REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NAROK WEST TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED 30 JUNE, 2020

HARAMBEE

International Public Sector Accounting Standards (IPSAS)
Annual Financial Report

NAROK WEST TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
2019/2020 FINANCIAL YEAR

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

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1. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

The Institute was incorporated/ established under the TVET Act on 21st December, 2016 through registration by TVETA, registration number TVETA/PUBLIC/TVC/0050/2016. The Board of Governors (BoG) was appointed on 20th November, 2017 and the first group of students admitted in February, 2018. The Institute is domiciled in Kenya. The institute is under the Ministry of Education. Currently, we have four departments: Engineering, Business Studies, Applied Technology and ICT.

(b) Principal Activities

Our principal activity is TVET training as per the TVET Act, 2003. Our vision is to be a center of excellence in the provision of TVET training and an agent of community development. Our mission is to develop competent and innovative human resource for sustainable development. Our strategic objectives are:

(i) To impart knowledge, skills and attitudes to trainees in order to gain entrepreneurship and problem-solving skills for the world of work;

(ii) To expand the Institute's infrastructure and equipment;

(iii) To widen and strengthen the Institute's financial base;

(iv) To improve Institutional governance and quality management.

(c) Key Management

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

- Board of Governors (BOG)
- Principal
- Deputy Principal
- Accountant

(d) 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	**David Kipyegon Maru**
2.	Institute Accountant	**Jane Resiato Koila**

(e) Fiduciary Oversight Arrangements

The Board of Governors (BOG) has overall oversight responsibility.

KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(f) Institute Headquarters

P.O. Box 1150-20500,
Narok, KENYA.
8 Km from the Narok-Bomet Road along the old Maasai Mara Road

(g) Institute Contacts

Telephone: (254) 701-807 410
E-mail: narokwestti@gmail.com
Website:

(h) Institute Bankers

Kenya Commercial Bank
P.O. Box 406-20500,
Narok, Kenya

(i) Independent Auditors

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

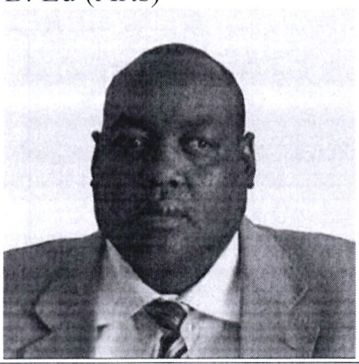
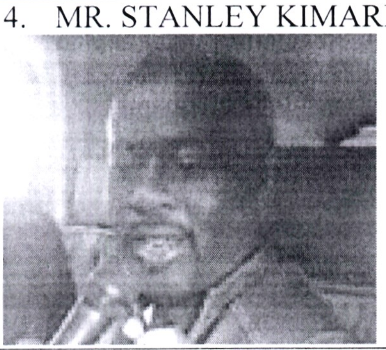
(j) Principal Legal Adviser

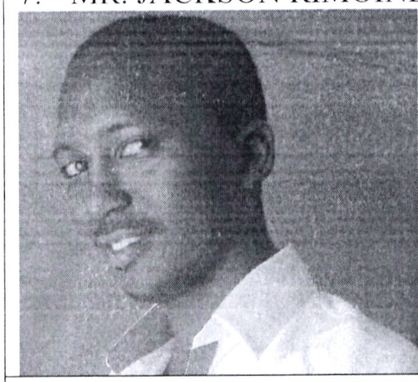
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

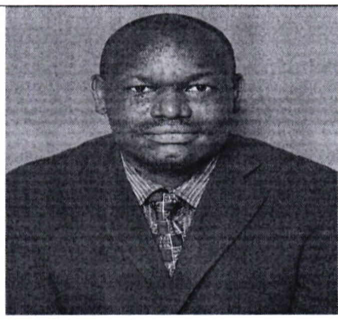
(k) KRA PIN

Institute's KRA PIN Number is P051693978A

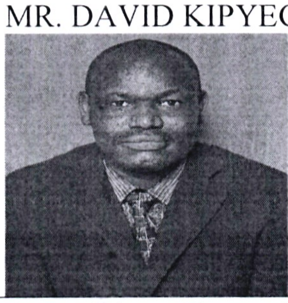
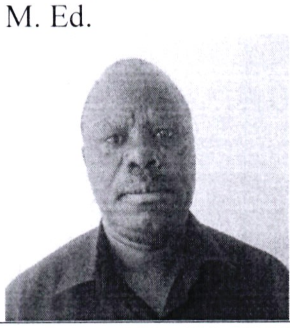
2. THE COUNCIL/BOARD OF GOVERNORS

1. MR. FRANCIS OLE KOROS B. Ed (Arts) 	Provide a concise description of each l Member's date of birth, key qualifications and work experience. Indicate whether the director is independent or an executive director and which committee of the Member chairs where applicable. **Date of Birth:** 1972 **Qualifications:** Bachelor of Education (Arts), UON **Experience:** Over 20 years as a teacher, 12 of them Principal. 8 Years as the Chairman of Public Service Board, Narok County.
2. MRS. MARGARET MUGA NYAKUNE 	**Date of Birth:** 1st January 1957 **Qualifications:** Masters in Entrepreneurship **Experience:** Over 30 years as a Technical Teachers Trainer at KTTC. Retired as the HoD - Business Department at KTTC
3. MS. MALVINE SEMPEIYO NKOITOI 	**Date of Birth:** 28th December 1988 **Qualifications:** Bachelor of Commerce (Banking and Finance Option), Egerton University **Experience:** 2 years as a banker and Finance Officer at MMWCA for 6 years now.
4. MR. STANLEY KIMAREN RIAMIT 	**Date of Birth: 30th November, 1969** **Qualifications:** Masters in Development Anthropology, currently pursuing a Phd **Experience:** 3 years as Assistant lecturer at McGill University, Runs an NGO on Maasai Livelihoods and a visiting Lecturer at McGill University, Canada
5. MR. SHADRACK KIMANZI MUSEE	**Date of Birth:** 18th November 1972 **Qualifications:** Masters in Geographic Information Systems, UON

