

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 23 JUL 2020

DAY
WEDNESDAY

TABLED BY: HON. (DR) ROBERT PUKOSE

CLERK AT THE TABLE: HANMA SULEIMAN

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

ENDEBESS TECHNICAL TRAINING
INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2020

BAO

DATE



STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING
ENDEBESS TECHNICAL TRAINING INSTITUTE,
Endebess TEL: 254 722920832
Email: info@endebesstechnical.ac.ke

ENDEBESS TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30th June, 2020

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

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ENDEBESS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020
KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Endebess Technical Training Institute was incorporated/ established under the TVET Act on 24th January, 2017. The entity is domiciled in Kenya. The institute is under the Ministry of Education, State department of Vocational and Technical Training. The institute offers technical and business education programmes at both diploma and craft certificate level. These programs are designed by KICD under the authority of the ministry of education and examined by KNEC and Government Trade Test (G.T.T). The mission of the institute is to provide quality and relevant technical entrepreneurial and management training.

(b) Principal Activities

The principal mission and mandate of the Endebess Technical Training Institute is to train skilled and competent manpower in Technical and Vocational disciplines to meet the need of Industry and society.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Daniel Kakusha Kamatei.
2.	D/Principal-Administration	Mr. John k. Chumba
3.	D/Principal-Academic	Mrs. Robina Luvindi
4.	Dean of students	Mrs. Daisy Bundotich
5.	Registrar	Mr. Philip Tum
6.	Head of Finance	Mr. Ndiwa John Kiplimo
7.	Head of Procurement	Mr. Oliver Kiprono Biwott.

ENDEBESS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020
KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

P.O. Box 190-30201
Kitale-Endebess-SuamRoad/Highway
Trans-Nzoia County, KENYA
Endebess Sub-County.

(f) Entity Contacts

Telephone: (+254)740583700
E-mail: endebesstechnical@gmail.com

(g) Entity Bankers

1. Barclays Bank of Kenya.
Kenyatta Street.
P.O. Box 30120.
Kitale, Kenya
2. Kenya Commercial Bank.
Kenyatta Street.
P.O Box Kitale, Kenya.
3. Equity Bank.
Kenyatta Street.
P.O Box 75104.
Kitale, Kenya.









(h) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University 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

ENDEBESS TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020
THE BOARD OF GOVERNORS

SN.	Member/ Director	Details
1.	 Dr. Michael Kitiyo. BoG Chairman	Dr. Micheal Kitiyo was born in 1949. He Holds MBA/Dip Tele communication Engineering. He works as an at Engineer Malaba-Keya and partners Architects ltd, He has over 10years working Experience, Chairman kenya chamber of commerce for 5years..
2.	 Mrs. Ruth Khasandi Efetha.	Mrs. Ruth was born in 1986. She holds LLB and works with Buluma and company Advocate, Kivai and Co. advocates with over one-year experience.
3.	 M/s. Angeline Mutisya.	Mrs. Angeline Mutisya was born in 1972. Angeline holds BSC Micro Biology/DIP Medical lab technology and work as a director at Davengel Enterprises ltd with work experience of over 6 years.
4.	 Mr. Abraham Kiboki	Mr. Abraham Kiboki was on 1975. He holds Bed (Science), Egerton University and Has passed CPA part Two.
5.	 Eng. Philip Pkenden Ndiwa	Mr Philip Pkenden Ndiwa was Born on 05th feb, 1958. He Holds MBA-Planning & Management UON, Bsc.Education Tech-Moi University, and Diploma in M.V.T Part III Kenya Polytechnic.
6.	 Dr. Mourice Rotich Cherogony	Dr. Mourice Rotich-Cherogony was Born on 21 st feb, 1966. He Holds a Degree in Vert. Medicine UON Hes the Area Manager ADC-Kitale Branch
7.	 Prof. Peter Beerachesebe Kibas	Prof. Peter Beerachesebe Kibas was Born on 05th May, 1952. He Holds a Phd. Entrepreneurship-illnois USA, MED,BED-business Studies-University of News Bronswik Canada,SI-Teachers Certificate KU,PG certificate in distance Learning UON.
8.	 Daniel Kakusha Kamatei Principal/ Secretary to the Board	Mr Daniel Kakusha was Born on 10th Jan, 1970. He Holds BSc, PGDE (MATHS /CHEM) and Diploma in Business Mgt(K.I.M)

MANAGEMENT TEAM

ENDEBESS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	<i>Daniel Kakusha Kamatei Principal/ Secretary to the Board</i>	<i>-Head of Institution -Hes the Accounting Officer -Hes the Secretary to Board of Management -Training in the subject Specialization</i>
2.	<i>Mr. John K Chumba (Ag-Deputy Principal – Administration)</i>	<i>- Training in the subject Specialization -Taking charge of Institution administration -</i>
3.	<i>Mrs. Robina Luvindi (Ag-Deputy Principal - Academics)</i>	<i>-Supervision of Tuition programmes - Training in the subject Specialization -Supervision and maintance of proper inventories</i>
4.	<i>Mr. Philip Tum (Ag-Registrar)</i>	<i>- Training in the subject Specialization -Admission of students -Incharge of curriculum implementation -Head of Linkages and Marketing</i>
5.	<i>Mr. John Ndiwa Kiplimo (Finance Officer)</i>	<i>-Head of Finance department -Prepare books of Accounts -Bank statements Reconciliation -Prepare budgets -Preparing payment schedules</i>
6.	<i>M/s Daisy Bundotich (Ag-Dean Of Students)</i>	<i>- Training in the subject Specialization - Incharge of catering & accommodation, - Organize and conduct periodic free and fair student 's council elections.</i>

