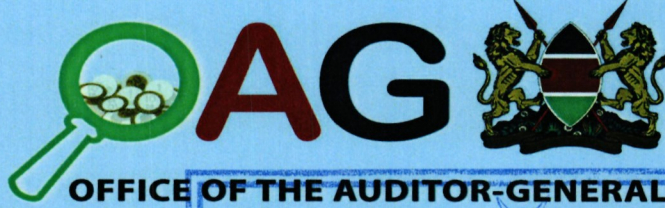


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 24 FEB 2021

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KARUMO TECHNICAL TRAINING  
INSTITUTE

FOR THE YEAR ENDED  
30 JUNE, 2020



**KARUMO TECHNICAL  
TRAINING INSTITUTE**

**KARUMO TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2020**

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

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

- i. Karumo Technical Training Institute (KTTI) is located in Athwana Location, Tigania West Sub-county in Meru County. It is approximately 3.5 kilometres off Meru-Maua road along kwa Amos Junction-Isiolo road at coordinates 0.21544, 37.751301. It occupies an area of approximately 25 acres. The area receives an annual rainfall of between 400 and 600 mm. The road transport infrastructure in the area is good; meaning that accessibility to this Institute has been made easy by available trunk roads.
- ii. It was established in 2015 under certificate of registration number RC/0006/2014 in recognition of the fact that Technology is a part of everyday life.
- iii. KTTI is managed by a Board of Governors (BOG) under the direction of the Ministry of Education. It operates under the TVET Act (2013) of the Laws of Kenya as well as Constitution of Kenya 2010, KNEC Act, PSC Act, KASNEB ACT, Policy guidelines among others.

**(b) Principal Activities:**

**VISION**

An outstanding institute in Technical and Vocational Education & Training (TVET) and Innovation.

**MISSION STATEMENT:**

To provide holistic Technical and Vocational Education and Training (TVET) programmes for self-reliance, community development and global competence.

**THE CORE MANDATE:**

- a. To teach and train in Technical and Vocational Education & Training; Research and Innovation and Community Service.

**b. Key Management**

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

- Board of Governors Management
- Accounting officer/ Principal
- Management team

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**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	MUTEMBEI KIGIGE
2.	D/Principal (Administration)	MATHEW NKARICHIA
3.	D/Principal ( Academics)	FLORAH KANYUA
4.	Registrar	NAOMI NJERI
5.	Dean of students	ALICE MUGAA
6.	Head of Finance	FAITH KATHURE
7.	Head of Procurement	DAVID GICHUNGE
8.	Guidance & counselling	PURITY KOOME
9.	Quality Assurance	JOYCE MBAYA
10.	Industrial Liaison Officer	BONFACE GITAU

**(d) Fiduciary Oversight Arrangements**

Name of the Committee	Members
Finance Infrastructure and Human Resource	1.Daniel Kabira (chairman) 2. Rose Jumwa 3.Joy Murithi 4. Isaac Kaberia
Education, Research and Training	1.Isaac Kaberia (Chairman) 2.Kennedy Thiongo 3.Rose Jumwa 4.Margret Nduhiu (TVET county Director)
Audit and Risk management	1.Ann Chelagat (Chairman) 2.Daniel Kabira 3.Francis Ngatunyi

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(e) Entity Headquarters**

P.O. BOX 276-60602  
KIANJAI  
MERU MAUA ROAD ALONG KWA AMOS JUNCTION  
MERU, KENYA

**(f) Entity Contacts**

Telephone: (254) 705636443  
E-mail: karumotti@gmail.com  
Website: info@karumotti.ac.ke

**(g) Entity Bankers**

1. Equity bank Kenya limited  
Meru - Makutano branch  
p.o.box 75104  
Meru, Kenya
2. Kenya Commercial Bank  
Meru- Makutano branch  
p.o.box  
meru,Kenya
3. National bank Kenya limited  
Kianjai branch  
p.o.box 261-60602  
kianjai Kenya

**(h) Independent Auditors**




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

**(i) Principal Legal Adviser**





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

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**II. THE BOG/BOARD OF GOVERNORS**

 <p>Major (Rtd) Andrew Nkiiri- BoG Chair</p>	<p>A retired Kenya air force Major. He is a qualified air craft engineer but currently self-employed in the fields of clearing and forwarding (Cargo handling services) Date of birth 20/02/1951</p>
 <p>Dr. Isaac Kaberia- BoG Member</p>	<p>PhD holder (University faculty member) Currently the chairman of the Education, Research and Training committee of the BOG Lecturer at Embu University  Date of Birth 02//01/1980</p>
 <p>Mrs. Joy Muriithi- BoG Member</p>	<p>A civil engineer by training on private practice. A member of the BOG  Date of Birth 16/05/1985</p>

**KARUMO TECHNICAL TRAINING INSTITUTE  
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	<p>University Graduate in management and BOG Member Finance specialist.  Date of Birth 18/08/1967</p>
<p>Mr. Kennedy Thiong'o- BoG Member</p>	
<p>Mr Mutembei Kigige- BoG Secretary</p>	<p>Holds an MBA in finance, Principal of the institute/Secretary to the BOG  Date of Birth 31/01/1967</p>
	<p>CPA (K) internal auditor with KTDA and chairperson of the Audit and Risk management committee of the BOG. Accountant Date of Birth 1978</p>
<p>Ms. Ann Chelagat- BoG Member</p>	
<p>Mr. Daniel Kabera- BoG Member</p>	<p>A graduate in Business management and the Chairman of Finance infrastructure and human resource committee of the BOG Finance Manager Date of Birth 1983</p>




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 <p>Mrs. Rose Jumwa- BOG Member</p>	<p>Graduate in Quantity Survey Quantity Surveyor</p> <p>Date of birth: 17/3/1989</p>
--	--

**III. MANAGEMENT TEAM**

 <p>Mr. Mutembei Kigige</p>	<p>Principal of the institute/Secretary to the BOG Holds an MBA (Finance Option).</p>
 <p>Mr. Mathews Nkarichia</p>	<p>Deputy Principal (Administration) Holds a Higher Diploma (Building and Civil Engineering)</p>
 <p>Mrs. Flora Kanyua-</p>	<p>Deputy Principal (Academics) Holds an MBA (Strategic Management Option)</p>

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 <p>Ms. Naomi Njeri</p>	<p>Registrar Holds Bachelor of Education (Technology Education-Computer Technology)</p>
 <p>Mrs. Alice Mugaa</p>	<p>Dean of Students MED (Guidance &amp; Counselling)</p>
 <p>Ms Faith Kathure</p>	<p>Finance Officer Bachelor in Business Admin, CPA(K) Member of ICPAK</p>
 <p>Mr. David Gichunge</p>	<p>Procurement Officer Bachelor in Supply Chain Management</p>

