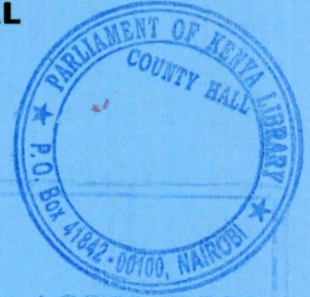




OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

DATE: 17 OCT 2022

DAY: Wednesday

TABLED BY:

LOM

OF

Minam Modo

THE AUDITOR-GENERAL

ON

**EMURUA DIKIRR TECHNICAL TRAINING
INSTITUTE**

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



EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2021

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

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**I. EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
INFORMATION AND MANAGEMENT**

(a) Background information

Emurua Dikirr Technical Training Institute was incorporated/ established under the TVET Act on 1st September 2019. The Emurua Dikirr Technical Training Institute is domiciled in Kenya and is under the Ministry of Education. The institute has three departments namely:

- Engineering and applied science
- ICT and Business
- Hospitality & Tourism management

(b) Principal Activities

The principal activity/mission/ mandate of the Emurua Dikirr Technical Training Institute is to offer quality technical training to the trainees.

Vision:

An institute of global excellence in Technical and vocational training, research and entrepreneurship for sustainable development

Mission:

To train quality and competent manpower that responds to dynamic needs of our community

Core values:

- Team work
- Integrity and ethics
- Equity
- Environmental stewardship

Core Objectives:

- Achieve and maintain a level of quality training which enhances the Emurua Dikirr Technical Training Institutes' reputation with customers
- Ensure compliance with TVET act of 2013 and other relevant statutory and regulatory requirement
- Guarantee customer satisfaction in the provision of our services

KEY EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(c) Key Management

Emurua Dikirr Technical Training Institute's 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 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	David Busienei
2	Deputy principal Academics	Felix Odek
3	Registrar (s)	Wesley Cheruiyot
4	Dean of students	Frankline Koros
5	Head of Finance	Peter Chemogos
6	Procurement officer	Sheila Chelangat

(e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

Audit and risk committee activities

- Periodic meeting with finance officers in regards to finance function
- Ensuring that there are proper authorization of receipts and payments
- Safe custody of cheque books
- Delegation of responsibilities
- Hiring qualified and competent finance officer
- Following due diligence
- Presenting financial statements to the office of the Auditor General
- Preparing financial statements

Finance and operations committee activities

- Review of annual budgets
- Academic committee activities
- Development partner oversight activities
- Opening the separate bank accounts

KEY EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE INFORMATION AND MANAGEMENT (Continued)





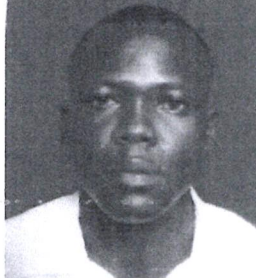
- (f) **EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE ADDRESS**
EMURUA DIKIR TTI
P.O. Box 180-20401,
CHEBUNYO, KENYA
- (g) **EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE CONTACTS**
THE PRINCIPAL
Telephone: +254740555123/0729461641
E-mail: emuruadikirrtti2019@gmail.com
Website: www.Emurua Dikirr Technical Training Institute.ac.ke
- (h) **EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE BANKERS**



Kenya Commercial Bank
Sotik Branch
- (i) **INDEPENDENT AUDITORS**

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **PRINCIPAL LEGAL ADVISER**



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



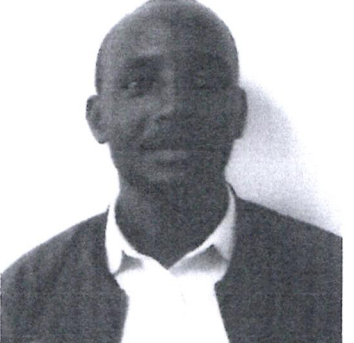

II. BOARD OF GOVERNORS

No.		Member/ Director	Details
1.		Paul Mutai Chairman	Date of Birth: 1 st July 1978 Qualification: Bachelor of Law Work experience: 13 years in legal profession Committee: None
2.		Augustine Cheruiyot	Date of Birth: 28 th December, 1968 Qualification: Economist Work experience: 30yrs Committee: Audit, Education & Research
3.		Olivia Odongo	Date of Birth: 19 TH November 1962 Qualification: Master of Education Work experience: 35 years Committee: Education and Research
4.		Tom Anode	Date of Birth: 20 th January 1959 Qualification: Graduate Teacher Work experience: Over 30 Years Committee: Audit, Education and Research
5.		Calvince Odhiambo	Date of Birth: 12 th September, 1985 Qualification: CPAK Work experience: 12 Yrs Committee: Audit and Finance

6.		Sharon Sabato	Date of Birth: 25 th January, 1992 Qualification: Project Management Work experience: 8 Yrs Committee: Audit and Finance
7.		David Busienei- Secretary to the board	Date of Birth: 9 th July, 1976 Qualification: B.Ed Tech Work experience: 18 Yrs Committee: Education & Research, Finance

III. MANAGEMENT TEAM

No.		Member	Details
1.		David Busienei Principal	Date of Birth: 9 th July, 1976 Qualification: B. Ed Tech Main area of responsibility: Accounting Officer
2.		Ochieng Odek Deputy principal	Date of Birth: 1976 Qualification: MSC Main area of responsibility: Deputy Principal

3.		<p>Wesley Cheruiyot Acting Registrar</p>	<p>Date of Birth: 1988 Qualification: Bsc-Computer Science Main area of responsibility: Registrar</p>
4.		<p>Frankline Koros Acting Dean</p>	<p>Date of Birth: 1982 Qualification: Diploma in Social work Main area of responsibility: Dean of students</p>
5.		<p>Peter Chemogos Finance Officer</p>	<p>Date of Birth: 1989 Qualification: Bachelor of commerce, CPAK Main area of responsibility: Head of finance</p>
6		<p>Sheillah Chelangat Procurement Officer</p>	<p>Date of Birth: 1994 Qualification: Bsc. Purchasing and supplies management Main area of responsibility: Procurement</p>

II. CHAIRMAN'S STATEMENT

Presented in this report is a brief highlight of key activities carried out during the financial year 2020/2021 ended 30th June year 2021 for Emurua Dikirr Technical Training College.

During this period, the College prioritized and implemented the following key activities:

- Acquisition of the Training Materials and Equipment
- Partitioning of Room for training
- Recruitment of core staff
- Registration of new students
- Advertisement and marketing of the college
- Training of Trainees
- Implementation of COVID 19 control measures and guidelines

These activities were implemented with financial support from Government capitation and school fees from students.

Implementing these activities were not without challenges which involved financial constraints and management challenges as well as COVID 19 ripple effects among others. COVID 19 challenge led to the closure of the college, interfered with training activities and caused the delay of trainee fee payment by their parents.