CHAIRMAN'S STATEMENT

The college is however happy to report that despite the challenges faced, 73% of the previously proposed budget was implemented and is expected to be improved further in the year 2019/2020 especially when the arrears from previous accounting period are released.

.....
Chairman Board Governors

REPORT OF THE PRINCIPAL

The institution faced with several challenges among them unfulfilled promised by the Ministry of Education and the CDF for bursaries. The Prevailing economic hardships have negatively affected the ability of most of the parents / guardians to pay fees.

.....
Principal / Secretary Board Governors



ENDEBESS TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020
CORPORATE GOVERNANCE STATEMENT

A Board of Governors (BOG) is a governing body that helps manage the school's vision, policies, and performance. BOGs also work to improve the school's community relations and involve all the stakeholders.

The responsibilities of a BOG include but not limited to; Managing finances, Monitoring performance, manage the school's budget and raise funds for projects. Its also mandated with Recruiting and managing staff. The institution resources are managed by the board. BOGs are legally mandated by the Ministry of Education, its membership is voluntary

The members of the board are appointed through a transparent process where stakeholders are involved and reputable members of the public are drawn from the various categories

The members of the board are drawn from the following categories

-Chairpersons, Leadership, Finance, Technology, Industry, Engineering and ICT/law. From each category, three members are nominated and forwarded to Permanent Secretary (PS) for final nominations and appointments.

MANAGEMENT DISCUSSION AND ANALYSIS

Being a young institution with limited resources it still relies on government funding which normally delay as fee revenue cannot sustain its daily operations. Payment of its creditors also delay due to lack of enough funds; the college also faces challenges like land for expansion and for agriculture students to carry out their projects it being a centre of excellence in agriculture and trade. There is also dire need for more classrooms and hostels and a van for emergencies considering its location. At the moment the college lacks tuition halls as some are being used as Offices. The College being over-reliant on fee paid by student has accrued debts.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The institute has sponsored students' especially young athletes to various courses and paid for their tuition fees for the entire course. This has led to some joining the defence force thus creating opportunity for the youth in society at large. It has also funded marathon Road races in the sub-county which empowered the youth and discovered their talents. There is also training and induction for staff to sharpen their skills and competencies.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the financial statements for the year ended June 30, 2020 which show the state of the Endebess Technical Training Institute affairs.

STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and require the council members to prepare financial statements in respect of that Endebess Technical Training Institute, which give a true and fair view of the state of affairs of the Endebess Technical Training Institute at the end of the financial 2019/2020 and the operating results of the Endebess Technical Training Institute for that 2019/2020. The council members are also required to ensure that the Endebess Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Endebess Technical Training Institute. The council members are also responsible for safeguarding the assets of the Endebess Technical Training Institute.

The council members are responsible for the preparation and presentation of the Endeless Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Endeless Technical Training Institute for and as at the end of the financial year ended on June 30, 2020. This responsibility includes:

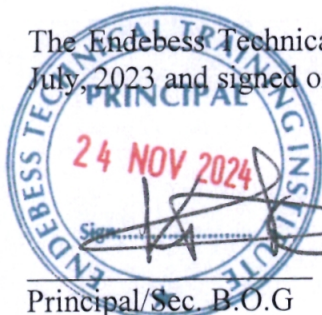
- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- c) Designing, implementing 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;
- d) Safeguarding the assets of the Endeless Technical Training Institute;
- e) Selecting and applying appropriate accounting policies; and
- f) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Endeless Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The council members are of the opinion that the Endeless Technical Training Institute financial statements give a true and fair view of the state of Endeless Technical Training Institute transactions during the financial year ended June 30, 2020, and of the Endeless Technical Training Institute financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Endeless Technical Training Institute, which have been relied upon in the preparation of the Endeless Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

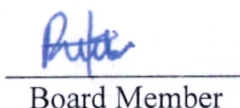
Nothing has come to the attention of the council members to indicate that the Endeless Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

The Endeless Technical Training Institute financial statements were approved by the Board on ___ 14th July, 2023 and signed on its behalf by:



Principal/Sec. B.O.G



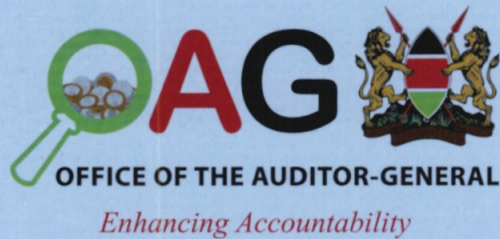
Board Member



Board Member

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Endebess Technical Training Institute set out on pages 1 to 44, which comprises of the statement of financial position

as at 30 June, 2020 and the statement of financial performance, statement of changes in net asset, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Endebess 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Understatement of Fixed Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.51,590,269 as disclosed in Note 33 to the financial statements. However, review of records revealed that the Institute stands on a five (5) acres parcel of land allocated by the Agricultural Development Corporation (ADC) and a total of five (5) tractors donated by the Ministry of Education. However, their values have not been determined and included in the financial statements. Further, the Institution does not have the title deed of the parcel of land while the tractors do not have registration number plates and log books.

