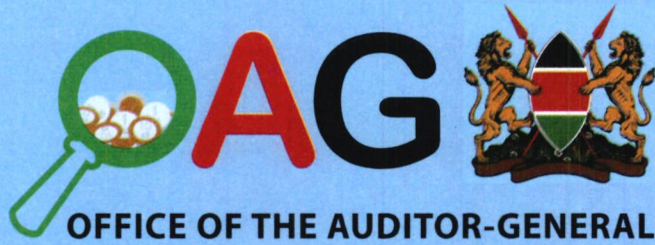


REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUN 2025	DAY. Tuesday
TABLED BY: OF	LOW
CHIEF OF PARTY:	MS. Anne shiboko

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OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KIPSINENDE TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



---

**KIPSINENDE TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2024**

---

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

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Kipsinende Technical Training Institute**  
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**I. KEY COLLEGE INFORMATION AND MANAGEMENT**

**(a) Background information**

Kipsinende Technical Training Institute is situated in Kericho County, Kenya. It was established in 2017 as a Technical and Vocational College. The College derives its mandate and functions from the Technical and Vocational Education and Training Act, 2013. Currently, it is managed by the Board of Governors under the Ministry of Education

**(b) Principal Activities**

The principal activity of the College is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development. Promote and adopt principle of good governance and achieve high quality service delivery aligned to ISO 9001:2015 standards.

**Vision**

A centre of excellence for competency training in Technical and Vocational Education

**Mission**

To provide Technical and Vocational Training that promotes Competencies to meet Local, Regional and Global Technological, Environmental and Dynamic Socio-Economic Challenges

**Core Values**

- Integrity.
- Creativity and incubation.
- Timeliness in service delivery.
- Teamwork.
- Unity in diversity.
- Equity.
- Effectiveness and efficiency.

**(c) Key Management**

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

1. Board of Governors
2. Accounting officer/ Principal
3. Deputy principal in charge of Administration
4. Deputy Principal in charge of Academics
5. Registrar
6. Dean of Students
7. Accountant
8. Procurement officer
9. Human Resource Manager
10. Internal Auditor
11. Heads of Departments

**Kipsinende Technical Training Institute**  
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**(d) Fiduciary Management**

No.	Designation	Name
1.	Principal	Harrison O. Okello
2.	Deputy Principal administration	Lagat Esther Masinde
3.	Deputy Principal Academics	Sitienei Paul Tuwei
4.	Accountant	Chepkemoi Diana
5.	Registrar	John Maina Mutweke
6.	Dean of students	Erick langat

**(e) Fiduciary Oversight Arrangements**

1. Finance and Infrastructure chaired by Dr. Ben K. Samoei
2. Education training ,ICT and human resource committee Dr. Paul Ombati.
3. Audit and Risk Management chaired by Dr. Elijah S. Omutange

Other organs carrying out oversight include;

1. State Department of Vocational Technical Training under Ministry of Education
2. Public Procurement and Oversight Authority
3. Office of the Auditor General
4. Technical Vocational Education and Training Authority (TVETA)

**(f) College Headquarters**

P.O. Box 28-20209  
Fort Ternan, KENYA  
Off Londiani - Muhoroni/Road/Highway at Fort Ternan.

**(g) College Contacts**

Telephone: (+254)0722692660  
E-mail: [kipsinendetechnical@gmail.com](mailto:kipsinendetechnical@gmail.com).  
[info@kipsinendeCollege.ac.ke](mailto:info@kipsinendeCollege.ac.ke)  
[principal@kipsinendeCollege.ac.ke](mailto:principal@kipsinendeCollege.ac.ke)  
[finance@kipsinendeCollege.ac.ke](mailto:finance@kipsinendeCollege.ac.ke)  
Website: <https://www.kipsinendeCollege.ac.ke>

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**(h) College Bankers**

Kenya Commercial Bank, Kericho main branch  
A/C No. 1212733894,  
P.O. Box 43-20200,  
Kericho, Kenya

**(i) Independent Auditors**








Auditor General  
Office of Auditor General  
Anniversary Towers, College 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

**Kipsinende Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2024**

**II. THE BOARD OF GOVERNORS**







POSITION & PHOTO	PERIOD OF SERVICE	NAME AND QUALIFICATION
CHAIRMAN 	MARCH 2024	JOSEPH KIPYEGON RUTO, DOB 22/12/1962, ID NO.7629109, BACHELOR OF LAND ECONOMICS UNIVERSITY OF NAIROBI
1. PRINCIPAL/BOG SECRETARY 	SEPTEMBER 2024	HARRISON O. OKELLO DOB 1975 ID NO. MSC INFORMATION TECHNOLOGY, B.ED COMPUTER STUDIES &MATHS, DIP. IN EDUCATION
2. MEMBER/REP PS- CDTVET-KERICHO 	JANUARY 2023	KIPKOECH PETER CHERUIYOT, D.O.B 08/08/1972.M.PHIL. REGIONAL COUNTY DIRECTOR TVET
3. MEMBER 	MARCH 2024	BEN KIPNGETICH SAMOEI DOB 14/07/1972 ID NO.11362319 PhD BUSINESS MANAGEMENT (FINANCE), CPA K, CPS K EXPERIENCE FINANCE &INTERNAL AUDITOR
4. MEMBER 	MARCH 2024	ELISHA NDIYA ABEKA DOB 01/01/1962 ID NO.5890158 BSC ENGINEERING ELECTRICAL &ELECTRONICS, EXPERIENCE ROBOTICS, GOVERNANCE &SPECIAL NEEDS
5. MEMBER 	MARCH 2024	MERCY LAMWENYA DOB 06/10/1993 ID NO.30418841 DEGREE IN LAW (LLW) UNIVERSITY OF NAIROBI, PRINCIPAL LEGAL OFFICER
6. MEMBER 	MARCH 2024	REV.DR. PAUL OMBATI DOB 01/01/1970 ID NO.10692973 PhD COUNSELLING & PSYCHOLOGY,EXPERIENCE IN PUBLIC

