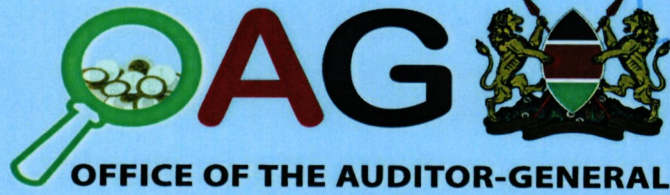


REPUBLIC OF KENYA

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Enhancing Accountability

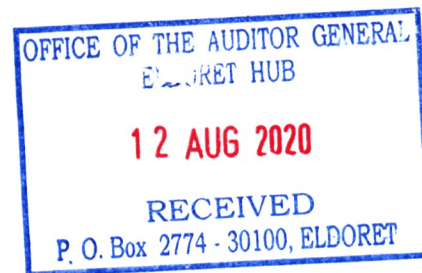
THE NATIONAL ASSEMBLY	
REPORT	
DATE:	02 MAR 2022
	WEDNESDAY
TABLED BY:	MAJORITY WHIP HON. E. WANGWE
CLEAR OF THE TABLE:	OF SAMUEL KALAMA

THE AUDITOR-GENERAL

ON

**KAIBOI TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2018**



KAIBOI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2018

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

I. Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT	ii
KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	iv
BOARD OF GOVERNORS	vi
MANAGEMENT TEAM	xi
CHAIRMAN'S STATEMENT	xiii
REPORT OF THE PRINCIPAL	xiv
CORPORATE GOVERNANCE STATEMENT	xv
MANAGEMENT DISCUSSION AND ANALYSIS	xvi
REPORT OF THE BOARD OF GOVERNORS	xvii
BOARD OF GOVERNORS' RESPONSIBILITIES	xviii
IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2018	1
V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2018	2
VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE, 2018 ...	3
VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2018	4
VIII. STATEMENT OF COMPARISON OF BUDGETS AND ACTUAL AMOUNTS COMBINED (RECURRENT & DEVELOPMENT)	5
FOR THE YEAR ENDED 30 JUNE, 2018	5
XI. NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	34
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	35

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kaiboi Technical Training Institute is situated in Nandi County, Kenya. It was established in 1962 as a Trade School by the Roman Catholic Church offering Trade Courses in Carpentry. The Government of Kenya took over its management in 1969 and turned it into a National Technical School and it started offering Technical Courses leading to Kenya Certificate of Secondary Education (KCSE). With the introduction of the 8-4-4 system of education, Kaiboi Technical School was changed to a Public Technical Training Institute, a status it has maintained to date. The institute 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 entity 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 work aligned to ISO 9001:2015 standards.

Vision

A world class model in the provision of quality and relevant technical training.

Mission

To provide quality and relevant technical training responsive to the dynamic market needs.

Strategic Objectives

- 1) To produce relevant skilled manpower suitable for market needs through training and research;
- 2) To provide technological solutions through Research and Innovations;
- 3) To promote technology transfer to the community and industry;
- 4) To improve on the human, physical and organizational capacity;
- 5) To maintain a competitive edge and corporate image through quality service delivery, good governance and Corporate Social Responsibility activities.

Core Values

To meet the expectations of our stakeholders, we are committed to the following values: -

- 1) Professionalism,
- 2) Transparency
- 3) Accountability
- 4) Integrity
- 5) Efficiency
- 6) Team Spirit
- 7) Ethical and evidence-based decision-making

(c) Key Management

The entity'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. Finance Officer
8. Procurement officer
9. Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Charles Koech
2.	Deputy Principal administration	James Chirchir
3.	Deputy Principal Academics	Ronald Mujumba
4.	Finance Officer	CPA Jemima Muten
5.	Registrar	Emmy Lagat
6.	Dean of students	Job Barkebo
7.	Procurement Officer	Julia Birech