	Experience: Over 12 years in installation of software, GIS systems and remote access technology like the remote automatic weighbridges.
6. MRS. ALICE MUTAI	**Date of Birth:** **Qualifications:** Masters in Engineering Management, Egerton University **Experience:** Over 20 years as a technical trainer rising to become a Deputy Principal of a TTI before becoming the XEO of KETREB.
7. MR. JACKSON RIMOINE MAITAI 	**Date of Birth:** 1994 **Qualifications:** Bachelor of Science in IT, JKUAT **Experience:** 4 years as IT expert in various banks: 2 years in National Bank, 1 year in CBA, 1 year as Fuliza technical team and currently with Kenya Pipeline IT department.
8. MS. EVELYNE NAISENYA KORSAI 	**Date of Birth: 21st October, 1977** **Qualifications: Bachelor of Education Arts – French, Maseno University** **Experience:** Taught French in high schools for 9 years, Presently is the branch manager of Kilgories Water Services Board
9. MRS. OLIVIA ALUOCH ODONGO	**Date of Birth:** **Qualifications:** Masters in Educational Administration **Experience:** 12 years as a trainer in technical institutions, 15 years as an officer at the Directorate of Technical Education then currently the County Director of TVET.
10. MR. DAVID KIPYEGON MARU B. Ed. (Tech. Ed)	**Date of Birth:** 2nd November, 1974 **Qualifications:** Bachelor of Education (Technology Education) specializing in Electrical and Electronics Technology.

	**Experience:** Taught electricity and computer studies at Sacho High School from 2001 to 2004, taught at Rift Valley Institute of Science and Technology (RVIST) from 2004 to 2017. Served as the Institute timetable, Performance Contract (PC) coordinator, Head of Department (HOD) of electrical department and then Deputy Principal (Academic Affairs). Currently serving as the Principal, Narok West TTI from 22nd June, 2020 to date.

3. MANAGEMENT TEAM

1. Insert each key manager's/Principal passport-size photo and name, and key profession/academic qualifications MR. DAVID KIPYEGON MARU 	**Principal**
2. James Kinara Basweti B. Ed (Arts) – Econoics M. Ed. 	**Deputy Principal**
3. JANE RESIATO KOILA B. Com. (Finance) CPA Part VI 	**Accountant**

4. CHAIRMAN'S STATEMENT

Narok West Technical Training Institute's (TTI) main twin-workshop single storey building was completed and handed over on 16th December, 2016. The Institute was then registered with the Technical and Vocational Education and Training Authority (TVETA) as number TVETA/PUBLIC/TVC/0050/2016 in line with the TVET Act (2003) on 16th December, 2016 and the Board first was appointed on 20th November, 2017 and inaugurated on 15th December, 2017. The Board consists of the following members:

1. Mr. Francis Ole Koros - Chairman
2. Mrs. Margaret N. Muga - Member representing Leadership and Management
3. Miss. Malvine S. Nkoitoi - Member representing Financial Management
4. Mr. Shadrack K. Musee - Member representing Technology
5. Mr. Stanley K. Riamit - Member representing Industry
6. Eng. Alice Mutai - Member representing Engineering
7. Mr. Jackson R. Maitai - Member representing ICT
8. Miss. Everline Korsai - Member representing the Governor, Narok County
9. Mrs. Olivia A. Odongo - County Director TVET (Representing the PS)
10. Mr. David K. Maru - Principal/Secretary

On 10th January, 2018, the Board held a meeting and approved the admission of the first group of students. The first six (6) students were admitted on 19th February, 2018 and the population has grown to 20 by November, 2018, 54 by June, 2019 and now 116 in 2020. The Institute has 10 PSC trainers, 5 BoG employed trainers and 11 support staff.

The Institute received the main administration twin workshop building, agricultural engineering equipment, ICT equipment, supply of furniture and construction of pit latrines. The pit latrines were constructed by the Constituency Development Funds (CDF) and consists of construction of three blocks of pit latrines: a block of three latrines and a urinal for male students, a block of three latrines for female students and a block of two pit latrines for staff at a total cost of Ksh. 800,000.

The Institute has achieved through growth of student population from 6 students in February, 2018 to 116 in June, 2020. The Institute also has 6 PSC trainers, 5 BOG employed trainers and 10 support staff. The Institute signed a four-year Memorandum of Understanding (MOU) with Maasai Mara Wildlife Conservancies Association (MMWCA) covering 2018 to 2021. The project provides partial scholarships to students who are children of land owners in the conservancies.

The Institute has a 20-acre piece of land of which about 5 acres comprises main compound and the football field. All the remaining land is under cultivation of maize, beans, and vegetables. We have also planted about 50 trees in 2017-2018; 800 tree seedlings in June, 2019; 400 tree seedlings donated by the Narok West NG-CDF in November, 2019; 300 tree seedlings donated by the Ministry of Energy in January, 2020; 750 tree seedlings donated by the Narok Kenya Defense Forces (KDF) in March, 2020 and over 1,500 trees and fruit trees in 2020.

The duration has not been without challenges. Some of these challenges include a lack of a hostel quarters which has been the major issue in growth of the student population. Also, there is no reliable source of water. The Institute depends on roof water harvesting supplemented by water fetched from the community borehole which is about 3 km away.

The Institute has endeavored to achieve its core objective of provision of quality TVET training to its students. Despite the challenges, the Institute has worked hard to overcome them. A neighbour has built a hostel to house 150 students and should be available for the September intake. The Institute has put in place rain water harvesting systems with three 10,000-liter tanks.

5. REPORT OF THE PRINCIPAL

Narok West Technical Training Institute (TTI) is one of the sixty (60) new technical institutions built under Vision 2030 flagship projects by the Government through the Ministry of Education and National Government Constituency Development Committee (NG-CDF). Construction of the main twin-workshop single storey building was completed and handed over on 16th December, 2016.

The Institute is registered with the Technical and Vocational Education and Training Authority (TVETA) as number TVETA/PUBLIC/TVC/0050/2016 in line with the TVET Act (2003) on 16th December, 2016 and the Board first was appointed on 20th November, 2017 and inaugurated on 15th December, 2017. On 10th January, 2018, the Board held a meeting and approved the admission of the first group of students. The first students were admitted on 19th February, 2018.