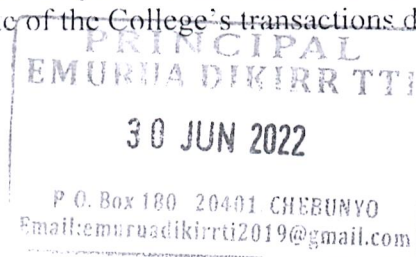
Top on the agenda was the implementation of COVID 19 control measure and guidelines as ordered by the Government of Kenya.

Implementation of these activities during the financial year 2020/2021 and the Agenda 4 did not go full throttle in spite of the availability of the required resources. The College being a first timer in the training industry had its activities interfered with by COVID 19 pandemic. Another challenge emanated from weak financial controls.

Presently, with the inauguration of the new board as well as the establishment of the financial guidelines and controls according to the laid down rules (Public finance Management Act, 2012, procurement and disposal Act, 2015, and section 14 of the State Corporation Act. and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013, Emurua Dikirr Technical Training College took the initiative and prepared a financial statement which reflects a true and fair view of the state of affairs of its Emurua Dikirr Technical Training Institute at the end of the financial period ended 30th June 2021,

We as members of the Board have also ensured that the Emurua Dikirr Technical Training Institute keeps proper accounting record which disclose with reasonable accuracy the financial position of the college. The Board members are also responsible for safeguarding the assets of the Emurua Dikirr Technical Training Institute.

In view of the above, the Board, therefore accept responsibility for the College's financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporation Act and the TVET Act). I am, therefore, of the opinion that Emurua Dikirr's financial statements give a true and fair view of the state of the College's transactions during the



EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

financial year ended June 30th, 2021 and of the College's financial position as at that date. I further confirm that completeness of the accounting records maintained for Emurua Dikirr Technical Training College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.



MR. PAUL MUTAI
CHAIRMAN- BOARD
EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

III. REPORT OF THE PRINCIPAL

Emurua Dikirr Technical Training Institute is a Public TVET Emurua Dikirr Technical Training Institute located in Narok County and started its operations in September 2019. It is among the TVET Emurua Dikirr Technical Training Institutes that were launched by the Government in order to achieve social pillar of Vision 2030 by ensuring equal opportunity and access to Technical and Vocational Education and Training.

Emurua Dikirr Technical Training Institute is committed to providing quality technical training to equip the youth with employable skills and make them productive citizens that will propel our nation to prosperity in the field of technology and innovations.

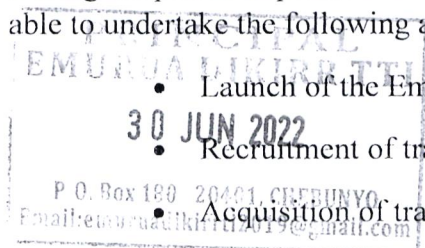
The institute offers courses in the fields of Engineering, Science, Hospitality and Business. It boasts of qualified staff and modern training equipment in all fields.

The Emurua Dikirr Technical Training Institute was mentored by PC Kinyanjui Technical Training Institute from construction, completion and inception of training. Most of the operations from October 2019 to March 2021 were done through the mentor Emurua Dikirr Technical Training Institute since the Emurua Dikirr Technical Training Institute did not have an operational account.

The Board of Governors was inaugurated on 15th January, 2021 after which the Emurua Dikirr Technical Training Institute was given the mandate to open an account.

During the period September 2019-June 2021, Emurua Dikirr Technical Training Institute was able to undertake the following activities;

- Launch of the Emurua Dikirr Technical Training Institute in September 2021
- Recruitment of trainers
- Acquisition of training equipment and materials at cost
- Recruitment of core support staff i.e Finance officer, Procurement Officer and Security



- Partitioning of rooms to have more training rooms

The Emurua Dikirr Technical Training Institute faced a challenge in 2020 that was occasioned by the corona pandemic. During this period fee collection was at its lowest and staff had to go for a while without any salary payments. Fortunately, the Emurua Dikirr Technical Training Institute received its first quarter capitation of Kshs. 3,817,500 in November 2020.

During the financial year 2020/2021 the institute expected a capitation amounting to KShs 15,000,000 and was to collect fees from students amounting to KShs. 13,210,000. These funds were collected through the account of the mentor (PC Kinyanjui Technical Training Institute). Part of the funds were spent through the mentor in payment of salaries, acquisition of furniture and fittings, computers, printers, stationaries and other operational costs.

Some assets in the Emurua Dikirr Technical Training Institute such as land have been assigned an estimated value based on the current market rates within the locality. We are in the process of engaging a property valuer to come up with a documented estimate of these items,

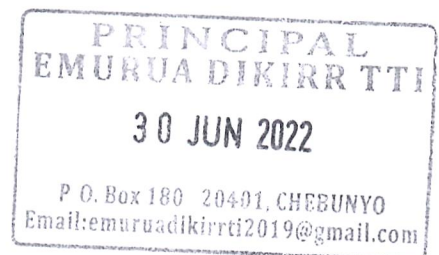
Fees collection has been a big challenge since the college is located in a hardship area where the locals are mainly peasant farmers. We have been able to overcome this challenge by encouraging the trainees to apply for HELB TVET loans and majority of them have benefited from this initiative.

This is our first Financial Report to be presented to the Auditor General's Office and the team that came up with the report consulted widely with the relevant parties to come up with a credible document. The Financial Report is a product of continuous consultation with Audit Committee that was established by the Board to review internal audits in the Emurua Dikirr Technical Training Institute. The college endeavours to recruit an internal auditor to perform audit functions and report to the Board on matters concerning college audits. The recruitment of an internal auditor will also ensure that there is a continuous audit process which will improve the effectiveness of risk management in the organisation.

I therefore trust that this financial report reflects the true records and status of our organisation for the period under review.



MR. DAVID BUSIENEI
PRINCIPAL/ SECRETARY-BOARD
EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE



EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

PRINCIPAL
EMURUA DIKIRR TTI

30 JUN 2022

IV. CORPORATE GOVERNANCE STATEMENT

Email: emurua.dikirr.tti2019@gmail.com

During the year ending 30th of June 2021, members to the Board of Governance was appointed and subsequent induction was conducted on 26th of January 2021. During the financial year ending 30th of June 2021, the Board conducted two meetings on 26th of January and 26th of March 2021. In both meetings, While Seven (7) members were present in the first meeting, five (5) members were present in the second meeting and two (2) were absent with apology.

The procedure for the appointment of the Board members followed the guidelines as provided for in the TVET ACT 29 of 2013, Second schedule. In which case,

(1) The Board of Governors of a public Emurua Dikirr Technical Training Institute shall consist of not less than seven and not more than nine members appointed by the Cabinet Secretary. (2) The membership of the Board of Governors shall comprise— (a) a chairperson; (b) a representative of the Principal Secretary in the Ministry responsible for technical and vocational training, (c) a representative of the county Governor of the county within which the Emurua Dikirr Technical Training Institute is located; and (d) six other persons appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology.