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members	Function
Finance, Infrastructure and General Purpose	Mr. Isaac Mukenya (Chairman) Hon. Silas Kipkemboi Mr. Michael Otieno Mr. Charles Koech (Secretary)	<ul style="list-style-type: none"> • Oversee and monitor strategic developments and projects by Business cases for major developments Space and infrastructure planning Progress on designated strategic projects • Review of the institute budget by reviewing the draft operating budget ahead of its presentation to board of Governors, Reviewing the draft and Capital Management Plan ahead of its presentation to the board of Governors • Monitoring of financial performance by Regular financial reporting to the Treasury, investment performance and review the annual financial statements of the institute • Monitoring of performance through the review of strategic key performance indicators that include research performance, human resources, marketing performance and operational policies
Education, Research and Training	Eng. Wesley Barmosop (Chairman) Prof. Violet Mugalavai Dr. Henry Rotich Charles Koech (Secretary)	<ul style="list-style-type: none"> • Review of the institute R&D policies. • Monitor education & research activities • Source for funding for the R&D activities

(f) Headquarters & Address

P.O. Box 937-30100

Eldoret - Kenya

22 km off Eldoret – Kapsabet highway, approximately 50 km from Eldoret.

(g) Contacts

Telephone : (254) 734937937/727937937/733659780

E-mail: kaiboi@kaiboitech.ac.ke/principal@kaiboitech.ac.ke

Website: <https://www.kaiboitech.ac.ke>

(h) Entity Bankers

1) Barclays Bank

Eldoret branch

2) Kenya Commercial Bank

Eldoret branch

(i) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General



State Law Office

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya

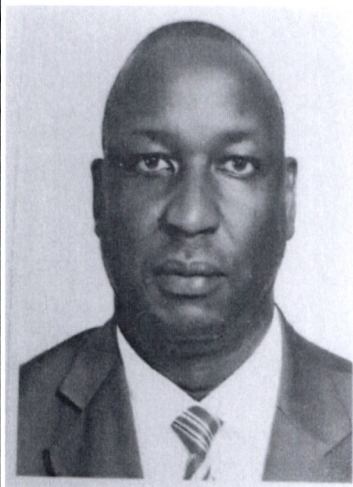
BOARD OF GOVERNORS

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
 <p>Ms. Perpetua Bartoo - BOG Chairperson MA(Moi Uni) BED(Moi Uni)</p>	<p>Perpetua was born on 7/10/1967. She is the Board's Chairperson. She has a wealth public service experience having been a District Officer, Personal Assistant to a Minister in the Ministry of Higher Education and a teacher. She has served in various administrative positions at Moi University and is currently the Deputy Registrar Examinations Department. She is a member of the Governing council of the Great Lakes University of Kisumu. She has a Master's Degree of Philosophy in Education from Moi University and a Bachelor of Education Arts from the same University. She is currently pursuing a doctorate degree in Educational Psychology from Moi University.</p>
 <p>PRINCIPAL/BoG SECRETARY Mr.Charles Koech -MBA(Moi Uni)BED(Moi Uni)</p>	<p>Born on 22/2/1974. He is the Chief Executive officer of the Institute serving as the Principal and secretary to the board. He holds a Master of Education (Leadership and policy Education) and Bachelor of Education (Technology education) both from Moi University. Mr. Koech has vast experience in education administration management having served as a Principal for close to ten years. He has been a Deputy Principal, Registrar and HoD Mechanical Engineering. He has undergone various short courses in Education Management and Governance. He also serves as KATTI National treasurer and has in the past served as KATTI Rift Valley chair Sports and Receptions and as a Secretary/Treasurer.</p>





Mr. Michael Rugut
MBA(K.U), Bsc(Production & Technology)
MEMBER/REP PS-CDTVET-Uasin Gishu/Nandi
/ElgeyoMarakwet


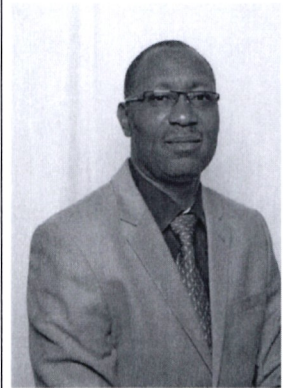
Mr. Rugut was born on 10th June, 1967. He is career civil servant currently serving as the Uasin Gishu/Nandi /Elgeyo Marakwet County Director of TVET and represents the Principal Secretary, State Department of Vocational & Technical Training in the Governing Council having worked previously at the Head Office, Ministry of Education, Science & technology Nairobi. He also worked for National Youth Service as a lecturer in the Department of Technology. He has a degree in Production Technology from Moi University. He has also attended several training and seminars in the field of technology. He attained a certificate in Automotive Engineering and Construction Plant Engineering from the Polytechnic University of Japan. Mr. Rugut holds a Master’s Degree in Administration (Project Management) from Kenyatta University.