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**


		RELATIONS, DIGITAL MARKETING & COMMUNICATION
7. MEMBER  	MARCH  2024	PROF. STELLA CHELANGAT KIRUI  DOB 01/12/1965 ID NO.4639574  PhD in ENTOMOLOGY  ASSOCIATE PROFESSOR IN APPLIED ENTOMOLOGY  LECTURER MAASAI MARA UNIVERSITY
8. MEMBER	MARCH  2024	DR. ELIJAH SANDAGI OMTANGE DOB 03/05/1969 ID NO.103206618 PhD ENVIRONMENTAL EARTH SCIENCES, MPHIL. EDUCATION, B.ED EDUCATION ,LECTURER DEPT OF TECHNOLOGY EDUCATION

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**III. MANAGEMENT TEAM**

NAME OF THE STAFF	RESPONSIBILITY
<p>HARRISON O. OKELLO</p> 	<p>-PRINCIPAL            -SECRETARY BOG            - ACCOUNTING OFFICER</p>
<p>PAUL SITIENEI</p> 	<p>-D/PRINCIPAL ACADEMICS            -HEAD OF ACADEMIC MATTERS            -CHAIRPERSON OF ACADEMIC BOARD</p>
<p>ESTHER MASINDE LAGAT</p> 	<p>-AG D/PRINCIPAL ADMINISTRATION            -CHAIRPERSON DISCIPLINARY COMMITTEE            -HUMAN RESOURCE FUNCTION</p>
<p>JOHN MAINA</p> 	<p>-AG. REGISTRAR            -ADMISSIONS AND MARKETING</p>
<p>ERICK LANGAT</p> 	<p>-AG. DEAN OF STUDENTS            -STUDENTS WELFARE</p>
<p>DORCAS KURGAT</p> 	<p>PROCUREMENT OFFICER            -ADVISOR IN PROCUREMENT MATTERS</p>

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

<p>DIANA CHEPKEMOI</p> 	<p>ACCOUNTANT FINANCIAL MANAGEMENT BUDGETING AND BUDGETARY CONTROL</p>
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**Kipsinende Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2024**

**IV. CHAIRMAN'S STATEMENT**

The new Board of Governors was appointed on 12<sup>th</sup> February 2024 as per the government Gazette Notice and officially inaugurated on 1<sup>st</sup> March, 2024. I am pleased to report that Kipsinende Technical Training Institute (KTTI) has continued to perform well in examination results of the Kenya National Examinations Council (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the few months on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

**Economic Focus**

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19.

➤ **CONSOLIDATED SUCCESSES**

- A united Board of Governors, enthusiastic and development conscious.
- Impressive results out of learners.
- Sufficient lighting within the Institute was also provided.

➤ **CHALLENGES**


- Water shortage during dry seasons.
- Study class rooms not sufficient
- Insufficient workshops
- Residential premises (hostels) not enough around the Institute for student's accommodation.
- Inadequate trainers.
- Poor accessibility due to poor roads.

➤ **WAY FORWARD**

- Increase more learning rooms through Government Funding and Constituency Development Fund.
- Constructing hostels mainly for female learners in the short term.
- Do more harvesting of rain water, drill a borehole, construct a pump house in the nearest river and install an electric pump for piped water to the institute
- Plan more developments.

JOSEPH KIPYEGON RUTO

**CHAIRMAN, BOARD OF GOVERNORS**

Sign: .....  .....

Date: ..... 28/9/2024 .....

**Kipsinende Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2024**

**I. REPORT OF THE PRINCIPAL**

The Financial Year 2023/2024 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

**Students Enrolment;**

During the year 2023/2024, there was increase in student enrolment from 347 to 432.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved.

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally.

Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years.

On behalf of the Institute Board of Governors, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year in an environment of peace and stability. I wish to register my sincere gratitude to them all.

Having joined the Institute on 9<sup>th</sup> September, 2024, I look forward to put much emphasis on increasing trainee enrolment and meeting our targets as highlighted in our strategic plan and deliver on our performance contract with the government. We are looking forward to the stakeholders support in the new financial year and the years ahead. God bless you.

**Harrison Okello  
PRINCIPAL/ BOG SECRETARY**

SIGN.....*H Okello*.....DATE.....*28/09/2024*.....



**V. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

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

Kipsinende Technical Training Institute has three strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2023/2024. These strategic pillars are as follows:

1. Increase graduates in Science, Engineering and Technology courses with the requisite skills for the delivery of "Big Four" Initiatives;
2. Applying modern technology in small holder farming to ensure food security and sustainability;
3. To develop and improve infrastructural facilities to accommodate the needs of the stakeholders and the immediate community.

The college develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

**VI. CORPORATE GOVERNANCE STATEMENT**

**I. Code of conduct/ responsibilities of board members**

Kipsinende Board of Governors relies on the prescription of the TVET Act, 2013 and Mwongozo on the description of its responsibilities, functions and structure and ethical conduct.

**II. Appointment and removal of Board of Governors**

The appointment and removal of the Board of Governors is prescribed under the TVET Act, 2013. The appointing authority takes into consideration skills mix in selection to ensure persons with key specialization are included such as ICT, Finance, Technical areas etc. it also factors in gender and ethnic representation as per the Constitution. The current Board of Governors was appointed by the Permanent Secretary Ministry of Education Science and Technology in December, 2020.

**III. Training**

The Board of Governors attended induction and training of Board of Governors that was organised by the KATTI principals in the South Rift. The training was conducted by Officers from the Ministry Education, State Department of Vocational and Technical Training.

**IV. Board performance evaluation**

There is a formal process for reviewing and evaluation of Boards performance and its committee.

**V. Conflict of interest**

Declaration of conflict is maintained in all meetings. A register of conflict of interest is maintained by the institution to record all the declarations

**VI. Board remuneration**

The Board are entitled to sitting allowance as prescribed in the Kipsinende Technical Training Institute Board allowances.

**VII. Succession plan**

Succession plan on governance was considered during nomination. Two thirds of the previous BOG membership were retained for continuity in the next circle of appointment. This was done based on their good performance in the previous board. This practice ensures smooth transition and continuity of BOG operations and are guided by the Constitution of Kenya 2010, The TVET Act 2013 and MWONGOZO document.