The guidelines for the removal from office of the Board Members is also defined in the TVET ACT 29 of 2013 second Schedule (8) and (9). In which case,

(8) (1) A member of a Board of Governors may at any time resign by giving notice in writing to the cabinet Secretary. (2) A person giving notice under subparagraph (1) shall cease to be a member of the Board from the date specified in the notice or, if no date is specified, from the date of the receipt by the Cabinet Secretary or the Secretary to the relevant Board, as the case may be, of the notice. (9) Revocation of appointment and vacation of office (1) The appointment of a member to a Board of Governors or to its committees shall be revoked and the member shall vacate office if the member— (a) resigns in accordance with paragraph 13 of this schedule; (b) becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors; (c) is sentenced by a court of law to imprisonment for a term of six months or more; (d) is incapacitated by physical or mental illness; has been absent from three consecutive meetings of the Board of Governors without leave; (f) where the member is a representative, has his appointment revoked by the nominating body; or (g) is otherwise unable or unfit to discharge his functions as a member of the Board of Governors on account of any matter in this Act.

The roles and functions of the board are also clearly provided for in the article 29 of the TVET ACT 29 of 2013. In which case;

(29)The functions of the organs set out under section 28(1) shall include— (a) overseeing the conduct of education and training in the Emurua Dikirr Technical Training Institutes in accordance with the provisions of this Act and any other written law; (b) promoting and maintaining standards, quality and relevance in education and training in the Emurua Dikirr Technical Training Institutes in accordance with this Act and any other written law; (c) administering and managing the property of the Emurua Dikirr Technical Training Institutes; (d)

developing and implementing the Emurua Dikirr Technical Training Institutes' strategic plan; (e) preparing annual estimates of revenue and expenditure for the Emurua Dikirr Technical Training Institute and incurring expenditure on behalf of the Emurua Dikirr Technical Training Institutes; (f) receiving, on behalf of the Emurua Dikirr Technical Training Institute, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the Emurua Dikirr Technical Training Institute or other bodies or persons; (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act; (h) mobilizing resources for the Emurua Dikirr Technical Training Institutes; (i) developing and reviewing programmes for training and to make representations thereon to the Board; (j) regulating the admission and exclusion of students from the Emurua Dikirr Technical Training Institutes, subject to a qualifications framework and the provisions of this Act; (k) approving collaboration or association with other Emurua Dikirr Technical Training Institutes and industries in and outside Kenya subject to prior approval by the Board; (l) recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry; (m) determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Emurua Dikirr Technical Training Institutes, in consultation with the Authority; (n) making regulations governing organization, conduct and discipline of the staff and students (o) preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board; (p) providing for the welfare of the students and staff of the Emurua Dikirr Technical Training Institutes; (q) encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Emurua Dikirr Technical Training Institutes; and (r) discharging all other functions conferred upon it by this Act or any other written law

Management of Interest and its disclosure thereof is provided for in Section 15 of the Second Schedule of the TVET ACT 29 of 2013. In which case;

(15). Disclosure of interest (1) If a member is directly or indirectly interested in any contract, proposed contract or other matter before a Board of Governors and is present at a meeting of the Board of Governors at which the contract, proposed contract or other matter is the subject of consideration, he shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter. (2) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made. (3) A member of the Board of Governors who contravenes subparagraph (1) commits an offence and shall be liable to a fine of fifty thousand shillings, or to imprisonment for a term of six months, or to both.

Board Remuneration is governed by Section 17 of the second Schedule of TVET ACT 29 of 2013.

(17) Members of a Board of Governors shall be paid in respect of their services such remuneration or allowances as the Board of Governors shall, with the approval of the Cabinet Secretary, determine.

The Governance Audit follows the laid down procedures as provided for in public finance Management Act, 2012, procurement and disposal Act, 2015, and section 14 of the State Corporation Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013

VII. MANAGEMENT DISCUSSION AND ANALYSIS

During this period, the College prioritized and implemented the following key activities:

Sn	Activity	Status
01	Acquisition of the Training Materials and Equipment	Continuous
02	Partitioning of Room for training	Completed
03	Recruitment of core staff	Conducted
04	Registration of new students	Conducted
05	Advertisement and marketing of the college	Continuous
06	Training of Trainees	Continuous
07	Implementation of COVID 19 control measures and guidelines	Continuous
08	Drilling of the Borehole and Establishment of Water Supply system	Ongoing

VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Emurua Dikirr TTI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

(The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure)

During the year ending 30th June 2021, the Board prioritised the development of the Strategic Plan to provide for the strategic direction of the Emurua Dikirr Technical Training Institute. While the

Environmental performance

(Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.)

Employee welfare

(Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.))

Emurua Dikirr Technical Training Institute being a Public entity follows public policies and procedures governing the conduct of Public entity technical Training Institutes. During the year ending 30th of June 2021, the Board approved for the recruitment of Finance Officer, Procurement Officer, Secretary, and two security officers. The Recruitment process was based on Human Resource Policies and Procedures Manual for the Public Service of May, 2016.

Part III section F of HR manual, provides for Work Environment Health and Safety, upon which Emurua Dikirr TTI relies for the implementation of our work-related policies and procedures

Part IV of the manual provides for Performance Management, Training and Development with clear guidelines and procedures for public entities.

During the year ending June 30th 2021, the following policies were aligned for the development;

1. Academic Policy
2. Human Resource Policy
3. Meritorious Award Policy

Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Emurua Dikirr Technical Training Institute is located along Emurua Dikirr Mogondo Road, 4 km from Emurua Dikirr town, in Transmara West Sub County, Narok County. The location provided us with a unique niche and needs reflected in the kind of products and programmes we offer. Our programmes are aligned to

the needs of our market space and therefore in itself it is a statement of responsible competition practice. At Emurua Dikirr Technical Training Institute we also value networking and collaborating with the local community including National Government Constituency Development Fund (CDF) Board, the County Government, and Local administration.

Our policy of viewing Technical colleges as partners rather than competitors has provided for a close working relation with our neighbour Emurua Dikirr Technical Training Institutes. During the year ending June 30th 2021, we worked closely with Sotik TTI in the provision and conduct of Technical Training and Examination in Automotive Engineering

b) Responsible Supply chain and supplier relations

Emurua Dikirr Technical Training Institute applies public procurement and Disposal Act 2015 and Procurement Regulation 2020 in the management of procurement processes and supplier relations.

In the discharge of responsible contract management and Supplier relations, Emurua Dikirr Technical Training Institute services all contracts with 30 days of invoicing.

During the year ending 30th June 2021, Emurua Dikirr Technical Training Institute serviced all invoiced contracts and therefore has no pending bills brought forward to 2021/2022 financial year except claim of Kes.132,520 which is under board review

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.

Emurua Dikirr Technical Training Institute uses open market approach in the advertisement marketing of our products. Such open market includes; positioning of our sign board at strategic locations, distribution and placement of our brochures at strategic locations, markets and Secondary school visits, radio shows and maintaining online presence.

d) Product stewardship- outline efforts to safeguard consumer rights and interests.

(The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, water and sanitation initiatives)

During the year ending June 30th, 2021, we held a round table discussion with the local community involving, the local administration, NG CDF Board, The County Government

to develop a common approach towards sensitizing the local community on the available opportunities for the skills development for the youth.

