

REPUBLIC OF KENYA



*Enhancing Accountability*

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

PARLIAMENT  
OF KENYA  
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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RIFT VALLEY TECHNICAL TRAINING  
INSTITUTE**

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



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*(RIFT VALLEY TECHNICAL TRAINING INSTITUTE)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

### **(a) Background information**

Rift Valley Technical Training Institute is a Technical and Vocational Education and Training (TVET) Institute located in the County of Uasin Gishu in Kenya along Eldoret-Kaptagat road; it is 3 kilometers to the East of Eldoret town which is the administrative and commercial centre of Uasin Gishu County, in the Western part of Kenya. It was started in 1962 as a technical and trade school and over the years evolved from a Technical trade school to a Technical Secondary school, to a Technical High School (1979) and finally became a Technical Training Institute in 1986 offering Artisan, Craft, and Diploma courses.

It became an EAC Centre of Excellence in TVET in 2013, and a UNESCO-UNEVOC network member in 2016. It is ISO 9001:2015 certified as of June 2017.

The Institute is managed by a 9 member board of governors (BOG) appointed by the Cabinet Secretary for Education in accordance with the TVET Act of 2013. The day to day running of the Institute is done by the Principal (Secretary to the BOG) assisted by a management team comprising two Deputy Principals, Administration and Academics, Registrar, Dean of Students and Finance officer (top management) and academic and no-academic heads of department (middle level management). These are supported by deputies, section heads and various implementation committees. In total there are 280 members of staff.

As a leading TVET institution, the Institute has 8 admitting departments and a number of other support departments that facilitate the smooth delivery of TVET training and research, the key mandate and products of the Institute. Since 2016, the Institute has held annual graduations at which more than 700 qualified graduates are released into the world of work. Since 2012 the Institute has held annual International research conferences where research findings in TVET are presented and suitable ones published in an Institute owned peer refereed international journal. The first publication was the KJ-TVET – done up to the 3<sup>rd</sup> volume. The current publication is the Africa Journal of TVET (Afri-TVET) which is currently in its 3<sup>rd</sup> Volume as at 2018. Since 2016, the institute has run annual innovation awards open to all TVET students in East Africa.

The Institute is Registered and licensed by TVETA with a training capacity of 9701 students. It has over 60 tuition rooms 5 computer labs and over 20 workshops and laboratories for various trades. A spacious library (940 m<sup>2</sup> floor space) with more than 10,000 books, journals and other literature complete with an E-section with 40 computers provides a rich reference resource for training and research.

### **(b) Principal Activities**

The principal activities of the Rift Valley Technical Training Institute are:

- (a) To offer Quality Technical, and Vocational Education and Training
- (b) Introduce, review and alter programs so as to provide and promote lifelong education and training
- (c) Contribute to industrial and technological development in Kenya through Competence Based Education and Training (CBET)
- (d) Promote and participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic social, cultural, scientific and technological development
- (e) Advance knowledge and its practical application by research and the dissemination of outcomes of research by various means and the commercial exploitation of research results

## Vision

To be an international centre of excellence in  
Technical Training and Research.

## Mission

To train competent and innovative manpower in technical and vocational disciplines  
to meet the changing needs of industry and society.

## Core Values

The guiding values to which the institution has committed itself pivot around the  
tenets of good governance and include:

Responsiveness

Versatility

Teamwork

Transparency

Integrity

### (c) Key Management

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

- Board of governors
- Key Management

### (d) Fiduciary Management

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

1.	Principal	Mrs.Loice Kutoh
2.	Deputy principal Finance	Florah Mossop
3	Deputy principal Academics	Janet Otieno
4	Registrar (s)	John Kikwai
5	Dean of students	Stephen Kemboi
6	Head of Finance	James K. Kimaiyo
7	Head of Procurement	Charles Koech

(e) Fiduciary Oversight Arrangements

**BOARD OF GOVERNORS COMMITTEE**

S/No	Name of committee	Chairman	Members
1.	Audit & Risk	Eng. Benjamin Mumia	a) Mr. Benard Isalambo b) Mrs. Susan Sang c) Mr. Isaac Keror d) Internal Auditor
2.	Infrastructure ,Education and Research	Mr. Robert Bungei	a) Mr. Edward Kasaya b) Mrs. Dorothy Owiro c) The Principal d) The D/P Academics
3	Operations/Finance/HR and Resource mobilization	Mrs. Dorothy Owiro	a) Mr Richard Kipkemboi b) The Principal c) The D/P Administration d) Finance Officer

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

(f) **Rift Valley Technical Training Institute**  
P.O. Box 244 - 30100  
Kaptagat Road opposite KCC  
Eldoret, Kenya

(g) **Entity Contacts**  
Telephone: (254)704244244  
E-mail: info@rvti.ac.ke  
Website: www.rvti.ac.ke

(h) **Entity Bankers**

1. Kenya Commercial Bank  
Eldoret West Bank  
P. O Box 5197 - 30100  
ELDORET

2. Absa Bank  
P.O. Box 22 – 30100  
ELDORET




3. Standard Chartered Bank  
Eldoret Branch  
P. O Box 30003 – 00100  
ELDORET





4. SBM Bank  
Eldoret Branch  
P.O BOX 34886 – 00100  
ELDORET

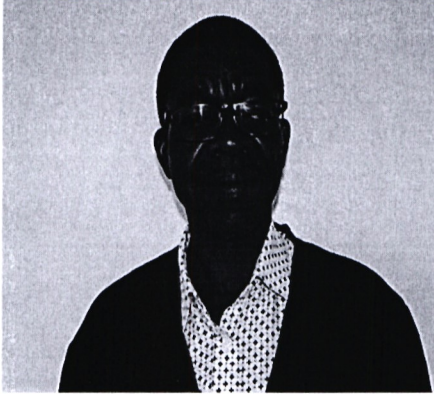

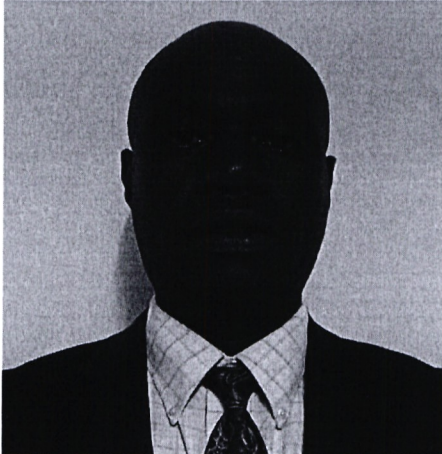
(i) **Independent Auditors**  
Auditor General  
Office of Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

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



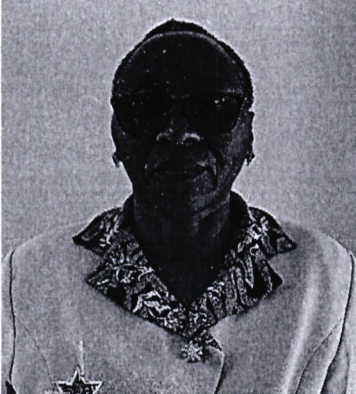
II. The Council/Board of Governors




No.	Member/ Director	Details
1.	<p><b>CHAIRMAN BOARD OF GOVERNORS</b> <b>ENG.</b></p>  <p><b>PROF. DAVID K. SOME</b></p>	<p><b>Ph.D. Agricultural Engineering</b>, University of Newcastle-upon Tyne, U.K.  <b>M.Sc. Agricultural Process Engineering</b>, Cranfield University, U.K.  <b>B.Sc. (Hons), Agricultural Engineering</b>, University of Newcastle-upon Tyne, U.K.  <b>Post Graduate Diploma Certified Fundraising Executive</b>, Indiana University, USA            Associate Professor, University of Eldoret, Department of Agricultural &amp; Biosystems Engineering.            CEO, Commission for University Education.            Chairman, Task force on HEST Sector            Chairman, Inter Universities Council for East Africa (IUCEA).            Council Member, Association of Commonwealth Universities (ACU).            Vice Chancellor, Moi University.            Director, Kenya Reinsurance Corporation.            Chairman &amp; Senior Lecturer, University of Nairobi.</p>
2.	<p><b>MEMBER BOARD OF GOVERNORS</b> <b>ENG. BENJAMIN MUMIA</b></p>  <p><b>WAMUKOYA</b></p>	<p><b>B.TECH – Civil and Structural Engineering</b> (Moi University)            Dip. Project Management (Moi University)            Has a world of experience as a Design and Projects Engineer.</p>
3.	<p><b>MEMBER BOARD OF GOVERNORS</b> <b>MR.</b></p>  <p><b>EDWARD KASAYA</b></p>	<p><b>(M.Sc) in social policy and planning</b>. London School of Economics and political Science (University of London) L.S.E)  <b>Master’s Degree (M.Sc) in Demography/population studies</b>, London School of Economic and political Science (University of London) (L.S.E).  <b>(B.Ed) Arts</b>, University of Nairobi            He is the Principal Consultant of Rurad Consultants and the Proprietor of Nangeni Motors Bazaar and Garage.            Chairman, Constituency Aids Control Committee (CACC) Webuye East.            A member of Population Association of Kenya, America and Royal Population Association of United Kingdom.</p>

