,711,789
Third party payments(Contractors Retention)	1,393,440	1,393,440
Other payables-Employees costs	2,798,580	-
Total trade and other payables	12,038,298	3,105,229

24. Payments received in advance.

Description	2022-2023	2021-2022
	kshs	kshs
Student Fees	326,987	795,736
Total	326,987	795,736

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Notes to the Financial Statements (Continued)

25. Borrowings

Description	2022-2023	2021-2022
	kshs	kshs.
External Borrowings		
Balance at the Beginning of the Year	0	0
External Borrowings During the Year	0	0
Repayment During the Year	0	0
Total Balance at the End of the year	0	0
Domestic Borrowings		
Balance at the beginning of the Year	0.00	0.00
Domestic Borrowings During the Year	4,510,599.00	6,251,770.00
Repayment During the Year	-908,449.00	-1,741,171.00
Total Domestic borrowing	3,602,150.00	4,510,599.00

25 a) Analysis of External and Domestic Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'	0	0
Sterling pound denominated loan from 'yyy organization'	0	0
Euro denominated loan from 'zzz organization'	0	0
Domestic borrowings		
Kenya shilling loan	3,602,150	4,510,599
Total balance at end of the year	3,602,150	4,510,599

Notes to the Financial Statements (Continued)

26. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	81,211,326	81,211,326	0	0
Receivables from non-exchange transactions	31,029,270	31,029,270	0	0
Bank balances	2,345,615	2,345,615	0	0
Total	114,586,210	114,586,210	-	-
At 30 June 2023				
Receivables from exchange transactions	105,969,970	105,969,970	0	0
Receivables from non-exchange transactions	-	-	0	0
Bank balances	2,829,633	2,829,633	0	0
Total	108,799,603	108,799,603	-	-

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Notes to the Financial Statements (Continued)

Financial risk management (continued)

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

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

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

(ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	0	1,711,789	0	1,711,789
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	1,711,789	0	1,711,789
At 30 June 2023				
Trade Payables	0	517,413	6,925,184	7,442,597
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	517,413	6,925,184	7,442,597

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets (Investments, Cash, Debtors)	108,799,603	0	108,799,603
Liabilities			
Trade and Other Payables	12,038,298	0	12,038,298
Borrowings	3,602,150	0	3,602,150
Net Foreign Currency Asset/(Liability)	93,159,155	0	93,159,155

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

Notes to the Financial Statements (Continued)

Financial risk management (continued)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0	0
Usd	10%	0	0
20xx			
Euro	10%	0	0
Usd	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

Financial risk management (continued)

iv) Capital Risk Management

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation Reserve	169,681,604	169,589,624
Retained Earnings	24,732,007	21,197,662
Capital Reserve	235,184	235,184
Total Funds	194,648,795	191,022,470
Total Borrowings	3,602,150	4,510,599
Less: Cash and Bank Balances	2,829,633	2,345,615
Net Debt/(Excess Cash and Cash Equivalentents)	-772,517	-2,164,985
Gearing	79%	52%

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of Governors;
- v) County Government.

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Notes to the Financial Statements (Continued)

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

Transactions with related parties	2022-2023	2021-2022
	Kshs	Kshs
a) Grants /Transfers from the Government		
Grants from National Government	8,169,000.00	19,432,500.00
Grants from County Government	0	0
Donations	0	180,000
Total	8,169,000.00	19,612,500.00
b) Key management compensation		
B.O.G Members' Emoluments	356,000.00	1,058,400.00
Compensation to key management	0	0
Total	356,000.00	1,058,400.00

28. Segment Information

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

Notes to the Financial Statements (Continued)

29. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	0	0
Assets arising from determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Total	0	0

Contingent Liabilities

No Contingent Liability

30. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised for	60,604,400	60,604,400
Authorised and Contracted for	19,918,917	19,918,917
Total	80,523,517	80,523,517

31. Events After The Reporting Period

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

32. 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.

33. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1.	<p>4.1 Arithmetical Errors in the Financial Statements Criteria</p> <p>Review of the financial statements has revealed errors in the balances brought down from 2020/2021</p>	<p>The financial statements were revised and all components in the financial statement were supported by way of notes</p>	Resolved	12/06/2023

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		<i>Year the term of the Board members expired resulting to not holding of fourth quarter meetings.</i>		
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.	<p>4.5 Property, Plant and Equipment</p> <p>4.5.1 Inexplicable Property, Plant and Equipment</p> <p>Observation Review of the financial statements revealed that the details of the property, plant and equipment for the year 2021/2022 have been omitted. Therefore, the figure of Ksh.115,325,812 relating to property, plant and equipment reported in the statement of financial position is erroneous and hence the figure of Ksh.199,396,799 relating to total assets is understated by a similar amount.</p> <p>In the circumstances, the accuracy and completeness of Kshs.199,396,799 relating to the property, plant and equipment could not be confirmed.</p>	<p>The revision of the Financial Statements has been done to correct the anomaly as per attached</p>	Resolved	12/06/2023

		Attached find the minutes of the same														
8.	<p>4.6.2 Ethnic Composition of Employees Criteria</p> <p>Observation Examination of documents provided for audit revealed that the Institute had 31 permanent staff as at 30 June 2021. However, it was observed that twenty-nine (29) out of thirty-one (31) or 94% came from one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third (1/3) of its establishment from the same ethnic community.</p> <table border="1"> <thead> <tr> <th colspan="2">Permanent Staff</th> </tr> <tr> <th>Tribe</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Luhya</td> <td>29</td> </tr> <tr> <td>Luo</td> <td>1</td> </tr> <tr> <td>Meru</td> <td>1</td> </tr> <tr> <td>Total</td> <td>31</td> </tr> </tbody> </table> <p>Management should ensure that they comply with the Kenya Constitution with regard to National Cohesion and Integration Act 2008.</p>	Permanent Staff		Tribe	Total	Luhya	29	Luo	1	Meru	1	Total	31	<p>When Institute was being established in the year 2014, the financial status of the Institute was low and as a result we relied so much on the services of Volunteers which happen to be people from within the community around. These resulted to absorption of most of the staff who were previously offering their service and most of them were</p>	Not Resolved	15/06/2021
Permanent Staff																
Tribe	Total															
Luhya	29															
Luo	1															
Meru	1															
Total	31															

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		<p>from the Luhya ethnic group. Currently we are sourcing staff competitive ly to reflect the face of Kenya. The full staff establishm ent for the institute were as per the attached schedule.</p>		
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status : (Resolved/Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)								
9.	<p>4.7.2 Dormant Bank Accounts Observation The statement of financial position discloses a balance of Kshs.2,346,335 as cash and cash equivalents. Included in this balance are two bank accounts that are dormant with balances amounting to Kshs.842,663. Management explanation was that the two accounts were for projects implemented by Bumula NG-CDF and completed in financial year 2013/14. Although Management has requested for deactivation of the bank accounts, they have kept these accounts contrary to the provisions of NG-CDF 2015 Section 12(8).</p> <table border="1"> <thead> <tr> <th>Bank</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>KCB A/CNO. 01166608077</td> <td>231,644.00</td> </tr> <tr> <td>Cooperative Bank A/C NO.01141291182100</td> <td>611,019.00</td> </tr> <tr> <td>Total</td> <td>842,663.60</td> </tr> </tbody> </table>	Bank	Amount	KCB A/CNO. 01166608077	231,644.00	Cooperative Bank A/C NO.01141291182100	611,019.00	Total	842,663.60	The Management has transferred the unutilized CDF funds back to Bumula NG-CDF for reallocation.	Resolved	30/6/2023
Bank	Amount											
KCB A/CNO. 01166608077	231,644.00											
Cooperative Bank A/C NO.01141291182100	611,019.00											
Total	842,663.60											
10.	<p>4.8 Unsupported Borrowing by the Institute Observation The statement of financial position and Note 24 to the financial statements reflects borrowings of Kshs.4,510,599 as at 30 June, 2022. Review of supporting documentation in respect of the borrowings revealed the balance of Kshs.4,510,599 related to the acquisition of a 33 seater bus through a bank loan in July, 2020. The following observations were made with regard to the transaction: i. No evidence was provided that Management of the TTI obtained approval for the borrowing from the Cabinet Secretary, National Treasury as</p>	i. Management has initiated a process of requesting National Treasury to consider reappr	Not Resolved	15/12/2023								