In the circumstances, the accuracy, ownership, existence and completeness of property, plant and equipment balance of Kshs.51,590,269 could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.8,729,243 as disclosed in Note 36 to the financial statements. However, an ageing analysis was not provided for audit to determine how long these payables had been outstanding.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.8,729,243 could not be confirmed.

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

Emphasis of Matter

1. Material Uncertainty in Relation to Sustainability of Services

Examination of the statement of financial performance for the year ended 30 June, 2020 revealed a deficit of Kshs.2,616,432. Further, the statement of financial position reflects current liabilities balance of Kshs.8,729,243 against current assets balance of Kshs.2,874,792 resulting in a negative working capital of Kshs.5,854,451.

The Institute is, therefore, unable to meet its financial obligations as and when they fall due and its continued existence is dependent on continued financial assistance from the Government, donors and its creditors.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted income of Kshs.29,703,500 against actual total income of Kshs.17,258,938 resulting in an under-funding amounting to Kshs.12,444,562 or 42% of the budget. Similarly, the statement reflects actual expenditure of Kshs.19,888,349 against the budgeted expenditure of Kshs.29,703,500 resulting in an under-expenditure of Kshs.9,815,151 or 33% of the budget.

The under-funding and under-expenditure may have affected the delivery of the planned services to the students.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Annual Report and Financial Statements

The annual report and financial statements for the year ended 30 June, 2020 were submitted to the Auditor General on 6 June, 2024 for audit. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Non-Compliance with the One Third Rule on Staff Composition

Review of the human resource records and staff biodata revealed that, the institution had eighty-eight (88) teaching and non-teaching staff out of which fifty-four (54) staff members or 61% were from the same ethnic community. This was contrary to Section 7 (1) and (2) of National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff, and (2) No public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of 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 governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function

During the year under review, the Institution did not have an internal audit function/department in place. This was contrary to Regulation 160(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which provides for the establishment of an internal audit function to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in Institute.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

2. Weaknesses in Information and Communication Technology Control Environment

Review of IT governance documents and interviews with Management revealed that the Institute did not have an approved Risk Management and ICT policies. Further, the Institute lacked an IT Strategy and IT Steering Committees to oversee the Institution's IT assets, IT strategic plan and a formal, documented and tested emergency procedure in place. In addition, the Institute failed to secure an offsite backup location to enhance business continuity in case of a natural disaster or malicious damage of the Institute's data and information.

In circumstances, the effectiveness of the IT internal controls could not be confirmed.

3. Incomplete Fixed Assets Register

Review of the fixed asset register revealed that it was not updated and lacked important information such as the acquisition costs, opening and closing balances at the end of the year, serial numbers, models and makes. Further, Management did not maintain approved detail orders, fuel register and work tickets for each of the five (5) tractors it owns.

In the circumstances, the effectiveness and reliability of internal controls on management of fixed assets could not be confirmed.

4. Failure to Establish an Approved Board Charter

Review of documents revealed that Management did not prepare and adopt the approved Board charter that was to define the roles, responsibilities and functions of the Board in the governance of the Institution. This was contrary to Section 1(11) of The State Corporation Advisory Committee (SCAC), 2015 which provides that the Board should develop and adopt a Board Charter which defines the responsibilities and functions of the Board in the governance of the organization.

In the circumstances, the effectiveness of the Board in governance of the Institute could not be confirmed.

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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to sustain 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 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

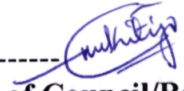
Nairobi

17 June, 2025

ENDEBESS TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Institute Council/ Board of Governors by:



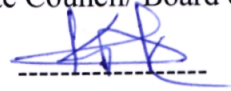
Chairman of Council/Board of Governors

Date..... 14th July, 2023.....



Finance Officer
ICPAK No

Date..... 14th July, 2023.....



Principal

Date.... 14th July, 2023.....