We also conducted talk shows in the local Radio stations, distributed brochures in strategic locations in an attempt to increase the awareness of the available skills development opportunities at Emurua Dikirr Technical Training Institute.

During the year ending June 30th 2021, the Board approved for the construction of the Modern ablution block, the Drilling of Borehole and establishment of water supply system to improve the water and sanitation system of the Institute.

In response to the Government directive on COVID_19 containment measures, all sporting and TVET fair activities were suspended during the period ending June 2021.

Corporate Social Responsibility / Community Engagements

The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.

During the year ending 30th of June, 2021, Emurua Dikirr Technical Training Institute in collaboration with the NG- CDF Emurua Dikirr Constituency, commissioned the Drilling of Borehole and Water supply system that would support the Institute and the Community at large

IX. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Emurua Dikirr Technical Training Institute's affairs.

Principal activities

The principal activity of the Emurua Dikirr Technical Training Institute is to offer technical training to the trainees

Results

The results of the Emurua Dikirr Technical Training Institute for the year ended June 30 2021 are set out on pages 1-4

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v

Auditors

The Auditor General is responsible for the statutory audit of the Emurua Dikirr Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

X. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (entities should quote the applicable legislation under which they are regulated)) require the board members to prepare financial statements in respect of that Emurua Dikirr Technical Training Institute, which give a true and fair view of the state of affairs of the Emurua Dikirr Technical Training Institute at the end of the financial year/period and the operating results of the Emurua Dikirr Technical Training Institute for that year/period.

The board members are also required to ensure that the Emurua Dikirr Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Emurua Dikirr Technical Training Institute. The board members are also responsible for safeguarding the assets of the Emurua Dikirr Technical Training Institute.

The board members are responsible for the preparation and presentation of the Emurua Dikirr Technical Training Institute's financial statements, which give a true and fair view of the state of affairs of the Emurua Dikirr Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2021.

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Emurua Dikirr Technical Training Institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Emurua Dikirr Technical Training Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Emurua Dikirr Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under).

The board members are of the opinion that the Emurua Dikirr Technical Training Institute's financial statements give a true and fair view of the state of Emurua Dikirr Technical Training Institute's transactions during the financial year ended June 30, 2021, and of the Emurua Dikirr Technical Training Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Emurua Dikirr Technical Training Institute, which have been relied upon in the preparation of the Emurua Dikirr Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

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Nothing has come to the attention of the board members to indicate that the Emurua Dikirr 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 Emurua Dikirr Technical Training Institute's financial statements were approved by the Board on 30th June 2021 and signed on its behalf by:

Name..... Paul Mutai Signature..... [Signature]

Chairperson of the board

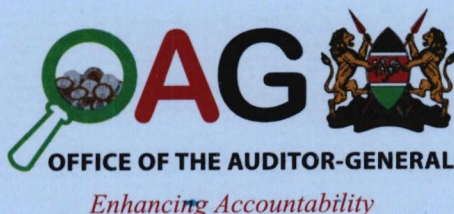
Name..... David Busiene Signature..... [Signature]

Accounting Officer/Principal

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
30 JUN 2022
P.O. BOX 144, NAIROBI, KENYA
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REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 set out on pages 1 to 48, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

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

In my opinion, 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 Emurua Dikirr Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management act 2012 and Technical and Vocational Education Act, 2013.

Basis for Qualified Opinion

1. Failure to Prepare Financial Statements

Review of financial records revealed that the Institute started its operations in September, 2019. However, transactions for the period 1 September, 2019 to 23 March, 2021 or 18 months carried out by the Mentor Institution (PC Kinyanjui Technical Training Institute) have not been disclosed or reported in the financial statements.

In the circumstances, the accuracy and completeness of the financial statements of the Institute could not be confirmed.

2. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 30 to the financial statements reflects a net book value balance of Kshs.62,617,451 in respect of property, plant and equipment. However, the Institute did not maintain an asset register showing original cost, additions, disposals, charge for the year and the net book values.

Further, the statement reflects land valued at Kshs.10,000,000. The Institute is located on land owned by Mokondo Primary school measuring 9.1 acres. However, the particular parcel of land does not have ownership documents and the value reported in the financial statements is an estimated cost without a valuation report of an expert. Though in the letter dated 15 November, 2021 from Kabete National Polytechnic, the Ministry of Land and Physical Planning in consultation with State Department of Vocational and Technical Training have agreed on a budget of Kshs.44,200 to operationalize establishment of beacons and obtaining title for the land occupied by the Institution, the process is yet to be finalized.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.62,617,451 could not be confirmed.

3. Unsupported Directors' Remuneration

The statement of financial performance and Note 16 to the financial statements reflect an amount of Kshs.758,000 in respect of Directors' remunerations. However, the payments were not posted to the cash book. Management's explanation that the transactions were carried out by the Mentor Institution (PC Kinyanjui Technical Training Institute) on behalf of the Institution could not be confirmed since no documentary evidence were provided for audit review.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.758,000 on directors' remuneration could not be confirmed.

4. Misstatement of Revenue

The statement of financial performance reflects revenue from rendering of services amounting to Kshs.14,330,500 which includes examination fees of Kshs.1,102,500 as disclosed in Note 9 to the financial statements. Review of the Kenya National Examination Council (KNEC) examination guidelines revealed that the computed Institute offered thirty-nine (39) courses with an enrolment of four-hundred and sixty (460) students and therefore the revenue from examination fees was estimated to be Kshs.5,129,400 resulting in unexplained variance of Kshs.4,026,900.

In the circumstances, the accuracy and completeness of revenue from examination fees of Kshs.1,102,500 could not be confirmed.

5. Unsupported Training Expenses

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects training expenses of Kshs.651,000. Included in the balance, is an amount of Kshs.161,000 incurred on training of officers. However, the expenditure was not supported with documents indicating details of officers who were trained and the nature of training.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.161,000 on training could not be confirmed.

6. Inaccuracies in the Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents of Kshs.5,928,119 as disclosed in Note 25 to the financial statements. Review of bank reconciliation statements indicated that there were unrepresented cheques of Kshs.607,650 out of which, a cheque of Kshs.21,000 had become stale but had not been reversed in the cash book as at the end of the financial year. In addition, it was noted that transactions for the period between 1 September, 2019 to 23 March, 2021, were not recorded in the cash book.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.5,928,119 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted revenue and actual on comparative basis of Kshs.14,355,000 and Kshs.30,830,500 respectively resulting to a revenue overcollection of Kshs.16,475,500 or 114%. Further, the Institute budgeted to spend Kshs.14,355,000 but spent Kshs.12,605,800 resulting in under expenditure of Kshs.1,749,200 or 12%. In addition, Management overspent on employees' cost by Kshs.2,870,689 without the authority from the Board.

The under-absorption of funds affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The Institute's financial statements for the year ended 30 June, 2021 were submitted to the Office of the Auditor-General on 13 October, 2021 instead of 30 September, 2021. This was contrary to Section 68(2k) of the Public Finance Management Act, 2012 which stipulates that an Accounting Officer shall prepare annual financial statements within three months after the end of the financial year and submit them to the Auditor-General.