**KARUMO TECHNICAL TRAINING INSTITUTE  
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 <p>Mrs. Purity Koome</p>	<p>Guidance &amp; Counselling Diploma in Business Education</p>
 <p>Mrs. Joyce Mbaya</p>	<p>Quality Assurance Officer Master in Economics</p>
 <p>Mr. Bonface Gitau</p>	<p>Industrial Liaison Officer Bachelor of Education ( Technology Education – Building and Construction Technology)</p>

**KARUMO TECHNICAL TRAINING INSTITUTE  
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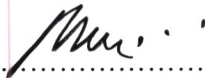
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**IV. CHAIRMAN'S STATEMENT**

Karumo TTI is a fully pledged Institution registered under the ministry of education under the TVET Act, 2013 to offer Technical and Vocational Education and Training courses. It opened its doors for training in September 2015. Karumo TTI was primarily constructed as a centre of excellence in Building and civil engineering but over time and due to the increasing demand for technical training in Kenya, we have found ourselves expanding our scope to offer other supporting high demand courses in electrical engineering, ICT, business courses, institutional management and Cosmetology. The BOG which was in operation during the first half of the financial period expired and a new BOG was appointed and inaugurated in January 2019. The current Principal/Secretary to the BOG was also deployed to Karumo TTI beginning of February 2019. As the chairman of BOG, I am committed to ensuring prudent use of the available resources (both financial and non-financial resources) of the institute. We have also endeavoured to attract and retain competent staff to offer services in an efficient manner. During the second half of the FY, we were able to streamline the finance department by deploying one more officer to assist in the finance department.

To be able to offer proper oversight and policy guidance, the Board has chosen to work with three committees namely; Finance, Infrastructure and Human Resource, Education, Research and Training and Audit and risk management committees.

As the chairman, I fully own this annual report and financial statements for FY 2019/2020 and its content.



.....

**BOG Chairman**

**Major (Rtd) Andrew Nkiiri**

**KARUMO TECHNICAL TRAINING INSTITUTE  
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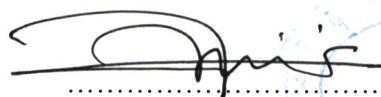
**V. REPORT OF THE PRINCIPAL**

Karumo TTI is a government Public Institution offering TVET courses. Karumo Technical Training Institute (KTTI) is located in Tigania west in Meru County. It is located in a hardship area and occupies approximately 24 acres of land. It opened its doors for training in September 2015 when it admitted the first trainees in building and civil engineering. It is managed by a Board of Governors (BOG) under the direction of the Ministry of Education and as per TVET Act, 2013. The Vision of Karumo TTI is ‘An outstanding institute in Technical and Vocational Education & Training (TVET) and Innovation’. Our mission is ‘To provide holistic Technical and Vocational Education and Training (TVET) programmes for self-reliance, community development and global competence. Currently, we have a student Population of 681 trainees, 45 (25 PSC, 20 BOG) trainers and 7 non-academic staff.

TVET training has over time received a lot of attention by the government and therefore we hope to increase rapidly going forward due to the increased demand as a result.

The preparation of Karumo TTI financial statements in conformity with IPSAS requires us 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. In respect, we have endeavoured to implement proper and approved working budgets every financial year. During the FY2019/2020, we received total revenue of Ksh. 36,329,400 from the services we render including fees collected, production activities and Ksh. 118,170 from the farm sales. At the close of the FY, we had a grand total balance from KCB and Equity banks national bank and cash at hand of kshs 65,437,864 However, our total uncollected balances stood at Ksh. 18,266,546. The debtors are primarily due to the un disbursed capitation for the 4<sup>th</sup> quarter FY2019/2020.

Karumo TTI BOG has however been very supportive in the implementation of the performance targets of the institute and has chosen to work with sub-committees for effectiveness and efficiency. This report has therefore been prepared as a true reflection of our achievements for the financial period.



Principal

Mutembei Kigige



**KARUMO TECHNICAL TRAINING INSTITUTE  
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**VI. REVIEW OF KARUMO TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2019/2020**

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.

Karumo TTI has 7 strategic pillars and objectives within its Strategic Plan for the FY 2017- 2022. These strategic pillars are as follows:

Pillar 1: Access and Equity

Pillar 2: Infrastructural resources

Pillar 3: Human Resource development

Pillar 4: Collaboration and linkages

Pillar 5: Technology

Pillar 6: Leadership and Governance

Pillar 7: Research and Development

Karumo TTI develops its annual work plans based on the above seven (7) 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 2019/2020 period for its 7 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Output</b>
Pillar 1: ACCESS AND EQUITY	Increase student’s enrolment	<ul style="list-style-type: none"> <li>• High student enrolment</li> <li>• Diversified student population</li> </ul>	<ul style="list-style-type: none"> <li>• Place 4 advertisements in 3 different media per year</li> <li>• Print 15,000 brochures per year and issue to students, staff and community</li> </ul>	Electronic and Print Advertisements  Print outs of brochures
	Improve average Trainees’ Performance	Increased enrolment	<ul style="list-style-type: none"> <li>• Monitor class attendance by both trainers and trainees</li> <li>• Plan and effectively implement calendar of events</li> </ul>	Audit Reports
Pillar 2: INFRASTRUCTURAL RESOURCES	Develop and upgrade physical infrastructure and acquire training equipment	Acquire an Institute Bus	<ul style="list-style-type: none"> <li>✓ Source for funds</li> <li>✓ Identify the supplier</li> <li>✓ Procure the bus</li> </ul>	Bus in place

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		Construct a tuition complex	Source fund ✓ Design the tuition complex ✓ Engage a contractor ✓ Equip	Equipped Tuition Block in place (Lecture chairs & Teachers desks)
		Construct a Masonry shed	✓ Source fund ✓ Design the Masonry shed ✓ Engage a contractor	Masonry shed in place
Pillar 3: Human Resource development	Attract and develop competent human resource	Adequate personnel for institutes operation	✓ Identify gaps ✓ Recruit and select	Done
Pillar 4: Collaboration and linkages	Establish and strengthen existing collaborations and linkages both locally and internationally	✓ Collaboration with KUCCPS ✓ Collaboration with NYS ✓ Collaboration with financial institutions ✓ Collaboration with HELB ✓ Collaboration with Meru University	Attend and participate in research conferences locally and internationally	Done
Pillar 5: Technology and Governance	Enhance ICT integration	Admission module Procurement module Examination module Library module	Deploy Management Information System ✓ Increase internet hotspots from the Current 3 to 6	Done
	Implement effective governance structures in service delivery	✓ Developed and displayed service charter ✓ Displayed departmental service charter	Develop and implement a Customer service delivery charter	In place
Pillar 7: Research and Development	Promote innovation and creativity in the institute through R&D and innovation	✓ Bee hives ✓ Flower gardens ✓ Water sources ✓ Honey	Bee- Keeping project:  Identify the site ✓ Procure hives ✓ establish flower gardens ✓ avail water sources	Done
		Establish R & D department Appoint R&D coordinator Develop R&D policy Set up R& D Fund	Establish R&D Function in the Institute	In place

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All these objectives were achieved by including them as projects in the institute's performance contract for the FY 2019/2020 and in the work-plan.