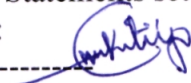
V. STATEMENT OF FINANCIAL POSITION AS AT 30TH, JUNE 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,583,903.00	239,143.00
Receivables from exchange transactions	28	1,267,189.00	2,795,930.00
Receivables from non-exchange transactions	29	0.00	0.00
Current portion of long-term receivables from exchange transactions	30	0.00	0.00
Inventories	31	23,700.00	23,700.00
			0.00
		2,874,792.00	3,058,773.00
Non-current assets			
Property, plant and equipment	33	51,590,269.00	52,210,060.00
Investments	32	0.00	0.00
Intangible assets	34	0.00	0.00
Investment property	35	0.00	0.00
Long term receivables from exchange transactions		0.00	0.00
Biological Assets	31(b)	90,000.00	90,000.00
		51,680,269.00	52,300,060.00
Total assets		54,555,061.00	55,358,833.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36	8,729,243.00	6,916,583.00
Refundable deposits from customers	38	0.00	0.00
Provisions	39	0.00	0.00
Finance lease obligation	40	0.00	0.00
Current portion of borrowings	41	0.00	0.00
Deferred income	42	0.00	0.00
Employee benefit obligation	43	0.00	0.00
Payments received in advance		0.00	0.00
		8,729,243.00	6,916,583.00
Non-current liabilities			
Non-current employee benefit obligation	44	0.00	0.00
Non-current provisions	45	0.00	0.00
Borrowings	46	0.00	0.00
Service concession liability	47	0.00	0.00
Deferred tax liabilities	48	0.00	0.00
		0.00	0.00
Total liabilities		8,729,243.00	6,916,583.00
Net assets		45,825,818.00	48,442,250.00
Reserves		0.00	0.00
Accumulated surplus		(6,576,448.00)	(3,960,016.00)
Capital Fund		52,402,266.00	52,402,266.00
Total net assets and liabilities		45,825,818.00	48,442,250.00

ENDEBESS TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Council/Board of Governors

Date..... 14th July, 2023.....



Finance Officer
ICPAK No

Date..... 14th July, 2023.....



Principal

Date.... 14th July, 2023.....



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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2018	0.00	0.00	(846,437.00)	52,402,266.00	51,555,829.00
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	(3,113,579.00)	0.00	(3,113,579.00)
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortisation from capital fund to retained earnings	0.00	0.00	0.00	0.00	0.00
At June 30, 2019	0.00	0.00	(3,960,016.00)	52,402,266.00	48,442,250.00
At July 1, 2019	0.00	0.00	(3,960,016.00)	52,402,266.00	48,442,250.00
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	(2,616,432.00)	0.00	(2,616,432.00)
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortisation from capital fund to retained earnings	0.00	0.00	0.00	0.00	0.00
At June 30, 2020	0.00	0.00	(6,576,448.00)	52,402,266.00	45,825,818.00

ENDEBESS TECHNICAL TRAINING INSTITUTE
ANNUAL FINANCIAL REPORTING FOR THE PERIOD ENDED 30TH JUNE 2020

VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Note	Kshs	Kshs
Cash-flows from operating activities			
Net Income		(2,616,432.00)	(3,113,579.00)
Depreciation and amortization expense		1,573,961.00	1,497,815.00
<i>Adjustments to reconcile Net Income to net cash provided by operations:</i>			
Decrease (Increase) in Accounts Receivable		1,528,741.00	(615,440.00)
Increase (Decrease) in Accounts Payable		1,812,660.00	3,492,014.00
Increase in inventory		0.00	(23,700.00)
Net cash provided by Operating Activities		2,298,930.00	1,237,110.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(954,170.00)	(1,115,494.00)
Proceeds from sale of property, plant and Equipment		0.00	0.00
Decrease in non-current receivables		0.00	0.00
Increase in investments		0.00	0.00
Biological Animals		0.00	(90,000.00)
Net cash-flows used in investing activities		(954,170.00)	(1,205,494.00)
Cash-flows from financing activities			
Proceeds from borrowings		0.00	0
Repayment of borrowings		0.00	0
Increase in deposits		0.00	0
Net cash-flows used in financing activities		0.00	0
Net increase/(decrease)in cash and cash equivalents		1,344,760.00	31,616.00
Cash and cash equivalents at 1 JULY 2019	27	239,143.00	207,527.00
Cash and cash equivalents at 30 JUNE 2020	27	1,583,903.00	239,143.00

VIII. 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	Utilization percentage Difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
		Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the National Government-Grants/ Capitations	12,750, 000.00		12,750,000.00	9,734,268.00	-3,015,732.00	-24%
Rendering of services- Fees from students	11,228,500.00		11,228,500.00	4,977,620.00	-6,250,880.00	-56%
Rental revenue from facilities and equipment	100,000.00		200,000.00	15,000.00	-185,000.00	-93%
Other Income-Boarding and Lunch Fee	5,625,000.00		5,525,000.00	2,532,050.00	-2,992,950.00	-54%
Total income	29,703,500.00		29,703,500.00	17,258,938.00	-12,444,562.00	
Expenses						
Activity and Sports	1,423,750.00		1,423,750.00	279,870.00	-1,143,880.00	-80%
Personal Emoluments-Employee costs	4,896,000.00		4,896,000.00	3,811,630.00	-1,084,370.00	-22%
Electricity Water & Conservancy	1,385,500.00		1,385,500.00	823,154.00	-562,346.00	-41%
Repairs maintenance & Improvement	2,470,355.00		2,470,355.00	2,315,782.00	-154,573.00	-6%
Local Transport & Travelling	1,549,125.00		1,549,125.00	1,692,070.00	142,945.00	9%
Other Expenses	6,725,000.00		6,725,000.00	6,123,589.00	-601,411.00	-9%
Tuition/Training costs	7,049,845.49		7,049,845.49	3,652,002.00	-3,397,843.49	-48%
Industrial Attachment & Medical	1,275,000.00		1,275,000.00	236,082.00	-1,038,918.00	-81%
Assets Acquisition	2,928,924.51		2,928,924.51	954,170.00	-1,974,754.51	-67%
Total Expenses	29,703,500.00		29,703,500.00	19,888,349.00	-9,815,151.00	

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Endebess Technical Training Institute is established by and derives its authority and accountability from the 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 skilled and competent manpower in Technical and Vocational disciplines to meet the need of Industry and society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, 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 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2017 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash-flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Board on **21st May, 2019**.