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

2. Non-Compliance with Provisions of the Procurement Act

The statement of financial position and as disclosed in Note 30 to the financial statements reflects property, plant and equipment balance of Kshs.62,617,451 which includes buildings valued at Kshs.50,152,951. The contract for the construction of the building was awarded to a construction company at a cost of Kshs.52,444,810. However, no evidence was provided to confirm that the contract was procured competitively as required by the Public Procurement and Asset Disposal Act, 2015. Management explanation that the procurement process was done by the mentor institution (PC Kinyanjui Technical) could not be supported by any documentary evidence.

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

3. Lack of Internal Audit

Review of internal control environment confirmed that the Institute did not have an Internal Audit Department to guide and evaluate its internal controls. This is contrary to Section 73(1)(a) of Public Finance Management Act, 2012 which states that, every National Government entity shall ensure that it has appropriate arrangements in place for conducting Internal Audit according to the guidelines of Public Sector Accounting Standards Board.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


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

report. However, future events or conditions may cause the Institute to cease to sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30TH JUNE 2021

**XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2021**

	Notes	2020-2021
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government	5	16,500,000.00
Grants from donors and development partners	6	00
Transfers from other levels of government	7	00
Public contributions and donations	8	
		16,500,000.00
Revenue from exchange transactions		
Rendering of services	9	14,330,500.00
Sale of goods	10	00
Rental revenue from facilities and equipment	11	00
Finance income - external investments	12	00
Other income	13	00
		14,330,500.00
Total revenue		30,830,500.00
Expenses		
Use of goods and services	14	3,375,482
Employee costs	15	5,210,689
Directors remuneration	16	758,000
Depreciation and amortization expense	17	2,805,004
Repairs and maintenance	18	456,625
Contracted services	19	0
Grants and subsidies	20	0
Finance costs	21	0
Total expenses		12,605,800.00
Other gains/(losses)		0
Gain on sale of assets	22	0
Unrealized gain on fair value of investments	23	0
Impairment loss	24	0
Total other gains/(losses)		
Net Surplus for the year		18,224,700.00

The notes set out on pages 5 to 43 form an integral part of the Annual Financial Statements.

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes		2020-2021
Assets			
Current assets			
Cash and cash equivalents	25		5,928,119
Current portion of receivables from exchange transactions	26		7,313,960
Receivables from non-exchange transactions	27		4,942,500
Inventories	28		0
Investments	29		0
Total current assets			18,184,579
Non-current assets			
Property, Plant and Equipment	30		62,617,451
Intangible assets	31		0
Investment property	32		0
Total assets			80,802,030
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	33		132,520
Refundable deposits from customers	34		0
Current Provisions	35		0
Finance lease obligation	36		0
Deferred income	37		0
Employee benefit obligation	38		0
Payments received in advance			0
			132,520
Non-current liabilities			
Non-current provisions	39		0
Borrowings	40		0
Service concession liability	41		0
Total liabilities			132,520
Net assets			80,669,510
Financed by:			
Capital Reserves			62,444,810
Accumulated surplus			18,224,700
Total			80,669,510

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

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



.....
Chairman of Board of Governors

Date... 30/6/2022



.....
Finance Officer
ICPAK No 14720

Date 30/6/2022



.....
Principal

Date... 30/6/2022



EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
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30 JUNE 2021
30 JUN 2022

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	18,224,700	-	18,224,700
Capital/Development grants received during the year	-	-	-	62,444,810	62,444,810
At June 30, 2021	-	-	18,224,700	62,444,810	80,669,510

X. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2019-2021 Kshs
Cash flows from operating activities		
Receipts		
Revenue from non-exchange transactions		
Transfers from the National Government		16,500,000.00
Grants from donors and development partners		00
Transfers from other levels of government		00
Public contributions and donations		00
		16,500,000.00
Revenue from exchange transactions		
Rendering of services- Fees from students		13,210,000
Examination fee		1,102,500
Sale of tender documents		18,000
Rental revenue from facilities and equipment		00
Finance income - external investments		00
Other income		00
		14,330,500
Total revenue		30,830,500.00
Payments		
Use of goods and services		3,375,482
Employee costs		5,210,689
Directors remuneration		758,000
Depreciation and amortization expense		2,805,004

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
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30TH JUNE 2021

XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE
2021

		2020-2021
	Note	Kshs
Cash flows from operating activities		
Receipts		
Revenue from non-exchange transactions		
Transfers from the National Government		16,500,000.00
Grants from donors and development partners		00
Transfers from other levels of government		00
Public contributions and donations		00
		16,500,000.00
Revenue from exchange transactions		
Rendering of services- Fees from students		13,210,000
Examination fee		1,102,500
Sale of tender documents		18,000
Rental revenue from facilities and equipment		00
Finance income - external investments		00
Other income		00
		14,330,500
Total revenue		30,830,500.00
Payments		
Use of goods and services		3,375,482
Employee costs		5,210,689
Directors remuneration		758,000
Depreciation and amortization expense		2,805,004
Repairs and maintenance		456,625
Contracted services		0
Grants and subsidies		0
Finance costs		0
Total expenses		12,605,800.00
Net Surplus for the year		18,224,700.00
Adjustment: Add back depreciation		2,805,004
Less increase in debtors		(12,256,460)
Add increase in creditors		132,520
Net cash flows from operating activities	42	8,905,764.00
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(205,875)
Purchase of computers and printers		(998,000)
Purchase of furniture and fittings		(1,426,000)

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
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30TH JUNE 2021

Building-Tuition block and latrine		(52,792,580)
Purchase of land		(10,000,000)
Net cash flows used in investing activities		(65,422,455)
Cash flows from financing activities		
Government grant		52,444,810
Public donation		10,000,000
Increase in deposits		0
Net cash flows used in financing activities		62,444,810
Net increase/(decrease) in cash and cash equivalents		5,928,119
Cash and cash equivalents at 30 JUNE 2021	25	5,928,119

EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE
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30TH JUNE 2021

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government capitation	7,500,000.00	-	7,500,000.00	16,500,000.00	-9,000,000.00
Fees from students	6,855,000.00	-	6,855,000.00	13,210,000.00	-6,355,000.00
Examination fees	-	-	-	1,102,500.00	-
Sale of tender documents	-	-	-	18,000.00	-
Total income	14,355,000.00	-	14,355,000.00	30,830,500.00	-16,475,500.00
Expenses					
Tuition cost	3,000,000.00	-	3,000,000.00	441,240.00	2,558,760.00
Training restaurant	2,500,000.00	-	2,500,000.00		2,500,000.00
Employees cost	2,340,000.00		2,340,000.00	5,210,689.00	-2,870,689.00
Ablution block	1,200,000.00	-	1,200,000.00		1,200,000.00
Activity	854,250.00	-	854,250.00		854,250.00
Electricity and water	831,300.00	-	831,300.00	285,894.00	545,406.00
BOG allowances and fare reimbursement	800,000.00	-	800,000.00	758,000.00	42,000.00
Local Transport and Travel	761,175.00	-	761,175.00	156,160.00	605,015.00
Industrial attachment	510,000.00	-	510,000.00		510,000.00
RMI	465,375.00	-	465,375.00	456,625.00	8,750.00
Students ID	387,900.00	-	387,900.00		387,900.00
Water tank	300,000.00	-	300,000.00		300,000.00
Medical	255,000.00	-	255,000.00		255,000.00
Administration cost	100,000.00	-	100,000.00	679,126.00	-579,126.00
Security booth	50,000.00	-	50,000.00		50,000.00
Training and workshops	-	-	-	651,010.00	-651,010.00
Examination	-	-	-	796,620.00	-796,620.00
Hospitality	-	-	-	4,200.00	-4,200.00
Telephone and communication	-	-	-	2,000.00	-2,000.00
Stationery	-	-	-	126,679.00	-126,679.00
Statutory bodies registration	-	-	-	230,000.00	-230,000.00
Bank charges	-	-	-	2,553.00	-2,553.00
Depreciation and amortization expense	-	-	-	2,805,004.00	-2,805,004.00
TOTAL EXPENDITURES	14,355,000.00		14,355,000.00	12,605,800.00	1,749,200.00
Surplus for the period	0.00	0.00	0.00	18,224,700.00	