**VII. CORPORATE GOVERNANCE STATEMENT**

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

- (a) A chairperson;
- (b) A representative of the PS in the Ministry responsible for TVET
- (c) A representative of the Governor in the county
- (d) Six other persons appointed from the fields of;

- (i) Leadership and management;
- (ii) Financial management;
- (iii) Technology;
- (iv) Industry;
- (v) Engineering;
- (VI Information Communication Technology/legal

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

- i. Education, Research and Training,
- ii. Finance, Infrastructure and Human Resource,
- iii. Audit and Risk Management.

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

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

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

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**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

The BOG of the Institute has been very supportive to the management and has fully performed its oversight role in whole and through the BOG committees. The management team is also well constituted with the Principal being the team leader, two deputy principals (One in administration and one in Academics), the Registrar, dean of students, head of guidance and counselling and the industrial liaison officer. The Institute has a robust team of professional non-academic staff with a qualified finance officer, an accountant, procurement officer and an asset manager.

During the financial year, the management has endeavoured to satisfy both legal and regulatory requirement as espoused in its mandate under the TVET act 2013, the education act 2013, PFM Act 2012 and its regulations etc. Our operations were smooth and undisturbed for three quarter of the year though the fourth quarter was significantly affected by the emergence of Covid-19 which interrupted our major operations after a directive was issued for all trainers and trainees to go home and operate from their homes. Further, the ministry did not release the fourth quarter capitation for the trainees reducing our operational incomes significantly.

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

**FY 2019/2020 Key Projects Completion Rate**

<b>Project Name</b>	<b>Project Description</b>	<b>Location</b>	<b>Total Estimated Cost KSHS</b>	<b>Current status</b>	<b>Allocation for FY 2019/2020 KSHS</b>	<b>Expected Deliverables (output for FY 2019/2020)</b>	<b>End of FY Completion status</b>
Bus	Procure a 51-seater institute bus	Karumo TTI	7,000,000	New	7,000,000	Bus in place	100% Completed.
Tuition block	3storey tuition block up to superstructure	Karumo TTI	18,000,000	New	18,000,000	100% complete tuition block superstructure	75% done Delay occasioned by covid-19
Masonry shed	Construct masonry shed to completion	Karumo TTI	5,000,000	New	5,000,000	100% complete masonry shed	100 % done
Food and beverage workshop	This entails equipping an existing room	Karumo TTI	1,500,000	New	1,500,000	Equipped food and beverage workshop	100% done
Operational bee keeping	Construct and operationalize	Karumo TTI	500,000	New	500,000	Operational bee hives and harvest at least 50kg	Bee hives constructed 100% (however, no honey

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	twenty five (25) bee hives					processed honey	has been harvested yet).
<b>TOTAL</b>			<b>32,000,000</b>				

Due to the delays in capititation, the emergence of covid-19 and the consequent loss of income, the Institute has not been able to carry out some of its PC obligations to the full. For instance, we hoped to be ISMS certified by KEBS before the end of the year though we were disrupted at the last stages of the exercise. However, we were able to pay our suppliers on time and meet our obligations whenever they fell due and as per our commitments in the institute service charter.

**IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

**i) Sustainability strategy and profile**

The institute has endeavoured to be in contact with the local community. For instance, the bee hive project was conceived with the local community at heart. Where Karumo TTI would construct hives for the community, train them on bee keeping and then buy the honey for value addition. It is meant to operate like a cooperative society to raise the economic status of the community who would in turn be able to pay fees for their children at the Institute. Sustainability in personnel management has been ensured through transfer of skills and responsibilities through staff development, delegation, involving staff in decision making during management meetings and succession planning. As for projects, the major threat is that the institute is located within a hardship region where rainfall is sometimes inadequate. However, we have ensured we have adequate water supply throughout the year from a borehole and powered by a solar system to ensure water adequacy and reliability.

We have also signed MOUs with reputable organizations for the benefit of our trainees and trainers where they can carry out attachments and internships as trainees build lasting relationships and confidence with employers for future or immediate engagements. We ensure whenever some works are going on within the institute, a significant number of our trainees are engaged on casual basis to enhance their skills. We participate in robotic contests, drama and trade fairs to ensure exposure of trainees to different environments as they build capacities for innovation and inventions.

**ii) Environmental performance**

We have endeavoured to go green by installing an operational solar powered bore hole water system. We have also ensured the institute has installed and marked litter bins for waste collection which is transferred to a well done compost pit. Karumo TTI is an alcohol and drug free institution with an operational guidance and counselling office and personnel. We have an environmental policy in place. Solid waste is well managed. We have a good sewer system and well-constructed and clean pit latrines.

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**iii) Employee welfare**

The staff well constitute with strict consideration of gender balance. Majority of the staff are from the local community and we have ensured that over 30% are from other communities to achieve the face of Kenya. We carry out annual appraisals and gap analysis to be able to ensure mitigation strategies. We have in our budget provision for staff development and our staffs benefit allocation from the vote head. We have fully complied with the Occupational Safety and Health Act of 2007. We give ten o'clock tea with a snack to all our staff for free.

**iv) Market place practices-**

The institute has fully complied with the provisions of anticorruption. We have carried out trainings by the EACC staff. We have a good supplier relationship. We pay them on time and we ensure we do not entertain any irregularities to minimize any complains.

**v) Community Engagements-**

The community supplies casual labour to the institute. Our institution is open for meetings and social welfare activities as we ensure security of the institute property and integrity.

**X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS**

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

**Principle activities**

The principle activities of the entity are:

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

**KARUMO TECHNICAL TRAINING INSTITUTE  
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**Results**

The results of the entity for the year ended 30<sup>th</sup> June 2020 are set out on page **1-41**

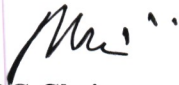
**BOG/BOARD OF GOVERNORS**

The members of the Board /BOG who served during the year are shown on page v. During the year 2018/2019 the former board expired and another one was appointed with effect from January 2019. The secretary BOG was also transferred and the current one took over with effect from 05/03/2019.

**Auditors**

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

By order of the Board.