The Institute has continued to grow in student population reaching the current 116 as per the table below:

Period	**Student Population Statistics**		
	Male	**Female**	**Total**
November, 2018	9	11	**20**
June, 2019	38	16	**54**
September, 2019	67	28	**95**
January, 2020	82	34	**116**

The Institute has the following staff statistics:

Staff Category	**Staff Population Statistics**		
	Male	**Female**	**Total**
Public Service Commission (PSC) trainers	8	2	**10**
Board of Governors (BOG) trainers	4	1	**5**
Support staff	7	4	**11**

INFRASTUCTURE AND PROJECTS COMPLETED:

1. **Main Administration with Twin Workshop Building:**
   The main building was completed and handed over on 16th December, 2016. It contains two workshops, eight classrooms, a staffroom, ICT room, Drawing room, 4 blocks of ablution blocks and a total of 9 offices. The building was done through the mentorship of Keroka Technical Training Institute (TTI). In order to start the Institute, we converted the four ground floor classrooms into hostels. Currently, the rooms are now classes though we face a shortage of classrooms. Also, the washrooms are not being used due to lack of water for flashing.
2. **Supply of Agricultural Engineering equipment** – this were supplied by the Government of Kenya (GOK) and comprises of five tractors, an assortment of implements, mechanical machines including two conventional lathes and a milling machine and assorted spare parts.
3. **Supply of ICT equipment** - this were supplied by the GOK and comprises of 20 computers, 10 UPS's, 2 projectors with screens, 3 laptops and 3 printers.
4. **Supply of furniture** - this were supplied by the GOK and comprises of office tables and chairs, a fireproof safe, cabinets and a complete 10-seater boardroom facility.
5. **Construction of pit latrines** – The Narok West National Government Constituency Development Fund (NG-CDF) funded the construction of three blocks of pit latrines: a block of three latrines and a urinal for male students, a block of three latrines for female students and a block of two pit latrines for staff at a total cost of Ksh. 800,000.

ACHIEVEMENTS:

1. **Growth in student population** – student numbers have grown steadily from 20 in November, 2018 to 116 in September, 2020 despite a lack of a hostel.
2. **Growth in staff numbers** – the Institute received 4 trainers from the PSC in September, 2019 and 4 trainers in February, 2020.
3. **Partnership with the Maasai Mara Wildlife Conservancies Association (MMWCA)** – The Institute signed a four-year Memorandum of Understanding (MOU) with MMWCA covering 2018 to 2021. MMWCA provides partial scholarships to students who are children of land owners in the conservancies while Narok West TTI ensures that they acquire the knowledge, skills and attitudes to ensure they can take advantage of the opportunities in the Maasai Mara ecosystem area. So far students have benefitted from the partial sponsorship as follows:

YEAR	MALE		FEMALE		TOTAL
	No.	Perc.	No.	Perc.	No.
2018	8	57.14%	6	42.86%	14
2019	62	78.48%	17	27.42%	79
June, 2020	22	61.11%	14	38.89%	36
TOTAL	**92**	**71.32%**	**37**	**28.68%**	**129**

4. **Farming activities** – the Institute has a 20-acre piece of land of which about 5 acres comprises main compound and the football field. All the remaining land is under cultivation of maize, beans, and vegetables.
5. **Trees planted** – We planted about 50 trees in 2017-2018; 800 tree seedlings in June, 2019; 400 tree seedlings donated by the Narok West NG-CDF in November, 2019; 300 tree seedlings donated by the Ministry of Energy in January, 2020; 750 tree seedlings donated by the Narok Kenya Defense Forces (KDF) in March, 2020 and over 1,500 trees and fruit trees in 2020.

CHALLENGES AND PROPOSED SOLUTIONS:

1. **No students' hostel:** Lack of a hostel quarters has been the major issue in growth of the student population. A number of students are hosted at the Nkorkorri trading centre which is about 4 km away. To solve the challenge, we talked to a neighbour (Mr. Sigona) who is constructing hostels for 150 students to be ready for the September, 2020 intake.

2. **No reliable source of water:** The Institute depends on roof water harvesting supplemented by water fetched from the community borehole which is about 3 km away.

6. REVIEW OF NAROK WEST TECHNICAL TRAINING PERFOMANCE FOR FY 2019/2020

Narok West TTI has not developed a strategic plan yet. The draft strategic plan is awaiting input and approval from the Board. However, the Institute has four strategic pillars and objectives within its FY 2019/2020 Performance Contract. These strategic objectives are as follows:

1. To impart knowledge, skills and attitudes to trainees in order to gain entrepreneurship and problem-solving skills for the world of work;
2. To expand the Institute's infrastructure and equipment;
3. To improve Institutional governance and quality management.

Narok West TTI develops its annual work plans based on the above strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Narok West TTI achieved its performance targets set for the FY 2019/2020 period for its three strategic objectives, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Training	To impart knowledge, skills and attitudes to trainees in order to gain entrepreneurship and problem-solving skills for the world of work	- Student population - Exam results	- Student admission - Training - Exams - Industrial attachment	- Student population has grown from 6 in February, 2018 to 116 in January, 2020 -We started with 4 courses but currently have 18 courses offered - Always had over 60% pass rate in KNEC - All student required to go for industrial attachment
Infrastructure development	To expand the Institute's infrastructure and equipment;	- Infrastructure development - Training equipment - Inventory	- Construction - Purchase of equipment and materials	- Main building completed in December, 2016 - Bathrooms and pit latrines, Fence constructed
Quality Management	To improve Institutional governance and quality management	- Management objectives and outcomes - Performance contract targets and evaluation report	- Setting objectives and targets - Implementing the set objectives - Monitoring and evaluation	- Annual PC targets set - PC implemented - Management documents available for training, administration and student affairs

7. CORPORATE GOVERNANCE STATEMENT

The Board held two meetings in the 2019/2020 FY due to the COVID-19 pandemic. The meetings were held on 16th August, 2019 and 26th June, 2020. The last meeting was held online using the zoom platform and its main agenda was the students and staff status and a discussion on quarter 1 financial report.