Dr. Henry Rotich
PHD(Jilin university,China) MSC(Northeast Normal university,china) EMBA(JKUAT) BSC-Chemistry (UoN)


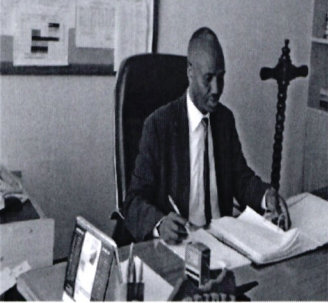


Dr. Rotich was born on 29/7/1970. He is a member of Education, Research and Training Committee of the Institutes Board. He is a researcher and quality management professional with Technical Knowledge and Application of Quality Management Systems in Corporate Governance, Management and Strategy formulation. He holds a Doctorate Degree (Hydrology and Water Resources from Jilin University, china and a master of Science Degree (Analytical Chemistry) from Northeast Normal University, China. He has an Executive Master of Business Administration from JKUAT and a Bachelor of Science (Chemistry) from The University of Nairobi. He has worked as lead consultant with Envisolve consultant- Beijing China providing technical guidance on development of antifouling agent to replace TBT used in antifouling paints. He also worked as a teaching Assistant at Julin University, China and as a Laboratory Analyst at The Kenya Bureau of standards.
Currently, Dr. Rotich is the Director Metrology and Testing Division at KEBS



 <p>Prof. Violet Mugalavai PHD(Moi University) M.ED (KU) BED (KU)</p>	<p>Prof. is a member of Education, Research and Training at Institute Board. Prof. is an Associate Professor with a wealth of experience in Teaching. Currently, she is a Lecture at The University of Eldoret and also a director of Industrial Linkages, Partnerships and Collaborations. She has developed various University Curricula and supervised many Thesis for post graduate students.</p> <p>Prof. has a Doctorate in Human Ecology from Moi University and Master of Education (Home Economics) from Kenyatta University and Bachelor of Education (Home Economics) from KU.</p>
 <p>Welikhe Isaac Mukenya MBA(Moi Uni) BSC (KU)</p>	<p>Isaac was born in the year 1982. He is currently the chairman of Finance, Infrastructure and General Purpose committee in the Institute Board. He holds an MBA in Strategic Management from Moi University and a Bachelor of Science-Environmental Studies from KU. He also has a Diploma in Military Science from Egerton University and various courses on Leadership and Governance, Community Enterprises and Financial Management. Isaac has worked as Project Manager Youth Enterprise at the Catholic Diocese of Eldoret partnership with Catholic Relief services, Kenya and Savings and Internal Lending Communities. Currently, he is serving as the Deputy County Secretary Bungoma County.</p>

 <p>Mr. Silas Kipkemboi MBA (CUEA) BED(KU)</p>	<p>Silas was born on 10/11/1974. He is a member of Finance committee, Infrastructure and General Purpose committee in the Institute Board. He has a wealth of experience in financial management & general administration having worked in various organisations including being the Managing Director at Nandi Hekima Sacco, supervisor at Eastern Produce and majorly as the County Executive Committee Vihiga County where he served in different dockets including; Roads and Infrastructure, Health Services and Land, Housing, Urban and Physical Planning. His main discipline is in Strategic management. He undertook his master's degree in business administration (MBA) in The Catholic University of Eastern Africa and Bachelor of Arts Education from Kenyatta University.</p>
 <p>Mr. Oloo Michael Otieno MBA(Moi Uni) BA(Moi Uni)</p>	<p>Michel is currently pursuing a Doctorate Degree in Philosophy, Communication and Governance (Participatory Communication) at Moi University. He holds a Masters and a Bachelor's Degree in Philosophy of Public Relations and Communication from Moi University. He is a member of Finance, Infrastructure and General Purpose committee in the Institute Board. He is re-known City Valuer and has served in several Boards of Management including the Finance Council of Catholic Diocese of Eldoret and Kenya National Chamber of Commerce.</p>