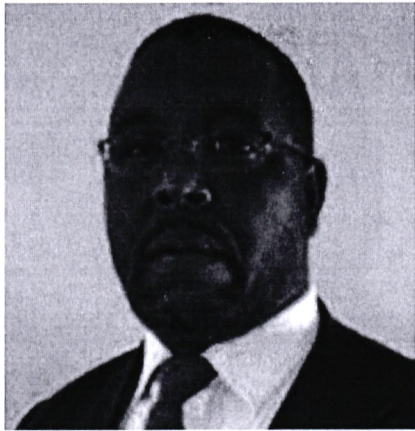
<p>4.</p>	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>DOROTHY A. OWIRO</b></p>	<p><b>MBA, B.COM, Dip. HRM</b>                  Director Administration and Logistics, Vihiga International College of skills and a partner, Maisha Caterers Eldoret and Precious Events Mbale.                  Long standing experience cutting across several counties as an Administrator</p>
<p>5.</p>	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>SUSAN JELAGAT KORIR</b></p>	<p><b>BSc. Computer Science</b>                  Digital Learning Program Training Supervisor (Moi University).                  An experienced ICT trainer having trained in several institutions of higher learning.                  ISO 9001:2015 and ISO/IEC 27001:2013 auditor.</p>
<p>6.</p>	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>MR. ROBERT K. BUNGUI</b></p>	<p>Bachelor of Engineering (Civil and Structural Engineering).                  Currently working as the Assistant Chief Engineer in charge of Civil Works and Utilities and also as a Clerk of works in Rivatex East Africa Ltd in modernization project which entails both Civil &amp; Installation works within the Factory.</p>
<p>7.</p>	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>RICHARD KIPKEMBOI</b></p>	<p>MBA (Sociology).                  BA (Sociology)                  Lecturer - Moi University, Department of History, Political Science and Public Administration.</p>

8.	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>MR. BENARD ISALAMBO</b></p>	<p>Master of Science in Entrepreneurship, Jomo Kenyatta University of Agriculture and Technology.          Bachelor of Psychology, University of Nairobi.          Diploma of Education, Siriba College          Trainer of Trainer (TOT), Professional Trainers Association of Kenya.          Post-Graduate Certificate in Strategic Leadership, Kenya School of Government.          Has vast experience in TVET management.</p>
9.	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>LOICE KUTOH</b>  <b>Principal/Secretary to the Board</b></p>	<p>Bachelor of Education Science, Diploma in Administration          Trainer- TVET institutions.          Wide experience in management of TVET institutions</p>
10.	<p><b>MEMBER BOARD OF GOVERNORS</b></p>  <p><b>ISA AC KIP RUT O KER OR</b></p>	<p>PHD on-going in Environmental Economics at University of Eldoret, M.Phil in Development studies, B.Ed. Economics and Geography (hons).          Currently working as a lecturer in School of Human Resource Management, University of Eldoret and the School's representative of Quality Assurance. Also working as coordinator School of human resource town campus.          Is experienced and update on the contemporary issues in Education, development, environment and related issues.</p>

**III. Management Team**

No.	Member/ Director	Details
1.	<p style="text-align: center;"><b>PRINCIPAL</b></p>  <p style="text-align: center;"><b>LOICE KUTOH</b></p>	<p>In charge of all RVTTI day to day Operations</p>
2.	<p style="text-align: center;"><b>Deputy Principal Administration</b></p>  <p style="text-align: center;"><b>FLORAH MOSSOP</b> B.ed Business Studies and Office Management Kampala International University</p>	<p>In charge of administration and Finance</p>
3.	<p style="text-align: center;"><b>DEPUTY PRINCIPAL ACADEMICS</b></p>  <p style="text-align: center;"><b>JANET OTIEMO</b> M phil in Educational psy</p>	<p>In charge of all Academic activities including teaching staff</p>

4.	<p style="text-align: center;"><b>REGISTRAR</b></p> <div style="text-align: center;">  </div> <p style="text-align: center;"><b>JOHN KIKWAI</b>                  M.Ed (Mechanical &amp; Automotive Engineering –                  Moi University)                  B.Ed (Technology Education – Moi University)</p>	<ul style="list-style-type: none"> <li>• Admissions</li> <li>• Marketing and Recruitment</li> <li>• Records – Academic</li> <li>• Examination</li> <li>• Graduation</li> </ul>
5.	<p style="text-align: center;"><b>DEAN OF STUDENT</b></p> <div style="text-align: center;">  </div> <p style="text-align: center;"><b>STEPHEN KEMBOI</b>                  Bed Sci Senior management course</p>	<p style="text-align: center;">In Charge of Students Affairs</p>
6.	<p style="text-align: center;"><b>HEAD OF FINANCE</b></p> <div style="text-align: center;">  </div> <p style="text-align: center;"><b>JAMES K. KIMAIYO</b>                  B.B.M Accounting option Moi University, CPA                  K, Ongoing MBA UOE</p>	<p style="text-align: center;">In charge of institute financial/non-financial matters.</p>
7.	<p style="text-align: center;"><b>HEAD OF PROCUREMENT</b></p>	<p style="text-align: center;">In charge of all supplies and procurement processes</p>



**CHARLES KOECH**

MCom. (Gwaliar University- India), BCom  
(Gwaliar University- India), Dip. Supply Chain  
Mgt, CPSP-K – Ongoing

*(Note: The Principal and the Secretary to the Council/ BoG will feature both under the 'Board' and 'Management').*

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

I have the pleasure to present an overview of the Rift Valley Technical Training Institute performance for the year ended 30<sup>th</sup> June 2022. Notwithstanding the many challenges facing the institute's operating environment, especially the presence and continuous entry of the new funded Technical and Vocational Colleges by the National Government in every constituency, Rift Valley Technical Training Institute remains as a leader in the TVET Sector and continues through continuous improvements in implementation and focus on its mission and Objectives.

#### **Governance**

We have focused to position the Rift Valley Technical Training Institute as a Centre of Excellence in TVET Training, Research and innovation and policy formulation to promote highly and advanced technical trained manpower in the various fields as part of the institute's contribution towards the achievement of Vision 2030.

#### **Financial Policies**

During the Year ended 30<sup>th</sup> June 2022, the Rift Valley Technical Training Institute was mainly funded through the Government capitation and own generated revenue for its recurrent expenditure.

I wish to finally thank the government of Kenya, Board of Governance, Management and staff for their dedication and participation over the year in striving to make Rift Valley Technical Training Institute a World class institute for the advancement of humanity.

**Eng. Prof. David K. Some**



.....  
Chairman, Board of Governors  
Rift Valley Technical Training Institute

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

As a technical institute, RVTTI is well placed to provide adequate and relevant knowledge to its graduates that will enable them contribute towards the attainment of our country's vision 2030 strategic objectives and supporting the drive in realizing the objectives of the national government "Big Four Agenda"

In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programmes in several ways that will ensure their competitiveness in terms of quality and relevance in varied job markets/industries. With the guidance of the governing board, we have set up structures and policies aimed at guiding the institution in the right strategic direction. We have been able to attain and comply with the ISO 9001-2015 certifications and are on the forefront in ensuring that the financial resources were utilised efficiently and effectively for the optimum output. Despite the numerous challenges brought about by the economic constraints, the Rift Valley Technical institute nevertheless continued to discharge its mandate of training, research and outreach.

The sources of funding to the institute during the year ended 30<sup>th</sup> June 2022 was internally generated revenue (capitation, fees from students & other income) of Kshs. 555,663,862. The recurrent expenditure amounted to Kshs. 554,406,228. Therefore, the institute closed the Financial 2021/2022 with a surplus of Kshs1,257,634. The surplus is attributed to the prudent spending measures and controls put in place.

The Institute being a centre of excellence in East Africa, desires to enhance its visibility, performance and competitiveness in the tertiary education sector in the face of stiff competition. To do so, RVTTI requires a lot of support from the National government and other stakeholders in this crucial transitional stage to National Polytechnic in terms of funding, material support and other contributions. We shall continue to appeal to such support for several years to come.

On behalf of the Rift Valley Technical Training Institute board of Governors and entire management, I take this opportunity to thank the National Government for its unequivocal support during this financial year under review. I also appreciate the financial and material support from our collaborations, partners and friends during the year ended 30<sup>th</sup> June 2022. It is because of this co-operation with the National government through the Ministry of Education, other stake holders and more importantly guidance of the governing board steered by the able chairman of the board as well as the mutual co-operation of the management team, all staff and our students that we ended the financial year within an environment of team work, peace and stability. I wish to register my gratitude to all.

I look forward to their continued support in new financial year 2022/2023 and the subsequent periods ahead.

  
.....