**VIII. Board meeting attendance**

The board holds its meetings at least once every quarter. The same applies to Board Committees. In FY 2023/24, meetings were held as follows;

	Nature of meeting	Ordinary	Special	Total
1	Full Board		1	1
2	Technical And Project Committee research	1		1
3	Finance and infrastructure	4		4
4	Audit and Risk Committee		2	2

**IX. Governance Audit**

Surveillance audit on implementation of ISO 9001:2015 was not undertaken during the year under review by the certifying body, Kenya Bureau of Standards due to the impact of the Pandemic. The Management however facilitated internal quality audit and we were found to a larger extend to be implementing its requirements. The internal audit, Audit and

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

Risk Committee carried out their routine audits and gave their recommendations to the Board.

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Kipsinende Technical Training Institute exists to transform lives amplified by College Motto 'Service before Self'. 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**

In carrying out our duties, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, Education and Training Sector Plan: - Medium Term Plan III, keeping in mind the specific priorities of Kipsinende Technical Training Institute. We also pay special attention to implementation of Post COVID-19 recovery strategies and plans.

**Environmental performance**

Kipsinende Technical Training Institute is located on top of the hill on a land that the community used to graze their flock of Cows with high grass vegetation without trees. The college has formed an environmental club under the APSnet school guided by trained patrons. The focus is on the Sustainable Development Goals. In the FY2023-2024 the Institute concentrated on the intercropping farming where the trees are intercropped and a coffee farm of four acres was established to serve as a demonstration plot as well as a project for income generation.

**Employee welfare**

Kipsinende Technical Training Institute do hire both the trainers and non-teaching staff competitively being guided by the Human Resource policy and procedure Manual for public service, KTTI Scheme of service for Non-teaching staff and Labour Relations Act 2007 and Employment Act.

The procedure will include but not limited to:

- Identifying the institute Human Resource need to come up with the Staff establishment as per each department.
- Specify the requirements for each work on areas of qualification, skills needed and Experience,
- Advertisement is done through the most outreaching means
- Considering the non-discriminative methods to allow for equity and equality
- All applications are received and sorted and short-listed through a panel
- Notification is provided to short-listed for invitation for interviews and the successful candidates are notified for acceptance.
- Induction is done at each department as per the manual

The institute normally carries appraisal process to take into consideration the performance of each member of staff in a negotiation procedure through plan target and eventually identify the staff needs for recommendation to management and provide for awards and incentives with focus on improvement on the staff needs.

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

In the day-to-day activities the safety and security committee normally carry their activities as per the KTTI OSHA policy derived from the OSH Act 2007

**Market place practices-**

Kipsinende Technical Training Institute operates through various committees:

a) Responsible competition practice.

The committees are guided by their respective policies that guide them on activities they perform.

b) Responsible Supply chain and supplier relations-

The procurement procedure is normally carried through the supply chain management office where the Procurement Officer with the staff in the department follow the statutory laws are followed to the letter.

c) Responsible marketing and advertisement

The college operate with guided principles where Quality and Standards are emphasis through the office of Quality and Standards Office in everything undertaken in the College.

d) Product stewardship-

The Kipsinende Technical Training Institute focuses her Customers by making sure that Citizen Service Charter is followed to letter.

The institute through the student's affairs guided by the Dean of students and emphasis is put on co-curricular and extracurricular activities organized by the democratically elected student's council

Corporate Social Responsibility / Community Engagements

Kipsinende Technical Training Institute being located in a village where the community has found the Institute to be new dawn that it has improved on the revenue to the community because it has become a source of income where they put up housing for students. The farm products have gotten market, the supply of power, and water has benefited the community.

The Institute is involved in the community in cleaning the environment.

The Institute, NTSA, Community Policing and the Boda Boda Society with the police service engage on the Boda Boda Riders on how to work together on road safety requirements though a meeting held in the Town Campus. This has resulted to the start of a Driving school in Fort-Ternan.

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Institute's affairs.

**Principal activities**

The principal activity of the Institute is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development.

Promote and adopt principle of good governance and achieve high service delivery work aligned to ISO 9001:2015 standards

**Results**

The results of the Institute for the year ended June 30, 2024 are set out on page 1-6

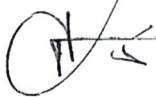
**BOARD OF GOVERNORS**

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 Kipsinende Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



Board Chairperson

Date:

28/9/24

**Kipsinende Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2024**

**XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of the college, which give a true and fair view of the state of affairs of the college at the end of the financial year and the operating results of the institute for that year. The board members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The board members are also responsible for safeguarding the assets of the institute.

The board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the 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 Corporations Act, and the TVET Act) -The board members are of the opinion that the college's financial statements give a true and fair view of the institute's transactions during the financial year ended June 30, 2024, and of the college's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the institute, 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.

Nothing has come to the attention of the board members to indicate that the institute will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The institute's financial statements were approved by the Board on 28/9/2024 and signed on its behalf by:

Name. Mr. Joseph Kipyegon Ruto

Signature.....

Date... 28/9/2024

Chairperson of the Board

Name Harrison O. Okello

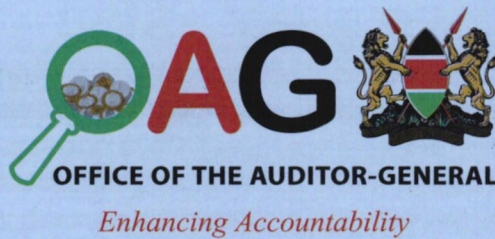
Signature.....  
Date... 28/9/2024

Principal / Secretary BOG



# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON KIPSINENDE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2024.

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kipsinende Technical Training Institute set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net

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*Report of the Auditor-General on Kipsinende Technical Training Institute for the year ended 30 June, 2024*

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 Kipsinende Technical Training Institute as at 30 June, 2024 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Total Revenue from Exchange Transactions**

The statement of financial performance reflects total revenue from exchange transactions amounting to Kshs.16,672,875 in respect of rendering services - fees from students. However, the amount differs with the supporting schedule reflecting Kshs.21,540,444 and resulting in unexplained variance of Kshs.4,867,570.

Further, review of bank records revealed revenue from income generating activities amounting to Kshs.237,250 which was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of total revenue from exchange transactions amounting to Kshs.16,672,875 could not be confirmed.

#### **2. Inaccuracies in Use of Goods and Services**

The statement of financial performance reflects use of goods and services amounting to Kshs.12,590,131. The amount includes training materials amounting to Kshs.2,046,239 as disclosed in Note 8 to the financial statements. However, the training materials amount includes expenditure amounting to Kshs.1,100,000 on solar installation which does not relate to training materials.