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Emurua Dikirr TTI Emurua Dikirr Technical Training Institute is established by and derives its authority and accountability from TVET Act. The Emurua Dikirr Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Emurua Dikirr Technical Training Institute's principal activity is provision of technical training courses

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 Emurua Dikirr Technical Training Institute's accounting policies.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

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- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Emurua Dikirr Technical Training Institute'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 Emurua Dikirr Technical Training Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Emurua Dikirr Technical Training Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Emurua Dikirr Technical Training Institute;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Emurua Dikirr Technical Training Institute's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p>

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Standard	Effective date and impact:
	d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The Emurua Dikirr Technical Training Institute did not early – adopt any new or amended standards in year 2021.

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

ii) Revenue from exchange transactions

Rendering of services

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Emurua Dikirr Technical Training Institute's right to receive payments is established.

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) Taxes

Current income tax

The Emurua Dikirr Technical Training Institute is exempted from paying taxes.

c) Taxes

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.

c) **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. 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.

d) **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 Emurua Dikirr Technical Training Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation rates:

Buildings 5%

Furnitures and fittings 12.5%

Plant and equipment 15%

e) Leases

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

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

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

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

f) 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

g) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the

asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) 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 Emurua Dikirr Technical Training Institute determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

4) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or

deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

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

j) Provisions

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

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

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

Contingent liabilities

The Emurua Dikirr Technical Training Institute does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial

Statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

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

k) Nature and purpose of reserves

The Emurua Dikirr Technical Training Institute creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

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.

p) Related parties

The Emurua Dikirr Technical Training Institute regards a related party as a person or an Emurua Dikirr Technical Training Institute with the ability to exert control individually or jointly, or to exercise significant influence over the Emurua Dikirr Technical Training Institute, 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 Emurua Dikirr Technical Training Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Emurua Dikirr Technical Training Institute recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Emurua Dikirr Technical Training Institute 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 Emurua Dikirr Technical Training Institutes 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, 2021.

**SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions 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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5. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021
	KShs
Unconditional grants	
Capitation grant	15,000,000
Operational grant	1,500,000
Conditional grants	
Library grant	00
Hostels grant	00
Administration block grant	00
Laboratory grant	00
Learning facilities grant	00
Other organizational grants	00
Total government grants and subsidies	16,500,000

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Emurua Dikirr Technical Training Institute 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	2020-2021 KShs
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix 2021)

6. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021
	KShs
JICA- Research grant	0
World Bank grants	0
In-kind Donations	0
Other grants	0
Total grants from development partners	0

Reconciliations of grants from donors and development partners

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Description		2020-2021
		KShs
Balance unspent at beginning of year		0
Current year receipts		0
Conditions met – transferred to revenue		0
Conditions to be met – remain liabilities		0

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description		2020-2021
		KShs
		0
Transfer from County 2021		0
Transfer from 2021 University		0
Transfer from 2021 institute		0
Total Transfers		0

8. PUBLIC CONTRIBUTIONS AND DONATIONS

Description		2020-2021
		KShs
Public donation		0
Donations from local leadership		0
Donations from religious Emurua Dikirr Technical Training Institutes		0
Donations from alumni		0
Other donations		0
Total donations and sponsorships		0

9. RENDERING OF SERVICES

Description		2020-2021
		KShs
Tuition fees		13,210,000
Activity fees		00
Industrial attachment fees		00
Examination fees		1,102,500
Library fees		00
Facilities and materials		00
Registration fees		00
Sales of tender documents		18,000
Total revenue from the rendering of services		14,330,500

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10. SALE OF GOODS

Description		2020-2021
		KShs
Sale of goods		00
Sale of books		00
Sale of publications		00
Sale of farm produce		00
Cafeteria		00
Other(include in line with your organisation)		00
Total revenue from the sale of goods		00

11. HIRE OF FACILITIES AND EQUIPMENT

Description		2020-2021
		KShs
Hire of facilities and equipment		00
Contingent rental		00
operating lease revenue		00
Total		00

12. FINANCE INCOME

Description		2020-2021
		KShs
Cash investments and fixed deposits		00
Interest income from Treasury Bills		00
Interest income from Treasury Bonds		00
Interest from outstanding debtors		00
Total finance income		00

13. OTHER INCOME

Description		2020-2021
		KShs
Insurance recoveries		0
Consultancy fees		0
Income from sale of tender		0
Services concession income		0
Reimbursements and refunds		0
Graduation fees		0
Miscellaneous (<i>Specify</i>)		0
Total other income		0

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14. USE OF GOODS AND SERVICES

Description		2020-2021
		KShs
Teaching and learning materials		441,240
Electricity		285,894
Subscriptions		230,000
Examination fees		796,620
Travelling and accommodation		156,160
Printing and stationery		126,679
Telephone expenses		2,000
Training expenses		651,010
Hospitality		4,200
Bank charges		2,553
Administration cost		679,126
Total good and services		3,375,482

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. EMPLOYEE COSTS

	2020-2021
	KShs
Salaries and wages	5,210,689
Employee related costs - contributions to pensions and medical aids	0
Travel, motor car, accommodation, subsistence and other allowances	0
Housing benefits and allowances	0
Overtime payments	0
Performance and other bonuses	0
Social contributions	0
Employee costs	5,210,689

16. REMUNERATION OF DIRECTORS

Description	2020-2021
	KShs
Chairman's Honoraria	00
Directors' emoluments(Meeting allowances)	758,000
Other allowances	00
Total director emoluments	758,000

17. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021
	KShs
Property, plant and equipment	00
Building	2,639,629
Furniture and fittings	129,375
Computers and printers	36,000
Total depreciation and amortization	2,805,004

18. REPAIRS AND MAINTENANCE

Description	2020-2021
	KShs
Offices partitioning	456,625
Furniture and fittings	0
Computers and accessories	0
Total repairs and maintenance	456,625

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. CONTRACTED SERVICES

Description		2020-2021
		KShs
Actuarial valuations		0
Investment valuations		0
Property valuations		0
Total contracted services		0