**Loice Kutoh**  
Principal/Secretary BoG

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

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

The institute has 11 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Curriculum implementation and development
- Pillar 2: Facilities & infrastructure
- Pillar 3: Human resource
- Pillar 4: Enrolment and tracer studies
- Pillar 5: Resource mobilization
- Pillar 6: Linkages, partnerships and networking
- Pillar 7: Governance
- Pillar 8: Student welfare
- Pillar 9: Research, innovation and development
- Pillar 10: ICT integration
- Pillar 11: Education and sustainable development

The institute develops its annual work plans based on the above 11 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2021/2022 period for its 11 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1: Curriculum implementation and development	To increase and diversify number of courses offered in RVTTI	Number of courses offered Number of accredited and licensed courses	Acquire approved course syllabi Obtain accreditation and licensing from legal and regulatory bodies Promote flexible and blended learning Introduce virtual learning	Sylabic available Accreditation status upto date Blended learning on going
Pillar 2: Facilities & infrastructure	To upgrade the institute facilities and infrastructure	Number of renovations and expanded facilities maintenance reports	Renovate existing facilities Improve the existing pathways	Drawing classroom constructed and Equipped
Pillar 3: Human resource	To recruit, upgrade and maintain qualified staff	Number of qualified staff recruited Review terms and conditions of service Number of staff appraised	Conduct competitive recruitment of non-teaching staff Review terms and conditions of service Appraise staff annually	Done

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

Pillar 4: Enrolment and tracer studies	To optimise student enrolment	Carrying capacity report Evidence of marketing enrolment statistics Number of online courses	Monitor the optimum capacity per course Carry out continuous marketing to maintain visibility Increase the enrolment by 500 students annually to achieve student population of 7500 by 2023 Commence online courses and progressively enrol 300 students per year to have a student population of 1500 on online training by the end of the period	Done
Pillar 5: Resource mobilization	To identify secure and manage financial resources efficiently and effectively	Audit reports Accounts statement Progress reports	Lobby National and county governments for additional funds Expansion of income generating activities Lobby for funding from international Donors partners and industry	Uasin Gishu county sponsored 36 students Dairy project introduced
Pillar 6: Linkages, partnerships and networking	To strengthen and enlarge linkages with strategic partners nationally and internationally	Number of established linkages	Establish partnerships with industrial organizations to explore ways of putting into use technologies or innovations that have been developed Establish linkages with research institutes to conduct joint research in various fields Liaising with industry to provide attachment and internships for students	Several MOU signed with industry players
Pillar 7: Governance	To maintain and continually improve principles of good governance	Adaptive structure adopted and personnel deployed Job descriptions and Job evaluations established	Review organizational structure to make it responsive to the emerging trends Develop job descriptions and job specifications Make appointments of staff on merit Conduct job evaluations Sensitize staff on issues of administration	Done
Pillar 8: Student welfare	To enhance the students training experience	Number of playing fields Number of indoor sports facilities New bus purchased	Upgrading of the playing fields Increase number of indoor sport facilities Purchase of a third 62 seater	New rugby and hockey fields introduced

			bus	
Pillar 9: Research, innovation and development	To enhance research over the planned period	Funding agreements Number of funding agencies identified Number of research awards	Liaise with NACOSTI for research Identify potential external funding agencies	RVTTI 10 <sup>th</sup> International conference held (22 <sup>nd</sup> - 24 <sup>th</sup> June 2022)
Pillar 10: ICT integration	To integrate ICT in management and teaching- learning	Audit reports Number of computers Range of application software Number and quality of CCTV Camera points	Conduct a systems audit of existing ICT infrastructure Acquisition and installation of requisite hardware Acquisition development and application of supportive software Expand and improve on existing CCTV network Expand internet bandwidth based on usage and demand Expand wi-fi coverage to the entire institute compound	Done
Pillar 11: Education and sustainable development	Managing the campus to strengthen operational sustainability mechanisms	Reports on sustainability practices Number of green spaces created and maintained	Identify spaces or activities that contribute to deterioration /unsustainable use Determine ways to transform spaces into green spaces or activities into green practices Develop sustainability plan for newly created green spaces and practices Deploy materials and services that help maintain these green spaces and practices Develop a monitoring and assessment scheme to measure improvements	Solar water heaters in main kitchen Solar street lights installed More than 1000 trees planted in the institution and 2000 trees planted in Ngeria TVC

## **VII. Corporate Governance Statement**

RVTTI Board is committed to the values and principles of good corporate governance. Good corporate governance requires that the Board of Governors must govern the Corporation with

integrity and enterprise in a manner which entrenches and enhances the mandate it has under TVET Act to operate

The Board of Governors are given appropriate information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day to day business to the Principal and Top management. The Board nonetheless retains oversight responsibility for establishing and maintaining the control of financial, operational and compliance issues. The Board of Management of RVTTI regard corporate governance as vital to the successes of the Institute and are unreservedly committed to ensuring that good corporate governance is practiced so that RVTTI remains a sustainable and viable institution for providing Quality education services

### **Composition of the Board**

The current board consists of 9 directors drawn from the professional bodies, resident communities and Representative from the County Government of Uasin Gishu. Their nominations are ratified during the Annual Board meeting for a three year term renewable once. The Chairman of the Board is appointed during the Board first meeting after the annual meeting. New members joining the board are inducted on Institute's operations and also trained adequately to enable them execute their mandate effectively.

### **Board Diversity**

The Board is constituted by members who have a good mix of skills, experience and competencies in various fields such as ICT, Finance, Human Resource, Business, and Engineering. The Institute Quality Technical's mandate is to provide quality technical Education. The Institute has two (2) female board members out of nine (9) and therefore meets the constitutional threshold of being gender balance.

### **Roles and Responsibilities of Board of Governors**

The roles and responsibilities of members are outlined in the Institute's Board Charter

### **Board attendance**

Best practice requires that every Board member attends a minimum of 75% of all Board meetings. The full Board of Directors meets at least four times a year as per the guidelines Board Charter. Special Board meetings are held to deliberate on emerging issues. The decisions of the Board are collective.

### **Conflict of interest and declaration of interest**

The Board has a statutory duty to avoid situations in which they have or may have interests that conflict with those of the RVTTI. All transactions with all parties, directors or their related

parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect.

### **Board Charter**

RVTTI has a Board Charter. It outlines powers and responsibilities of the Board and its members, appointment, remuneration, terms of the Board members, conduct of meetings, Committee 'terms of reference, conflict of interest among others.

The Rift Valley Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board of Governors and management accountability and helps build public trust in the institute.

The Board of Governors is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board of Governors serves as the ultimate decision making body of the institute, except for those matters reserved to or shared with the Government of Kenya. The Board of Governors selects and oversees the members of senior management, who are charged by the Board of Governors with conducting the business of the institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board of Governors has established Corporate Governance Guidelines which provide a framework for the effective governance of the institute. The guidelines address matters such as the Governing Board Vision and mission, overall strategy, members' responsibilities, Board of Governors committee structure, recommendation of the Principal, Over-sighting the performance and evaluation of management. The Board of Governors regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The institute's corporate governance materials, including the Corporate Governance Guidelines, the institute's legal order, the terms and reference for each Board of Governors committee, the institute's Codes of Business Conduct, information about how to report concerns about the institute and the institute's public policy engagement and technological contributions policy, can be accessed by visiting the institute's website: [www.rvti.ac.ke](http://www.rvti.ac.ke).

## **VIII. Management Discussion and Analysis**

### **Operational and Financial Performance**

Rift Valley Technical Training Institute realized total revenue of Ksh. 555,663,862 revenue from exchange and non-exchange transactions. Expenditure for the same period stood at Kshs.554,406,228. Therefore, the institute managed to close the year with a surplus of Kshs. 1,257,634.

RVTTI promotes and facilitates Quality education in technical training in Kenya this mandate has continued to be delivered in the year. RVTTI is in a strong cash flow position capable of meeting its obligations as they fall due.

#### **Compliance with statutory requirements**

RVTTI is in compliance with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, HELB and Withholding tax within the stipulated deadlines.

#### **Key projects being implemented**

The virtual learning center is the major project being implemented at RVTTI, the project is Funded by the Gok and RVTTI.

Also we have projects funded by the Gok but supervised by RVTTI Board of governors under mentorship programmes in this year ended 30<sup>th</sup> June 2022 the institute is supervising Ngeria TTI and Tiaty TTI which are still on going.

#### **Financial probity and serious governance issues**

There are no issues of financial improbity reported by any board committee or by external auditors. There are no governance issues and no undisclosed conflicts of interest at the Board or top management of the Institute.

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

#### **(Two-to-three pages)**

The Rift Valley Technical Training Institute strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

- **Socially responsible graduates**

Our graduates are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities.

- **Responsible processes**

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

- **Environmental sustainability**

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

### **Employee welfare**

The Board of Governors of the Institute shall fill both temporary and permanent positions for non-teaching staff when they become vacant. The efficiency of the institute depends on the quality of its employees hence a great deal of care should be taken in selection of an employee. The employees are taken on yearly trainings in the continual improvements so as to give the best service.

### **Market place practices-**

RVTTI Practice the following:

- a) RVTTI ensure responsible competition through free and transparent tender advertisement and awarding of tenders. The institute commits to bribery act of 2016 to prevent corruption and respect its competitors.
- b) Responsible Supply chain and supplier relations- The institute maintains good supplier relations by having suppliers' induction meetings and honouring prompt and timely payments
- c) Responsible marketing and advertisement-the institute maintains ethical marketing practices through the institute website
- d) Product stewardship- The institute have mechanisms to safeguard consumer rights and interests

### **Corporate Social Responsibility / Community Engagements**

Rift valley technical training institute participated in annual Kaptagat tree planting exercise with Kenya Red Cross Society

Participated in annual Kapseret forest restorations tree planting exercise with Eldoret Water and Sanitation Company

## **X. Report of the Council/Board of Governors**

The Board of Governors submit their report together with an audited financial statements for the year ended June 30, 2022 which show the state of the Rift Valley Technical Training Institute's affairs.