The meetings held by the Board since inauguration to the end of the 2019/2020 FY with the outcomes are summarized in the table below:

YEAR	MEETING DATE	MAIN AGENDA	OUTCOMES	COMMENTS
2017	15-12-2017	- Inauguration - Appointment of account signatories and opening of bank accounts	Successfully completed	Institute became operational
2018	10-1-2018	- Admission workplan - Approval of courses - Approval of management documents - Student mobilization strategies	The documents including budget, fee's structure, rules and regulations, academic policy and admission documents were approved and are still in use to date. On 5-2-2018 we admitted 6 students and by end of term in 30-3-2018 we had 12 students.	Admission of students was successful
	20-7-2018	- CDF project - 2018/2019 FY Budget estimates	The CDF project comprising of pit latrines were approved for construction using labour contract thus increase from two blocks of 2-door to three blocks of 9-doors. The budget estimates were approved and implemented successfully.	Project was completed successfully with no queries from the National NG-CDF auditors.
2019	25-1-2019	- Report on Institute progress - Plans for 2019	Progress in terms of students, staff, projects and financial reports were discussed and 2019 plans for the same were set. This led to student population moving from 14 to 101 in 2019.	
	16-6-2019 (Special)	- Student's interruption of Hon. MP's movement	This was a special meeting after students interrupted Hon. Tongoyo's movement due to a promise he had made to them on payment of fees.	The matter was resolved amicably and the MP is currently

				friend of the Institute.
	16-8-2019	- 2019/2020 budget estimates - Stakeholder's meeting	The budget was approved and implemented successfully but the stake holders meeting was never held due to lack of funds.	Approved budget implemented successfully
YEAR	**MEETING DATE**	**MAIN AGENDA**	**OUTCOMES**	**COMMENTS**
2020	26-6-2020 (Held online)	- Report on students - Report on staff -Financial status	Due to lack of funds, the Board had not met from August, 2019 to June, 2020. Therefore, the Board appreciated the developments on student population, staff numbers and the current financial status.	Institute operating well

8. MANAGEMENT DISCUSSION AND ANALYSIS

In the 2019/2020 financial year (FY), the Institute was greatly affected by the COVID-19 epidermic with four months of no operations: March – June, 2020. The Institute reopened on 2nd November, 2020 but not all students reported back. Some were employed during the long recess while others especially ladies dropped out due to pregnancy and/or marriage. Operations started in November, 2020 and continued to the end of the FY but most disciplines were affected by the set COVID-19 protocols including social distancing, washing or sanitizing hands, no sports and wearing of masks.

The Institute received capitation funds totalling up to Ksh. 1,270,000. We also received Ksh. 1,580,151.60 being operational grants. The total fees received from students was Ksh. 1,792.660 which does not include the capitation funds. There was also a total of Ksh. 1.010,000 from our partner the Maasai Mara Wildlife Conservancies (MMWCA) being partial scholarship fees for students. The Income Generating Activities (IGA) realised Ksh. 186,200. The Institute closed the 2019/2020 FY with Ksh. 915,512.60 in the bank account and Ksh. 61,127 in cash. The amount in the bank at the close of the FY was high because we received Ksh. 500,000 as operational grants and Ksh. 945,000 being capitation funds on 7th May, 2020 and then Ksh. 211,200 from HELB yet students were at home from 10th March, 2020. The Institute was able to close the FY with zero pending bills.

The Institute has complied with laid down statutory obligations including deducting and paying Pay-As-You-Earn (PAYE) to the Kenya Revenue Authority (KRA), National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF). This were deducted and paid on time for the whole financial year. The Institute was also able to negotiate, vet and sign the 2019/2020 FY performance contract as per Government guidelines. Reporting to various organs is done on quarterly basis while the main evaluation is done annually.

The major risks facing the Institute especially in the post COVID-19 era is the reduction in student population given the social distancing requirements as per the set protocols. Whereas the Institute could accommodate more students, the number is greatly reduced to meet the social distancing requirements. Our classrooms could each accommodate 40 students before COVID-19 but now we have only 16 students in the room. Our location in the Mara means that most of our parents/guardians are dependent on tourism activities. Due to the pandemic, most of them are unable to pay their institute fees. Also, our partner the Maasai Mara Wildlife Conservancies Association (MMWCA) has had to turn its attention to supporting conservancies to pay game wardens to ensure animals are taken care of given that the conservancies have zero income in the absence of tourists. This means that their support to the students is rather reduced. Our Income Generating Activities (IGA) mainly vegetables, beans and maize suffered greatly due to the unfavourable weather this FY.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Narok West TTI exists to transform lives through provision of technical training. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on four pillars: putting the customer/Citizen first, delivering relevant services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

1. **Sustainability strategy and profile –** The Institute has established the Mara region, Kilgoris and Conservancies area as a primary catchment in student mobilization with the other areas of Narok west and south areas as secondary catchment areas. We have entered into agreements with a neighbour in provision of accommodation to the students. The partnership with Maasai Mara Wildlife Conservancies Association (MMWCA) covering 1st January, 2018 to 31st December, 2021 ensures that all students whose parents are land owners in the conservancy areas receive Ksh. 9,000 as partial sponsorship for tuition fees in their first term in the Institute. After that, they get government capitation and apply for HELB loans. The Institute has also invested in Income Generating Activities (IGA) including farm activities (beans, maize and vegetables), leasing agricultural equipment and offering short courses specifically computer packages. However, in the 2019/2020 FY our farming activities did not do very well due to unfavourable climatic conditions.

2. **Environmental performance** – the institute has planted about 50 trees in 2017-2018; 800 tree seedlings in June, 2019; 400 tree seedlings donated by the Narok West NG-CDF in November, 2019; 300 tree seedlings donated by the Ministry of Energy in January, 2020; 750 tree seedlings donated by the Narok Kenya Defence Forces (KDF) in March, 2020.