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 these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule **2015** of the **TVET Act 2013**.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Except for land, the estimated useful life of an asset must be determined and its depreciation (or amortization) based on it. Depreciation method applicable shall be on a straight-line basis as follows:

No	Asset	Depreciation
1	Buildings	2% p. a
2	Motor vehicles	20% p.a
3	Tractors	38% p.a
4	Furniture and fittings	20% p.a. on residual value
5	Library books	10% p.a. on residual value
6	General Equipment	20% p.a. on residual value
7	Loose tools	25% p.a. on residual value

f) Leases

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

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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 considering 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 considering 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:

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) 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.

m) 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.

n) 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.

o) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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.

q) 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.

r) 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.

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020 KShs	2018-2019 KShs
Unconditional grants		
Operational grant	494,268.20	500,000.00
Capitations/ Scholarships	9,240,000.00	3,900,000.00
	9,734,268.00	4,400,000.00
Conditional grants		
Library grant	0.00	0.00
Hostels grant	0.00	0.00
Administration block grant	0.00	0.00
Laboratory grant	0.00	0.00
Learning facilities grant	0.00	0.00
Other organizational grants	0.00	0.00
Total government grants and subsidies	9,734,268.00	4,400,000.00

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
Ministry of Education	0.00	0.00	0.00	0.00	0.00
Other Ministry	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020 KShs	2018-2019 KShs
JICA- Research grant	0.00	0.00
World Bank grants	0.00	0.00
Other grants	0.00	0.00
Total grants from development partners	0.00	0.00

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Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0.00	0.00
Current year receipts	0.00	0.00
Conditions met - transferred to revenue	0.00	0.00
Conditions to be met - remain liabilities	0.00	0.00

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County	0.00	0.00
Transfer from University	0.00	0.00
Transfer from institute	0.00	0.00
Total Transfers	0.00	0.00

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Public donations	0.00	0.00
Donations from local leadership	0.00	0.00
Donations from religious institutions	0.00	0.00
Donations from alumni	0.00	0.00
Other donations	0.00	0.00
Total donations and sponsorships	0.00	0.00

10 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	4,977,620.00	5,379,180.00
Activity fees	0.00	0.00
Library fees	0.00	0.00
Facilities and materials	0.00	0.00
Registration fees	0.00	0.00
Total revenue from the rendering of services	4,977,620.00	5,379,180.00

11 SALE OF GOODS

Description	2019-2020 KShs	2018-2019 KShs
Sale of goods		
Sale of Milk	0.00	0.00
Sale of publications	0.00	0.00
Sale of farm produce	0.00	0.00
Other (include in line with your organisation)	0.00	0.00
Total revenue from the sale of goods	0.00	0.00

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020 KShs	2018-2019 KShs
Hire of the Facilities-Hall Hire	15,000.00	452,250.00
Contingent rentals	0.00	0.00
Total rentals	15,000.00	452,250.00

13 FINANCE INCOME

Description	2019-2020 KShs	2018-2019 KShs
Cash investments and fixed deposits	0.00	0.00
Interest income from Treasury Bills	0.00	0.00
Interest income from Treasury Bonds	0.00	0.00
Interest from outstanding debtors	0.00	0.00
Total finance income	0.00	0.00

14 OTHER INCOME-

Description	2019-2020 KShs	2018-2019 KShs
Boarding and Lunch Fees	2,532,050.00	3,122,580.00
Dairy and Livestock	0.00	52,000.00
Knec Exam Registration	632,770.00	1,059,470.00
Skills development levy	0.00	0.00
Income from disposal of assets	0.00	0.00
Total other income	3,164,820.00	4,234,050.00

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15 ACTIVITY AND SPORTS

Description	2019-2020 KShs	2018-2019 KShs
Expenditure on student games	279,870.00	531,420.00
Sports Equipment and Materials	0.00	459,200.00
Other allowances	0.00	0.00
Total director emoluments	279,870.00	990,620.00

16 PERSONAL EMOLUMENTS-MPLOYEE COSTS

Description	2019-2020 KShs	2018-2019 KShs
Salaries and wages	3,811,630.00	2,495,940.00
Employee related costs-contributions to pensions and medical aids	0.00	0.00
Travel, motorcar, accommodation, subsistence and other allowances	0.00	0.00
Housing benefits and allowances	0.00	0.00
Overtime payments	0.00	0.00
Performance and other bonuses	0.00	0.00
Social contributions	0.00	0.00
Employee costs	3,811,630.00	2,495,940.00