**Principal activities**

The principal activities of the Rift Valley Technical Training Institute are:

- (a) To offer Quality Technical, and Vocational Education and Training
- (b) Introduce, review and alter programs so as to provide and promote lifelong education and training
- (c) Contribute to industrial and technological development in Kenya through Competence Based Education and Training (CBET)
- (d) Promote and participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic social, cultural, scientific and technological development
- (e) Advance knowledge and its practical application by research and the dissemination of outcomes of research by various means and the commercial exploitation of research results

**Results**

The results of the institute for the year ended 30<sup>th</sup> June, 2022 are set out on page 1-61.


**Board of Governors**

The members of the board of governors who served during the year are shown on page vi-ix in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education, Science & Technology.

**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.

By Order of the Board of Governors

  
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**Principal/BoG Secretary**

Date: 4/4/2023

**XI. Statement of Board of Governors/ Council's 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 - (entities should quote the applicable legislation under which they are regulated)*) require the council members to prepare financial statements in respect of that RVTTI, which give a true and fair view of the state of affairs of the RVTTI at the end of the financial year/period and the operating results of the RVTTI for that year/period. The Council members are also required to ensure that RVTTI keeps proper accounting records which disclose with reasonable accuracy the financial position of the RVTTI. The council members are also responsible for safeguarding the assets of the institute.

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

The Council members accept responsibility for the institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the institutes financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the institute financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the RVTTI which have been relied upon in the preparation of the RVTTI 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 RVTTI 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* financial statements were approved by the Board on 24/03/2023 and signed on its behalf by:



.....

**Name:** Prof. David K. Some

**Chairperson of the Board/Council**



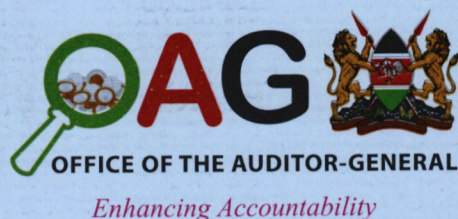
.....

**Name:** Loice Kutoh

**Accounting Officer/Principal**

# REPUBLIC OF KENYA

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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Rift Valley Technical Training Institute set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on Rift Valley Technical Training Institute for the year ended 30 June, 2022*

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

## **Basis for Qualified Opinion**

### **1.0 Property, Plant and Equipment**

#### **1.1 Non-Separation of Land and Buildings**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,744,742,870 which includes land and building balance of Kshs.1,432,866,710 as disclosed in Note 31 to the financial statements. The land and buildings balance of Kshs.1,432,866,710 relates to net book value for buildings and land combined. However, the cost of land and buildings is not separated as required by paragraph 74 of IPSAS 17 – property, plant and equipment which provides that land and buildings are separable assets and are accounted for separately, even when they are acquired together.

#### **1.2 Valuation of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,744,742,870 which includes land and building, motor vehicles, furniture and fittings, computers and plant and equipment and library books as disclosed in Note 31 to the financial statements. However, the fair value of the fixed assets differs from its carrying amount/Net book value thus necessitating the need for valuation of fixed assets in accordance with paragraph 49 of IPSAS 17- property, plant and equipment which provides that the frequency of revaluations depends upon the changes in the fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary.

#### **1.3 Variance in Property, Plant & Equipment Schedule and Note 31 (b)**

Note 31 to the financial statements reflects total historical cost of property, plant and equipment of Kshs.1,870,435,721 which differs with historical balance of Kshs.1,869,935,721 reflected in Note 31 (b).

In the circumstances, the accuracy, completeness and carrying amount of property, plant and equipment of Kshs.1,744,742,870 could not be confirmed.

### **2.0 Inaccuracies in Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.227,198,342 which includes student debtors balance of

Kshs.227,042,842 as disclosed in Note 27(a) to the financial statements. However, student debtors aging analysis was not provided for review. Further, provision for bad and doubtful debts in relation to overdue outstanding student debtors was not provided for in the financial statements.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.227,198,324 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total actual revenue on comparable basis of Kshs.628,788,600 and total revenue budget of Kshs.555,663,862 resulting to underfunding of Kshs.73,124,738 or 11.6% of the budget. Similarly the Institute expended Kshs.554,406,228 against final budget of Kshs.628,788,600 resulting in under-expenditure of Kshs.74,382,3725 or 11.8% of the budget.

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

#### **2. Unresolved Prior Year Matters**

There were issues raised in the audit report for 2020/21 financial year of which no report or recommendations from the Institute's Management and oversight bodies were submitted for review. The issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for National Government entities to try to resolve any issues resulting from an audit that remain outstanding.

#### **3. Under-Funding of the Institute**

The statement of financial performance reflects transfers from other National Government entities amount of Kshs.200,347,500 as disclosed in Note 6 to the financial statements. Review of the records provided revealed that the Institute had a population of ten thousand (10,000) students during the year, which translates to expected fee subsidy of Kshs.300,000,000. However, the institution received a total of Kshs.200,347,500 from the State Department for Vocational and Technical Training resulting in under funding of Kshs.99,652,500.

In the circumstances, the Institute may not be able to effectively achieve its objectives as a result of the under-funding.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Approval of 2021/2022 Annual Budget

The statement of comparison of budget and actual amounts reflects final expenditure budget of Kshs.628,788,600 that was to be financed by Ministry grant of Kshs.300,000,000, tuition fee of Kshs.312,700,000, income generating units of Kshs.14,648,600 and rental income of Kshs.1,440,000. However, Management did not submit the approved budget to the relevant ministry (Ministry of Education) for approval as required by Section 13(3) of The Technical and Vocational Education and Training Act, 2013 which state that the annual estimates shall be submitted to the Cabinet Secretary for approval before the commencement of the financial year to which they relate.

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

#### 2. Employee Costs - Lack of Approved Staff Establishment

The statement of financial performance reflects employee costs amount of Kshs.76,839,017 which relates to salaries and wages of the staff as disclosed in Note16 to the financial statements. However, the Institute does not have an approved personnel establishment that indicates the number of employees and their ranks. In the absence of an approved staff establishment RVTTI may not be able to determine the optimum size of staff to discharge services to the organization contrary to Section B.2 (1) of Human Resource Policies and Procedures Manual for the Public Service May, 2016 which states that every Ministry/State Department shall prepare Human Resource Plans to support achievement of goals and objectives in their Strategic Plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs. (2) On the basis of these Human Resource plans, Ministries/State Departments shall be required to develop annual recruitment plans which will be forwarded to the Public Service Commission at the beginning of each financial year to enable it plan to fill the vacancies.

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

#### 3. Failure to Observe One Third Rule on Staff Composition

Review of personnel records provided for audit revealed that the Institute had a total of two hundred and twenty three (223) employees where two hundred and one (201) or 90%, were from the dominant community contrary to Section 7(1) and (2) of National Cohesion

and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **4. Rotation of Board Members**

The statement of financial performance reflects Board/Council expenses of Kshs.3,831,950 which relates to expenses incurred by Board of Management as disclosed in Note 17 to the financial statements. Review of the expenditure records for financial years 2020/2021 and 2021/2022, Committee minutes and register of attendance relating to Council expenses revealed that there was no rotation of Board Committee Members and some Board Members had been in the same Committee for two (2) consecutive years contrary to the circular on management of state corporations dated 11 March, 2020 Part B.6., the committee members shall serve for a continuous period for a maximum of 12 months and thereafter be subject to rotation except for The National Treasury and parent ministries representatives as per B5 above.

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

#### **5. Bank Accounts Register**

The statement of financial position reflects cash and cash equivalents balance of Kshs.121,641,687 held in ten (10) bank accounts as detailed in Note 26 (a) to the financial statements. Review of the institution's financial statements, payment records, correspondence files and other records revealed that the institution operates ten (10) bank accounts. However, a register of the bank accounts authorized by The National Treasury indicating the name of bank, branch, account number, purpose of account, authorization details, opening date, authorized signatories, date of closure among others is not kept and maintained by the institution as required by Regulation 87(3) and (4) of Public Finance Management (National government) Regulations, 2015.

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

#### **6. Long Outstanding Payables**

The statement of financial position reflects trade and other payables balance of Kshs.20,264,464 as disclosed in Note 34 to the financial statements. Review of the trade and other payables ageing analysis revealed pending payments for goods, services and works amounting to Kshs.10,385,233 which have been outstanding for over ninety (90) days. No explanation has however been provided by Management for the delayed payment to the suppliers contrary to The National Treasury directive on settlement of payables and Section 68(2)(d) of the Public Finance Management Act, 2012.