20. GRANTS AND SUBSIDIES

Description		2020-2021
		KShs
Community development		0
Education initiatives and programs		0
Social development		0
Community trust		0
Sporting bodies		0
Total grants and subsidies		0

21. FINANCE COSTS

Description		2020-2020
		KShs
Borrowings (amortized cost)*		0
Finance leases (amortized cost)		0
Unwinding of discount		0
Interest on Bank overdrafts		0
Interest on loans from commercial banks		0
Total finance costs		0

22. GAIN ON SALE OF ASSETS

Description		2020-2021
		KShs
		0
Property, plant and equipment		0
Intangible assets		0
Other assets not capitalised		0
Total gain on sale of assets		0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description		2020-2021
Investments at fair value		0
Total gain		0

24. IMPAIRMENT LOSS

Description		2020-2021
		KShs
Property, plant and equipment		0
Intangible assets		0
Total impairment loss		0

25. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial Emurua Dikirr Technical Training Institute		Account number	2020-2021
			KShs
a) Current account			
Kenya Commercial bank	1284366227		5,895,789
Equity Bank, etc	-		0
Sub- total	-		5,895,789
b) On - call deposits			
Kenya Commercial bank	-		0
Equity Bank – etc	-		0
Sub- total	-		0
c) Fixed deposits account			
Kenya Commercial bank	-		0
Bank B	-		0
Sub- total	-		0
d) Staff car loan/ mortgage			0
Kenya Commercial bank	-		0
Bank B	-		0
Sub- total	-		0
e) Others(specify)			
Cash in transit	-		0
cash in hand			32,330
Mobile Money account			0
Sub- total			5,928,119
Grand total			5,928,119

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26. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description		2020-2021
		KShs
Current receivables		
Student debtors		7,313,960
Rent debtors		0
Consultancy debtors		0
Other exchange debtors		0
Less: impairment allowance		0
Total current receivables		7,313,960

Long- term Receivables from Exchange Transactions

Description		2020-2021
Non-current receivables		0
Refundable deposits		0
Advance payments		0
Public organizations		0
Less: impairment allowance		0
Total		0
Current portion transferred to current receivables		0
Total non-current receivables		0
Total receivables		0

Description		2020-2021
		KShs
At the beginning of the year		0
Provisions during the year		0
Recovered during the year		0
Write offs during the year		0
At the end of the year		0

27. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description		2020-2021
		KShs
Current receivables		
Capitation grants		4,942,500
Transfers from other govt. entities		0
Undisbursed donor funds		0
Other debtors (non-exchange transactions)		0
Less: impairment allowance		0
Total current receivables		4,942,500

**Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.*

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

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Description		2020-2021
At the beginning of the year		0
Additional provisions during the year		0
Recovered during the year		0
Written off during the year		0
At the end of the year		0

28. INVENTORIES

Description		2020-2021
Consumable stores		0
Maintenance stores		0
Health unit stores		0
Electrical stores		0
Cleaning materials stores		0
Catering stores		0
Total inventories at the lower of cost and net realizable value		0

29. INVESTMENTS

Description		2020-2021
a) Investment in Treasury bills and bonds		0
Financial Emurua Dikirr Technical Training Institute		0
CBK		0
CBK		0
Sub- total		0
b) Investment with Financial Emurua Dikirr Technical Training Institutes/ Banks		0
Bank x		0
Bank y		0
Sub- total		0
c) Equity investments (specify)		0
Equity/ shares in company 2021		0
Sub- total		0
Grand total		0

d) Shareholding in other entities

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

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Name of Emurua Dikirr Technical Training Institute 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	Shs	Shs
-	0	0	0	0	0	0
-	0	0	0	0	0	0
-	0	0	0	0	0	0
-	0	0	0	0	0	0
-	0	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings-5% Shs	Motor vehicles Shs	Furniture and fittings-12.5% Shs	Computers-30% Shs	Plant and Equipment-15% Shs	Capital Work in progress Shs	Total Shs
Cost								
At 1 October 2019	10,000,000	52,444,810	0	1,035,000	120,000	0	0	63,947,580
Additions		347,770	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	0
Transfers/adjustments		0	0	0	0	0	0	0
At 30 th June 2020	10,000,000	52,792,580	0	1,035,000	120,000	0	0	63,947,580
Depreciation charged		2,639,629	0	129,375	36,000	0	0	2,805,004
Additions	0	0	0	391,000	878,000	205,875	0	1,474,875
At 30 th June 2021	10,000,000	50,152,951	0	1,296,625	962,000	205,875	0	62,617,451

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Valuation

The value of land was estimated at the current prevailing market rates

Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	10,000,000	00	10,000,000
Buildings	52,792,580	2,639,629	50,152,951
Property, plant and equipment	205,875	0	205,875
Motor vehicles, including motorcycles	00	00	00
Computers and related equipment	998,000	36,000	962,000
Office equipment, furniture, and fittings	1,426,000	129,375	1,296,625
Total	65,422,455	2,805,004	62,617,451

31. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021
	KShs
Cost	
At beginning of the year	0
Additions	0
At end of the year	0
Additions—internal development	0
At end of the year	0
Amortization and impairment	0
At beginning of the year	0
Amortization	0
At end of the year	0
Impairment loss	0
At end of the year	0
NBV	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. INVESTMENT PROPERTY

Description		2020-2021
		KShs
At beginning of the year		0
Additions		0
Disposal during the year		0
Depreciation		0
Impairment		0
At end of the year		0

33. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description		2020-2021
		KShs
Trade payables		132,520
Fees paid in advance		0
Employee advances		0
Third-party payments		0
Other payables		0
Total trade and other payables		132,520

34. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description		2020-2021
		KShs
Consumer deposits		0
Caution money		0
Other refundable deposits		0
Total deposits		0

35. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Transfers from non-current provisions	0	0	0	0	0
Total provisions	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

36.FINANCE LEASE OBLIGATION

Description		2020-2021
		KShs
At the start of the year		0
Discount interest on lease liability		0
Paid during the year		0
At end of the year		0

Maturity Analysis

Period	Amount
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and onwards	0
Less: Unearned interest	0
	0

Analysed as:

Description	Amount
Current	0
Non- Current	0
Total	0

37.DEFERRED INCOME

Description		2020-2021
		KShs
National government		0
International funders		0
Public contributions and donations		0
Total deferred income		0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

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

38.EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions		2020-2021
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation					
Non-current benefit obligation					
Total employee benefits obligation					

Retirement benefit Asset/ Liability

The Emurua Dikirr Technical Training Institute operates a defined benefit scheme for all full-time employees from July 1, 2020. The scheme is administered by 2021 while 2021 are the custodians of the scheme. The scheme is based on 2021 percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 2021 June 2021 by 2021 actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2020-2021
	Kshs
Discount rates	0
Future salary increases	0
Future pension increases	0
Mortality (Pre- retirement)	0
Mortality (Post- retirement)	0
Withdrawals	0