17 ELECTRICITY WATER & CONSERVANCY

Description	2019-2020 KShs	2018-2019 KShs
Electricity Bill	112,827.00	56,405.00
Electricity Equipment's and Materials	568,588.00	17,000.00
Water Costs	141,739.00	288,000.00
Other Costs	0.00	27,250.00
Total good and services	823,154.00	388,655.00

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020 KShs	2018-2019 KShs
Property, plant and equipment	1,573,961.00	1,497,815.00
Intangible assets	0.00	0.00
Investment property carried at cost	0.00	0.00
Total depreciation and amortization	1,573,961.00	1,497,815.00

19 REPAIRS AND MAINTENANCE

Description	2019-2020 KShs	2018-2019 KShs
Property	2,315,782.00	1,566,455.00
Investment property—earning rentals	0.00	0.00
Equipment and machinery	0.00	0.00
Vehicles	0.00	0.00
Furniture and fittings	0.00	0.00
Computers and accessories	0.00	0.00
Other	0.00	0.00
Total repairs and maintenance	2,315,782.00	1,566,455.00

20 ADMINISTRATION & OPERATIONAL COSTS

Description	2019-2020 KShs	2018-2019 KShs
Advertising	0.00	0.00
Bank Charges	0.00	0.00
Dairy and Livestock Farming	0.00	24,580.00
Hire of Facilities Expenses	0.00	54,000.00
Total general expenses	0.00	78,580.00

21 LOCAL TRANSPORT & TRAVELLING

Description	2019-2020 KShs	2018-2019 KShs
Local Transport & Travelling	1,692,070.00	1,258,370.00
Other Costs	0.00	0.00
Total Local Transport & Travelling	1,692,070.00	1,258,370.00

22 OTHER EXPENSE

Description	2019-2020 KShs	2018-2019 KShs
Boarding & Lunch	5,397,599.00	4,088,330.00
Knec Registration	725,990.00	518,870.00
Total contracted services	6,123,589.00	4,607,200.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 TUITION/TRAINING EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Training Materials/Stationeries	3,557,880.08	4,421,174.00
Postal Charges	6,960.00	6,960.00
KUCCPS	87,161.97	110,000.00
Advertisement		0
Total contracted services	3,652,002.00	4,538,134.00

24 INDUSTRIAL ATTACHMENT & MEDICAL

Description	2019-2020	2018-2019
	KShs	KShs
Insurance expenses	17,227.00	14,000.00
Students medical bills	55,515.00	143,290.00
Student Assessments	163,340.00	0.00
Total contracted services	236,082.00	157,290.00

25 GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Other assets not capitalised	0.00	0.00
Total gain on sale of assets	0.00	0.00

26 GAIN ON FOREIGN EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Foreign exchange gain value	0.00	0.00
Total gain	0.00	0.00

27 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	1,583,903.00	239,143.00
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Staff car loan/ mortgage	0.00	0.00
Others(specify)	0.00	0.00
Total cash and cash equivalents	1,583,903.00	239,143.00

27(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account Number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Barclays/Absa Bank	2038469005	1,448,444.35	16,681.40
Kenya Commercial bank	1217161309	71,575.70	42,637.50
Equity Bank, etc	0330274356128	45,112.00	169,830.00
Sub- total		1,565,132.05	229,148.90
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Equity Bank - etc		0.00	0.00
Sub- total		0.00	0.00
c) Fixed deposits account			
Kenya Commercial bank		0.00	0.00
Bank B		0.00	0.00
Sub- total		0.00	0.00
d) Staff car loan/ mortgage			
Kenya Commercial bank		0.00	0.00
Bank B		0.00	0.00
Sub- total		0.00	0.00
e) Others(specify)			
Cash in transit		0.00	0.00
Cash in hand		72.00	45.00
M pesa	Pay-bill: 862427	18,699.00	9,989.00
Sub- total		18,771.00	10,034.00
Grand total		1,583,903.00	239,142.90

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	1,267,903.00	2,795,930.00
Rent debtors	0.00	0.00
Consultancy debtors	0.00	0.00
Other exchange debtors	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
Total current receivables	1,267,903.00	2,795,930.00
Non-current receivables		
Refundable deposits	0.00	0.00
Advance payments	0.00	0.00
Public organizations	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
Total	0.00	0.00
Current portion transferred to current receivables	(0.00)	(0.00)
Total non-current receivables	0.00	0.00
Total receivables	1,267,903.00	2,795,930.00

29 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Transfers from other govt. entities	0.00	0.00
Undisbursed donor funds	0.00	0.00
Other debtors (non-exchange transactions)	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
Total current receivables	0.00	0.00

30 CURRENT PORTION OF LONG-TERM RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Receivables from exchange transactions	0.00	0.00
Total long-term receivables from exchange transactions	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	23,700.00	23,700.00
Maintenance stores	0.00	0.00
Health Unit stores	0.00	0.00
Electrical stores	0.00	0.00
Cleaning materials stores	0.00	0.00
Catering stores	0.00	0.00
Total inventories at the lower of cost and net realizable value	23,700.00	23,700.00