Further, the use of goods and services expenditure includes local transport and travelling amounting to Kshs.3,619,981 which includes training materials and repairs and maintenance amounting to Kshs.77,605 which was incorrectly classified as local transport and travelling.

In addition, the use of goods and services amounting to Kshs.12,590,131 differs with the use of goods and services amounting to Kshs.12,631,781 reflected in Note 8 to the financial statements resulting in unexplained variance of Kshs.41,650

In the circumstances, the accuracy and completeness of use of goods and service expense of Kshs.12,590,131 could not be confirmed.

### **3. Inaccuracy of Compensation of Employees**

The statement of financial performance reflects compensation of employees amounting to Kshs.4,285,065 as further disclosed in Note 9 to the financial statements. However, the amount differs with the supporting schedule amount of Kshs.4,219,620 resulting in unexplained variance of Kshs.65,445.

Further, the amount differs with the recomputed monthly payrolls expenditure amounting to Kshs.3,831,593 resulting to unreconciled variance of Kshs.453,472.

In addition, the trainers' payrolls for the months of March and June 2024 were not provided for audit review. The non-trainers' payrolls for the months of August 2023 to February 2024 and April 2024 to June 2024 were also not provided for audit review.

In the circumstances, the accuracy and completeness of compensation of employees amounting to Kshs.4,285,065 could not be confirmed.

### **4. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents totalling Kshs.449,589 as further disclosed in Note 12 to the financial statements. However, the amount differs with the cashbook balance of negative Kshs.2,710,470 resulting in unreconciled variance of Kshs.3,160,059. This is indicative of failure to update the cashbook.

In addition, the bank reconciliation statements for the year under review were not provided for audit review.

In the circumstance, the accuracy, completeness and existence of the cash and cash equivalents totalling Kshs.449,589 could not be confirmed.

### **5. Inaccuracy of Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions totalling Kshs.9,267,185 as further disclosed in Note 13 to the financial statements. However, the amount differs with the supporting schedule amount of Kshs.17,381,524 resulting to unexplained variance of Kshs.8,114,339.

Further, the amount includes receivables totalling Kshs.2,848,591 which have been outstanding for more than one year. However, no provision has been made for impairments of the receivables. Management has also not taken any measure to recover the long outstanding receivables and no provision for bad and doubtful debts were made.

The accuracy, completeness and recoverability of the receivables from exchange transactions totalling of Kshs.9,267,185 could not be confirmed.

## **6. Inaccuracy of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment totalling Kshs.85,562,317. The amount is total cost of property, plant and equipment amounting to Kshs.209,824,809 less accumulated depreciation of Kshs.124,262,492 as disclosed in Note 15 to the financial statements. However, the total cost of property, plant and equipment of Kshs.209,824,809 differs with the recomputed balance of Kshs.205,944,080 resulting in unexplained variance of Kshs.3,880,729.

Further, the prior year accumulated depreciation totalling Kshs.117,298,119 differs with the audited balance of Kshs.95,711,575 resulting in a variance of Kshs.21,586,544.

In addition, the amount includes land and buildings totalling Kshs.11,970,000 and Kshs.46,766,223, respectively, as disclosed in Note 15 to the financial statements. However, title deed and valuation reports for the land and buildings were not provided for audit review. Similarly, the log book for motor vehicle with net book value of Kshs.1,068,750 was not provided for audit review. The interim completion certificates in support of the work in progress totalling Kshs.3,880,329 as disclosed in Note 15 to the financial statements were also not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant and equipment totalling Kshs.85,562,317 could not be confirmed.

## **7. Unsupported Biological Assets**

The statement of financial position reflects biological assets totalling Kshs.501,640 relating to dairy cows, calves and coffee as disclosed in Note 17 to the financial statements. However, valuation report in support of the biological assets was not provided for audit review.

In the circumstances, the accuracy and completeness of biological assets totalling Kshs.501,640 could not be confirmed.

## **8. Unsupported Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions totalling Kshs.4,887,558 as further disclosed in Note 18 to the financial statements. However, the ageing analysis of the payables was not provided for audit review.

In the circumstance, the accuracy and completeness of trade and other payables from exchange transactions of Kshs.4,887,558 could not be confirmed.

## **9. Unsupported Refundable Deposits from Customers**

The statement of financial position reflects refundable deposits from customers totalling Kshs.184,600 which is a decrease of Kshs.617,400 or seventy seven percent (77%) from the payables reported in the previous year. This is an indication of refund of student deposits which was not supported.

Further, the ageing analysis of the payables has not been disclosed. A separate account for the deposits has also not been maintained.

In the circumstance, the accuracy, completeness and existence of refundable deposits from customers totalling Kshs.184,600 could not be confirmed.

#### **10. Irregular Presentation of the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts does not reflect budget adjustment and final budget. This was contrary to the Public Sector Accounting Standards Board reporting requirements.

In the circumstance, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on a comparable basis amounting to Kshs.36,456,500 and Kshs.26,927,156 respectively, resulting in an under-funding of Kshs.9,529,344 or 26% of the budget. Similarly, the statement reflects the final expenditure budget and actual expenditure on a comparable basis amounting to Kshs.36,456,500 and Kshs.24,275,324, respectively, resulting in under-absorption of Kshs.12,181,176 or 33% of the budget.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

##### **Key Audit Matters**

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

##### **Other Information**

Management is responsible for the other information set out on page v to xx which comprise of Key College Information and Management, the Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of

Performance against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governor's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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**

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function**

Audit review confirmed that the Institute did not have an Internal Audit department. This was contrary to Section 73(1) of the Public Finance Management Act, 2012 which requires every National Government entity to have appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstance, the oversight on effectiveness of internal controls, risk management and overall governance could not be confirmed.

## **2. Weaknesses in Imprest Management**

The statement of financial performance reflects use of goods and services of Kshs.12,590,130. The amount includes local transport and travel of Kshs.3,619,981 as disclosed in Note 8 to the financial statements. Review of supporting documents for local transport and travel revealed that the expenditure related to allowances paid to staff members in form of temporary imposts to facilitate attendance of official functions outside the Institute. However, the temporary impost was not supported by requisition memos and impost warrants. An impost register was also not maintained as part of the controls to monitor and manage issuance of the impost.