 <p>Eng .Wisley Barmosop BSC- Agriclctural Engineering(EGERTON UNI)</p>	<p>Engineer is the chair Education, Research and Training Committee of the Institute’s Board and also serves as a member of Board of Directors Hills Sacco Ltd. Wisley has a Bachelor of Science in Agricultural Engineering from Egerton University. He has a vast experience in Sustainable Agribusiness Production having served as a senior Estate Manager Field Operations at Eastern Produce (K) Ltd. He is currently serving as the Manager Factory Operations.</p>
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MANAGEMENT TEAM

Name of the Staff	
 <p>Mr. Charles Koech MBA(Moi Uni)BED(Moi Uni)</p>	<p>He holds a Master of Education (Leadership and policy Education) and Bachelor of Education (Technology education) both from Moi University. Mr. Koech has vast experience in education administration management having served as a Principal for close to ten years and previously as a Deputy Principal and HoD. He is also serving in the KATTI council as the Treasurer.</p>
 <p>Mr. James Chirchir Dip Tech (KTTC)</p>	<p>Mr. Chirchiris currently serving as the Deputy Principal in charge of Administration, Chair of the Institutes Academic Board committee and a Lecturer of Automotive Engineering. He holds a Diploma of Education (Automotive Engineering) from Kenya Technical Trainers College. He has vast experience in leadership and management having served previously as the Head of Department and Deputy Principal in charge of Academics.</p>
 <p>Mr. Ronald Mujumba BED(UOE) Dip Tech(KTTC)</p>	<p>Ronald is currently serving as the Deputy Principal in charge of Academics Chair timetabling committee and a Lecturer of Electrical and Electronics Engineering. He holds a Bachelor of Education Technology from University of Eldoret and a Diploma Technical Education (Electrical Engineering) from KTTC. He has vast experience in leadership and management having served previously as the Dean of students and Sports Officer.</p>
 <p>Ms. Emmy Lagat MED(Moi Uni) BED(Egerton Uni)</p>	<p>Emmy is currently serving as the Registrar, chair Marketing Committee and a lecturer of agricultural Engineering. She holds a Master of Education (Curriculum Development) from Moi University and Bachelor of Education (Agriculture & Economics) from Egerton University.</p>

		<p>Mr. Barkebo is the current Dean of Students and a lecturer for Agricultural Engineering. He is in charge of student's welfare. He holds a Bachelor of Education(power Mechanics) from Moi University and Diploma in Technical Education (Agricultural Engineering)</p>
<p>Mr. Job Barkebo BED(Moi Uni) Dip Tech (KTTC)</p>		<p>Currently serving as the Finance officer, Jemima holds a Master of Business Management (Finance) from University of Eldoret and Bachelor of Commerce (Accounting) from CUEA. She has vast experience in financial management having served as a Finance officer for close to five years and previously as an assistant finance officer and accounts clerk</p>
 <p>CPA Jemima Muten MBA (UOE) BCOM(CUEA) CPA(K)</p>		

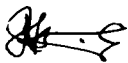
CHAIRMAN'S STATEMENT

The Board of Governors together with the Management and Staff have worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. The attainment and sustenance of ISO 9001-2015 certification is one principle of good governance that has helped the institution achieve high quality work and good corporate image. Through the direction of the Board of Governors, we have ensured that financial resources are utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of teaching, research and outreach.

I wish to recognize the role of the Government and Development Partners for the support. Recurrent and Development Grants boosted the financial strength of the institute making it easy for service delivery.

On behalf of the Board of Governors I would wish to thank the Management of the institute and staff for their continued hard work, dedication and commitment through strong foundation. I believe that we have focused on the right priorities as we continue to rebuild and strengthen the Institute.