**BOG Chairman**

**Major (Rtd) Andrew Nkiiri**

**KARUMO TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**XI. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES**

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

The BOG members are responsible for the preparation and presentation of Karumo TTI 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, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 BOG members accept responsibility for Karumo TTI financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The BOG members are of the opinion that Karumo TTI financial statements give a true and fair view of the state of Institutes transactions during the financial year ended June 30, 2020, and of Karumo TTI financial position as at that date. The BOG members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of Karumo TTI financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the BOG members to indicate that Karumo TTI will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Karumo TTI financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

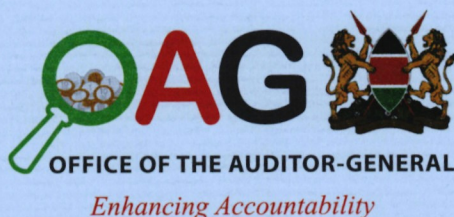
  
\_\_\_\_\_  
BOG CHAIR  
Major Adrew Nkiiri

  
\_\_\_\_\_  
BOG Member  
Dr. Isaac Kaberia

  
\_\_\_\_\_  
SECRETARY  
Mutembei Kigige



# REPUBLIC OF KENYA



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

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

## **REPORT OF THE AUDITOR-GENERAL ON KARUMO TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020**

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Karumo Technical Training Institute set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya 2010 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 Karumo Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

#### **Basis for Qualified Opinion**

##### **1.0 Errors in the Presentation of Financial Statements**

The annual report and financial statements prepared and presented for audit were not dated and signed contrary to the requirements of the Public Sector Accounting Standards Board (PSASB) reporting guidelines issued in June, 2020.

In the circumstances, the financial statements as presented do not comply with International Public Sector Accounting Standard No.1 on presentation of financial statements.

##### **2.0 Inaccurate Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 20 (a) to the financial statements reflects Kshs.16,085,420 in respect to property, plant and equipment comprising of Kshs.6,647,000 and Kshs.9,438,420 for motor vehicles and tuition block, respectively. Review of documents provided revealed that the assets were reflected at cost without depreciation contrary to International Public Sector Accounting Standards (IPSAS) 17 Paragraph 88(e)(vii).

Further, as reported in the previous year, review of the stores register revealed that the institution has assets including furniture, 500 Kva generator, 100-seater tent, 49 inch and 24-inch Samsung digital television sets all of unknown value which were not included in the property, plant and equipment schedule. In addition, physical verification revealed that the Institute has other buildings including an administration block, lecture halls, kitchen and ablution block, twenty-five (25) acres land, training equipment and computers of unknown value which were also not reflected in the property, plant and equipment schedule.

In the circumstances, the accuracy, ownership and completeness of the property, plant and equipment balance of Kshs.16,085,420 as at 30 June, 2020 could not be ascertained.

### **3.0 Inaccurate Opening Balance of Capital Development Grants**

The statement of changes in net assets for the year ended 30 June, 2020 reflects a Nil balance in respect to opening balance of capital development grants/fund for the year ended 30 June, 2020. However, the 2018/2019 audited financial statements reflect a closing balance of Kshs.24,472,679 on the same item resulting to an unexplained variance of the same amount.

In the circumstances, accuracy and completeness of the Nil opening balance of capital development grants in the statement of changes in net assets for the year ended 30 June, 2020 could not be confirmed.

### **4.0 Unsupported Domestic Travel and Subsistence**

The statement of financial performance and as disclosed in Note 10(a) to the financial statements, reflects Kshs.29,565,910 in respect to use of goods and services. Included in this figure is Kshs.2,138,350 in respect to domestic travel and subsistence which further includes Kshs.337,400 paid to officers for accommodation and subsistence. However, the supporting documents including invitation letters, work/bus tickets, attendance schedules and back to office reports were not provided for audit review.

In the circumstances, the accuracy and validity of the Kshs.337,400 expenditure for the year ended 30 June, 2020 could not be ascertained.

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

### **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.109,079,384 and Kshs.106,445,784 respectively resulting to an under-funding of Kshs.2,633,600 or 2% of the budget. Similarly, the Institute expended Kshs.56,061,697 against the approved budget of Kshs.109,079,384 resulting to an under-expenditure of Kshs.50,384,087 or 46% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis on 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**

#### **Non-Compliance with Law on Ethnic Composition**

Analysis of personnel records including payrolls data revealed that the Institute's Board of Governors had employed thirty-seven (37) staff members during the year ended 30 June, 2020. However, twenty-one (21) or 57% of them were from the dominant community in the region contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

In the circumstances, the Institute 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, 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**

### **1.0 Lack of an Internal Audit Department**

As reported in the previous year, the Board had not established an Internal Audit Unit as at 30 June, 2020 as required by Section 73(1) (a) of the Public Finance Management Act, 2012 which stipulates that every national government entity should ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

The Management is therefore in breach of the Act.

### **2.0 Non-Establishment of Audit Committees**

The Board had not established an Audit Committee as at 30 June, 2020 as required by Section 73(5) of Public Finance Management Act, 2012 which stipulates that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. The audit committee would have performed various functions stipulated by Section 175 of Public Finance Management (National Government) Regulations, 2015 including supporting the Accounting Officer with regard to their responsibilities for issues of risk, control and governance and associated assurance but the responsibility over the management of risk, control and governance processes remains with the management of the concerned entity; and follow up on the implementation of the recommendations of internal and external auditors.

The Board is in breach of the law and the effectiveness of internal controls could not be confirmed.

### **3.0 Untagged Assets**

Physical verification revealed that computers and furniture and fittings were not tagged for ease of tracking and identification contrary to Section 139(1) (b) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

Consequently, the Management is therefore in breach of the regulations.

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 the Board of Governors**

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using 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.

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

03 February, 2022

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**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	10,157,000	10,590,000
Transfer from other levels of Government.	7	35,483,000	-
		<b>45,640,000</b>	<b>10,590,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	8	36,211,230	24,110,782
Sale of goods	9	118,170	527,560
<b>Revenue from exchange transactions</b>		<b>36,329,400</b>	<b>24,638,342</b>
<b>Total revenue</b>		<b>81,969,400</b>	<b>35,228,342</b>
<b>Expenses</b>			
Use of goods and services	10	29,565,910	17,153,239
Employee costs	11	7,544,665	9,919,353
Remuneration of directors	12	1,720,100	-
Depreciation and amortization expense	13	-	-
Repairs and maintenance	14	1,145,602	778,272
General Expenses	15	-	8,796,640
Audit fees	10(b)	633,487	-
<b>Total expenses</b>		<b>40,609,764</b>	<b>36,647,504</b>
<b>Total other gains/(losses)</b>			
<b>Net Surplus for the year</b>		<b>41,359,636</b>	<b>(1,419,162)</b>

The notes set out on pages 6 to 36 form an integral part of the Annual Financial Statements.