Further, there was no approved transport policy clearly defining the applicable rates for transport reimbursement for official journeys made with private means.

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

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

## **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statement

comply with the authorities which govern them and that public resources are applied in an effective way.

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


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

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

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

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**12 June, 2025**

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants	6	10,254,281.00	4,861,000.00
<b>Total Revenue from non-exchange transactions</b>		<b>10,254,281.00</b>	<b>4,861,000.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	16,672,875.00	10,845,184.00
Miscellaneous income		0	23,770.00
<b>Total Revenue from exchange transactions</b>		<b>16,672,875.00</b>	<b>10,868,954.00</b>
<b>Total revenue</b>		<b>26,927,156.00</b>	<b>15,729,954.00</b>
<b>Expenses</b>			
Use of goods and services	8	12,590,131.00	15,917,970.00
Employee costs	9	4,285,065.00	5,187,921.00
Remuneration of directors	10	253,000.00	686,850.00
Repairs and maintenance	11	132,380.00	411,856.00
Depreciation on Property, Plant and Equipment	15	6,964,373.00	7,108,745.00
Impairment loss		50,375.00	0
<b>Total expenses</b>		<b>24,275,324.00</b>	<b>29,313,342.00</b>
<b>Net Surplus/Deficit for the year</b>		<b>2,651,832.00</b>	<b>(13,583,388)</b>

The Financial Statements set out on pages 1 to 4 were signed

.....  
 Chairman of Board

.....  
 Accountant

.....  
 Principal

Date 28/9/2024

Date 28/9/2024

Date 28/9/2024



**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**XII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024**

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	12	449,589.00	1,021,000.00
Receivables from exchange transactions	13	9,267,185.00	6,028,887.00
Inventories	14	593,715.00	503,150.00
<b>Total Current Assets</b>		<b>10,310,489.00</b>	<b>7,553,037.00</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	85,562,317.00	81,681,987.00
Intangible assets	16	1,628,803.00	289,178.00
Work in progress	15	0	3,880,329.00
Biological Assets	17	501,640.00	501,640.00
<b>Total Non - Current Assets</b>		<b>87,692,760.00</b>	<b>86,353,134.00</b>
<b>Total Assets</b>		<b>98,003,249.00</b>	<b>93,906,171.00</b>
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	4,887,558.00	2,824,612.00
Refundable deposits from customers	19	184,600.00	802,000.00
<b>Total Current liabilities</b>		<b>5,072,158.00</b>	<b>3,626,612.00</b>
<b>Net Assets</b>		<b>92,931,091.00</b>	
<b>Capital and Reserves</b>			
Accumulated surplus		(110,850,837.00)	(113,502,669)
Capital Fund		203,781,928.00	203,781,928
<b>Total capital and Reserves</b>		<b>92,931,091.00</b>	<b>93,906,171.00</b>

The Financial Statements set out on pages 1 to 4 were signed by:

.....  
 ....  
**Chairman of Board**

.....  
 ....  
**Accountant**

.....  
 ....  
**Principal**

Date 28/9/2024 Date 28/9/2024

Date 28/9/2024



**4. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

	<b>Retained earnings</b>	<b>Capital Donations/Fund</b>	<b>Total</b>
At July 1, 2022	-	-	-
Estimated value of donated assets	(52,054,536)	203,781,928	<b>151,727,392</b>
Surplus/ (deficit) for the period	(17,814,611)	-	<b>(17,814,611)</b>
At June 30, 2022	(69,869,147)	203,781,928	<b>133,912,781</b>
At July 1, 2022	(69,869,147)	203,781,928	<b>133,912,781</b>
Surplus/ (deficit) for the period	(30,050,134)	-	<b>(30,050,134)</b>
At June 30, 2022	<b>(99,919,281)</b>	<b>203,781,928</b>	<b>103,862,647</b>
As at 1 July 2023	(99,919,281)	203,781,928	103,862,647
Deficit for the period	(13,583,388)	-	(13,583,388)
As at 30 <sup>th</sup> , June 2023	<b>(113,502,669)</b>	<b>203,781,928</b>	<b>90,279,259</b>
Surplus for the period	2,651,832.00	0	2,651,832.00
As at 30 <sup>th</sup> , June 2024	<b>(110,850,837.00)</b>	<b>203,781,928</b>	<b>92,931,091</b>

5. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

Details	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash & cash equivalents at the beginning of the Year		1,200,881.00	0
Cash flows from operating activities			
Receipts			
Transfers from Government- Capitation/Scholarship Grants	6	10,254,281.00	4,861,000.00
Rendering of training services – Fees from Students	20	11,004,367.00	10,845,184.00
Miscellaneous income		0	23,770.00
<b>Total cash in- flow</b>		<b>21,258,648.00</b>	<b>15,729,954.00</b>
Payments			
Use of goods and services	21	15,949,495.00	15,917,970.00
Employee costs	22	4,285,065.00	5,187,921.00
Board of Governors Cost	23	253,000.00	686,850.00
Repair Maintenance and Improvement	24	132,380.00	411,856.00
<b>Total cash out from operating activities</b>		<b>20,619,940.00</b>	<b>22,204,597.00</b>
<b>Net Cash Inflow from Operating Activities</b>		<b>638,708.00</b>	<b>(6,601,837.00)</b>
Cash flows from investing activities			
Acquisition of Intangible Assets	16	1,390,000.00	0
<b>Total Cash Out-flow from investing activities</b>		<b>1,390,000.00</b>	<b>(353,373.00)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(751,292.00)</b>	<b>1,375,373.00</b>
<b>Cash and Cash Equivalents at end of the Year</b>	12	<b>449,589.00</b>	<b>1,021,000.00</b>

