

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
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THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 28 FEB 2023

DAY:

WEDNESDAY

REPORT

TABLED
BY:

The leader of the
Majority Party (LOM)

CLEAR AT
THE TABLE:

Iszofu Mwale

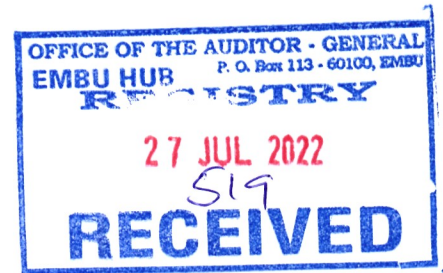
OF

THE AUDITOR-GENERAL

ON

**MURAGA TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2021

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

**MURAGA TECHNICAL TRAINING INSTITUTE
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I. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

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

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

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

Principal Activities

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

Vision:

A centre of excellence in technical and vocational education and training

Mission:

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

(a) Key Management

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

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

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mrs. Purity G. Ndigah
2	Deputy principal	Mr Stephen murithi
3.	Ag. Registrar	Mr James Lincon Nthiga
4.	Ag. Dean of student	Mrs Grace Njane
5.	Finance officer	Mr Alfred Mugira
6.	Procurement officer	Mr Isaac Mukembu

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(c) Fiduciary Oversight Arrangements

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

(d) Muraga T T I Headquarter
Muraga Technical Training Institute
 Chuka – meru road
 P.O. Box 614, 60400
 CHUKA, KENYA

(e) Muraga T T I Contacts
Muraga Technical Training Institute
 Telephone: (254) 799519946
 E-mail: muragatechinst@gmail.com

(f) Muraga T T I Bankers
Muraga Technical Training Institute

(i) Equity Bank
 Account No: 0140262856816
 Chuka Branch






(ii) Kenya Commercial Bank
 Account No: 1212819675
 Chuka Branch

(g) Independent Auditors
 Auditor General
 Office of Auditor General
 Anniversary Towers, University Way
 P.O. Box 30084
 GPO 00100
 Nairobi, Kenya




(h) Principal Legal Adviser
 The Attorney General
 State Law Office
 Harambee Avenue
 P.O. Box 40112
 City Square 00200
 Nairobi, Kenya

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II. THE BOG/BOARD OF GOVERNORS






Name	Description
 <p>Name :Mr. Hanson Mugo Profession : IT consultant Academic :Masters In Corporate Management</p>	<p>Date of birth: 28/05/1969. Qualification: masters in corporate management Bachelor degree in computer science. Work Experience: 25 Years Position in BoG: Chairman BoG (Executive Committee)</p>
 <p>Name : Mrs Purity Ndigah Profession : Trainer Academic : Masters in Entrepreneurship</p>	<p>Date of birth: 22nd July 1972 Qualification: Masters in Entrepreneurship Work Experience: Principal Muraga TTI 24 Years Experience Position in BoG :BoG Secretary</p>
 <p>Name : Ms. Brenda Awour Profession : Accountant Academic : Master's Degree In Business Administration, Finance Option</p>	<p>Date of birth: 5th May 1973 Qualification: masters degree in business administration, finance option Work Experience: 24 years Regional Administrator At Community Development Trust Fund, Kenya(CDTF) 22 years' Experience Position in BoG :Member (Finance Committee)</p>
 <p>Name : Ms. Florence Musyoka Profession : Water Engineer Academic : Bachelor's Degree in Environmental Engineering and Resource Management</p>	<p>Date of birth: 15th February 1962 Qualification: Water Engineer Work Experience: Water Engineer at Gategi Irrigation Scheme. 26 years work experience Position in BoG :Member</p>
 <p>Name : David Mutua Kitheka Profession : : Agriculture Academic : Master of Science in</p>	<p>Date of birth: 1982 Qualification: Master of Science in Agriculture Resource Management Work Experience: Livelihood Technical Specialist/ Coordinator at ADRA Kenya. 10 years Experience Position in BoG :Member</p>

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<p>Agriculture Resource Management</p>	
 <p>Name : Mr. Alex Barasa Profession : IT consultant Academic : BSC Computer Science, Software Engineering</p>	<p>Date of birth: 15/01/1982. Qualification: BSC Computer Science, Software Engineering Work Experience: He is the current CEO ABNO Softwares International Limited 17 Years Experience Position in BoG :Member</p>
 <p>Name Njue Njagi Profession : educationist Academic : Masters Degree In Education Managements</p>	<p>Date of birth: 16/01/1973 Qualification: master's degree in education managements Work Experience He is the currents CECM for agriculture ,livestock,fisheries,veterinary services industry and cooperative developments at Tharaka Nithi County</p>
 <p>Name:Mary Mugambi Profession : Academic : Masters of Bussiness Adminstration</p>	<p>Date of birth: Qualification: masters of business adminstration Work Experience:</p>