Chairperson



Dr. James K Sang

Date: August 12, 2020

REPORT OF THE PRINCIPAL

Kaiboi Technical Training Institute endeavours to offer high quality technical training, carry out innovative research and community outreach programmes for sustainable socio-economic development. This also enables the institute to contribute towards the attainment of our country's Vision 2030 strategic objectives and support the drive in realising the objectives of the National Government's 'Big Four' agenda.

The FY 2017/2018 has been a significant year with unprecedented changes made by the Government on Management of TVET Sector. The Institute has taken decisive, immediate actions and deliberate changes to match the dynamics. We have concentrated our efforts on the under listed priority areas in the year under review:

1. Modernization of training equipment
2. Training of Staff on CBET Programme
3. Prudent Financial Management
4. Marketing of the Institute's Programmes
5. Mentoring of two new TVCs

The Institution has a robust financial management that is based on the existing Government Financial Management rules and regulations' including PFM Act, 2012. It takes into consideration other financial guidelines notably International Public Sector Accounting Standards reporting having the year under review as base year.

The institute undertook a major marketing event dubbed 'Kaiboi Open day' that opened gates to its community and Stakeholders. We partnered with many organizations that made the event a great success. I wish to appreciate the Government, Development Partners, Board of Governors, Institute's management and Staff for their contribution in making the Financial Year a success.

On behalf of the Board of Governors, I take this opportunity to thank the National 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 period. It is because of the co-operation with the National Government through the Ministry of Education, the Board of Governors as well as the mutual cooperation of the Management team, all staff, our students and other stake holders that we ended the year with stability.

I look forward to their continued support in the next financial year.



Mr. Charles Koech
PRINCIPAL

Date: August 12, 2020

CORPORATE GOVERNANCE STATEMENT

1. Code of conduct/ responsibilities of board members

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

2. Appointment and removal of Board of Governors

The appointment and removal of the board of governors is prescribed under the TVET Act, 2012. The appointing authorities 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 September 2016 and lapses in September 2019.

3. Training

The board of governors attended a training in corporate governance organized by the Ministry through the Directorate of TVET in May 2019 and was attended by representatives led by the Chairperson.

4. Board performance evaluation

The board conducts at least one evaluation during their term. On April 2019, the board went for a retreat in Nakuru and conducted an evaluation. The results of the exercise were reviewed and shared with the Management.

5. 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

6. Board remuneration

The board members benefits and allowances are limited to sitting allowance of KSh 15,000 for the chairperson and ksh 10,000 for other members (gross) per sitting.

7. Governance Audit

Surveillance audit on implementation of ISO 2001:2015 was undertaken during the year under review by the certifying body, Kenya Bureau of Standards, and we were found to at larger extend be implementing its requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

STRENGTHS

- Experienced, committed and supportive BoG
- Modern training equipment
- Community good will
- Existence of students' council
- Space for expansion

OPPORTUNITIES

- Diversity of training programmes
- Strategic location-proximity to industries
- Increasing demand for technical education
- Harmonious relationship with the community
- Populous catchment area
- Reliable food and affordable supplies
- Existence of HELB, CDF and other Bursaries
- Partnership with other institutions
- Placement of trainees by KUCCPS
- Opportunity for environmental conservation through research and extension

THE ENTITIES CHALLENGES

- Inadequate PSC trainers
- Inadequate class rooms
- Constraint budgetary allocation
- Delayed disbursement of GOK grants

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of Kaiboi Technical Training Institute state of affairs.

Principal activities

The principal activity of the entity 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 work aligned to ISO 9001:2015 standards

Results

The results of the entity for the year ended June 30, 2018 are set out on page 1-6

BOARD OF GOVERNORS

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

Auditors

The Auditor General is responsible for the statutory audit of Kaiboi Technical Training Institute in accordance with Article 229 of the Constitution of Kenya, the Public Audit Act 2015 and PFM Act, 2012.

By Order of the Board



BoG Chairperson

Date: August 12, 2020

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 of Governors to prepare financial statements in respect of Kaiboi Technical Training Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year 2017/2018 and the operating results of Institute for that year 2017/2018. The Board of Governors are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board of Governors are also responsible for safeguarding the institute's assets.