.....  
Chairman of Council/Board

Date 28/9/2024

.....  
Accountant

Date 28/9/2024

.....  
Principal

Date 28/9/2024



6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024

	ORIGINAL BUDGET	ACTUAL COMPARABLE BASIS	ON PERFORMANCE DIFFERENCE	UTILIZATION DIFFERENCE
DETAILS	2023-2024	2023-2024	2023-2024	2023-2024
	Kshs	Kshs	Kshs	%
<b>Revenue</b>				
Capitation/Scholarship grant	18,813,200.00	10,254,281.00	(8,558,919.00)	45.49%
Rendering of training services	17,643,300.00	16,672,875.00	(970,425.00)	5.50%
<b>Total income</b>	<b>36,456,500.00</b>	<b>26,927,156.00</b>	<b>(9,529,344.00)</b>	<b>26.14%</b>
<b>Expenses</b>				
Rendering of training services	24,394,524.00	12,590,131.00	11,804,393.00	48.39%
Employee costs	4,389,976.00	4,285,065.00	104,911.00	2.39%
B.O.G Allowances	525,000.00	253,000.00	272,000.00	51.81%
Repair Maintenance Improvement	1,400,000.00	132,380.00	1,267,620.00	90.54%
Depreciation on PPE	5,747,000.00	6,964,373.00	(1,217,373.00)	(21.18%)
Impairment loss	0	50,375.00	(50,375.00)	0
<b>Total expenditure</b>	<b>36,456,500.00</b>	<b>24,275,324.00</b>	<b>12,181,176.00</b>	<b>(33.41%)</b>
<b>Surplus for the period</b>	<b>0</b>	<b>2,651,832.00</b>	<b>2,651,832.00</b>	<b>100%</b>

**(Budget notes)**

1. The institution did not realize the budgeted amount. This has let to the institution not to do the development projects that had been budgeted for.
2. The number of students enrolled in the financial year also did not turned up as expected. This also has affected the expected fee to be collected due to low enrolment.

**7. Notes to the Financial Statements**

**1. GENERAL INFORMATION**

Kipsinende Technical Training Institute is established by and derives its authority and accountability from TVET Act, 2013. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is Technical Training.

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

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 36

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

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

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2024.**

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>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.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>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.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account</p>

**Kipsinende Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

	<p>for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>
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**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an College's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>•Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an College's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College 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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the College;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the College's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and</li> </ul>

	<p>credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p>
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**iii. Early adoption of standards**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**a) Revenue recognition (Continued)**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2024 was approved by the Board on 30/6/2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Institute's upon receiving the respective approvals in order to conclude the final budget. Accordingly, the institute recorded changes in appropriations on the FY 2023/2024 budget following the Board's approval.

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

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

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

**c) Taxes**

***Current income tax***

The College is exempt from paying taxes as per schedule six of the income Tax Act.

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**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.

**d) Investment property**

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

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

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the College 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. The assets are depreciated on reducing balance using the following rates: -

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Asset	Rate
Buildings	2.5%
Plant and machinery	20%
Motor vehicles, including motorcycles	25%
Computers and related equipment	33.3%
Furniture, and fittings	12.5%

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the College. 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 College 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 College 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 College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**h) Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset

- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The College 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. A provision of 10% p.a is provided for bad and doubtful debts.

***Held-to-maturity***

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

- The debtors or a College 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 College 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

#### **i) Inventories**

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 College.

**j) Provisions**

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

***Nature and purpose of reserves***

The College creates and maintains retained earnings and revaluation reserves in terms of specific requirements.

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

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

**l) Employee benefits**

**Retirement benefit plans**

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

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

**m) Foreign currency transactions**

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

**n) Borrowing costs**

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

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

**o) Related parties**

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

**p) Service concession arrangements**

The College 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 College 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 College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

The preparation of the College's financial statements in conformity with IPSAS requires management to make judgements, 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 College based its

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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 College. 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 College
- 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**

Gratuity, bad and doubtful debts provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 32

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.

**6. Transfers from National Government entities**

Description	2023/2024	2022/2023
	KShs	KShs
Operation Grant	2,000,000.00	0
Capitation grants	5,061,500.00	4,861,000.00
Other grants	3,192,781.00	0
<b>Total government grants and subsidies</b>	<b>10,254,281.00</b>	<b>4,861,000.00</b>

**7. Rendering of Training Services – Fee from students**

Description	2023-2024	2022-2023
	KShs	KShs
Tuition fees and related income	4,564,857.00	5,050,010.00
Examination fees	922,910.00	1,198,530.00
Boarding	0	44,990.00
Electricity Water & Conservancy	1,170,768.00	171,380.00
Students ID	24,200.00	9,000.00
Local Transport & Travel	1,573,659.00	351,450.00
Medical and insurance	551,860.00	44,200.00
Personal Emolument	3,914,723.00	571,600.00
Administrative fees	568,600.00	245,960.00
Repair Maintenance & Installation	1,341,222.00	242,950.00

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Application fees	0	14,500.00
Activity fees	1,148,256.00	110,080.00
Attachment fees	164,070.00	169,314.00
Registration fee	208,000.00	89,650.00
Kuccps reg	1,500.00	46,500.00
Students council fees	116,500.00	31,610.00
Tender fee	0	88,400.00
insurance	163,000.00	58,760.00
ict	218,350.00	31,700.00
Farm income	0	53,600.00
Computer packages	20,400.00	6,000.00
Caution money	0	97,000.00
Capitation	0	2,118,000.00
<b>Total revenue from the rendering of services</b>	<b>16,672,875.00</b>	<b>10,845,184.00</b>

**8. Use of Goods and Services**

Description	2023-2024	2022-2023
	KShs	KShs
Training Materials(SES)	2,046,239.00	1,080,576.00
ICT expenses	945,970.00	207,270.00
Boarding	68,000.00	56,100.00
Admin cost (contingencies)	3,206,614.00	9,343,479.00
Local Transport & Travelling	3,619,981.00	3,200,073.00
Medical	45,000.00	0.00
Bank charges and commission	41,650.00	33,130.00
Insurance	92,271.00	16,500.00
Attachment	33,272.00	45,000.00
Activity	389,550.00	46,400.00
Exam	1,080,410.00	1,198,530.00
Other expenses	105,450.00	0.00
Marketing expenses	58,300.00	0.00
Student Union	34,100.00	0.00
Catering services	532,339.00	209,132.00
Production units	332,635.00	155,680.00
Electricity Bills & maintenance	0	67,000.00
NHIF	0	200,700.00
NSSF	0	58,400.00
<b>Total goods and services</b>	<b>12,631,781.00</b>	<b>15,917,97.00</b>