3. **Employee welfare** – The Institute practices a non-discrimination policy in hiring of staff. This is done competitively with the vacancies being advertised widely. All the applicants are analysed and a few competitively shortlisted then invited for interviews under the BOG.
   The Institute has ten (10) Public Service Commission (PSC) trainers: eight 8) males and two (2) females giving a gender ratio of 80% to 20% being male to female ratios. The trainers under BOG are seven (7) with four (4) males and three (3) females thus a 57.14% to 42.86% male to female gender ratio. The support staff under BOG are ten (10) with six (6) males and four (4) females thus a 60% to 40% male to female gender ratio. The staff are appraised annually for both PSC and BOG staff. The students and staff are taken through safety procedures and use of fire appliances.

4. **Market place practices:**

a) **Responsible competition practice** – the institute has a policy on zero tolerance to corruption which is clearly displayed and all students informed from time to time to report any form of corruption to the Principal who chairs the corruption prevention committee. The management takes a politically neutral stand and no political activities are allowed within the Institute. Staff and students are encouraged to participate in sporting and gaming activities where fair competition and respect for competitors is taught and practiced.

b) **Responsible Supply chain and supplier relations** – The Institute has maintained good working relationship with its suppliers by paying them promptly as per the invoices and delivery notes.

c) **Responsible marketing and advertisement** – The Institute markets its services through fliers, radio, visiting the community during market days, word of mouth and social media.

d) **Product stewardship** – the institute has put in place a customer service charter with mechanisms for customer complaints and compliments. This ensures that customers receive services promptly and in case of any complaints they can present them in a confidential and clearly laid out manner.

e) **Community Engagements** - The Institute is located within the Maasai Mara ecosystem area and has signed a Memorandum of understanding (MOU) with the Maasai Mara Wildlife Conservancies

Association (MMWCA) so as to partner in the provision of technical skills to youths from the Mara area. Through the partnership, a total of 162 youths have received or are in the process of receiving employable technical skills.
The Institute also works closely with the local administration – the DCC, ACC's and chiefs in student admission, security issues, registration of voters and sporting activities for community youth teams and schools.

10. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended June 30th, 2020 which show the state of the Institute's affairs.

Principal activities

The principal activities of the Institute is provision of technical training.

Results

The results of the Institute for the year ended June 30th, 2020 are set out on page xiv

COUNCIL/BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on page iv to vii.

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 for the year/period ended June 30th, 2020 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

11. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013* - require the Board members to prepare financial statements in respect of 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, 2020. 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) Safeguarding 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 State Corporations Act, 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 30th, 2020, and of the Institute's financial position as at that date. The council 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 council 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
The *Institute's* financial statements were approved by the Board on 15th July, 2020 and signed on its behalf by:

....	....
Mr. Francis Ole Koros,	Mr. David K. Maru,
Chairperson of the Board	**Accounting Officer/Principal**

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NAROK WEST TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Narok West Technical Training Institute set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Narok West Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Transfers from National Government

The statement of financial performance reflects transfers from National Government grants of Kshs.4,046,352 and Kshs.4,285,000 relating to the prior year while the corresponding Note 6 to the financial statements reflects Kshs.2,853,152 and Kshs.4,797,692 resulting to unexplained variance of Kshs.1,193,200 and Kshs.512,691 for the years 2019/2020 and 2018/2019 respectively. Further, the supporting schedule reflects Kshs.2,849,652 as transfers from National Government which is at variance with the amount reflected in the statement of financial performance and in Note 12 to the financial statements.

In the circumstances, the accuracy of transfers from National Government grants/gifts in kind totalling to Kshs.4,046,352 could not be confirmed.

2. Rendering of Services - Fees from Students

The statement of financial performance reflects rendering of services-fees from students of Kshs.1,792,660 which varies with the amount reflected in Note 7 to the financial statements of Kshs.3,528,600 resulting to unexplained variance of Kshs.1,735,940.

In the circumstances, the accuracy of rendering of services-fees from students amounting to Kshs.1,792,660 could not be confirmed.

3. Employee Costs

The statement of financial performance reflects employee costs totalling Kshs.2,864,718. However, the amount varies with the payroll balance of Kshs.3,017,456 resulting to unexplained variance of Kshs.152,738.

In the circumstances, the accuracy and completeness of employee costs totalling to Kshs.2,864,718 for the year ended 30 June, 2020 could not be confirmed.

4. Current Portion of Receivables from Exchange Transactions

The statement of financial position reflects nil current portion of receivables from exchange transactions balance while the corresponding Note 12 to the financial statements reflects Kshs.1,735,940 resulting to unexplained variance of Kshs.1,735,940.

In the circumstances, the accuracy of the nil balance in respect to current portion of receivables from exchange transactions could not be confirmed.

5. Accumulated Surplus

The statement of financial position reflects accumulated surplus of Kshs.976,640. The amount includes an opening balance of Kshs.949,082 which varies with the prior year closing balance of Kshs.952,633 resulting to unexplained variance of Kshs.3,550. Further, the comparative balance for the accumulated surplus balance is reflected as reserves in the statement of financial position instead of accumulated surplus.

In the circumstances, accuracy of accumulated surplus balance of Kshs.976,640 could not be confirmed.

6. Refundable Deposits from Students' Deposits

The statement of financial position reflects nil refundable deposits balance from students' deposits while the corresponding Note 14 to the financial statements reflects an amount of Kshs.37,500 resulting to unexplained variance of Kshs.37,500.

In the circumstances, the completeness and accuracy of nil refundable deposits from students' balance could not be confirmed.

7. Unsupported Travel Expenses

The statement of financial performance reflects use of goods and services expenditure of Kshs.2,908.836 as disclosed in Note 8 to the financial statements. Included in the amount is administration fees totalling to Kshs.814,951 out of which an expenditure of Kshs.575,500 was incurred on domestic travel and subsistence allowances. However, documents indicating the purpose of the journey, evidence of travel and actual work being executed were not provided for audit verification.

Under the circumstance, the accuracy and occurrence of administration fees expenditure of Kshs.575,500 could not be confirmed.

8. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Ksh.976,640 which includes cash in hand amount of Kshs.61,127. However, the cash in hand balance was not supported with a board of survey report. Further, bank reconciliation statements were not provided for audit.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.976,640 as at 30 June, 2020 could not be confirmed.