In the circumstances, the 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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Weak ICT Internal Control Environment**

As reported previously, review of the ICT Internal control environment revealed that the Institute did not have IT Strategic Committee and Steering Committee responsible for providing guidance on IT-related decision-making processes. The Management did not have a back-up data stored in an off-site location, off-site secondary servers and IT business continuity plan. Further, the Institute does not have a documented training program to build IT capacity, a documented change request procedure to guide on system upgrades and provide basis for system changes backed up by approval from relevant authorities. In addition, the Institute did not carry out termly system maintenance and troubleshooting in line with procedures 3(3.1) and 4(2.6) of the Institution's documented MIS procedures manual.

In the circumstance, there is a risk of data loss in the event of a disaster or equipment failure.

#### **2. Lack of Tagging of Fixed Assets**

The statement of financial position reflects property, plant and equipment amount of Kshs.1,744,742,870 which includes land and buildings, furniture and fittings, computer and plant and equipment all totalling to Kshs.1,744,742,870 as disclosed in Note 31 to the financial statements. However, as reported previously, Management has not tagged or branded its assets.

In the circumstances, the institution is likely to lose its assets due to weak controls in asset monitoring and controls.

#### **3. Lack of Creditors' Management Policy**

As reported previously, the Institute did not have in place a Creditors' Management Policy which may lead to non-identification of credit risks and appropriate measures to manage them contrary to Section 165 (1) of the Public Finance Management (National Government) Regulations, 2015 which requires National Government entity to develop Creditors' Policy.

In the circumstances, the Management was in breach of the law and lack of Creditors' Policy may lead to non-identification of credit risks and appropriate measures to manage them.

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

### **Responsibilities of Management and those 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 controls, risk management and overall governance.

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

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

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

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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 controls 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 Institute's policies and procedures may deteriorate.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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**

**16 June, 2023**

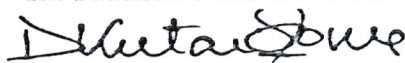
Rift Valley Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	200,347,500	112,125,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		<b>200,347,500</b>	<b>112,125,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	338,570,323	200,739,677
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	724,400	461,111
Finance income	13	-	-
Other income	14	16,021,639	7,563,763
		<b>355,316,362</b>	<b>208,764,551</b>
<b>Total Revenue</b>		<b>555,663,862</b>	<b>320,889,551</b>
<b>Expenses</b>			
Use of goods and services	15	295,521,881	151,571,165
Employee costs	16	76,839,017	61,059,375
Board /Council Expenses	17	3,831,950	2,526,000
Depreciation and amortization expense	18	27,726,292	29,187,717
Repairs and maintenance	19	143,333,460	36,402,262
Contracted services	20	7,153,628	6,100,096
Grants and subsidies	21	-	-
Finance costs	22	-	-
		<b>554,406,228</b>	<b>286,846,614</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
		<b>-</b>	<b>-</b>
<b>Net surplus for the year</b>		<b>1,257,634</b>	<b>34,042,936</b>

(The notes set out on pages 1 to 61 form an integral part of the Annual Financial Statements).

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



Chairman of Council/Board

04/04/2023

Date



Finance Officer

ICPAK No 23202

Date 04/04/2023



Principal


Date 4/4/2023


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

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	121,641,687	108,339,181
Current portion of receivables from exchange transactions	27(a)	227,198,342	104,039,050
Receivables from non-exchange transactions	28	-	70,875,000
Inventories	29	532,245	1,958,559
Biological Assets	53	1,200,000	-
		<b>350,572,274</b>	<b>285,211,790</b>
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	27(b)	-	2,672,516
Investments	30	-	-
Property, plant, and equipment	31	1,744,742,870	1,743,266,938
		1,744,742,870	1,745,939,454
<b>Total Assets</b>		<b>2,095,315,144</b>	<b>2,031,151,244</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34	20,264,464	32,743,288
Refundable deposits from customers	35	4,284,097	-
Payments received in advance	34	80,995,848	9,894,855
<b>Total current Liabilities</b>		<b>105,544,409</b>	<b>42,638,143</b>
<b>Non-Current Liabilities</b>			
<b>Total Liabilities</b>		<b>105,544,409</b>	<b>42,638,143</b>
<b>Capital and Reserves</b>			
Reserves		56,497,876	56,497,876
Accumulated Surplus		181,519,109	180,261,475
Capital Fund		1,751,753,750	1,751,753,750
<b>Total Capital and Reserves</b>		<b>1,989,770,735</b>	<b>1,988,513,101</b>
<b>Total Liabilities and Capital &amp; Reserves</b>		<b>2,095,315,144</b>	<b>2,031,151,244</b>

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

  
Chairman of Council/Board

  
Finance Officer

  
Principal

Date

ICPAK No 23288

Date 04/04/2023

Date 4/4/2023

**Rift Valley Technical Training Institute**  
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**XV. Statement of Changes in Net Asset for the year ended 30 June 2022**

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
<b>Balance c/d as at 1 July 2021</b>	<b>56,497,876</b>	<b>131,221,263</b>	-	-	<b>1,939,472,889</b>
Revaluation gain	-	-	-	-	-
Prior Year Adjustments	-	14,997,276	-	-	14,997,276
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	34,042,936	-	-	34,042,936
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-	-
<b>At June 30, 2021</b>	<b>56,497,876</b>	<b>180,261,475</b>	<b>1,751,753,750</b>	-	<b>1,988,513,101</b>
<b>At July 1, 2021</b>	<b>56,497,876</b>	<b>180,261,475</b>	<b>1,751,753,750</b>	-	<b>1,988,513,101</b>
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	1,257,634	-	-	1,257,644
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-	-
<b>At June 30, 2022</b>	<b>56,497,876</b>	<b>181,519,109</b>	<b>1,751,753,750</b>	-	<b>1,989,770,735</b>

**(Note:**


1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

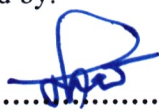
**XVI. Statement of Cash Flows for the year ended 30 June 2022**

Description		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	6	200,347,500	112,125,000
Rendering of services- fees from students	10	338,570,323	196,823,510
Sale of goods		-	-
Rental revenue from facilities and equipment	12	724,400	461,111
Other income	14	16,021,639	7,563,763
<b>Total Receipts</b>		<b>555,663,862</b>	<b>316,973,384</b>
<b>Payments</b>			
Use of goods and services	15	295,521,881	151,571,165
Employee cost	16	76,839,017	61,059,375
Remuneration of Directors	17	3,891,950	2,526,000
Repairs and Maintenance	19	128,552,656	36,402,262
Contracted Services	20	7,153,628	6,100,096
<b>Total Payments</b>		<b>511,959,132</b>	<b>257,658,898</b>
<b>Net Cash Flows from operating activities</b>	43	<b>43,704,730</b>	<b>59,314,486</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	31	(3,905,000)	(9,894,855)
Virtual learning centre	31	(14,499,224)	-
Purchase of Furniture and Fittings	31	(10,798,000)	
Biological Assets	53	(1,200,000)	
<b>Net cash flows used in investing activities</b>		<b>(30,402,224)</b>	<b>(9,894,855)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>13,302,506</b>	<b>49,919,631</b>
Cash and Cash equivalents at 1 JULY 2021	26	108,339,181	58,919,550
<b>Cash and Cash equivalents at 30 JUNE 2022</b>	26	<b>121,641,687</b>	<b>108,339,181</b>

((IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation). The Financial Statements set out on pages 1 to 5 were signed by:

  
.....  
Chairman of Council/Board

  
.....  
Finance Officer

  
.....  
Principal

Date 04/09/2023

ICPAK No 27282  
Date 04/09/2023

Date 4/4/2023

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

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
<b>Revenue</b>												
Transfers from other govt entities and govt grants	159,000,000		141,000,000		300,000,000		200,347,500		99,652,500			66%
Public contributions and donations	-		-		-		-		-			
Rendering of services- fees from students	190,788,000		121,912,000		312,700,000		338,570,323		(25,870,323)			108%
Income Generating Units	12,386,600		2,262,000		14,648,600		16,021,639		(1,373,039)			109%
Rental Income	1,440,000		-		1,440,000		724,400		715,600			50%
Cash and Cash Equivalents	-		108,339,181		-		-		-			-
Gains on disposal, rental income and agency fees	-		-		-		-		-			-
<b>Total Income</b>	<b>363,614,600</b>		<b>373,513,181</b>		<b>628,788,600</b>		<b>555,663,862</b>		<b>73,124,738</b>			<b>88%</b>
<b>Expenses</b>												
Compensation of employees	54,081,984		61,118,016		115,200,000		76,839,017		38,360,983			66%
Use of goods and services	282,986,100		296,614,900		471,261,819		295,475,697		175,786,122			62%
Rent paid	400,000		-		400,000		46,184		353,816			11%
Remuneration of directors	9,500,000		-		9,500,000		3,831,950		5,668,050			40%
Repairs and Maintenance	9,672,500		10,254,281		19,926,781		144,333,460		(123,406,679)			719%
Contracted Services	6,974,016		5,525,984		12,500,000		7,153,628		5,346,372			57%
Provision For Depreciation							27,726,292		(27,726,292)			-
<b>Total Expenditure</b>	<b>363,614,600</b>		<b>373,513,181</b>		<b>628,788,600</b>		<b>554,406,228</b>		<b>74,382,372</b>			<b>88%</b>
<b>Surplus For the Period (Budget notes)</b>							<b>1,257,634</b>					

1. Repairs and maintenance includes development expenses.

2. There were no major structural changes in respect to rent repairs.

3. The changes between Final and Original budget is as a result of budget revision brought about by high student enrolment.