31 (b) BIOLOGICAL ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
Livestock	90,000.00	90,000.00
Others	0.00	0.00
Total Biological assets	90,000.00	90,000.00

32 INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0.00	0.00
CBK	0.00	0.00
Sub- total	0.00	0.00
b) Investment with Financial Institutions/ Banks		
Bank x	0.00	0.00
Bank y	0.00	0.00
Sub- total	0.00	0.00
c) Equity investments (specify)		
Equity/ shares in company	0.00	0.00
Sub- total	0.00	0.00
Grand total	0.00	0.00

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d) Shareholding in other entities

For investments in equity share listed under note 31 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Current year	Prior year
Entity A	0.00	0.00	0.00	0.00	0.00	0.00
Entity B	0.00	0.00	0.00	0.00	0.00	0.00
Entity C	0.00	0.00	0.00	0.00	0.00	0.00
Entity D	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Other equipment's	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
NBV at 30th June 2019	50,327,136.58	-	1,391,328.00	197,595.00	294,000.00	0	52,210,059.58
Additions	0	0	478,570.00	96,000.00	379,600.00	0	954,170.00
Disposals	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0
At 30th June 2019	50,327,136.58	-	1,869,898.00	293,595.00	673,600.00	-	53,164,229.58
Depreciation and impairment	2%	20%	20%	20%	20%	0%	
At 30 June 2019							
Depreciation	1,006,542.73	-	373,979.60	58,719.00	134,720.00	-	1,573,961.33
Disposals	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0
At 30th June 2019	1,006,542.73	-	373,979.60	58,719.00	134,720.00	-	1,573,961.33
Net book values							
At 30th June 2019	49,320,593.85	-	1,495,918.40	234,876.00	538,880.00	-	51,590,268.25

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
At end of the year	0.00	0.00
Additions–internal development	0.00	0.00
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization	0.00	0.00
At end of the year	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	0.00	0.00

35 INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	0.00	0.00
Biological Assets	0.00	0.00
Fair value gain	0.00	0.00
Depreciation(where investment property is at cost)	(0.00)	(0.00)
At end of the year	0.00	0.00

36 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	8,729,243.00	6,916,583.00
Fees paid in advance	0.00	0.00
Employee advances	0.00	0.00
Third-party payments	0.00	0.00
Knec Examination	,.00	0.00
Total trade and other payables	8,729,243.00	6,916,583.00

ENDEBESS TECHNICAL TRAINING INSTITUTE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits	0.00	0.00
Caution money	0.00	0.00
Other refundable deposits	0.00	0.00
Total deposits	0.00	0.00

38 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2017-2018
				KShs
	KShs	KShs	KShs	KShs
Within current year	0.00	0.00	0.00	0.00
Long term portion of lease payments	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	0.00	0.00

39 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00
Provision utilised	(0.00)	(0.00)	(0.00)	(0.00)
Change due to discount and time value for money	(0.00)	(0.00)	(0.00)	(0.00)
Transfers from non -current provisions	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	0.00	0.00

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The deferred income movement is as follows:

	National government	International funders/donors	Public contributions and donations	Total
Balance brought forward	0.00	0.00	0.00	0.00
Additions during the year	0.00	0.00	0.00	0.00
Transfers to Capital fund	(0.00)	(0.00)	(0.00)	(0.00)
Transfers to income statement	(0.00)	(0.00)	(0.00)	(0.00)
Other transfers	(0.00)	(0.00)	(0.00)	(0.00)
Balance carried forward	0.00	0.00	0.00	0.00

40 EMPLOYEE BENEFIT OBLIGATIONS

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

The entity operates a defined benefit scheme for all full-time employees from July 1, 2020. The scheme is based on 0% percentage of salary of an employee at the time of retirement. During the year, 2019/2020 actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year	0.00	0.00
Changes in valuation during the year	0.00	0.00
Valuation at end of the year	0.00	0.00

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.0 per employee per month.

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41 PAYMENT RECEIVED IN ADVANCE FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Advance from customers/students	0.00	0.00
Total deposits	0.00	0.00

42 BORROWINGS

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

42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'organization'	0.00	0.00
Sterling Pound denominated loan from 'organization'	0.00	0.00
Euro denominated loan from organization'	0.00	0.00
Domestic Borrowings	0.00	0.00
Kenya Shilling loan from KCB	0.00	0.00
Kenya Shilling loan from Barclays Bank	0.00	0.00
Kenya Shilling loan from Consolidated Bank	0.00	0.00
Total balance at end of the year	0.00	0.00

42 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings (current portion)	0.00	0.00
Long term borrowings	0.00	0.00
Total	0.00	0.00

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43 DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National government	0.00	0.00
International funders	0.00	0.00
Public contributions and donations	0.00	0.00
Total deferred income	0.00	0.00

44 SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	0.00	0.00
Accumulated depreciation to date	(0.00)	0.00
Net carrying amount	<u>0.00</u>	<u>0.00</u>
Service concession liability at beginning of the year	0.00	0.00
Service concession revenue recognized	(0.00)	(0.00)
Service concession liability at end of the year	<u>0.00</u>	<u>0.00</u>