9. Property, Plant and Equipment

The statement of financial position reflects nil property, plant and equipment. However, review of records revealed that the Institute owned various classes of assets which were not disclosed in the financial statements. Further, ownership documents for the land and equipment and the fixed assets register were not provided for audit.

In the circumstances, accuracy of Nil property, plant and equipment as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Narok West 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 adverse opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.26,799,000 and Kshs.5,839,012 respectively resulting to under-collection of Kshs.20,959,988 or 78% of the budget. Similarly, the Institute spent Kshs.5,811,454 against the budgeted expenditure of Kshs.26,799,000 resulting to an under-expenditure of Kshs.20,987,546 or 78% of the budget. Further, the approved budget was not provided for audit verification and a vote book to control the expenditure was not maintained.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management And Governance sections of my report, based on the audit procedures performed, I confirm that, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2020 were submitted to the Office of the Auditor -General on 2 February 2022. This is contrary to Section 81(4) of the Public Finance Management Act, 2012 which stipulates that not later than three months after the end of each financial year, the Accounting Officer for the entity shall submit the entity's financial statements to the Auditor-General.

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

2. Irregular Payment of Sitting Allowance

Note 8 to the financial statements reflects administration fees totalling to Kshs.814,951. The amount includes sitting allowances totalling of Kshs.182,000 paid to Board Members at a rate of Kshs.8,000 per sitting. However, no evidence was provided to confirm that payment of the allowances had been approved by the Cabinet Secretary contrary to Section 17 of the Technical and Vocational Education and Training Act, 2013. Further, the principal and one non-board member were paid sitting allowance totalling to Kshs.56,000. This is contrary to Section 10(1) of the State Corporation Act CAP 446 which provides that the chairman and members of a Board, other than the chief executive, shall be paid out of the funds of the state corporation such sitting allowances or other remuneration as the Board may, within the scales of remuneration specified from time to time.

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

3. Irregular Procurement of Consumables

Note 8 to the financial statements reflects consumables expenditure of Kshs.1,361,758. Review of records revealed that the items were procured using the low value procurement method. However, the expenditure exceeded the prescribed maximum threshold for low procurement of Kshs.10,000 set out in the first schedule of the Public Procurement and Asset Disposal Regulations, 2006.

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

4. Non-Compliance with the Law on Licensing and Registration of Trainers

The statement of financial performance reflects employment costs totalling to Kshs.2,864,718. However, the amount includes Kshs.460,020 that was paid to trainers who were not licensed and registered by the Technical and Vocational Education and Training Board. This is contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013 which requires any person intending to become a trainer in an Institution to apply for licensing and registration by the Technical and Vocational Education and Training Board.

In the circumstances, Management was 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that, internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy

Audit review of the Institute's internal control process, revealed that the Institute has not developed a risk management policy which outlines strategies to manage risk contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015. Failure to develop a risk management strategies may impair the effectiveness of internal control systems in managing risk.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 Charged 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services, and using 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 controls 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

11 October, 2022

13. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30th JUNE, 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	4,046,351.60	4,285,000.00
Grants from donors and development partners	7	0.00	0.00
Transfers from other levels of government	8	0.00	0.00
Public contributions and donations	9	0.00	0.00
		4,046,351.60	**4,285,000.00**
Revenue from exchange transactions			
Rendering of services- Fees from students	10	1,792,660.00	2,633,500.00
Sale of goods	11	0.00	0.00
Rental revenue from facilities and equipment	12	0.00	0.00
Finance income - external investments	13	0.00	0.00
Other income - creditors	14	0.00	0.00
Revenue from exchange transactions		**1,792,660.00**	**2,633,500.00**
Total revenue		**5,839,011.60**	**6,918,500.00**
Expenses			
Use of goods and services	15	2,908,836.00	2,786,609.00
Employee costs	16	2,864,718.00	3,116,148.00
Remuneration of directors	17	0.00	0.00
Depreciation and amortization expense	18	0.00	0.00
Repairs and maintenance	19	37,900.00	63,110.00
Contracted services	20	0.00	0.00
Grants and subsidies	21	0.00	0.00
Finance costs	22	0.00	0.00
Total expenses		**5,811,454.00**	**5,965,867.00**
Other gains/(losses)			
Gain on sale of assets	23	0.00	0.00
Unrealized gain on fair value of investments	24	0.00	0.00
Impairment loss	25	(0.00)	(0.00)
Total other gains/(losses)		**0.00**	**0.00**
Net Surplus for the year		**27,557.60**	**952,633.00**
Attributable to:			
Surplus/(deficit) attributable to minority interest		0.00	0.00
Surplus attributable to owners of the controlling Institute		27,557.60	952,633.00

14. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE, 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	26	976,639.60	952,633.00
Current portion of receivables from exchange transactions	27(a)	0.00	0.00
Receivables from non-exchange transactions	28	0.00	0.00
Inventories	29	0.00	0.00
Investments	30	0.00	0.00
		976,639.60	**952,633.00**
Non-current assets			
Property, plant and equipment	33	0.00	0.00
Investments	32	0.00	0.00
Intangible assets	34	0.00	0.00
Investment property	35	0.00	0.00
Long term receivables from exchange transactions	27(b)	0.00	0.00
		0.00	0.00
Total assets		**976,639.60**	**952,633.00**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36	0.00	0.00
Refundable deposits from customers	37	0.00	0.00
Provisions	38	0.00	0.00
Finance lease obligation	39	0.00	0.00
Current portion of borrowings	43	0.00	0.00
Deferred income	40	0.00	0.00
Employee benefit obligation	41	0.00	0.00
Payments received in advance		0.00	0.00
		0.00	**0.00**
Non-current liabilities			
Non-current employee benefit obligation	41	0.00	0.00
Non-current provisions	42	0.00	0.00
Borrowings	43	0.00	0.00
Service concession liability	44	0.00	0.00
Deferred tax liabilities	53	0.00	0.00
		0.00	**0.00**
Total liabilities		**0.00**	**0.00**
Net assets		**0.00**	**0.00**
Reserves		0.00	**952,633.00**
Accumulated surplus		976,639.60	0.00
Capital Fund		0.00	0.00
Total net assets and liabilities		**976,639.60**	**952,633.00**

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Institute Council/ Board of Governors by:

....
Chairman of Council/Board of Governors
Date....5th August, 2022........