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III. MANAGEMENT TEAM

No	Name	Responsibility
1	 Name : Mrs Purity .G.Ndigah Profession : Trainer Academic : Masters in Entrepreneurship	The Principal and the Accounting Officer
	 Name Stephen Murithi Higher Diploma In Electrical And Electronic	Deputy principal
2	 Name Lincoln Nthiga Bachelor of education science	Ag Registrar
3	 Grace Mulemba Bachelor In Hospitality Managements	Ag.Dean
4	 Alfred mugira C.P.A.K and Diploma In Business Managements	Finance Officer

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IV. CHAIRPERSON 'S STATEMENT

I am pleased to present the annual report and financial statement of Muraga Technical & Training Institute for the year ended June 30th 2021

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

During the financial year 2020-2021 period, key achievements were realized, these are

- Increased student's enrolment from 173 at the beginning of the year to 214
- Substantial physical infrastructure
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees..
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI athletics activities at the regional level.
- Enhanced marketing strategies which have prompted population growth.

During this 2020-2021 financial year, financial commitment was geared towards physical development of the institute infrastructures, implementation of the institute performance contracts which has sets out the process and timeframe of putting up various structures suited to give support to academic programmes being the core function of the institution.

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

These include:

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

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

The college has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realise further development. The board is pleased with efforts of the MTTI to ensure prudent management of resources and the level of compliance with the government regulations and statutory requirement.

I thank the government for its financial support so far that has made it possible to implement the MTTI functions and programmes.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.



Hanson Mugo
Chair of the Board of Governors'

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V. REPORT OF THE PRINCIPAL

Presented herein is the annual report and financial statement of Muraga Technical Training Institute for the year ended June 30 2021 as per requirements of the Public Finance Management Act of 2012 and Public Audit Act, 2015.

Non-financial information

(a) Academic programme

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

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

(b) Student population

The Institute admits students allocated by KUCCPS, walk in placements and outsourcing them from high population catchment areas. By the end of the 2020/2021 financial year, the institute had a population 214 students. The number is expected to rise to over 400 students in the 2021/2022 financial year. This will be achieved through

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

(d) Provision of Requisite Facilities

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

(d) Performance contract

In the financial year 2020/2021, the institute made the following achievements;

- Reviewed and translated the Citizens' Delivery Charter to sign language displayed at the Customer Care office.
- build the website to enable publicity and posting of correspondence Institute
- Increased students' enrolment from 173 to 214
- Overseen the construction of two classrooms and masonry shed
- Fencing of the lower side of the institute
- Procured and installed internet at the institute.
- Procured 120 pcs of chairs lecture for trainee use
- Operationalize the farm for agriculture training and partnered with Sygenta foundation
- Introduced and participated in regional athletics
- Road safety and sensitization and distribution of reflector jackets to boda boda riders

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

- Lack of sufficient resources
- Disruption of the school calendar year caused by COVID-19 Pandemic

(e)CORPORATE SOCIAL RESPONSIBILITY

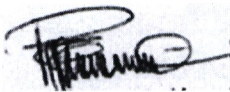
The institute embarked on the following CSR activities within the year.

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

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

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

I thank all the staffs and trainees of MTTI for their continued cooperation in this challenging but noble task of building the institute and I look forward to the same cooperation and enthusiastic participation in 2021 – 2022 financial year.



Purity .G.Ndigah
Principal/Secretary of the board

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VI. REVIEW OF MURAGA TTI PERFORMANCE FOR 2020/2021 FINANCIAL YEAR

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

MURAGA TTI has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

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

Muraga develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2020/2021 period for its 5 strategic pillars, as indicated in the diagram below:

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Strategic Pillar no	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Grow the education & TVET programmes	Growing the education & TVET programmes	Improved service delivery Modern ICT capability adopted in management & training Number of partnership developed with key stake holders	Benchmarking of the institute services against our competitor Invest in ICT capability to support service delivery Enhance partnership with the with stake holders	Benchmarked with neighbouring sister institution on food & beverages workshops setting Started online classes with the candidates who were scheduled to sit for exams in November 2020. Established partnership with Weru Tea Factory on modern tea farm management
Pillar 2:	promote equity & quality education and training	Promoting equity & quality education and training	Number of trainers in courses mainly dominated by the opposite gender Number of trainers who participated in the capacity building workshops	Advocate for the participation of both gender in the TVET programmes Integrated training plan that focuses on enhancing trainers excellence	High enrolment in food & beverage courses by men The institute sent finance officer to Mombasa during the training organised by HELB on HELB loan/bursary managements
Pillar 3:	strengthen organisation development and	Strengthening organisation development and capability	Number of new financial streams established by the institute	Enhance financial sustainability of the institute	Institute has been selling agriculture produce from the