45 CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax	(2,616,432.00)	(3,113,579.00)
Adjusted for:		
Depreciation	1,573,961.00	1,497,815.00
Non-cash grants received	(0.00)	(0.00)
Contributed assets	(0.00)	(0.00)
Impairment	0.00	0.00
Gains and losses on disposal of assets	(0.00)	(0.00)
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	0.00	0.00
Finance income	(0.00)	(0.00)
Finance cost	0.00	0.00
Working Capital adjustments		
Increase in inventory	(0.00)	(23,700.00)
Increase in Biological Animals	(0.00)	0.00
Increase in receivables	1,528,741.00	(615,440.00)
Increase in deferred income	0.00	0.00
Increase in payables	1,812,660.00	3,492,015.00
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	2,298,930.00	1,237,110.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT

Endebess Technical Training Institute activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. Its 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. Endebess Technical Training Institute 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

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

Management assesses the credit quality of each customer, considering 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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	2,795,930.00	0.00	0.00	0.00
Receivables from non exchange transactions	0.00	0.00	0.00	0.00
Bank balances	239,143.00	0.00	0.00	0.00
Total	3,035,073.00	0.00	0.00	0.00
At 30 June 2020		0.00	0.00	0.00
Receivables from exchange transactions	1,267,189.00	0.00	0.00	0.00
Receivables from non exchange transactions	0.00	0.00	0.00	0.00
Bank balances	1,583,903.00	0.00	0.00	0.00
Total	2,851,092.00	0.00	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. 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 2020

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.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	1,863,910.00	0	5,052,673.00	6,916,583.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	1,863,910.00	0.00	5,052,673.00	6,916,583.00
At 30 June 2020				
Trade payables	2,201,545.00		6,527,698.00	8,729,243.00
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	2,201,545.00		6,527,698.00	8,729,243.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. 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 ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The 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

Endebess Technical Training Institute has no 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 Endebess Technical Training Institute foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

The 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2017			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2018			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

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.

45 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.

iv) 09 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	0.00	0.00
Retained earnings	-6,576,448.00	-3,960,016.00
Capital reserve	0.00	0.00
	0.00	0.00
Total funds	-6,576,448.00	-3,960,016.00
Total borrowings	0.00	0.00
Less: cash and bank balances	1,583,903.00	239,143.00
Net debt/(excess cash and cash equivalents)	-1,583,903.00	-239,143.00
Gearing	24%	6%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 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 Endebeess Technical Training Institute holding 100% of the 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
Transactions with related parties		
a) Sales to related parties		
Sales of goods	0.00	0.00
Sales of services	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from National Govt	494,268.20	4,400,000.00
Grants from County Government	9,240,000.00	0.00
Donations in kind	0.00	0.00
Total	9,734,268.00	4,400,000.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 14 employees	3,811,630.00	2,495,940.00
Payments for goods and services for Tuition Operations	3,652,002.00	4,538,134.00
Total	7,463,632.00	7,034,074.00
d) Key management compensation		
Directors' emoluments	0.00	0.00
Compensation to the CEO	0.00	0.00
Compensation to key management	0.00	0.00
Total	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 SEGMENT INFORMATION

Not applicable.

49 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case against the company	0.00	0.00
Bank guarantees in favour of subsidiary	0.00	0.00
Total	0.00	0.00

50 CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	0.00	0.00
Authorised and contracted for	0.00	0.00
Total	0.00	0.00

51 EVENTS AFTER THE REPORTING PERIOD

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

52 ULTIMATE AND HOLDING ENTITY

Endebess Technical Training Institute is a State Corporation Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

53 Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

This the first year of the operation and we have never been audited before.

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)

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)
1						
2						

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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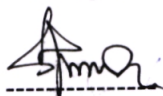
APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		Ministry of Education		
Break down of Transfers from the State Department of Education				
FY 2017-2018				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/07/2019	494,268.20	2019-2020
		10/07/2019	3,900,000.00	2019-2020
		18/10/2019	2,025,000.00	2019-2020
		06/05/2020	3,315,000.00	2019-2020
		Total	9,734,268.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
			0.00	
			0.00	
		Total	0.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
			0.00	
			0.00	
		Total	0.00	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
			0.00	
			0.00	
		Total	0.00	

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

Finance Manager

Sign



Head of Accounting Unit

Sign



APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	22/07/2019	Recurrent	494,268.20	494,268.20	0.00	0.00	0.00	0.00	494,268.20
Ministry of Education	10/07/2019	Recurrent	3,900,000.00	3,900,000.00	0.00	0.00	0.00	0.00	3,900,000.00
Ministry of Education	18/10/2019	Recurrent	2,025,000.00	2,025,000.00	0.00	0.00	0.00	0.00	2,025,000.00
Ministry of Education	06/05/2020	Recurrent	3,315,000.00	3,315,000.00	0.00	0.00	0.00	0.00	3,315,000.00
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			9,734,268.00	9,734,268.00	0.00	0.00	0.00	0.00	9,734,268.00

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