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**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2020**

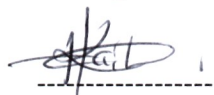
	Notes	2019-2020 Kshs	2018-2019 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	65,437,864	29,040,637
Current portion of receivables from exchange transactions	17(a)	18,266,546	19,085,568
Other prepayments	17(b)	7,931,866	-
Receivables from non-exchange transactions	18	2,197,500	3,795,000
Inventories	19	239,007	-
<b>Total current Assets</b>		<b>94,072,783</b>	<b>51,921,205</b>
<b>Non-current assets</b>			
Property, plant and equipment	20(a)	16,085,420	00.00
Intangible assets	20(b)	1,013,563	
<b>Total Non-current Assets</b>		<b>17,098,983</b>	
<b>Total assets</b>		<b>111,171,766</b>	<b>51,921,205</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21(a)	26,810,500	2,905,704
Audit fees	21(b)	1,234,820	-
Refundable deposits from customers	22	472,200	327,700
Bank overdraft	16(b)	1,606	-
Deferred income	23	17,081,094	24,472,679
<b>Total current liabilities</b>		<b>45,600,220</b>	<b>27,706,083</b>
<b>Total liabilities</b>		<b>45,600,220</b>	<b>27,706,083</b>
<b>Net assets</b>			
Reserves		25,631,072	-
Accumulated surplus		39,940,474	-
<b>Total capital reserves</b>		<b>65,571,546</b>	
<b>Total net assets and liabilities</b>		<b>111,171,766</b>	<b>27,706,083</b>

The Financial Statements set out on pages 1 to 41 were signed on behalf of the Institute Council/ Board of Governors by:



**Chairman Board of Governors**  
Major (rtd) Andrew Nkiiri

Date... 18/01/2021



**Finance Officer**  
Faith Kathure  
ICPAK No 24784

Date 18/01/2021



**Principal**  
Mutembei Kigige



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**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Revaluation Reserve</b>	<b>Fair value adjustment</b>	<b>Retained earnings</b>	<b>Capital/ Development Grants/Fund</b>	<b>Total</b>
<b>Balance b/f as at July 1, 2019</b>	-	-	(1,419,162)	-	(1,419,162)
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/ Deficit for the year	-	-	41,359,636	-	41,359,636
Capital/Development grants received during the years	-	-	-	3,564,500	3,564,500
Accumulated Capital/Development grants received during the years (Appendix v)	-	-	-	22,066,572	22,066,572
<b>Balance c/d as at June 30, 2020</b>	-	-	<b>39,940,474</b>	<b>25,631,072</b>	<b>65,571,546</b>

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**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

		2019-2020	2018-2019
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	10,157,000	10,590,000
Rendering of services- Fees from students	8	36,211,230	24,110,782
Sale of goods	9	118,170	527,560
Other income (capital expenditure recognized as revenue)	7	35,483,000	-
<b>Total Receipts</b>		<b>81,969,400</b>	<b>35,228,342</b>
<b>Payments</b>			
Use of goods and services	10	29,565,910	17,153,239.00
Audit fees	10(b)	633,487	-
Compensation of employees	11	7,544,665	9,919,353.00
Remuneration of Directors	12	1,720,100	-
Repairs and maintenance	14	1,145,602	778,272
Other payments (general expense)		-	8,796,640
<b>Total Payments</b>		<b>40,609,764</b>	<b>36,647,504</b>
<b>Net Surplus</b>		<b>41,359,636</b>	<b>(1,419,162)</b>
<b>Cash flows from operating activities</b>			
<b>Non-Cash movements</b>			
Less; (Increase)/Decrease in AR- Exchange trans.		819,022	-
Less; (Increase)/Decrease in AR- Non-exchange trans		1,597,500	-
Less; (Increase)/Decrease in Inventory		(239,007)	-
Less; (Increase)/Decrease in other AR Prepayments		(7,931,866)	-
Less; (decrease)/Increase in creditors/AP & Refundable depo		25,284,116	-
Less; (decrease)/Increase in Deferred Income		(7,391,585)	-
<b>Net cash flows from operating activities</b>		<b>53,497,816</b>	<b>(1,419,162)</b>
<b>Cash flows from investing activities</b>			
Capital expenditure	21(b)	(16,085,420)	-
Purchase of Intangible assets		(1,013,563)	-
<b>Net cash flows from investing activities</b>		<b>(17,098,983)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Bank Overdraft		(1,606)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>36,397,227</b>	<b>(3,384,824)</b>
Cash and cash equivalents at 1 JULY		29,040,637	32,425,461
<b>Cash and cash equivalents at 30 JUNE 2020</b>		<b>65,437,864</b>	<b>29,040,637</b>

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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
<b>Revenue</b>										
Balance b/f from 2018/2019	24,476,384		-		24,476,384		24,476,384		-	
Transfers from other Govt entities Govt grants	15,000,000		-		15,000,000		10,157,000		4,843,000	
Transfers from other levels of government	19,500,000		-		19,500,000		35,483,000		(15,983,000)	
Rendering of services- Fees from students	48,223,000		-		48,223,000		36,211,230		12,011,770	
Sale of goods	1,880,000		-		1,880,000		118,170		1,761,830	
<b>Total income</b>	<b>109,079,384</b>		<b>-</b>		<b>109,079,384</b>		<b>106,445,784</b>		<b>2,633,600</b>	
<b>Expenses</b>										
Use of goods and services	45,884,384		-		45,884,384		29,565,910		16,318,474	
Employee costs	9,228,000		-		9,228,000		7,544,665		1,683,335	
Remuneration of directors	2,000,000		-		2,000,000		1,720,100		279,900	
Depreciation and amortization expense	-		-		-		-		-	
Repairs and maintenance	834,000		-		834,000		1,145,602		(311,602)	
General Expenses			-				-		-	
Audit fees	633,000				633,000		-		633,000	
Capital expenditure	50,500,000		-		50,500,000		16,085,420		34,414,580	
<b>Total expenditure</b>	<b>109,079,384</b>		<b>-</b>		<b>109,079,384</b>		<b>56,061,697</b>		<b>53,017,687</b>	
<b>Surplus for the period</b>	<b>-</b>				<b>-</b>		<b>50,384,087</b>		<b>(50,384,087)</b>	

**KARUMO TECHNICAL TRAINING INSTITUTE  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

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

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</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.</p> <p>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>
<b>IPSAS 42:</b> Social Besnefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <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>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</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>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</li> </ul>

**iii. Early adoption of standards**

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition (Continued)**

**iii) Budget information**

The original budget for FY 2019/2020 was approved by the Board on 12<sup>th</sup> July 2019. 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. According to the entity, there were no additional appropriations or adjustments made during the year 2019/2020.

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 10 of these financial statements.