The Board of Governors are responsible for the preparation and presentation of Kaiboi Technical Training Institute 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 2017/2018 ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act- 2013*). The Board of Governors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2018, and of the Institute's financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Governors 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 Kaiboi Technical Training Institute financial statements were approved by the Board on August 12, 2020 and signed on its behalf by:



BoG chair



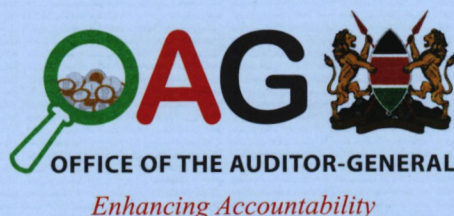
BoG Member



BoG secretary/principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAIBOI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kaiboi Technical Training Institute set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts recurrent and development combined 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaiboi Technical Training Institute as at 30 June, 2018, 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.

Basis for Qualified Opinion

1.0 Presentation of Financial Statements

1.1 Opening Balances-Assets and Liabilities

The statement of financial position as at 30 June, 2018 reflects total assets and liabilities of Kshs.731,455,095. However, the financial statements audited by the Directorate of Schools Audit Services for the year ended 30 June, 2017 reflected that the institution had assets and liabilities of Kshs.26,778,398 as summarized below;

Liabilities	
Details	Amount (Kshs.)
Sundry debtors	8,500
MOE grants - Kimasian TTI	11,179,214

Liabilities	
Details	Amount (Kshs.)
MOE grants - Emsos TTI	21,006
MOE grants - Bomet Central TTI	1,035,222
MOE grants - Tinderet TTI	9,534,456
MOE grants - Science & Engineerig Complex	5,000,000
Total liabilities	26,778,398
Assets	
Cash and Bank	1,435,239
Investments Account	16,661,833.25
Sundry Debtors	5,205,169
Suspense Account	3,090,695.65
Excess of Expenditure and Income	385,461.10
Total Assets	26,778,398

Although the National treasury through a letter ref: AG.4/16/2 VOL.2/ (87) of 7 September, 2018 gave guideline on reporting base year for Technical and Vocational Education Training as 2017-2018 no guidelines were provided on the treatment and recognition of assets and liabilities that existed before the adoption of IPSAS accrual basis of Accounting.

Under the circumstance, the accuracy and completeness of the assets and liabilities of Kshs.731,455,095 as at 30 June, 2018 could not be confirmed.

1.2 Statement of Cashflows

The statement of cashflows reflects opening cash and cash equivalents of Kshs.14,929,252. However, the cashbook extracts, bank reconciliations and bank statements as at 30 June, 2017 to support the figure were not made available for audit.

Consequently, the accuracy and validity of the opening cash and cash equivalents of Kshs.14,929,252 as at 30 June, 2018 could not be confirmed.

2.0 Refundable Deposits from Customers

As disclosed under note 30 to the financial statements, the statement of financial position as at 30 June, 2018 reflects an amount of Kshs.1,001,375 in respect of refundable deposits. However, the Management did not maintain separate accounts for customers' deposits and caution fees from students. Further, a list of the students due for refund was not provided for audit review.

Consequently, the validity, existence and completeness of the refundable deposits balance of Kshs.1,001,375 as at 30 June, 2018 could not be confirmed.

3.0 Inaccuracy of the Financial Statements

As disclosed under note 9 to the financial statements, the statement of financial performance for the year ended 30 June, 2018 reflects Kshs.71,489,029 in respect of rendering of services- fees from students. However, the recomputed amount is Kshs.71,208,729 and hence an overstatement of Kshs.280,300.

In the circumstances, the net deficit reported for the year ended 30 June, 2018 may have been understated to the extent of the overstatement and hence its accuracy cannot be confirmed.

4.0 Receivables from Exchange Transactions

As disclosed under note 24 to the financial statement, the statement of financial position as at 30 June, 2018 reflects student debtors' of Kshs.7,722,446. Although the aging analysis was provided, management had not made available any policy on managing any long outstanding debts.

Consequently, the validity and proper valuation of the student debtors balance of Kshs.7,722,446 as at 30 June, 2018 could not be confirmed.