Finance Officer
ICPAK No
Date....................

Principal
Date....5th August, 2022........

15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30th JUNE, 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2018	**0.00**	**0.00**	**(34,053.80)**	**0.00**	**(34,053.80)**
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	983,135.80	0.00	983,135.80
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortisation from capital fund to retained earnings	0.00	0.00	0.00	(0.00)	0.00
At June 30, 2019	**0.00**	**0.00**	**949,082.00**	**0.00**	**949,082.00**
At July 1, 2019	**0.00**	**0.00**	**949,082.00**	**0.00**	**949,082.00**
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	27,557.60	0.00	27,557.60
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortisation from capital fund to retained earnings	0.00	0.00	0.00	(0.00)	0.00
At June 30, 2020	**0.00**	**0.00**	**976,639.60**	**0.00**	**976,639.60**

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE, 2020

	Note	2019-2020 Kshs	2018-2019 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		4,046,351.60	4,285,000.00
Public contributions and donations		0.00	0.00
Rendering of services- Fees from students		1,792,660.00	2,633,500.00
Sale of goods		0.00	0.00
Rental revenue from facilities and equipment		0.00	0.00
Finance income		0.00	0.00
Other income		0.00	0.00
Total Receipts		**5,839,011.60**	**6,918,500.00**
Payments			
Compensation of employees		3,017,456.00	3,116,148.00
Use of goods and services		2,908,836.00	2,786,609.00
Finance cost		0.00	0.00
Rent paid		0.00	0.00
Taxation paid		0.00	0.00
Other payments		37,900.00	63,110.00
Grants and subsidies paid		0.00	0.00
Total Payments		**5,964,192.00**	**5,965,867.00**
Net cash flows from operating activities	45	**27,557.60**	**952,633.00**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(0.00)	(0.00)
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables		0.00	0.00
Increase in investments		(0.00)	(0.00)
Net cash flows used in investing activities		**(0.00)**	**(0.00)**
Cash flows from financing activities			
Proceeds from borrowings		0.00	119,500.00
Repayment of borrowings		(0.00)	(119,500.00)
Increase in deposits		0.00	0.00
Net cash flows used in financing activities		**(0.00)**	**(0.00)**
Net increase/(decrease) in cash and cash equivalents		**27,557.60**	**983,135.80**
Cash and cash equivalents at 1 JULY	26	949,082.00	(3,551.00)
Cash and cash equivalents at 30 JUNE	26	**976,639.60**	**949,082.00**

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Transfers from other Govt entities Govt grants	10,405,000.00	0.00	10,405,000.00	4,046,351.60	6,358,648.40
Public contributions and donations	0.00	0.00	0.00	0.00	0.00
Rendering of services- Fees from students	14,484,000.00	0.00	14,484,000.00	1,792,660.00	12,691,340.00
Sale of goods	0.00	0.00	0.00	0.00	0.00
Finance Income	0.00	0.00	0.00	0.00	0.00
Other Income	510,000.00	0.00	510,000.00	0.00	510,000.00
Gains on disposal, rental income and agency fees	1,400,000.00	0.00	1,400,000.00	0.00	1,400,000.00
Total income	**26,799,000.00**	**0.00**	**26,799,000.00**	**5,839,011.60**	**20,959,988.40**
Expenses					
Compensation of employees	3,600,000.00	0.00	3,600,000.00	2,864,718.00	735,282.00
Use of Goods and services	23,199,000.00	0.00	23,199,000.00	2,946,736.00	20,252,264.00
Finance costs	0.00	0.00	0.00	0.00	0.00
Rent paid	0.00	0.00	0.00	0.00	0.00
Remuneration of directors	0.00	0.00	0.00	0.00	0.00
Grants and subsidies paid	0.00	0.00	0.00	0.00	0.00
Total expenditure	**26,799,000.00**	**0.00**	**26,799,000.00**	**5,811,454.00**	**20,987,546.00**
Surplus for the period	**0.00**	**0.00**	**0.00**	**27,557.60**	**(27,557.60)**

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Narok West TTI is established by and derives its authority and accountability from TVET Act, 2003. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is TVET training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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. *(State the impact of the standard to the Institute if relevant)*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 an Institute's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. *(State the impact of the standard to the Institute if relevant)*
IPSAS 42: Social Benefits	**Applicable: 1st January 2022** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows. *(State the impact of the standard to the Institute if relevant)*

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2022:** 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	**Applicable: 1st January 2020:** 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, Impairment of Cash Generating Assets. 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. 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.

iii. Early adoption of standards

The Institute did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

Sale of goods

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Council or Board on ***16th August, 2019.***

The Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

The Institute is exempt from paying taxes as per schedule *xxx* of the *xxx* Act.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Institute. 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 Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute 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 Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Institute 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 Institute assesses at each reporting date whether there is objective evidence that a financial asset or an Institute of financial assets is impaired. A financial asset or a Institute 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 Institute of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a Institute 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 Institute determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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.

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

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

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) 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.

n) 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.

o) Related parties

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

p) Service concession arrangements

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

q) 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.

r) Comparative figures

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

s) 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 30th, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	1,080,151.60	2,000,000.00
Other grants - capitation	1,773,000.00	285,000.00
	2,853,151.60	**2,285,000.00**
Conditional grants		
Library grant	0.00	0.00
Hostels grant	0.00	0.00
Administration block grant	0.00	0.00
Laboratory grant	0.00	0.00
Learning facilities grant	0.00	0.00
Other organizational grants	0.00	0.00
Total government grants and subsidies	**2,853,151.60**	**4,797,691.80**

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Institute sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Ministry of Education -State Department of Vocational and Technical Training	2,853,151.60	0.00	2,853,151.60	2,853,151.60	3,285,000.00
Total	**2,853,151.60**	0.00	**2,853,151.60**	**2,853,151.60**	**3,285,000.00**