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**9. Employee Costs**

Description	2023-2024	2022-2023
	KShs	KShs
Salaries and wages	4,102,621.00	5,187,921.00
Nhif	131,100.00	0.00
Nssf	51,344.00	0.00
<b>Employee costs</b>	<b>4,285,065.00</b>	<b>5,187,921.00</b>

**10. Board Expenses**

Description	2023-2024	2022-2023
	KShs	KShs
Sitting Allowances	253,000.00	686,850.00
<b>Total director emoluments</b>	<b>253,000.00</b>	<b>686,850.00</b>

**11. Repairs and Maintenance**

Description	2023-2024	2022-2023
	KShs	KShs
Equipment and machinery	132,380.00	411,856.00
<b>Total repairs and maintenance</b>	<b>132,380.00</b>	<b>411,856.00</b>

**12. Cash and Cash Equivalents**

Description	2023-2024	2022-2023
	KShs	KShs
KCB Bank -1212733894	449,589.00	1,002,000.00
<b>Total cash and cash equivalents</b>	<b>449,589.00</b>	<b>1,021,000.00</b>

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

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
<b>a) Current account</b>			
KCB Bank -	<b>1,212,733,894</b>	449,589.00	1,002,000.00
<b>Grand total</b>		<b>449,589.00</b>	<b>1,021,000.00</b>

**13. Receivables from Exchange transactions**

**(a) Current Receivables from Exchange transactions**

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables	6,418,594.00	0
Aging debts	2,848,591.00	6,028,887.00
<b>Total Receivables</b>	<b>9,267,185.00</b>	<b>6,028,887.00</b>

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**14. Inventory**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Catering	0	65,000.00
Repairs and maintenance	6,900.00	36,380.00
Building stores	48,300.00	83,050.00
Electrical department	128,960.00	120,450.00
Hairdressing	30,250.00	27,280.00
Administration	30,000.00	0.00
Garment making	75,030.00	45,965.00
Cleaning materials	8,440.00	3,530.00
Consumables stores	122,335.00	56,095.00
Ict and library	22,100.00	5,100.00
Spotsrs department	53,500.00	41,500.00
Automotive	67,900.00	83,800.00
<b>Total inventories at the lower of cost and net realizable value</b>	<b>593,715.00</b>	<b>503,150.00</b>

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**15. Property, Plant and Equipment**

Cost	Land	Building	Motor vehicles	Furniture and fittings	Computers	Work in progress	Plant and equipment	TOTAL
As at 30, June 2022	11,970,000.00	53,294,841.00	1,900,000.00	1,063,291.00	4,500,000.00	0.00	133,215,948.00	209,824,809
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0	0
Transfers/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0	0
As at 30, June 2023	11,970,000.00	53,294,841.00	1,900,000.00	1,063,291	4,500,000.00	0.00	133,215,948	209,824,809
Additions	0.00	0.00	0.00	0	0.00	0.00	0	0
Transfers/Adjustments	0.00	0.00	0.00	0	0.00	0.00	0	0
As at 30, June 2024	11,970,000.00	53,294,841.00	1,900,000.00	1,063,291	4,500,000.00	0.00	133,215,948	209,824,809
<b>Depreciation</b>								
As at 30 <sup>th</sup> June 2022	-	3,997,113	0	324,621	4,495,899	0	79,929,569	88,747,202
Charge for the year 2023	-	1,332,371	475,000	95,855	4,501	0	26,643,190	28,550,917
As at 30 <sup>th</sup> , June 2023	-	5,329,484	475,000	420,476	4,500,400	0	106,572,759	117,298,119
Charge for the year 2024	-	1,199,134	356,250	80,352	0	0	5,328,637	6,964,373
As at 30 <sup>th</sup> , June 2024	-	6,528,618	831,250	500,828	4,500,400	0	111,901,396	124,262,492
<b>NET BOOK VALUES</b>								
As at 30, June 2023	11,970,000	47,965,357	1,425,000	642,815.00	0	3,880,329	26,643,189	92,526,690
As at 30, June 2024	11,970,000	46,766,223	1,068,750	562,463	0	3,880,329	21,314,552	85,562,317

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

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 2022

**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	
Land	11,970,000.00	-	11,970,000.00
Buildings	53,294,841.00	6,528,618.00	46,766,223.00
Plant and machinery	133,215,948.00	111,901,397.00	21,314,551.00
Motor vehicles, including motorcycles	1,900,000.00	831,250.00	1,068,750.00
Computers and related equipment	4,500,400.00	4,500,400.00	0.00
Office equipment, furniture, and fittings	1,063,291.00	500,828.00	562,463.00
WIP	3,880,329.00		3,880,329.00
<b>Total</b>	<b>209,824,809.00</b>		<b>85,562,316.00</b>

**16. Intangible Assets**

Description	2023-2024	2022-2023
	KShs	KShs
At beginning of the year	289,178.00	433,550.00
Additions	1,390,000.00	0.00
At end of the year	1,679,178.00	0.00
Impairment loss	50,375.00	144,372.00
<b>NBV</b>	<b>1,628,803.00</b>	<b>289,178.00</b>

**17. Biological Assets**

Description	2023-2024	2022-2023
	KShs	KShs
Dairy Cows	285,000.00	285,000.00
Calves	45,000.00	45,000.00

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Coffee	171,640.00	171,640.00
<b>Total</b>	<b>501,640.00</b>	<b>501,640.00</b>

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

Description	2023-2024	2022-2023
	KShs	KShs
Trade payables	4,887,558.00	2,824,612.00
<b>Total trade and other payables</b>	<b>4,887,558.00</b>	<b>2,824,612.00</b>

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

Description	2023-2024	2022-2023
	KShs	KShs
Caution money	184,600.00	802,000.00
<b>Total deposits</b>	<b>184,600.00</b>	<b>802,000.00</b>