**Taxes**

**Current income tax**

The entity is exempt from paying taxes as per schedule

**Sales tax/ Value Added Tax**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**iv) Investment property**

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

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

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

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

**v) Property, plant and equipment**

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

**vi) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the

lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**vi) Leases (Continued)**

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

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

**vii) Intangible assets**

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

**viii) Research and development costs**

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**Impairment of financial assets (Continued)**

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**x) Financial instruments (Continued)**

**Financial assets (Continued)**

**Impairment of financial assets (Continued)**

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

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

**i) Inventories**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Inventories (Continued)**

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

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

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

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

**x) Provisions**

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

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

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

**Contingent liabilities**

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

**Contingent assets**

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contingent assets (Continued)**

**i) Nature and purpose of reserves**

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

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

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

**iii) Employee benefits**

**Retirement benefit plans**

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

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

**iv) Foreign currency transactions**

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

**v) Borrowing costs**

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**vi) Related parties**

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

**vii) 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.

**viii) 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.

**ix) Comparative figures**

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

**x) 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, 2019.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 (a). TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Operational grant (Capitation)	6,592,500	3,000,000
Other grants (capitation for FY 2018/2019 RECEIVED IN FY 2019/2020)	3,795,000	7,590,000
	<b>10,387,500</b>	<b>10,590,000</b>
<b>Conditional grants</b>		
Perimeter wall (Tuition block)	3,564,500	3,564,500
<b>Total government grants and subsidies</b>	<b>13,952,000</b>	<b>14,154,500</b>

**6 (b). TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

<b>Name of the Entity sending the grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund. Kshs</b>	<b>Total grant income during the year Kshs</b>	<b>2018-2019 Kshs</b>
BALANCE B/F		24,472,679			
Education Ministry/State Department	10,387,500.00	3,564,500	10,953,220	3,564,500	14,154,500
Ministry	-	-	-	-	-
<b>Total</b>	<b>10,387,500</b>	<b>28,037,179</b>	<b>10,953,220</b>	<b>3,564,500</b>	<b>14,154,500</b>

The details of the reconciliation have been included under appendix III

**Reconciliations of Development Grants**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Balance unspent at beginning of year</b>	<b>24,472,679</b>	<b>20,908,179</b>
Current year receipts	3,564,500	3,564,500
Conditions met - transferred to revenue	10,956,085	-
<b>Conditions to be met - remain liabilities</b>	<b>17,081,094</b>	<b>24,472,679</b>

NB: These are funds received for the Perimeter wall project that had not taken off as at the 30<sup>th</sup> June 2019, and were transferred into construction of tuition block in the FY 2019/2020. These funds are in a different account in KCB Development bank account with a balance of kshs 17,081,094 at the end of the trading period ended 30<sup>th</sup> June 2020.

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**7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Transfer from NYS	35,483,000	00
<b>Total</b>	<b>35,483,000</b>	<b>00</b>

**8. (a) RENDERING OF SERVICES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Tuition fees	2,098,258	11,453,152
Activity fees	1,406,925	1,485,865
Examination fees	3,155,840	2,405,760
Library fees	00	00
Facilities and materials(other tuition related)	29,409,807	16,354,305
Registration fees	140,400	1,700
<b>Total revenue from the rendering of services</b>	<b>36,211,230</b>	<b>31,700,782</b>

**8. (b) FACILITIES AND MATERIALS (OTHER TUITION RELATED)**

<b>ITEM DESCRIPTION</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Accommodation	4,489,900	3,662,300
Application Fees	117,000	110,000
Attachment Fees	1,085,175	1,293,600
Bog Teachers Levy	-	364,500
Computer Packages	135,000	55,000
Exam Fees & Stationery	1,178,000	7,950
ICT Fund	-	258,000
Insurance Fund	-	1,000
Personal Emoluments	-	5,476,224
Material Fees	-	243,000
Medical Fees	-	72,900
SES	12,000,096	729,000
Student Id	61,380	55,500
Student Welfare	565,280	535,800
EWC	1,642,157	1,210,537
Repairs And Maintenance	1,301,434	610,632
Local Transport And Travel	1,210,754	1,108,862
KUCCPS Registration	43,500	559,500
Personal Emoluments	5,580,131	-
<b>Total Facilities and Materials</b>	<b>29,409,807</b>	<b>16,354,305</b>

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**9. SALE OF GOODS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Sale of goods</b>		
Sale of farm produce	118,170	527,560
<b>Total revenue from the sale of goods</b>	<b>118,170</b>	<b>527,560</b>

This is Revenue from production activities of the Institute

**10 a). USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Electricity	742,911	952,053.25
Security	00	502,919
Subscriptions	185,450	10,000
Boarding Equipment and stores	4,159,548	6,552,062
School equipment and stores	5,012,002	5,503,874
Student activities costs	1,942,547	2,677,461
Other developments	164,202	954,870
Publicity and advertising	3,687,790	-
Information security management system (ISMS)	2,252,600	-
Audit fees	-	-
Fuel and oil	42,324	-
Insurance(motor vehicle	250,679	-
Other general expenses	1,564,800	-
Staff Tea	227,385	-
Security costs	660,000	-
Skills development	176,000	-
Corporate social responsibility	323,585	-
Performance Contract Expenses	627,250	-
Telephone and postage	182,144	-
Training expenses	156,492	-
Robotic / Automation Expenses	308,715	-
Student union expenses	272,420	-
Production unit expenses	421,600	-
Management information systems	1,181,800	-
Bank charges	33,057	-
Domestic Travel and subsistence	2,138,350	-
Internet services	283,799	-
Hospitality and refreshments	797,610	-
Student group medical expenses	-	-
Other (examination costs)	1,770,850	-
<b>Total good and services</b>	<b>29,565,910</b>	<b>17,153,239</b>

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**10 b). AUDIT FEES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Audit fees	633,487	601,333
<b>Total</b>	<b>633,487</b>	<b>601,333</b>

**Note:** audit fees for FY 2018-2019 and 2019-2020 has been accrued in the financial year 2019 -2020 totalling to kshs 1,234,820 recognised in statement.

**11. EMPLOYEE COSTS**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	7,544,665	6,352,113
Travel, motor car, accommodation, subsistence and other allowances	-	3,567,240
<b>Employee costs</b>	<b>7,544,665</b>	<b>9,919,353</b>

**12. REMUNERATION OF DIRECTORS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Other allowances	1,720,100	-
<b>Total director emoluments</b>	<b>1,720,100</b>	<b>-</b>

**13. DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

**14. REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Office equipment	68,500	130,972
Furniture and fittings	7,409	315,000
Water pump	155,245	-
Buildings	123,000	-
Plumbing	18,350	15,660
Electricals	11,400	148,650
Other	761,698	167,990
<b>Total repairs and maintenance</b>	<b>1,145,602.00</b>	<b>778,272</b>

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**15. GENERAL EXPENSES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Advertising	-	453,800
Security	-	502,919
Consumables	-	310,774
Performance Contract Expenses	-	630,084
Telephone and postage	-	125,054
Training expenses	-	622,553
Robotic / Automation Expenses	-	1,109,000
Student union expenses	-	550,141
Production unit expenses	-	191,450
Management information systems	-	1,218,000
Bank charges	-	47,050
Newspapers and periodicals	-	18,000
Internet services	-	465,700
Hospitality and refreshments	-	78,850
Marketing expenses	-	16,000
Student group medical expenses	-	40,825
Other (examination costs)	-	2,416,440
<b>Total good and services</b>	<b>-</b>	<b>8,796,640</b>