7 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	3,528,600.00	2,633,500.00
Activity fees	0.00	0.00
Examination fees	0.00	0.00
Library fees	0.00	0.00
Facilities and materials	0.00	0.00
Registration fees	0.00	0.00
Total revenue from the rendering of services	**3,528,600.00**	**2,633,500.00**

8 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity	141,984.00	369,000.00
Water	0.00	0.00
Security	0.00	0.00
Professional services	0.00	0.00
Subscriptions	0.00	0.00
Advertising	37,240.00	15,980.00
Admin fees	814,951.00	1,120,438.00
Audit fees	0.00	0.00
Conferences and delegations	0.00	0.00
Consulting fees	0.00	0.00
Consumables	1,361,758.00	1,467,880.00
Fuel and oil	195,080.00	180,590
Insurance	0.00	0.00
Legal expenses	0.00	0.00
Licenses and permits	0.00	0.00
Postage	27,600.00	10,520.00
Printing and stationery	0.00	0.00
Hire charges	23,528.00	50,590.00
Rent expenses	0.00	0.00
Security costs	0.00	0.00
Sewage treatment costs	0.00	0.00
Skills development levies	0.00	0.00
Inventory scrapping	0.00	0.00
Telecommunication	0.00	5,376.00
Training expenses	0.00	0.00
Other	306,695.00	562,888.00
Total good and services	**2,908,836.00**	**3,782,262.00**

9 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	2,864,718.00	3,116,148.00
Employee related costs - contributions to pensions and medical aids	0.00	0.00
Travel, motor car, accommodation, subsistence and other allowances	0.00	80,590.00
Housing benefits and allowances	0.00	0.00
Overtime payments	0.00	0.00
Performance and other bonuses	0.00	0.00
Social contributions	0.00	0.00
Employee costs	**2,864,718.00**	**3,196,738.00**

10 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	37,900.00	121,430.00
Investment property – earning rentals	0.00	0.00
Equipment and machinery	0.00	0.00
Vehicles	0.00	0.00
Furniture and fittings	0.00	6,230.00
Computers and accessories	0.00	5,670.00
Other	0.00	0.00
Total repairs and maintenance	**37,900.00**	**133,330.00**

11 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	915,512.60	952,633.00
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Staff car loan/ mortgage	0.00	0.00
Others(Cash –in Hand)	61,127.00	(3,551.00)
Total cash and cash equivalents	**976,639.60**	**949,082.00**

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	1,735,940.00	1,537,870.00
Rent debtors	0.00	0.00
Consultancy debtors	0.00	0.00
Other exchange debtors	0.00	0.00
Less: impairment allowance	(000)	(000)
Total current receivables	**1,735,940.00**	**1,537,870.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1July, 2020	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Additions	0.00	0.00	0.00	0.00	**0.00**	-	**0.00**	**0.00**
Disposals	0.00	0.00	0.00	0.00	(0.00)	-	(0.00)	**(0.00)**
Transfers/adjustments	0.00	(0.00)	**0.00**	(0.00)	(0.00)	-	**0.00**	**(0.00)**
At 30th June 2020	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Disposals	(0.00)	0.00	0.00	0.00	(0.00)	0.00	(0.00)	**(0.00)**
Transfer/adjustments	(0.00)	0.00	0.00	(0.00)	(0.00)	0.00	0.00	**(0.00)**
At 30th June 2019	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Depreciation and impairment								
At 1July 2020	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**(0.00)**
Depreciation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**(0.00)**
Impairment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**(0.00)**
At30 June 2019	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Depreciation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**(0.00)**
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**0.00**
Impairment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**(0.00)**
Transfer/adjustment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	**0.00**
At 30th June 2019	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Net book values								
At 30th June 2020	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
At 30th June 2019	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
[Include brief description of WIP as a footer]								

14 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits	0.00	0.00
Caution money	37,500.00	29,500.00
Other refundable deposits	0.00	0.00
Total deposits	**37,500.00**	**29,500.00**

15 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0.00	0.00	0.00	0.00	0.00
Non-current benefit obligation	200.00	0.00	0.00	200.00	200.00
Total employee benefits obligation	**2,200.00**	**0.00**	**0.00**	**2,200.00**	**2,200.00**

16 BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	0.00	0.00
External borrowings during the year	0.00	0.00
Domestic borrowings during the year	0.00	0.00
Repayments of external borrowings during the year	(0.00)	(0.00)
Repayments of domestics borrowings during the year	(0.00)	(0.00)
Balance at end of the period	**0.00**	**0.00**

17 CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax	**27,557.60**	**949,082.00**
Adjusted for:		
Depreciation	0.00	0.00
Non-cash grants received	(0.00)	(0.00)
Contributed assets	(0.00)	(0.00)
Impairment	0.00	0.00
Gains and losses on disposal of assets	(0.00)	(0.00)
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	0.00	0.00
Finance income	(0.00)	(0.00)
Finance cost	0.00	0.00
Working Capital adjustments		

Increase in inventory	(0.00)	(0.00)
Increase in receivables	(0.00)	(0.00)
Increase in deferred income	0.00	0.00
Increase in payables	0.00	0.00
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	**27,557.60**	**949,082.00**

18 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.
The carrying amount of financial assets recorded in the financial statements representing the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
At 30 June 2019				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**

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 Institute has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2020				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
At 30 June 2019				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**

(iii) Market risk

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

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

The 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 Institute's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Institute has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the Institute's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	**0.00**	**0.00**	**0.00**

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	**0.00**	**0.00**	**0.00**

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
20xx			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

a) Interest rate risk

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

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

Sensitivity analysis

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

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

iv) Capital Risk Management
The objective of the Institute's capital risk management is to safeguard the Board's ability to continue as a going concern. The Institute capital structure comprises of the following funds:

	2019-2020	2018-2019
	Kshs	**Kshs**
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	**0.00**	**0.00**
Total borrowings	0.00	0.00
Less: cash and bank balances	(0.00)	(0.00)
Net debt/(excess cash and cash equivalents)	0.00	0.00
Gearing	0.00%	0.00%

19 EVENTS AFTER THE REPORTING PERIOD

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

20 ULTIMATE AND HOLDING INSTITUTE

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

21 Currency

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