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	capability		Performance appraisal tool developed for the non-teaching staffs Reward & sanctions system based on appraisal report	Celebrate staffs success formally through a reward & recognition programmes	farm Staffs are being rewarded according their performance
Pillar 4:	establish contemporary learning services and facilities	Establishing contemporary learning services and facilities	Suggest boxes Customers complains & compliment registers	Establishing a client relationship management by Maintaining customer visitors and customers feedback systems	Suggesting management systems in place Customer complains & compliment tools in place
Pillar 5:	pursue stake holders partnerships and collaborations	Pursuing stake holders partnerships and collaborations	Number of the MOUs the institute has signed with local industries Number of meeting in year Number of business opportunities	Strengthen external networks with the industries Implement expanded community engagement plans to add value to the community	Signed MOU with Weru Tea Factory and muthambi health centre Held quarterly meetings with the community on the available business opportunities the community can engage with institute

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VII. CORPORATE GOVERNANCE STATEMENT**

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

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

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

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

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

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

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

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

FY 2020/2021 Key Projects Completion Rate

Project Name	Project Description	Location	Total Estimated Cost KSHS	Current status	Allocation for FY 2020/2021 KSHS	Expected Deliverables (output for FY 2020/2021)	End of FY Completion status
Construction of two permanent Tuition classes	Preparing drawing and bill of quantities	Muraga Technical Training Institute	1,200,000	new	1,200,000	Tuition classes constructed to completion	Completed
Construction of masonry and plumbing workshop	Construct Sub-structure work -Construct ground floor slabs	Muraga Technical Training Institute	800,000	new	800,000	-foundation and floor constructed -roofing and laying of post completed	50% Completed.
TOTAL					2,000,000		

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IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

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

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

2. Environmental performance

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

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

So far we have planted over 100 trees.

3. Employee welfare

The Institute has been following the procedure of hiring employees into the Institution. The Board identifies the vacancies by analysis of key responsibilities and duties that ought to be done and the staff are not available or adequate. The Board then advertises for the positions and invites qualified candidates to apply. On applications, shortlisting of qualified persons is done basing it on the advert, Gender, Ethnicity and experience. Qualified persons are contacted to attend interviews through mail and telephone calls. The panel engages all interviewees and allocated marks as per the score sheet. The panel then discuss the scores and average for the best candidate to be approved. Once staff are engaged, they are taken through an orientation where the responsibilities are outlined, discussed and the objectives of the organisation are laid out. Staff are developed through support given by the BOG to attend relevant workshops and seminars

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especially the ones organised through the ministry. The Institute is in the process of developing the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA). Appraisal of staff is done continuously.

4. Market place practices-

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

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

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

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

5. Community Engagements-

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

6. Market place practices

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

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

B.Product stewardship –

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

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X. REPORT OF THE BOARD OF GOVERNORS**

The BOG/Board members submit their report together with the audited financial statements for the year ended June 30th 2021 which show the state of the institute's affairs.

Principle activities

The principle activities of the entity are:

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

Results

The results of the entity for the year ended June 30th 2021 are set out on page 1-39

BOG/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page iv & v During the year there has been change in the board of governors.

Auditors

The Auditor General is responsible for the statutory audit of the *institute* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *institute* for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 Public Audit Act, 2015

By order of the Board.



Hanson Mugo

Chair of the Board of Governors

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XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, require the board members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute 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 the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The board members are also responsible for safeguarding the assets of the Institute.

The board members are responsible for the preparation and presentation of the 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, 2021 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 Institute;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safe guarding the assets of the Institute;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act .The board members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2021 and of the Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Muraga Technical Training Institute financial statements were approved by the Board on 02/09/2021 and signed on its behalf by:

Name Hanson Mugo



Signature.....

Chairperson of the Board

Name Purity .G.Ndigah

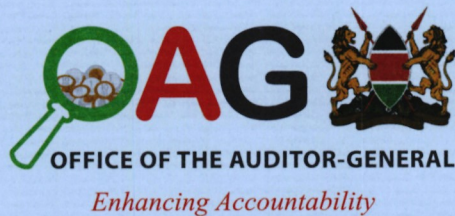


Signature.....

Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MURAGA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Muraga Technical Training Institute set out on pages 1 to 36, which comprise of the statement of financial position

Report of the Auditor-General on Muraga Technical Training Institute for the year ended 30 June, 2021

as at 30 June, 2021, and the statement of financial performance, statement of change 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 in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Muraga Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

The statement of financial position and as disclosed in Note 19 to the financial statements reflects property, plant and equipment balance of Kshs.139,530,276. However, the following anomalies were noted;

1.1 Stalled Project

Review of the asset register provided for audit revealed that the Institute had an equipment for agricultural value addition (Milk and Meat Processing Plant) which had been acquired at a cost of Kshs.102,207,419 and installed in 2019. However, physical verification carried out in April, 2022 revealed that the milk and meat processing plants had not been commissioned and remained idle. This is contrary to Section 72(1) of the Public Finance Management Act, 2012 which states that an Accounting Officer of a national government entity shall be responsible for the management of the entity's assets and liabilities and manage those assets in a way which ensures that the entity achieves value for money in acquiring, using and disposing of those assets.