**16. CASH AND CASH EQUIVALENTS**

**16 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

<b>Financial institution</b>	<b>Account number</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank		17,081,094	24,472,679
Equity Bank,	1040264542354	48,140,745	4,212,664
National Bank 1	01025088277900	193,025	343,000
National Bank 2	10120088277900		1,394
<b>Sub- total</b>		<b>65,414,864.05</b>	<b>29,029,737</b>
cash in hand		23,000	10,900
<b>Sub- total</b>		<b>23,000</b>	<b>10,900</b>
<b>Grand total</b>		<b>65,437,864</b>	<b>29,040,637</b>

**16 (b) Bank Overdraft**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
National Bank 2(10120088277900)	1,606	-
<b>Total</b>	<b>1,606</b>	<b>-</b>

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**17(a). RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Student debtors	18,266,546	19,085,568
<b>Total current receivables</b>	<b>18,266,546</b>	<b>19,085,568</b>

**17(b). OTHER PREPAYMENTS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Prepayments from student	7,931,866	-
<b>Total current receivables</b>	<b>7,931,866</b>	<b>-</b>

**18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Transfers from other govt. entities(CAPITATION)	2,197,500	3,795,000
<b>Total current receivables</b>	<b>2,197,500</b>	<b>3,795,000</b>

**19. INVENTORIES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Consumable stores	239,007	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>239,007</b>	<b>-</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:

<b>Name of entity where investment is held</b>	<b>No of shares</b>			<b>Nominal value of shares</b>	<b>Fair value of shares</b>	<b>Fair value of shares</b>
	<b>Direct shareholding</b>	<b>Indirect shareholding</b>	<b>Effective shareholding</b>			
	<b>%</b>	<b>%</b>	<b>%</b>			
				<b>Shs</b>	<b>Shs</b>	<b>Prior year</b>
						<b>Shs</b>
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-

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**20(a) PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Tuition Block)		Plant and equipment		Capital Work in progress		Total		
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
At 1 July 2019																	
Additions	-		6,647,000		-		-		9,438,420								16,085,420
Disposals																	
Transfers/adjustments																	
<b>At 30 June 2020</b>			<b>6,647,000</b>						<b>9,438,420</b>								<b>16,085,420</b>
Additions																	
Disposals																	
Transfer/adjustments																	
<b>At 30 June 2018</b>																	
<b>Depreciation and impairment</b>																	
At 1 July 2019																	
Depreciation																	
Impairment																	
<b>At 30 June 2018</b>																	
Depreciation																	
Disposals																	
Impairment																	
Transfer/adjustment																	
<b>At 30 June 2019</b>																	
<b>Net book values</b>																	
<b>At 30 June 2020</b>																	
<b>At 30 June 2020</b>			<b>6,647,000</b>						<b>9,438,420</b>								<b>16,085,420</b>

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**20 (b) Intangible Assets**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Intangible assets (software)	1,013,563	-
<b>Total</b>	<b>1,013,563</b>	<b>-</b>

**21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	-	2,905,704
Fees paid in advance (NYS)	26,810,500	-
<b>Total trade and other payables</b>	<b>26,810,500</b>	<b>2,905,704</b>

**21 (b) PROVISION FOR AUDIT FEES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Audit fees	1,234,820	-
<b>Total</b>	<b>1,234,820</b>	<b>-</b>

**22. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Caution money	472,200	327,700
<b>Total deposits</b>	<b>472,200</b>	<b>327,700</b>

**23. DEFERRED INCOME**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
National government	17,081,094	24,472,679
<b>Total deferred income</b>	<b>17,081,094</b>	<b>24,472,679</b>

The deferred income movement is as follows:

	<b>National government</b>	<b>International funders/ donors</b>	<b>Public contributions and donations</b>	<b>Total</b>
Balance brought forward	24,472,679	-	-	24,472,679
Additions during the year	3,564,500	-	-	3,564,500
Transfers to Capital fund	(10,953,220)	-	-	(10,953,220)
Transfers to income statement	(2,865)	-	-	(2,865)
Other transfers	-	-	-	-
<b>Balance carried forward</b>	<b>17,081,094</b>	<b>-</b>	<b>-</b>	<b>17,081,094</b>

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**24. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	18,266,546	-	-	-
Receivables from non-exchange transactions	2,197,500	-	-	-
Bank balances	65,437,464	-	-	-
<b>Total</b>	<b>85,901,510</b>	-	-	-
<b>At 30 June 2019</b>				
Receivables from exchange transactions	19,085,568	-	-	-
Receivables from non-exchange transactions	3,795,000	-	-	-
Bank balances	29,040,637	-	-	-
<b>Total</b>	<b>51,921,205</b>	-	-	-

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**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.

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.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2020</b>				
Deferred income	-	-	17,081,094	17,081,094
Trade payables	26,810,500	-	-	26,810,500
<b>Total</b>	<b>26,810,500</b>	<b>-</b>	<b>17,081,094</b>	<b>43,891,594</b>

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**FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

**a) Foreign currency risk**

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2020</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.

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**FINANCIAL RISK MANAGEMENT (Continued)**

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

**a) Foreign currency risk (Continued)**

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

**Foreign currency sensitivity analysis**

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

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2020</b>			
Euro	10%		
USD	10%		
<b>2019</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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**iv) Capital Risk Management**

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

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

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

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

	2019-2020	2018-2019
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods		
Sales of services		
<b>Total</b>		
<b>b) Grants from the Government</b>		
Grants from National Govt	13,952,000	
Grants from County Government		
Donations in kind		
<b>Total</b>	<b>13,952,000</b>	
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	
Payments for goods and services	-	
<b>Total</b>	-	
<b>d) Key management compensation</b>		
Directors' emoluments	1,720,100	
Compensation to the CEO	00	
Compensation to key management	840,000	
<b>Total</b>	<b>2,560,100</b>	

**25. SEGMENT INFORMATION**

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

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**26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

<b>Contingent liabilities</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There was no pending court case by the end of the FY 2019/2020

**27. CAPITAL COMMITMENTS**

<b>Capital commitments</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for (masonry shed)	5,000,000	-
Authorised and contracted for (Tuition Block)	26,112,922.40	-
<b>Total</b>	<b>31,112,922.40</b>	<b>-</b>