5.0 Property, Plant and Equipment

As disclosed under Note 28 to the financial statements, the statement of financial position as at 30 June, 2018 reflects property, plant and equipment of Kshs.709,710,916. However, management did not apply any depreciation or make available the depreciation policy on their property, plant and equipment as required under IPSAS 17. Further, there was no valuation report made available for audit.

Consequently, the accuracy, validity and completeness of the value of the closing balance of Kshs.709,710,916 as at 30 June, 2018 could not be ascertained.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budgets and actual amounts combined reflects a revenue and expenditure budget of Kshs.96,655,300 and Kshs.123,549,834

respectively resulting to a deficit of Kshs.26,894,534. During the same period, the institute incurred expenditure of Kshs.135,398,859 of the approved budget resulting to over-expenditure of Kshs.11,849,025 or 9.6 % as detailed below:

Receipts	Final Budget (Kshs.)	Actual on Comparable Basis (Kshs.)	Variance (Kshs.)	%
Approved Budget	96,655,300	127,671,312	(31,016,012)	(32.1)
Payments			0	
Compensation of Employees	10,500,000	10,337,136	162,864	1.6
Use of Goods and Services	1,890,000	1,560,335	329,665	17.4
Repairs and Maintenance	810,000	1,238,043	(428,043)	(52.8)
Plant, Property and Equipment	8,000,000	7,869,216	130,784	1.6
Transfers to Mentoring Institutions	27,254,534	27,254,534	0	0.0
General Expenses	75,095,300	87,139,595	(12,044,295)	(16.0)
Total	123,549,834	135,398,859	(11,849,025)	(9.6)

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Failure to Observe One Third Rule in Staff Employment

A review of personnel records made available during the audit revealed that, as at 30 June, 2018 Kaiboi Technical Training Institute had eighty-seven (87) employees out of which seventy-eight (78) employees (90%) came from same ethnic community contrary to Sections 7(1) and (2) of National Cohesion and Integration Act, 2008 that advocates for diversity in recruitment.

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

2.0 Transfers to Mentoring Institutions

As disclosed under Note 12 to the financial statements, the statement of financial performance reflects transfers of Kshs.27,254,534 to other Technical Training Institutes (TTIs). According to a letter from the Principal Secretary, Ministry of

Education, Science and Technology, Ref No. MST/DTE/6/5/VOL.V of 21 May, 2015, a mentoring institution is responsible for management of the project implementation process from tendering, construction and finally handing over completed institution to the ministry. Further, the mentoring institution will be accountable to the Ministry and will be guided by the provisions of Public Procurement and Disposal Act, its regulations and the Public Finance Management (PFM) Act, 2012 and Chapter 12 of the Constitution of Kenya, 2010. However, the Institute's Management has not provided tender documents, bills of quantities, contract documents, technical drawings, tender opening minutes, evaluation committee minutes, adverts/quotations, certificates of completion, site meeting minutes and certificates of handing over for audit review.

Consequently, it was not possible to confirm whether the transfers of Kshs.27,254,534 for the year ended 30 June, 2020 to Technical Training Institutes have been applied lawfully and in an effective way.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) 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

1.0 Risk Management Policy

During the year under review, the Institute did not have a Risk Management Policy, risk management strategies and a system of risk management to enable them develop appropriate risk strategies in order to improve on effective and efficient management of public resources in contravention of the requirement of the Treasury Circular No. 3/2009 of 23 February, 2009 which provided a broad policy framework for developing and implementing customized Risk Management Strategies in Public Institutions. The circular requires all heads of Public Institutions to develop and implement a Risk Management Framework as a fundamental step towards establishing an accountable and innovative public service. It also requires all Public Institutions to develop an institutional Risk Management Policy Framework (IRMPF) and that, accounting officers to put in place structures and systems to manage their identified risks,

considering their legal obligations, policy decisions, business objectives and public sector expectations.

Failure to develop a risk management policy exposes the Institute and in the event of an occurrence, there may not be strategies to counter that risk.

2.0 Lack of Internal Audit Committee

During the year under review, the Institute had not established an audit committee contrary to Section 73(5) of the Public Finance Management Act, 2012 which requires every national government entity to establish an audit committee whose composition and functions shall be as prescribed by the regulations.