In the circumstances, the Institute has not obtained value for money on the investment of Kshs.102,207,419 on the agricultural value addition equipment since November, 2019.

1.2 Un-updated Assets Register

Review of the asset register provided revealed that critical information such as location of the assets, description, respective cost and serial numbers were missing. Further, physical verification revealed the assets were not tagged for ease of identification and movement contrary to Regulation 139(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that the accounting officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and condition of assets can be traced.

In the circumstances, the completeness and accuracy of the Kshs.139,530,276 disclosed under property, plant and equipment as at 30 June, 2021 could not be confirmed. In addition, the Management is in breach of the law.

1.3 Lack of Ownership Documents

Review of documents provided revealed that the Institute occupies 9.81 hectares of land donated by Muraga Secondary School and, as previously reported the Institute has not acquired ownership documents for the land.

In the circumstances, the ownership of the land valued at Kshs.19,400,000 as at 30 June, 2021 could not be confirmed.

2.0 Capital Fund

The statement of financial position reflects capital fund balance of Kshs.177,379,263. However, as reported in the previous years, documents indicating the sources and amount of cash and non-cash capital funds were not provided for audit.

In the circumstances, the accuracy and validity of capital fund balance of Kshs.177,379,263 reflected in the statement of financial position as at 30 June, 2021 could not be confirmed.

3.0 Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of financial performance for the year ended 30 June, 2021 reflects amounts of Kshs.1,200,000 and Kshs.567,600 relating to transfers from other Government entities CDF and contracted services respectively. However, the two amounts have not been included in the statement of comparison of budget and actual amounts.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts for the year ended 30 June, 2021 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.25,964,190 and Kshs.16,208,801 respectively resulting to an under-funding of Kshs.9,755,389 or 38% of the budget. Similarly, the Institute expended Kshs.9,540,997 against an approved budget of Kshs.25,964,190 resulting to an under-expenditure of Kshs.16,423,193 or 63% of the budget.

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

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

1.0 Lack of Approved Salary Structure and Staff Establishment

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects a balance of Kshs.1,831,610 in respect to employee costs. However, as reported in the previous years, approved salary structure and staff establishment were not provided for audit review. This is contrary to Section C 2(1) of the Human Resources Policies and Procedures Manual for the Public Service, 2016 which states that the Public Service Salary structure will be based on the grading levels spelt out in the various career progression guidelines.

In the circumstances, the validity of the Kshs.1,831,610 expenditure for the year under review could not be confirmed and the Management is in breach of the law.

2.0 Unauthorized Board Allowances

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects Kshs.631,100 relating to remuneration of governors which includes Kshs.438,000 paid to Board of governors at higher rates of between Kshs.8,000 to Kshs.18,000 contrary to the Salaries and Remuneration Commission approved sitting allowances of Kshs.5,000 per sitting as communicated vide Circular referenced ADM CIR. 1.13.122 dated 16 April, 2014, under Section "A" table 1 on compensation to public servants.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Lack of Internal Audit

As reported in the previous years, the Institute did not have an internal audit section to carry out internal audit functions. This is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that every national government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the effectiveness of the Institute's internal controls systems could not be confirmed.

2.0 Lack of an Audit Committee

As reported in the previous years, the Institute did not have an Audit Committee in place. This is contrary to Section 73(5) of the Public Finance Management Act, 2012 which states that every national government entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the regulations.

In the circumstances, the oversight of the Institute's internal controls systems could not be ascertained.

3.0 Lack of Risk Management Policy

As reported in the previous years, review of the Institute's internal controls system revealed that the Institute did not have in place an approved risk management policy. Further, Management did not provide evidence on whether the Institute had identified,

documented, assessed risks and developed controls to respond to the risk identified, contrary to Section 165 of the Public Finance Management (National Government) Regulations, 2015, which stipulates that the accounting officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management internal Control that builds robust business operations.

In the circumstances, it was not possible to confirm the effectiveness of the Institute's risk management.

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

Responsibilities of Management and those Charges with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

**MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2021**

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30th 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from the national governments grants/gift in kind	6	7,710,000	1,000,000
Public contributions and donations		-	500,000
Transfer from other governments entities CDF	6	1,200,000	-
Total Revenue from non-exchange transactions		8,910,000	1,500,000
Revenue from exchange transactions			
Rendering of services- Fees from students	8	8,329,178	7,752,357
Sale of goods farm	9	169,623	223,193
Other income	10	-	7,000
Revenue from exchange transactions		8,498,801	7,982,550
Total revenue		17,408,801	9,482,550
Expenses			
Use of goods and services	11	6,962,643	5,559,254
Employee costs	12	1,831,610	2,752,754
Board of governors allowances	13	631,100	441,200
Depreciation and amortization expense	14	11,295,460	12,714,738
Repairs and maintenance	15	115,644	45,467
Contracted services	16	567,600	-
Provision for audits fee	21	809,361	
Total expenses		22,213,419	21,513,413
Net Surplus/deficits for the year		(4,804,618)	(12,030,863)

The notes set out on pages 6 to 35 form an integral part of the Annual Financial Statements.

**MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2021**

XIV. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30th 2021

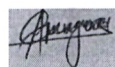
	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	2,236,161	870,796
Receivables from exchange transactions	18	6,529,322	2,836,281
Total Current Assets		8,765,483	3,707,077
Non-current assets			
Property, plant and equipment	19	139,530,276	148,874,236
Total Non-current Assets		139,530,276	148,874,236
Total assets		148,295,759	152,581,313
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	1,802,115	2,483,051
Total Current Liabilities		1,802,115	2,483,051
Total liabilities			
Capital and Reserves			
Accumulated surplus		(30,885,619)	(26,081,001)
capital fund		177,379,263	176,179,263
Total Capital and Reserves		146,493,644	150,098,262
Total Liabilities and Capital & Reserves		148,295,759	152,581,313

The Financial Statements set out on pages 1 to 39 were signed on behalf of the Institute Board/ Board of Governors by:

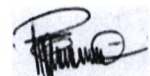


.....
Chairman Board of Governors
Hanson Mugo

Date 02/09/2022



.....
Finance Officer
Alfred Mugira
ICPAK No:24009
Date 02/09/2022



.....
Principal
Purity .G. Ndigah

Date 02/09/2022

MURAGA TECHNICAL TRAINING INSTITUTE
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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED JUNE 30th 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/		Total
				Development Grants/Fund		
At July 1, 2019	-	-	(14,050,138)	176,179,263		162,129,125
Revaluation gain	-	-	-	-		0
Fair value adjustment on quoted investments	-	-	-	-		0
Total comprehensive income	-	-	(12,030,863)	-		(12,030,863)
Capital/Development grants received during the year	-	-	-	-		0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-		0
At June 30, 2020	-	-	(26,081,001)	176,179,263		150,098,262
At July 1, 2020	-	-	-	-		0
Revaluation gain	-	-	-	-		0
Fair value adjustment on quoted investments	-	-	-	-		0
Total comprehensive income	-	-	(4,804,618)	-		(4,804,618)
Capital/Development grants received during the year	-	-	-	1,200,000		1,200,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-		0
At June 30, 2021	-	-	(30,885,619)	177,379,263		146,493,644

**MURAGA TECHNICAL TRAINING INSTITUTE
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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30th 2021

	Notes	2020-2021	2019-2020
Cashflow from operating activities		Kshs	Kshs
Receipts			
Transfers from other Government entities/Govt. grants	6	7,710,000	1,500,000
Transfer from other governments entities CDF	6	1,200,000	-
Rendering of services	8	8,329,178	7,752,357
Sale of goods farm	9	169,623	223,193
Other income	10	-	7,000
Total Receipts		17,408,801	9,482,550
Payments			
Use of goods and services	11	6,962,643	5,559,254
Employees cost	12	1,831,610	2,752,754
Board of governors allowances	13	631,100	441,200
Repair maintenances and development	15	115,644	45,467
Contracted services	16	567,600	-
Audits fee	21	809,361	-
Total Payments		10,917,958	8,798,675
Net surplus for the year		6,490,843	683,875
cash flows from operating activities			
(add) refundable deposits from customers			(13,200)
(less) decrease in payables		(680,936)	1,510,790
(add) increase in the receivables		(3,693,042)	(2,009,991)
Net cash flows from operating activities		2,116,865	(512,401)
Cash flows from investing activities			
(less) Purchase of Property Plant and Equipment		(1,951,500)	-
Net cash flows from investing activities		(1,951,500)	-
cash flow from financing activities			
Developments grants CDF		1,200,000	
Net cashflows used in financing activities		1,200,000	
Net increase in cash and cash equivalents		1,365,365	171,474
Cash and cash equivalents at 1July 2020		870,796	699,322
Cash and cash equivalents at 30 JUNE 2021		2,236,161	870,796

MURAGA TECHNICAL TRAINING INSTITUTE
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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30th 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Transfers from the National Government	9,700,000	-	9,700,000	7,710,000	1,990,000
Rendering of services- Fees from students	16,037,690	-	16,037,690	8,329,178	7,708,512
Sale of goods farm	226,500	-	226,500	169,623	56,877
Transfer from other government's	-	-	-	-	-
Total revenue	25,964,190	-	25,964,190	16,208,801	9,755,389
Expenses					
Use of goods and services	21,802,190	-	21,802,190	6,962,643	14,839,547
Employee costs	2,430,000	-	2,430,000	1,831,610	598,390
Remuneration of directors	760,000	-	760,000	631,100	128,900
Repairs and maintenance	972,000	-	972,000	115,644	856,356
Totals	25,964,190	-	25,964,190	9,540,997	16,423,193
Surplus for the period	0		0	6,667,804	-6,667,804

Notes to the budget and the actual performance difference

i) Kshs. 11,295,460 for depreciation is not included in statement of budget and actual amount since it does not involved cash payments.

**MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2021**

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Muraga Technical Training Institute entity is established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train

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 Muraga Technical Training Institute accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note

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

The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act, 2012 the TVET Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30th June, 2020**

**MURAGA TECHNICAL TRAINING INSTITUTE
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Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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 Muraga Technical Training Institute future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social	Applicable: 1st January 2022

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Standard	Effective date and impact:
Benefits	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26,

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Standard	Effective date and impact:
	<p>Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

The entity did not adopt early any new or amended standards in year 2020

NOTES TO THE FINANCIAL STATEMENTS

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 Muraga Technical Training Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The Muraga Technical Training Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated

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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 Muraga Technical Training Institute

Interest income

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

Dividends

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition (Continued)

iii) Budget information

The original budget for FY 2020/2021 was approved by the Board on 6th July 2020. 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 Muraga Technical Training Institute upon receiving the respective

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approvals in order to conclude the final budget. According to the entity, there were no additional appropriations or adjustments made during the year 2020/2021

The Muraga Technical Training Institute budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the

same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 10 of these financial statements.

Taxes

Current income tax

The entity is exempt from paying taxes as per schedule

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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

iv) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **10** years.

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

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

v) Property, plant and equipment

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

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vi) 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

**NOTES TO THE FINANCIAL STATEMENTS
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

vi) Leases (continued)

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

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

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

vii) 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

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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

viii) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement

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

The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are

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subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit

Impairment of financial assets

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

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) 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.

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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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) inventory

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

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

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

ii) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contingent assets (Continued)

i) Nature and purpose of reserves

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

ii) Changes in accounting policies and estimates

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

iii) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the

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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.

iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v) 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.

Related parties

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

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vi) Service concession arrangements

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

vii) 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.

viii) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

ix) 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, 2020.

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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 (a). TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Unconditional grants		
Capitation grants	6,210,000	-
Operational grants	1,500,000	1,000,000
Total	7,710,000	1,000,000
Conditional grants		
Transfer from CDF (tuition classrooms grants)	1,200,000	-
Total government grants and subsidies	8,910,000	1,000,000

6(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the entity sending grants	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2019-2020
	KShs	KShs	KShs	KShs	KShs
state departments of technical training	7,710,000		-	7,710,000	1,000,000
National governments developments fund	1,200,000	-	1,200,000	1,200,000	-
Total	8,910,000	0	1,200,000	8,910,000	1,000,000

The details of the reconciliation have been included under appendix III

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021	2019-2020
	Kshs	Kshs
Public donations	-	500,000
Total donations	-	500,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition	2,384,468	1,908,163
Personal emoluments	1,278,000	1,235,500
Local travel and transport	237,000	845,965
Electricity water and conservancy	641,550	519,750
Repair maintenance and improvements	570,550	508,500
Activity fee	308,000	126,585
Registration	37,800	61,800
Students id	38,350	61,800
Insurance	118,500	173,250
Gratuity	213,550	69,300
Internets	175,000	138,600
Practical materials	1,167,500	851,600
Administration	426,800	693,244
Students council	85,300	69,300
Exams	481,910	334,800
Industrial attachments	40,000	
Practical uniform	91,000	117,000
Application fee	33,900	37,200
Total revenue from rendering of services	8,329,178	7,752,357

9. SALE OF GOODS

Description	2020-2021	2019-2020
	Kshs	Kshs
Sale of farm produce	169,623	223,193
Total revenue from the sale of goods	169,623	223,193

10. OTHER INCOME

Description	2020-2021	2019-2020
	Kshs	Kshs
Farm	-	7,000
Computer packages	-	0
Total	0	7,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 USE OF GOODS AND SERVICES

DESCRIPTION	2020-2021	2019-2020
	Kshs	Kshs
Activity	202,946	4,200
Administration cost	1,056,604	1,518,472
Attachments	74,983	14,300
Bank charges	18,624	-
Electricity water and conservancy	279,598	196,173
Exam	265,421	752,610
Farm	146,653	105,324
Internets services	131,839	11,000
Local travel and transport	361,530	680,220
Marketing	155,330	121,300
Tuition expenses	2,313,088	565,646
Students ID	36,000	1,950
Practical's	1,230,177	610,229
Computer packages	3,000	
Students council	20,230	17,440
Training and developments	373,820	104,240
Uniform	132,800	77,070
Kenya association of technical training subscription	160,000	-
Deputy president visitation	-	500,680
Total	6,962,643.20	5,280,854