**XVIII. Notes to the Financial Statements**

**1. General Information**

Rift valley technical training institute entity is established by and derives its authority and accountability from Tveta Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Training.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *RVTTI* 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.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42:</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p>

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Standard	Effective date and impact:
Social Benefits	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>

**Rift Valley Technical Training Institute  
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Standard	Effective date and impact:
	<p>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></p> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

**iii. Early adoption of standards**

RVTTI did not early-adopt any new or amended standards in year 2022.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Dividends**

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

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

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

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

**b) Budget information**

The original budget for FY 2021/2022 was approved by the Council or Board on *21 January 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of *nil* on the FY 2021/2022 budget following the Council/ Board's approval.

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

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

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

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule of the 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 years.

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

**e) Property, plant and equipment**

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

Land and Buildings-0.50%

Motor Vehicle-10%

Furniture and Fittings-10%

Computers-30%

Other Assets(Books)-5%

Plant and Equipment-5%

Work in Progress(capital)-0%

The depreciation method used is reducing balance

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

##### f) Leases

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

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

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

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

##### g) Intangible assets

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

##### h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

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

##### i) Financial instruments (Continued)

###### *Financial assets (Continued)*

###### *Impairment of financial assets (Continued)*

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

###### *Financial liabilities*

###### *Initial recognition and measurement*

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

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

###### *Loans and borrowing*

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

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

##### j) Inventories

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

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

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

## Notes to the Financial Statements (Continued)

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

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

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

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

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

#### **J.1 Recognition and Measurement of biological assets IPSAS 27**

The Institute recognizes a biological asset when and only when:

- (a) The it controls the asset as a result of past events;
- (b) It is probable that future economic benefits or service potential associated with the asset will flow to it,
- (c) The fair value or cost of the asset can be measured reliably.

Biological Assets include tree seedling and farm animals. These assets are valued at fair market value.

#### **k) Provisions**

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

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

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

#### ***Contingent liabilities***

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

#### ***Contingent assets***

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the

**Rift Valley Technical Training Institute**

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

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

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

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

**l) Nature and purpose of reserves**

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

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits**

**Retirement benefit plans**

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

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

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

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

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

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

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

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

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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 other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	200,347,500	112,125,000
Operational Grant	-	-
Other Grants	-	-
	<b>200,347,500</b>	<b>112,125,000</b>
<b>Conditional Grants</b>		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Learning Facilities Grant	-	-
Other Organizational Grants	-	-
<b>Total Government Grants and Subsidies</b>	<b>200,347,500</b>	<b>112,125,000</b>

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
State Department of Technical Education	200,347,500	-	-	200,347,500	112,125,000
Ministry	-	-	-	-	-
<b>Total</b>	<b>200,347,500</b>	<b>-</b>	<b>-</b>	<b>200,347,500</b>	<b>112,125,000</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix 3)*

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	-	-
World Bank Grants	-	-
In-Kind Donations	-	-
Other Grants	-	-
<b>Total Grants from Development Partners</b>	-	-

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Conditions Met - Transferred to Revenue	-	-
<b>Conditions Yet To Be Met - Remain Liabilities</b>	-	-

(Provide brief explanation for this revenue)

8. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer from County	-	-
Transfer from University	-	-
Transfer from Institute	-	-
<b>Total Transfers</b>	-	-

9. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	-	-
Donations from Local Leadership	-	-
Donations from Religious Institutions	-	-
Donations from Alumni	-	-
Other Donations	-	-
<b>Total Donations and Contributions</b>	-	-

(Provide brief explanation for this revenue)

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

**10. Rendering of Services**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Repairs maintenance and Improvements	7,084,571	10,282,692
Tuition Fees	128,806,401	141,286,780
Personal emoluments	45,205,513	25,218,781
Accommodation	12,448,386	776,977
Local transport and Travel	11,573,733	2,711,814
Activity fees	12,958,314	1,791,198
Electricity water and conservancy	12,640,562	3,164,627
Attachment	24,526,703	5,095,078
Examinations	81,480,386	10,260,728
Contingencies	-	151,002
Student Union	1,783,073	-
Medical	62,681	-
<b>Total Revenue from The Rendering Of Services</b>	<b>338,570,323</b>	<b>200,739,677</b>

*(school fees)*

**11. Sale of Goods**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Sale of Books	-	-
Sale of Publications	-	-
Sale of Farm Produce	-	-
Cafeteria sales	-	-
Other	-	-
<b>Total Revenue from Sale of Goods</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**12. Rental revenue from facilities and equipment**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Hire of Facilities and Equipment	-	-
Contingent Rental	724,400	461,111
Operating Lease Revenue	-	-
<b>Total</b>	<b>724,400</b>	<b>461,111</b>

*(Rental Revenue)*

Notes to the Financial Statements (Continued)

13. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from treasury bills	-	-
Interest income from treasury bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

(Provide brief explanation for this revenue)

14. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Serminars and workshops	1,772,711	1,146,376
Driving school	2,841,563	841,593
Autogarge	11,407,365	5,575,794
Services concession income	-	-
Reimbursements and refunds	-	-
Graduation fees	-	-
Miscellaneous ( <i>specify</i> )	-	-
<b>Total other income</b>	<b>16,021,639</b>	<b>7,563,763</b>

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

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

**Notes To The Financial Statements (Continued)**

**15. Use Of Goods And Services**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Electricity Water and Conservancy	8,509,782	8,169,787
Medical	652,376	1,029,481
Attachment and Insurance	3,834,266	2,536,990
Driving school and Autogarage	13,232,094	5,153,034
Administration Fee	25,719,578	11,431,053
Caution Money	1,407,000	-
Student council	3,330,439	-
Local Travel and Transport	47,938,066	20,624,053
Activity and Sports	4,774,852	930,114
Farm	1,946,562	-
Rent Expenses	46,184	25,380
Bank Charges	214,087	47,852
Seminars and Conferences	6,141,828	1,318,237
Boarding	26,613,990	14,322,840
Examinations	61,326,760	24,098,750
Training Expenses	89,834,017	58,845,341
Covid- 19	-	3,038,840
Other ( <i>specify</i> )	-	-
<b>Total good and services</b>	<b>295,521,881</b>	<b>151,571,165</b>

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

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

**16. Employee Costs**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	76,839,017	59,815,485
Employee related costs - contributions to pensions and medical aids	-	1,243,890
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
<b>Employee Costs</b>	<b>76,839,017</b>	<b>61,059,375</b>

**17. Board/Council Expenses**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	-	-
Board of Management	3,831,950	2,526,000
Other Allowances	-	-
Other Board/Council Expenses	-	-
<b>Total</b>	<b>3,891,950</b>	<b>2,526,000</b>

**18. Depreciation and Amortization expense**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	27,726,292	29,187,716
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>27,726,292</b>	<b>29,187,716</b>

**19. Repairs and Maintenance**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Property General	143,333,460	36,402,262
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
<b>Total Repairs and Maintenance</b>	<b>143,333,460</b>	<b>36,402,262</b>

Notes to the Financial Statements (Continued)

20. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarial valuations	-	-
Investment valuations	-	-
Other Contracted Services(security and Cleaning)	7,153,628	6,100,096
<b>Total contracted services</b>	<b>7,153,628</b>	<b>6,100,096</b>

21. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Community Trust	-	-
Sporting Bodies	-	-
<b>Total Grants and Subsidies</b>	<b>-</b>	<b>-</b>

22. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings (Amortized Cost)*	-	-
Finance Leases (Amortized Cost)	-	-
Unwinding of Discount	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
<b>Total Finance Costs</b>	<b>-</b>	<b>-</b>

(\*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. Gain On Sale of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not capitalised	-	-
<b>Total Gain On Sale of Assets</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	-	-
<b>Total Gain</b>	-	-

25. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total Impairment Loss</b>	-	-

26. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	112,330,583	100,405,903
Savings	2,243,878	803,908
On - call deposits	-	-
Fixed deposits account	7,067,227	7,130,370
Staff car loan/ mortgage	-	-
Others(specify)	-	-
<b>Total cash and cash equivalents</b>	<b>121,641,687</b>	<b>108,339,181</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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**Notes To The Financial Statements (Continued)**

**26 (a). Detailed Analysis of Cash and Cash equivalents**

			<b>2021-2022</b>	<b>2020-2021</b>
<b>Financial institution</b>	<b>Account Name</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>				
KCB	Main	1175590193	24,436,282	40,031,999
KCB	Auto Garage	1210872684	409,552	2,391,924
SBM Bank	Auto Garage	016208466903	957,634	676,443
SBM Bank	Farm	016208466902	3,670	362,907
ABSA Bank	Main	0031258030	9,676,435	5,253,724
ABSA Bank	Production Unit	0031258049	14,515,638	3,679,512
ABSA Bank	Development	0031019605	62,331,371	48,009,394
<b>Sub-Total</b>			<b>112,330,582</b>	<b>100,405,903</b>
<b>b) Savings</b>				
ABSA Bank	Savings	0034017824	2,243,878	<b>802,908</b>
<b>Sub total</b>			<b>2,243,878</b>	<b>802,908</b>
<b>Fixed deposits account</b>				
Standard Chartered Bank	Fixed deposit	01520165512	5,600,000	<b>1,530,370</b>
Standard Chartered Bank	SME Banking Instant access	44016551200	1,467,227	<b>5,600,000</b>
<b>Sub Total</b>			<b>7,067,227</b>	<b>7,130,370</b>
<b>Grand-total</b>			<b>121,641,687</b>	<b>108,339,181</b>

27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	227,042,842	98,141,599
Rent Debtors	155,500	289,550
Student Union	-	667,690
Advance Payments	-	4,940,211
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>227,198,342</b>	<b>104,039,050</b>

27(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Refundable Deposits	-	2,672,516
Advance Payments	-	-
Public Organizations	-	-
Less: Impairment Allowance	-	-
<b>Total</b>	<b>-</b>	<b>2,672,516</b>
Current Portion Transferred To Current Receivables	-	-
<b>Total Non-Current Receivables</b>	<b>-</b>	<b>2,672,516</b>
<b>Total Receivables</b>	<b>-</b>	<b>2,672,516</b>

27 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Provisions during the year	-	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	-	-

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 Notes to the Financial Statements (Continued)

**28. Receivables from Non-Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Capitation Grants*	-	70,875,000
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	-	-

(\*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).