**20. Cash in-flow - Rendering of Training Services – Fee from students**

Description	2023-2024	2022-2023
	KShs	KShs
Tuition Fees And Related Income	1,456,890.00	5,050,010.00
Examination Fees	922,910.00	1,198,530.00
Boarding	0	44,990.00
Electricity Water & Conservancy	876,540.00	171,380.00
Students ID	24,200.00	9,000.00
Local Transport & Travel	1324,504.00	351,450.00
Medical And Insurance	551,860.00	44,200.00
Personal Emolument	2,208,387.00	571,600.00
Administrative Fees	568,600.00	245,960.00
Repair Maintenance & Installation	1,030,400.00	242,950.00
Application Fees	0	14,500.00
Activity Fees	1,148,256.00	110,080.00
Attachment Fees	164,070.00	42,120.00
Registration Fee	208,000.00	89,650.00
Kuccps Reg	1,500.00	46,500.00
Students Council Fees	116,500.00	31,610.00
Tender Fee	0	7,000.00
Insurance	163,000.00	88,400.00
Ict	218,350.00	58,760.00
Farm Income	0	16,770.00
Computer Packages	20,400.00	31,700.00
Caution Money	0	53,600.00
Passport	0	6,000.00
Meals	0	97,000.00
<b>Total Revenue From The Rendering Of</b>	<b>11,004,367.00</b>	<b>8,623,760.00</b>

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**21. Cash out – flow - Use Of Goods and Services**

Description	2023-2024	2022-2023
	KShs	KShs
Training Materials(SES)	3,456,090.00	1,080,576.00
ICT expenses	1,234,900.00	213,069.00
Boarding	68,000.00	56,100.00
Admin cost (contingencies)	3,890,040.00	2,454,507.00
Local Transport & Travelling	3,495,683.00	3,387,775.00
Medical	45,000.00	0
Bank charges and commission	41,650.00	33,130.00
Insurance	92,271.00	16,500.00
Attachment	33,272.00	45,000.00
Activity	549,355.00	46,400.00
Exam	1,980,410.00	1,198,530.00
Other expenses	105,450.00	0
Marketing expenses	58,300.00	0
Student Union	34,100.00	0
Catering services	532,339.00	209,132.00
Production units	332,635.00	155,680.00
Electricity Bills & maintenance	0	67,000.00
NHIF	0	200,700.00
NSSF	0	58,400.00
<b>Total good and services</b>	<b>15,949,495.00</b>	<b>10,306,449.00</b>

**22. Cash out – flow - Employee Costs**

Description	2023-2024	2022-2023
	KShs	KShs
Salaries and wages	4,102,621.00	4,968,666.00
NHIF	131,100.00	200,700.00
NSSF	51,344.00	58,400.00
<b>Employee costs</b>	<b>4,285,065.00</b>	<b>5,227,766.00</b>

**23. Cash out – flow - Board Expenses**

Description	2023-2024	2022-2023
	KShs	KShs
Sitting Allowances	253,000.00	686,850.00
<b>Total director emoluments</b>	<b>253,000.00</b>	<b>686,850.00</b>

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**24. Cash out – flow - Repairs and Maintenance**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023.00</b>
	<b>KShs</b>	<b>KShs</b>
Equipment and machinery	132,380.00	411,856.00
<b>Total repairs and maintenance</b>	<b>132,380.00</b>	<b>411,856.00</b>

**25. Cash & cash equivalents at the beginning of the Year**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Cash at Bank	1,200,881.00	0
	<b>1,200,881.00</b>	<b>0</b>

## **26. Financial Risk Management**

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

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

### **(i) Credit risk**

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

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

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

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

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

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

### **(ii) Liquidity risk management**

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

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

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

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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

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

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

**a) Foreign currency sensitivity analysis**

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

**Interest rate risk**

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

**iv) Capital Risk Management**

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

**27. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

**28. Events After The Reporting Period**

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

**29. Ultimate And Holding Entity**

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

**30. Currency**

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

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**Appendices**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Presentation and disclosure of financial statements	The management has ensured that the financial statement comply with public sector accounting standards board template	resolved	30 <sup>th</sup> june 2023
2	Restatement of prior year balances	The management has corrected the errors that had occurred	resolved	30 <sup>th</sup> june 2023
3	Revenue from rendering services	The management has amended the accuracy and completeness of the revenue from rendering services has been confirmed.	resolved	30 <sup>th</sup> june 2023
4	Intangible asstes	The management has disclosed the amount of intangible of ksh.650,000	resolved	30 <sup>th</sup> june 2023
5	inventories	The management has been in a position to do the accuracy and the completeness of inventories that had not been confirmed earlier	resolved	30 <sup>th</sup> june 2023
6	Long outstanding receivables from exchange transaction	The management has confirmed the accuracy of the student debtors	resolved	30 <sup>th</sup> june 2023
7	Cash and cash equivalent	The accuracy of cash and cash	resolved	30 <sup>th</sup> june 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		equivalent has been confirmed		
8	Proprty plant and equipment	The balances of property plant and equipment has been confirmed by the management	resolved	30 <sup>th</sup> june 2023
9	Inaccuracy of current assets	The management has been in a position to do the stock take to ensure that they get the accuracy of the current asstes	resolved	30 <sup>th</sup> june 2023

*Harrison Odhiambo Okello*

Name  
Accounting Officer  
Harrison Odhiambo Okello



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**Appendix III- Inter-Entity Confirmation Letter**



**KIPSINENDE TECHNICAL TRAINING INSTITUTE**  
 Ministry of Education  
 State Department of Vocational and Technical Training  
 P.O. BOX 28 - 20209, **FORT-TERNAN**. Tel: 0772498383/0722692660  
 E-mail: kipsinendetechnical@gmail.com Website: www.kipsinendeinstitute.ac.ke



Kipsinende TTI  
 P. o. box 28,  
 Fort-ternan

The Ministry of Education wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2024				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		capitation (A)	Operational (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	1 <sup>ST</sup> quarter		500,000		500000	500,000	0
TDE/CAP/42(45)	2 <sup>nd</sup> quarter	1536500	1,000,000		2536500	2,536,500	0
TDE/CAP/42(45)	3 <sup>rd</sup> quarter	5500357	500,000		6000357	6,000,357	0
TDE/CAP/42(45)	4 <sup>th</sup> quarter	1,217,425			1,217,425	1,217,425	0
<b>Total</b>		<u>8,254,282</u>	<u>2,000,000</u>		<u>10,254,282.00</u>	10,254,282	0

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Head of Accountants department of beneficiary Entity:

Name EHEKEMO DIANA Sign [Signature] Date 28/9/2024

Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization  
Telephone Number  
Email Address  
Name of CEO/MD/Head

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

Harrison Okele  
0733236467



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