12. EMPLOYEE COSTS

DESCRIPTION	2020-2021	2019-2020
	Kshs	Kshs
National social security fund	345,780	145,860
National insurance fund	53,850	91,200
Paye as you earn	750	12,847
Salaries and wages	1,431,230	2,502,847
Total	1,831,610	2,752,754

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	Kshs	Kshs
Board of governors allowances	631,100	340,200
Other allowances	-	101,000
Total remuneration of directors	631,100	441,200

14. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	Kshs	Kshs
Property, plant and equipment	11,295,460	12,714,738
Total depreciation and amortization	11,295,460	12,714,738

15. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	Kshs	Kshs
Cleaning	-	12,000
Furniture	-	28,267
Water Repair	-	1,000
Building	-	4,200
Repairs maintenance and improvements	115,644	-
TOTAL	115,644	45,467

16. Contracted services

Description	2020-2021	2019-2020
	Kshs	Kshs
Security services	567,600	278,400
Total contracted services	567,600	278,400

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17(a) CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current account		
KCB bank of Kenya recurrent accounts	2,083,978	854,084
Equity bank developments accounts	101,462	9,552
Cash at hand	50,721	7,160
Total cash and cash equivalents	2,236,161	870,796

17(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution		2020-2021	2019-2020
		Kshs	Kshs
a) Current account	Account number		
Kenya Commercial bank	1212819675	2,083,978.20	854,084
Equity Bank	0140262856816	101,462	9,552
Sub- total		<u>2,185,440</u>	<u>863,636</u>
B) Others(specify)			
cash in hand		50,721	7,160
Sub- total		50,721	7,160
Grand total		2,236,161	870,796

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current receivables		
Student debtors	2,692,126	2,836,281
Other receivables	3,837,196	
Total receivables	6,529,322	2,836,281

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computers	furniture and fittings	water storage tank	electrical and electronics	Plant and equipments	Capital work in progress	Total
Cost		2.5%	30%	12.50%	8%	30%	12.5%		
At 30th June 2019	19,400,000	53,843,844	728,000	589,668	90,000	153,190	102,207,419	356,586	177,368,707
Additions	-	-	-	-	-	-	-	-	0
Cost/capitalized	-	-	-	-	-	-	-	-	0
Disposals	-	-	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	-	-	0
At 30th June 2020	19,400,000	53,843,844	728,000	589,668	90,000	153,190	102,207,419	356,586	177,368,707
Additions	-	1,107,490	-	372,000	-	-	-	472,010	1,951,500
Cost/capitalized	-	-	-	-	-	-	-	-	0
Disposals	-	-	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	-	-	0
At 30th June 2021	19,400,000	54,951,334	728,000	961,668	90,000	153,190	102,207,419	828,596	179,320,207
Depreciation and Impairment									
At 30th June , 2019	-	2,658,540	218,400	73,709	7,200	45,957	12,775,927	-	15,779,733
Depreciation	-	1,279,633	152,880	64,495	6,624	32,170	11,178,937	-	12,714,738
Disposals	-	-	-	-	-	-	-	-	0
Impairment	-	-	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	-	-	0
At 30th June 2020	-	-	-	-	-	-	-	-	0
Net book values	-	-	-	-	-	-	-	-	0
At 30th June 2020	0	3,938,173	371,280	138,204	13,824	78,127	23,954,864	-	28,494,471
Depreciation	-	1,275,329	107,016	102,933	6,094	22,519	9,781,569	-	11,295,460
Disposals	-	-	-	-	-	-	-	-	0
Impairment	-	-	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	-	-	0
At 30th June 2021	-	5,213,502	478,296	241,137	19,918	100,646	33,736,433	-	39,789,931
Net book values									
At 30th June 2021	19,400,000	49,737,832	249,704	720,531	70,082	52,544	68,470,986	828,596	139,530,276
At 30th June 2020	19,400,000	49,905,671	356,720	451,464	76,176	75,063	78,252,556	356,586	148,874,236

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2020-2021	2019-2020
Description	Kshs	Kshs
Trade payables	9500	683,910
Fees paid in advance	983,254	1,799,141
Audit fee	809,361	-
Total trade and other payables	1,802,115	2,483,051

21. AUDIT FEES

Description	KShs	KShs
	2020-2021	2019-2020
Audit fees	809,361.00	-
Total	809,361.00	0

22. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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22. FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	6,529,322	6,529,322-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,236,161	2,236,161	-	-
Total	8,765,483	8,765,483	-	-

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

(ii) Liquidity risk management

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

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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.

22. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables		9,500		9,500
Prepaid fees		983,254		983,254
Total		992,754		992,754

(iii) Market risk

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

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

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies

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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:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings			
Net foreign currency asset/(liability)			

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%		
USD	10%		
2019			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

22 FINANCIAL RISK MANAGEMENT

(iii) Market risk

b) Interest rate risk

Sensitivity analysis

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

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Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Decrease/increase of KShs 00 (2016: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 00 (2012 – KShs 00)

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve		
Retained earnings	-30,076,258	-26,081,001
Capital reserve	177,379,263	176,179,263
Total funds	141,514,309	150,098,262
Total borrowings	992,754	
Less: cash and bank balances	2,236,161	870,796
Net debt/(excess cash and cash equivalents)	1,243,407	
Gearing	0.9	0.6

23. 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

RELATED PARTY BALANCES

Government of Kenya

The Government of Kenya is the principal shareholder of Muraga Technical Training 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;

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iv) Board of directors;

		2019/2020
		Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	8,910,000	1,500,000
Total	8,910,000	1,500,000
Key management compensation		
b) Directors' emoluments		
	631,100	441,200
Total	631,100	441,200

24. SEGMENT INFORMATION

Muraga Technical Training Institute operates in one geographical region and therefore IPSAS 18 on segmental reporting doesn't apply.

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2020-2021	2019-2020
	Kshs	Kshs
Court case no CR/486/118/2020 CF/1536/2019 against the entity	158,590	-
Total	158,590	-

There is a pending court case no CR/486/118/2020 CF/1536/2019 of stolen electrical consumables amounting to ksh 158,590 by the end of the FY 2020/2021

26. CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for (masonry shed)		-
Authorised and contracted for (Tuition Block)		-
Total		-

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27. EVENTS AFTER THE REPORTING PERIOD

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

28. ULTIMATE AND HOLDING ENTITY

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

29. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Recommendation has not yet been issued				
1.0					
1.1					

Principal

Secretary to the Board



Signature.....

Date.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition classrooms	1	CDF	2020/2021		no	yes

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Tuition classrooms	1,200,000	1,200,000	100%	1,200,000	1,107,490	CDF

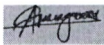
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APPENDIX III: INTER-ENTITY TRANSFERS

INSTITUTE NAME: MURAGA TECHNICAL TRAINING INSTITUTE				
Break down of Transfers from the State Department of technical and vocational training				
FY 2020/2021				
a.	capitation Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	3/7/2020	Capitation REF NO.MOE/DTE/CAP9/167(110)	817,500	2019/2020
	9/11/2020	Capitation REF NO .DTE/CAP 9/32(3)	1,290,000	2020/2021
	2/2/2021	Capitation REF NO DTE/CAP9/167/VOL11(36)	1,290,000	2020/2021
	30/03/2021	Capitation Ref no .DET/CAP9/24(82)	1,470,000	2020/2021
	30/06/2021	Capitation REF NO.DTE/CAP9/25(91)	1,342,500	2020/2021
		Total	6,210,000	
b.	Recurrent grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	9/11/2020	Recurrents grants Ref no DTE/CAP/9/15(3)	500,000	2020/2021
	30/03/2021	Recurrents grants Ref no MOE/DTE/CAP9/167/VOL11	500,000	2020/2021
	25/06/2021	Recurrents grants Ref no REF NO.DTE/CAP9/26(82)	500,000	2020/2021
		Total	1,500,000	

The above amounts have been communicated to and reconciled with the parent Ministry

**Finance Officer
Muraga Technical Training Institute**

Sign 

ICPAK No:24009

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	3/7/2020	Capitation REF NO.MOE/DTE/CAP9/167(110)	817,500	817,500	-	-	-	-	817,500
Ministry of Education	9/11/2020	Capitation REF NO .DTE/CAP 9/32(3)	1,290,000	1,290,000	-	-	-	-	1,290,000
Ministry of Education	9/11/2020	Recurrents grants Ref no DTE/CAP/9/15(3)	500,000	500,000	-	-	-	-	500,000
Ministry of Education	2/2/2021	Capitation REF NO DTE/CAP9/167/VOL11(36)	1,290,000	1,290,000	-	-	-	-	1,290,000
Ministry of Education	30/03/2021	Capitation Ref no .DET/CAP9/24(82)	1,470,000	1,470,000	-	-	-	-	1,470,000
Ministry of Education	30/03/2021	Recurrents grants Ref no MOE/DTE/CAP9/167/VOL11	500,000	500,000	-	-	-	-	500,000
National constituency developments fund	19/04/2021	Developments fund	1,200,000		1,200,000	-	-	-	1,200,000
Ministry of Education	25/06/2021	Recurrents grants Ref no REF NO.DTE/CAP9/26(82)	500,000	500,000	-	-	-	-	500,000
Ministry of Education	30/06/2021	Capitation REF NO.DTE/CAP9/25(91)	1,342,500	1,342,500	-	-	-	-	1,342,500
Total			8,910,000	7,710,000	1,200,000	0	0	0	8,910,000