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	<p>required by Section 51(2) of the Public Finance Management Act, 2012.</p> <p>ii. No purchase agreement or loan agreement was provided to support the transaction. In the absence of the terms and conditions for the purchase, the transaction could not be confirmed.</p> <p>iii. A loan repayment schedule was not provided for audit to confirm the loan outstanding as at 30 June, 2022. The accuracy of the borrowing balance of Kshs.4,510,599 reported in the statement of financial position could not therefore be confirmed.</p> <p>iv. A copy of the logbook was not provided for audit. Therefore, the ownership of the bus could not be confirmed.</p> <p>v. Property, plant and equipment movement schedule at Note 25 to the financial statements shows motor vehicle additions of Kshs.6,776,870 during the financial year 2020/2021. A proforma invoice provided for audit however showed that the total cost for the bus was Kshs.5,251,000. The accuracy of the motor vehicle additions of Kshs.6,776,870 in the year 2020/2021 could not be confirmed.</p> <p>vi. The TTI has not reported any finance costs in the financial statements. It is therefore not clear how interest charged on the loan was accounted for in the Institute's books.</p>	<p><i>oval of the Loan.</i></p> <p><i>ii. Management has provided loan repayment schedule for the account balances as per attached</i></p> <p><i>iii. Copy of the Logbook has been attached to show proof of the Joint ownership of the Motor vehicle with the Bank.</i></p>		
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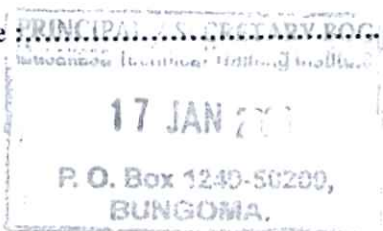
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
11.	<p>4.9 Unsupported Trade Receivables</p> <p>The statement of financial position as at 30 June 2022 as explained in Note 18 reflects a balance of Kshs.45,215,128 in respect of student debtors. However, the debtors aging analysis was not maintained hence it was not possible to determine how long the debtors have been outstanding and the opening balance could not be confirmed.</p> <p>In the circumstances the accuracy and completeness of trade receivables from exchange transaction balance of Kshs 45,215,128 could not be ascertained.</p>	<p>The management has corrected the Financial Statements</p>		12/06/2023

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Name: *Moses Sakwa*

The Accounting Officer
Signature: *M. Sakwa*

Date:


Appendix II: Projects Implemented by (Musakasa TTI)

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.TUITIONBLOCK PHASE II		GOK		60,604,600	NO	NO

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
1	TUITION BLOCK PHASE II (WING-A)	19,918,916.80	12,540,957	63%	60,604,600	12,540,957	GOK

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Appendix III- Inter-Entity Confirmation Letter



MUSAKASA TECHNICAL TRAINING INSTITUTE:

P.O.BOX: 1249-50200 BUNGOMA
 CELL: 0717624837
 E-MAIL: musakasa.inst@gmail.com
 WEB SITE: www.musakasatti.ac.ke



Musakasa Technical Training
 PO Box: 1249-50200
 BUNGOMA

The State Department of Ministry of Education wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Musakasa Technical Training Institute as at 30 th June 2023							
Reference NO.	Date Disbursed	Amounts Disbursed by the State Department of Ministry of Education (Kshs) as at 30 th June 2023				Amount Received by Musakasa TTI (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)-(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
C#1	02/10/20:2	4,425,000.00	0	0	4,425,000.00	4,425,000.00	4,425,000.00
C#2	25/01/20:3	1,372,000.00	0	0	1,372,000.00	1,372,000.00	1,372,000.00
C#8	23/06/20:3	1,372,000.00	0	0	1,372,000.00	1,372,000.00	1,372,000.00
C#4	-	0	0	0	0	0	0
Total		8,169,000.00	0	0	8,169,000.00	8,169,000.00	8,169,000.00

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

Head of Accountants Department of Beneficiary Entity:
 Name: Christine Wambui Sign: [Signature] Date: 17 JAN 2025

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix V: Reporting on Disaster Management Expenditure

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