**28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**29. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	-	996,100
Maintenance stores	-	94,037
Health Unit stores	52,800	-
Electrical stores	87,202	70,000
Cleaning Materials stores	10,140	-
Catering stores	337,303	310,883
Stationery stores	44,800	487,539
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>532,245</b>	<b>1,958,559</b>

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury Bills and Bonds</b>		
<b>Financial Institution</b>		
CBK	-	-
CBK	-	-
<b>Sub- Total</b>	-	-
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank X	-	-
Bank Y	-	-
<b>Sub- Total</b>	-	-
<b>c) Equity Investments (Specify)</b>		
Equity/ Shares in Company	-	-
<b>Sub- Total</b>	-	-
<b>Grand Total</b>	-	-

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding			
	%	%	%	Kshs	Current Year	Prior Year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
	-	-	-	-	-	-

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

**31. Property, Plant and Equipment**

	Land and Building		Motor vehicles		Furniture and fittings		Computers		Other Assets (library books)		Plant and equipment		Capital		Total
	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	
<b>Cost</b>															
<b>Depreciation rate</b>	0.50%		10%		10%		30%		5%		5%		0		
<b>Bal as at 30<sup>th</sup> June 2020-NBV</b>	1,510,845,367		45,254,225		66,072,525		31,186,375		13,866,062		168,608,188		31,713,331		1,867,546,073
<b>Bal as at 1<sup>st</sup> July 2020</b>	1,510,845,367		45,254,225		66,072,525		1,186,375		13,866,062		168,608,188		31,713,331		1,867,546,073
<b>Prior Year adjustment</b>	(48,959,492)		-		-		-		-		-		12,252,061		(36,707,431)
<b>Additions</b>	-		-		-		-		-		-		9,894,855		9,894,855
<b>Disposal</b>	-		-		-		-		-		-		-		-
<b>Donation (moest)</b>	-		-		-		-		-		-		-		-
<b>Transfer/adjustments</b>	-		-		-		-		-		-		-		-
<b>Revaluations during the year</b>	-		-		-		-		-		-		-		-
<b>Bal as at 30<sup>th</sup> June 2021</b>	1,461,885,875		45,254,225		66,072,525		31,186,375		13,866,062		168,608,188		53,860,247		1,840,733,497
<b>Bal as at 1<sup>st</sup> July 2021</b>	1,461,885,875		45,254,225		66,072,525		31,186,375		13,866,062		168,608,188		53,860,247		1,840,733,497
<b>Additions</b>	-		-		10,798,000		-		-		3,905,000		14,499,224		29,202,224
<b>Disposal</b>	-		-		-		-		-		-		-		-
<b>Donation (moest)</b>	-		-		-		-		-		-		-		-
<b>Transfer/adjustments</b>	-		-		-		-		-		-		-		-
<b>Revaluations during the year</b>	-		-		-		-		-		-		-		-
<b>Bal as at 30<sup>th</sup> June 2022</b>	1,461,885,875		45,254,225		76,870,525		31,186,375		13,866,062		172,513,188		68,859,471		1,870,435,721
<b>Depreciation</b>															-

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Accum as at 30 <sup>th</sup> June 2020	27,936,446	6,959,276	12,980,466	17,152,507	1,386,606	16,860,818	-	83,276,118
Prior Year adjustment	(13,354,135)	697,821	(637,322)	(1,247,455)	(34,665)	(421,520)		(14,997,276)
Depreciation charged-20/21	7,236,518	3,759,713	5,372,938	4,584,397	625,706	7,608,444	-	29,187,716
Impairment	-	-	-	-	-	-	-	-
Accum as at 30 <sup>th</sup> June 2021	21,818,829	11,416,809	17,716,082	20,489,448	1,977,647	24,047,743	-	97,466,559
Accum as at 1 <sup>st</sup> July 2021	21,818,829	11,416,809	17,716,082	20,489,448	1,977,647	24,047,743	-	97,466,559
Depreciation charged-21/22	7,200,335	3,383,742	5,915,444	3,209,078	594,421	7,423,272	-	27,726,292
Impairment	-	-	-	-	-	-	-	-
Accum as at 30 <sup>th</sup> June 2022	29,019,165	14,800,551	23,631,526	23,698,526	2,572,068	31,471,015	-	125,192,851
NBV as at 30 <sup>th</sup> June 2022	1,432,866,710	30,453,674	53,238,999	7,487,849	11,293,994	141,042,173	68,359,471	1,744,742,870
NBV as at 30 <sup>th</sup> June 2021	1,440,067,046	33,837,416	48,356,443	10,696,927	11,888,415	144,560,445	53,680,247	1,743,266,938

**N/B**

1. W.I.P Refers to work in progress virtual learning centre to be constructed to the second floor.

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

**Valuation**

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

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

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

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land and Buildings	1,461,885,875	29,019,165	1,432,866,710
Library Books	13,866,062	2,572,068	11,293,994
Plant And Machinery	172,513,188	31,471,015	141,042,173
Motor Vehicles including Motorcycles	45,254,225	14,800,551	30,453,674
Computers and Related Equipment	31,186,375	23,698,526	7,487,849
Office Equipment, Furniture, And Fittings	76,870,525	23,631,526	53,238,999
Work in Progress	68,359,471	-	68,359,471
<b>Total</b>	<b>1,869,935,721</b>	<b>125,192,851</b>	<b>1,744,742,870</b>

**32. Intangible Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
<b>At end of the year</b>	-	-
Additions–internal development	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

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

**33. Investment Property**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

*(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).*

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

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	20,264,464	32,743,288
Fees paid in advance	80,995,848	9,894,855
Caution Money	-	-
Third-Party Payments	-	-
Other Payables	-	-
<b>Total Trade and Other Payables</b>	<b>101,260,312</b>	<b>32,743,288</b>

**35. Refundable Deposits from Customers/Students**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumer deposits	-	-
Caution money	4,284,097	-
Other refundable deposits	-	-
<b>Total Deposits</b>	<b>4,284,097</b>	<b>-</b>

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

**36. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance at The Beginning Of The Year</b>	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision Utilised	-	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-	-
<b>Total Provisions</b>	-	-	-	-	-

**37. Finance Lease Obligation**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At the start of the year</b>	-	-
Discount interest on Lease Liability	-	-
Paid during the year	-	-
<b>At end of the year</b>	-	-

**Maturity Analysis**

Period	Amount
	Kshs
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and Onwards	-
Less: Unearned Interest	-
	-

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

**38. Deferred Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

Notes to the Financial Statements (Continued)

**39. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total Employee Benefits Obligation</b>	-	-	-	-	-

**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 2022. The scheme is administered by while are the custodians of the scheme. The scheme is based on percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at June by actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	%	%
Future Salary Increases	%	%
Future Pension Increases	%	%
Mortality (Pre- Retirement)	%	%
Mortality (Post- Retirement)	%	%
Withdrawals	-	-
Ill Health	-	-
Retirement	years	years

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

**Recognition of Retirement Benefit Asset/ Liability**

**a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:**

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others ( <i>specify</i> )	-	-
Adjustments for restrictions on the defined benefit asset	-	-
<b>Remeasurement of the net defined benefit liability (asset)</b>	-	-

**b) Amounts recognised in the Statement of Financial Position**

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Pension Fund. Employees contribute % while employers contribute % of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Notes To The Financial Statements (Continued)

40. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
<b>Total deferred income</b>	-	-	-	-	-

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 34)

41. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	-	-

41 a) Analysis of External and Domestic Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External borrowings</b>		
Dollar denominated loan from 'xx organization'	-	-
Sterling pound denominated loan from organization'	-	-
Euro denominated loan from organization'	-	-
<b>Domestic borrowings</b>	-	-
Kenya shilling loan	-	-
<b>Total balance at end of the year</b>	-	-