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Ill health		0
Retirement		0

Recognition of Retirement Benefit Asset/ Liability

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

Description	2020-2021
	Kshs
The return on defined plan assets	0
Actuarial gains/ losses arising from changes in demographic assumptions	0
Actuarial gains/ losses arising from changes in financial assumptions	0
Actuarial gains and losses arising from experience adjustments	0
Others (Specify)	0
Adjustments for restrictions on the defined benefit asset	0
Remeasurement of the net defined benefit liability (asset)	0

- b) Amounts recognised in the Statement of Financial Position

Description	2020-2021
	Kshs
Present value of defined benefit obligations(a)	0
Fair value of plan assets(b)	0
Funded Status(=a-b)	0
Restrictions on asset recognised	0
Others	0
Net Asset or liability arising from defined benefit obligation	0

The Emurua Dikirr Technical Training Institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Emurua Dikirr Technical Training Institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 360 per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Less: Current portion	0	0	0	0	0
Total deferred income	0	0	0	0	0

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

40. BORROWINGS

Description	2020-2021
	KShs
Balance at beginning of the year	0
External borrowings during the year	0
Domestic borrowings during the year	0
Repayments of external borrowings during the year	0
Repayments of domestic borrowings during the year	0
Balance at end of the year	0

ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021
	KShs
External Borrowings	
Dollar denominated loan from '2021 organisation'	0
Sterling Pound denominated loan from 'yyy organisation'	0
Euro denominated loan from zzz organisation'	0
Domestic Borrowings	0
Kenya Shilling loan from KCB	0
Kenya Shilling loan from Barclays Bank	0
Kenya Shilling loan from Consolidated Bank	0
Total balance at end of the year	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description		2020-2021
		KShs
Short term borrowings(current portion)		0
Long term borrowings		0
Total		0

41.SERVICE CONCESSION LIABILITY

Description		2020-2021
		KShs
Fair value of service concession assets recognized under PPE		0
Accumulated depreciation to date		0
Net carrying amount		0
Service concession liability at beginning of the year		0
Service concession revenue recognized		0
Service concession liability at end of the year		0

42.CASH GENERATED FROM OPERATIONS

		2020-2021
Surplus for the year before tax		18,224,700
Adjusted for:		
Depreciation		2,805,004
Non-cash grants received		0
Contributed assets		0
Impairment		0
Gains and losses on disposal of assets		0
Contribution to provisions		0
Contribution to impairment allowance		0
Finance income		0
Finance cost		0
Working Capital adjustments		0
Increase in inventory		0
Increase in receivables		(12,256,460)
Increase in deferred income		0
Increase in payables		132520
Increase in payments received in advance		0
Net cash flow from operating activities		8,905,764

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20xx				
		0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 20xx	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	0			0
Total	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Emurua Dikirr Technical Training Institute has significant concentration of credit risk on amounts due from 2021

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 Emurua Dikirr Technical Training Institute's directors, who have built an appropriate liquidity risk management framework for the management of the Emurua Dikirr Technical Training Institute's short, medium and long-term funding and liquidity management requirements.

The Emurua Dikirr Technical Training Institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June	0	0	0	0

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Trade payables	0	0	0	0
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	0	0	0	0

(iii) Market risk

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

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

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

a) Foreign currency risk

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

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

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	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets (investments, cash, debtors)	0	0	0
	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
	0	0	0
Net foreign currency asset/(liability)	0	0	0

The Emurua Dikirr Technical Training Institute 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.

- (iii) Market risk (Continued)
a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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
2021			
Euro	0	0	0
USD	0	0	0
20xx	0	0	0
Euro	0	0	0
USD	0	0	0

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		2020-2021
		Kshs
Payments for goods and services for 2021		0
Total		0
d) Key management compensation		0
Directors' emoluments		0
Compensation to key management		0
Total		0

44.SEGMENT INFORMATION

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

45.CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

		2020-2021
		Kshs
Contingent assets		
Insurance reimbursements		0
Assets arising from determination of court cases		0
Reimbursable indemnities and guarantees		0
Others (Specify)		0
Total		0

Contingent Liabilities

		2020-2021
		Kshs
Contingent liabilities		0
Court case 2021 against the Emurua Dikirr Technical Training Institute		0
Bank guarantees in favour of subsidiary		0
Contingent liabilities arising from contracts including PPPs		0
Others (Specify)		0
Total	0	0

(Give details)

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46. CAPITAL COMMITMENTS

Capital commitments		2020-2021
		Kshs
Authorised for		0
Authorised and contracted for		0
Total		0

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

47. DEFERRED TAX LIABILITY

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

		2020-2021
		Kshs
Accelerated capital allowances		0
Unrealised exchange gains/(losses)		0
Revaluation surplus		0
Tax losses carried forward		0
Provisions for liabilities and charges		0
		0
Net deferred tax liability/(asset)		0
The movement on the deferred tax account is as follows:		0
Balance at beginning of the year		0
Credit to revaluation reserve		0
Under provision in prior year		0
Income statement charge/(credit)		0
		0
Balance at end of the year		0

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

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b) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with Emurua Dikirr Technical Training Institutes that offer favourable interest rates.

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 2021 (2016: KShs 2021). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 2021 (2020 – KShs 2021)

iv) Capital Risk Management

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

	2020-2021
	Kshs
Revaluation reserve	0
Retained earnings	0
Capital reserve	0
	0
Total funds	0
	0
	0

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Total borrowings		0
Less: cash and bank balances		0
Net debt/(excess cash and cash equivalents)		0
Gearing		0

RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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

	2020-2021
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to Govt agencies	0
Rent Income from govt. agencies	0
Water sales to Govt. agencies	0
Others (Specify)	0
Total	0
b) Purchases from related parties	0
Purchases of electricity from KPLC	0
Purchase of water from govt service providers	0
Rent expenses paid to govt agencies	0
Training and conference fees paid to govt. agencies	0
Others (specify)	0
Total	0
b) Grants /Transfers from the Government	0
Grants from National Govt	0
Grants from County Government	0
Donations in kind	0
Total	0
c) Expenses incurred on behalf of related party	0
Payments of salaries and wages for 2021 employees	0

48. EVENTS AFTER THE REPORTING PERIOD

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

49. ULTIMATE AND HOLDING EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

Emurua Dikirr Technical Training Institute is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of education. Its ultimate parent is the Government of Kenya.

50. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue Observations from Auditor	/	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>

Guidance Notes:

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

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APPENDIX II: PROJECTS IMPLEMENTED BY THE EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE

Projects

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the 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-EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE TRANSFERS

	EMURUA DIKIRR TECHNICAL TRAINING INSTITUTE NAME:			
	Break down of Transfers from the State Department of 2021			
	FY xx/xx			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	2021	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	2021	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	2021	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	2021	

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

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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					Others - must be specific	Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables			
Ministry of Education	0	0	0	0	0	0	0	0	0	
Ministry of Education	0	0	0	0	0	0	0	0	0	
USAID	0	0	0	0	0	0	0	0	0	
Ministry of Education	0	0	0	0	0	0	0	0	0	
	0						0	0	0	
Total	0	0	0	0	0	0	0	0	0	