**26. EVENTS AFTER THE REPORTING PERIOD**

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

**27. ULTIMATE AND HOLDING ENTITY**

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

**28. CURRENCY**

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

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**XVIII. APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<b>BASIS FOR DISCLAIMER OF OPINION</b>				March 2021
1.0	Accuracy of the financial statements		Faith Kathure finance officer	Not resolved	March 2021
1.1	Ubalanced statement of financial position		Faith Kathure finance officer	Not resolved	March 2021
1.2	Statement of changes in net assets		Faith Kathure finance officer	Not resolved	March 2021
1.3	Statement of cash flows		Faith Kathure finance officer	Not resolved	March 2021
1.4	Statement of comparison of budget and actual amounts		Faith Kathure finance officer	Not resolved	March 2021
1.5	Variance between the Tansfer(Development Grants) from National Government and the institute balance		Faith Kathure finance officer	Not resolved	March 2021
2.0	Property plant and Equipment		Faith Kathure finance officer	Not resolved	March 2021
3.0	Unsupported balances		Faith Kathure finance officer	Not resolved	March 2021
4.0	Deferred income		Faith Kathure finance officer	Not resolved	March 2021

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
5.0	Revenue from exchange transactions		Faith Kathure finance officer	Not resolved	March 2021
5.1	Un reported revenue		Faith Kathure finance officer	Not resolved	March 2021
5.2	Sale of goods		Faith Kathure finance officer	Not resolved	March 2021
6.0	Expenses		Faith Kathure finance officer	Not resolved	March 2021
6.1	Use of goods and services:purchase of textbook		Faith Kathure finance officer	Not resolved	March 2021
6.2	Employee costs		Faith Kathure finance officer	Not resolved	March 2021
6.3	General expense		Faith Kathure finance officer	Not resolved	March 2021
6.3.1	Security costs		Faith Kathure finance officer	Not resolved	March 2021
6.3.2	Advertising services		Faith Kathure finance officer	Not resolved	March 2021
7.0	Non provision of audit fees		Faith Kathure finance officer	Not resolved	March 2021
8.0	Budgetary control and performance		Faith Kathure finance officer	Not resolved	March 2021
8.1	Revenue analysis		Faith Kathure finance officer	Not resolved	March 2021
8.2	Expenditure analysis		Faith Kathure finance officer	Not resolved	March 2021
8.3	Unbalanced budget		Faith Kathure finance officer	Not resolved	March 2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
1.0	Boarding Equipment and stores		Faith Kathure finance officer	Not resolved	March 2021
2.0	Presentation of financial statements		Faith Kathure finance officer	Not resolved	March 2021
3.0	Establishment of Internal Audit Unit		Faith Kathure finance officer	Not resolved	March 2021
4.0	Submission of financial statements		Faith Kathure finance officer	Not resolved	March 2021
4.1	Non submission of the Financial statements		Faith Kathure finance officer	resolved	March 2021
4.2	Late submission of the financial statement		Faith Kathure finance officer	resolved	March 2021

Principal

Date.....



Chairman of the Board

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Block	1	Ministry of Education	2018/2019		no	yes
	2					

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Tuition Block	26,112,992.40		9,438,420	32,00,000	26,112,992.40	Ministry of education capital development fund.
2							

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**APPENDIX III: INTER-ENTITY TRANSFERS**

ENTITY NAME:				
<b>Break down of Transfers from the State Department of Technical and Vocational Education</b>				
<b>FY 19/20</b>				
a. Recurrent Grants (Capitation)				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		15/07/2019	3,795,000	2018/2019
		21/10/2019	2,805,000	2019/2020
		06/05/2020	1,590,000	2019/2020
		03/07/2020	2,197,500	2019/2020
		<b>Total</b>	<b>10,387,500</b>	
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		5/7/2019	3,564,500	2019/20120
			-	
		<b>Total</b>	<b>3,564,500</b>	
c. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	
d. Donor Receipts				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	

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

**Finance Officer  
Karumo TTI**

Sign



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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	15/07/2019	Recurrent	3,795,000	-	-	-	3,795,500.00	-	3,795,000
	21/10/2019	Recurrent	2,805,000	2,805,000	-	-	-	-	2,805,000
	06/05/2020	Recurrent	1,590,000	1,590,000	-	-	-	-	1,590,000
	03/07/2020	Recurrent	2,197,500	2,197,500	-	-	-	-	2,197,500
Ministry of Education	5/7/2019	Development	3,564,500	-	-	3,564,500	-	-	3,564,500
USAID	N/A	Donor Fund	-	-	-	-	-	-	-
Ministry of Education	-	Direct Payment	-	-	-	-	-	-	-
NYS		Fees for NYS students	8,762,670	8,762,670	-	-	-	-	8,762,670
			16,053,800	16,053,800	-	-	-	-	8,762,670
			7,107,900	7,107,900	-	-	-	-	7,107,900
			26,810,500	26,810,500	-	-	-	-	26,810,500
<b>Total</b>									

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**APPENDIX V: ACCUMULATED CAPITAL /DEVELOPMENT GRANTS RECEIVED**

<b>KARUMO TTI</b>					
<b>SUMMARY OF GRANTS RECEIVED</b>					
<b>FROM 1/8/2015 TO DATE:</b>					
<b>DATE</b>	<b>OPERATIONAL GRANTS</b>	<b>DEVELOPMENT GRANTS</b>	<b>CAPITATION</b>		
4/8/2015	4,578,200				Transfer from Nkabune
6/10/2015	5,142,542				Transfer from ministry
9/5/2016					Transfer from ministry
30/6/2016		2,009,260			Transfer from ministry
30/6/2016		7,408,973			Transfer from ministry
5/9/2016	3,983,716				Transfer from ministry
22/9/2016		2,791,919			Transfer from ministry
28/10/2016					Transfer from ministry
27/3/2017		1,395,960			Transfer from ministry
13/3/2017	3,500,000				Transfer from ministry
30/5/2017		1,395,960			Transfer from ministry
8/12/2017	3,500,000				Transfer from ministry
4/12/2017	3,500,000	3,500,000			Transfer from ministry
27/3/2018	3,500,000				Transfer from ministry
25/4/2018	3,000,000				Transfer from ministry
5/10/2018	3,000,000				Transfer from ministry
8/10/2018		1,782,250			Transfer from ministry
18/2/2019			3,795,000		Transfer from ministry
11/3/2019		1,782,250			Transfer from ministry
<b>Capital/ Development Grants Received Accumulated Reserves as at 30 June 2019</b>		<b>Total</b>	<b>22,066,572</b>		

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17/7/2019			3,795,000	Transfer from ministry
24/7/2019		3,564,500		Transfer from ministry
21/10/2019			2,805,000	
6/5/2020			1,590,000	
3/7/2020			2,197,500	Receipts
	<b>Total</b>	<b>3,564,500</b>		
<b>Capital/ Development Grants Received Accumulated Reserves as at 30 June 2020</b>		<b>33,704,458</b>	<b>25,631,072</b>	<b>14,182,500</b>