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

**41 b) Breakdown of Long and Short-Term Borrowings**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

**42. Service Concession Arrangements**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

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

**43. Cash generated from operations**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus for the year before tax</b>	<b>1,257,634</b>	<b>34,042,936</b>
<b>Adjusted for:</b>		
Prior Income adjustment	-	14,997,276
Depreciation	27,726,292	29,187,716
Non-Cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and Losses on Disposal of Assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase in Inventory	1,426,314	(1,158,059)
Increase in Receivables	70,875,000	(41,310,000)
Increase in Deferred Income	-	-
Increase in Payables	(8,194,727)	(18,089,509)
Increase in Payments received in advance	(71,100,993)	9,894,855
Current portion of receivables from Exchange transactions	(123,159,292)	10,423,798
Long term receivables from exchange transactions	2,672,516	2,672,516
	125,812,532	(12,181,030)
<b>Net Cash Flow from Operating Activities</b>	<b>43,704,730</b>	<b>59,314,486</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions	104,039,000	104,039,000	-	-
Receivables from non-exchange transactions	70,785,000	70,785,000	-	-
Bank balances	108,339,181	108,339,181	-	-
<b>Total</b>	<b>283,163,181</b>	<b>283,163,181</b>	-	-
<b>At 30 June 2022</b>				
Receivables from exchange transactions	227,198,342	227,198,342	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	121,641,687	121,641,687	-	-
<b>Total</b>	<b>348,840,029</b>	<b>348,840,029</b>	-	-

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

**44. Financial Risk Management (Continued)**

**(i) Credit risk (continued)**

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

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

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

**(ii) Liquidity risk management**

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

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables	32,743,288	-	-	32,743,288
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	<b>32,743,288</b>	-	-	<b>32,743,288</b>
<b>At 30 June 2022</b>				
Trade Payables	14,163,328	10,385,233	-	24,548,561
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	<b>24,548,561</b>	<b>10,385,233</b>	-	<b>24,548,561</b>

**44. Financial Risk Management (Continued)**

**(iii) Market risk**

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

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

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

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

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

**a) Foreign currency risk**

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
	-		
Net Foreign Currency Asset/(Liability)	-	-	-

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

**44. Financial Risk Management (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**a) 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.

Notes to the Financial Statements (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2021</b>			
Euro	10%	-	-
Usd	10%	-	-
<b>2022</b>			
Euro	10%	-	-
Usd	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**44 Financial Risk Management (Continued)**

(iii) **Market risk (Continued)**

**b) Interest rate risk(continued)**

**Sensitivity analysis**

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

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. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax

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**Notes To The Financial Statements (Continued)**

**iv)Capital Risk Management**

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

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation Reserve	56,497,876	56,497,876
Retained Earnings	181,519,109	180,261,475
Capital Reserve	1,751,753,750	1,751,753,750
<b>Total Funds</b>	<b>1,989,770,735</b>	<b>1,988,513,101</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	121,641,687	108,339,181
Net Debt/(Excess Cash and Cash Equivalents)	1,868,129,048	1,880,173,920
<b>Gearing</b>	-	-

**45. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

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

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	-	-
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc	4,186,063	-
Purchase of water from govt service providers	4,060,452	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	8,246,515	-
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	200,347,500	112,125,000
Grants from County Government	-	-
Donations in Kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for Employees	-	-
Payments for Goods and Services for	-	-
<b>Total</b>		
<b>d) Key Management Compensation</b>		
Directors' emoluments	3,831,950	2,526,000
Compensation to Key Management	-	-
<b>Total</b>	<b>212,425,965</b>	<b>114,651,000</b>

**46. Segment Information**

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

Notes to the Financial Statements (Continued)

47. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>	-	-
Court Case against ( <i>The Entity</i> )	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

(Give details)

48. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
<b>Total</b>	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)

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

**49. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Accelerated Capital Allowances	-	-
Unrealised Exchange Gains/(Losses)	-	-
Revaluation Surplus	-	-
Tax Losses carried forward	-	-
Provisions for Liabilities and Charges	-	-
<b>Net Deferred Tax Liability/(Asset)</b>	<b>-</b>	<b>-</b>
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

*[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)*

**50. Events After The Reporting Period**

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

**51. Ultimate And Holding Entity**

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

**52. Currency**

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

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**53. Biological Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fresian Heifers	1,200,000	-
<b>Total</b>	<b>1,200,000</b>	<b>-</b>

**XIX. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.(Waiting the report from the Auditor General)

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.Rental revenue from facilities and Equipments	The completeness and accuracy of rental revenue from facilities and equipments could not be confirmed	The management has put in mechanism for lease agreements	Not resolved	8 months
2.1 Non separation of land buildings	The completeness and accuracy of the land and buildings could not be confirmed.	The management is on process of valuing its assets and separation will be done based on the valuation report	Not resolved	9 months
2.2 Valuation of property plant and equipment	The accuracy and completeness of property plant and equipment could not be confirmed.	The management is in the process of valuing its Fixed assets and its factored in the budget	Not resolved	9 months
3.In accuracies in receivables from exchange transactions	The accuracy of receivables from exchange transactions balance could not be confirmed	The management is on the process of putting up in place appropriate measures to ensure outstanding debts are received in full	Resolved	
4.Unrealised receivable from Non-exchange transactions	The accuracy of and completeness of receivables from non –exchange transactions could not be confirmed	A process was initiated to the state department for vocational and it confirmed that the money could not be received	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
5.Unsupported inventories	No support evidence to confirm that stock take was carried out. The accuracy and completeness of inventories could not be confirmed	Stock take reports, stock certificate and stock valuation have been availed for audit	Resolved	
Other matters				
1.Budgetary control and performance	Under funding of kshs.12,554,903 Or 3% of the budget ,similarly there was under expenditure of kshs.95,622,535 Or 24% of the budget the shortfall and under expenditure constrained execution of planned activities and affected delivery of service to the public	Mechanism has been put in place to cater for budget absorption	Resolved	
2.Unresolved prior year matters	Management was in breach of the law	The revised financial statement addressed the matter	Resolved	
<b>REPORT OF LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC FRESOURCES</b>				
1.EMPLOYEE COSTS				
1.1 lack of approved staff establishment	Management was breach in law	Comprehensive staff establishment is on the process of being approved	Not resolved	6 months
1.2.Failure to	Management	Management will	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
observe one third rule on staff composition	was in breach of law	adhere National cohesion and integration 2008 to ensure staff composition		
1.3.Employees receiving net pay less than a third of their basic salaries	Management was in breach of the law	Management will adhere to Employment act 2007 to ensure that no member earn less than one third		
2.Lack of occupational safety and health committee	Management was in breach of the law	Management constituted a safety and health committee	Resolved	
<b>REPORT ON EFECTIVENESS OF INTERNAL CONTROLS</b>				
1.Lack of tagging of fixed assets	Institution likely to lose its assets	The budget has been allocated for Tagging of Fixed assets	Resolved	
2.Weak Ict internal control environment	The risk of data loss in the event of a disaster or equipment failure	Management Established ict steering committee and put in place offsite data back up	Not resolved	9 months
3.Lack of creditors management policy	Management was in breach of the law	Creditors policy will be developed	Not resolved	9months

**Guidance Notes:**

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

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**Name. Loice Kutoh**

**Rift Valley Technical Training Institute**  
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**Accounting Officer**  
**(Principal)**

Date 04/04/2023

**Rift Valley Technical Training Institute  
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**Appendix II: Projects Implemented by Rift Valley Technical Training Institute**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Virtual learning centre		State Department For Technical Education		FULLY	NO	YES
2						

**Status of Projects completion**

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

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 Virtual Learning centre	68,029,247	68,359,471	100%	68,029,746	68,029,247	MIMISTRY/AIA
2						
3						

**Rift Valley Technical Training Institute  
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**Appendix III- Inter-Entity Confirmation Letter**

**RIFT VALLEY TECHNICAL TRAINING INSITUTE  
P.O BOX 244-30100  
ELDORET**

The [RVTI] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June 2022</b>							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
	18/11/2021	72,757,500	-	-	72,757,500	72,757,500	-
	03/03/2022	72,757,500	-	-	72,757,500	72,757,500	-
	03/06/2022	54,832,500	-	-	54,832,500	54,832,500	-
<b>Total</b>		<b>200,347,500</b>	<b>-</b>	<b>-</b>	<b>200,347,500</b>	<b>200,347,500</b>	<b>-</b>

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

**Head of Accountants department of beneficiary Entity:**

Name ..... *J. A. M. M. M.* ..... *K. S. G. S.* ..... Sign ..... *[Signature]* ..... Date ..... *04/07/2023*

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**Appendix IV: Reporting of Climate Relevant Expenditures**

RIFT VALLEY TECHNICAL TRAINING INSTITUTE  
Telephone Number: 0704 244 244  
Email Address: info@rvti.ac.ke  
Name of CEO: Loice Kutoh

Name and contact details of contact person (in case of any clarifications) .....

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

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**Appendix V: Disaster Expenditure Reporting Template**

Date: \_\_\_\_\_  
Entity \_\_\_\_\_

Period to which this report refers (FY)	Year 2021/2022	Quarter				
Name of Reporting Officer	Loice Kutoh					
Contact details of the reporting officer:	Email info@rvti.ac.ke	Telephone 0704 244 244				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-