No reasonable assurance can be provided on the state of risk management, internal controls and governance within the organization and no review of the effectiveness of the financial and non-financial performance management systems of the entities has been provided in the absence of an audit committee.

No satisfactory explanation has been provided for the failure to establish the audit committee.

3.0 Failure to Establish an Internal Audit Function

A review of the institution's charter and human resource documents made available for audit revealed that the Management of Kaiboi Technical Training Institute had not established an internal audit department to carry out internal audit functions contrary to Section 73(1)(a) of the Public Finance Management Act, 2012. This undermines the role of the internal audit and its benefits which plays an important role in governance.

Consequently, the management was in breach of the law.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

of accounting unless Management is aware of the intention to liquidate the Institute or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 January, 2022

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2018

	Notes	2017/2018
Revenue from non-exchange transactions		Kshs
Transfers from the National Government – grants/ gifts in kind	6	51,254,534
Grants from donors and development partners	7	-
Transfers from other levels of government	8	-
Total Revenue from non-exchange transactions		51,254,534
Revenue from exchange transactions		
Rendering of services- Fees from students	9	71,489,029
Sale of goods	10	1,119,465
Rental revenue from facilities and equipment	11	308,284
Revenue from exchange transactions		72,916,778
Total revenue		124,171,312
Expenses		
Transfer to mentoring institutions and development	12	27,254,534
Use of goods and services	13	1,560,335
Employee costs	14	10,337,136
Remuneration of directors	15	-
Depreciation and amortization expense	16	-
Repairs and maintenance	17	1,283,043
Contracted services	18	-
General expenses	19	87,139,595
Finance costs	20	-
Total expenses		127,574,643
Other gains/(losses)		
Gain on sale of assets	21	-
Unrealized gain on fair value of investments	22	-
Total other gains/(losses)		-
Net Surplus for the year		(3,403,331)

The notes set out on pages 6 to 35 form an integral part of the Annual Financial Statements

KAIBOI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30/6/2018

V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

	Notes	2017/2018
Assets		Kshs
Current assets		
Cash and cash equivalents	23	12,446,393
Receivables from exchange transactions	24	7,722,446
Receivables from non-exchange transactions	25	-
Inventories	26	1,575,340
Investments	27	-
Total Current Assets		21,744,179
Non-current assets		
Property, plant and equipment	28	709,710,916
Total Non-current Assets		709,710,916
Total assets		731,455,095
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	29	9,439,643
Refundable deposits from customers	30	1,001,375
Total Current Liabilities		10,441,018
Non-current liabilities		-
Borrowings	31	-
Total Non-current liabilities		-
Total liabilities		10,441,018
Capital and Reserves		-
Reserves		
Accumulated surplus as at 1st July 2017		19,029,227
Surplus for the year		(3,403,331)
Accumulated surplus		15,625,896
Capital Fund		705,388,181
Total Capital and Reserves		721,014,077
Total Liabilities and Capital & Reserves		731,455,095

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Institute Board of Governors by:




Dr. James K Sang
Chairman of Board of Governors

Date 12/8/2020



CPA Jemima Muten
Finance Officer ICPAK No 19614

Date 12/8/2020



Mr. Charles Koech
Principal

Date 12/8/2020

KAIBOI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30/6/2018

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2018

	Revaluation reserve	Fair value adjustment reserve	Retained earnings/Accumulated Reserves	Capital/Development Grants	Total
Balance b/f at July 1, 2017			19,029,227	701,888,181	720,917,408
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Net Surplus for the year	-	-	(3,403,331)		(3,403,331)
Capital/Development grants received during the year	-	-	-	3,500,000	3,500,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2018	-	-	15,625,896	705,388,181	721,014,077
Balance b/f as at July 1, 2018	-	-	15,625,896	705,388,181	721,014,077

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2018

	2017/2018
Cash flows from operating activities	Kshs
Receipts	
Transfers from other Government entities/Govt. grants	51,254,534
Public contributions and donations	-
Rendering of services- Fees from students	67,339,074
Sale of goods	1,119,465
Rental revenue from facilities and equipment	308,284
Finance income	-
Consultancy income	-
Other income, rentals and agency fees	-
Total Receipts	120,021,357
Payments	
Transfers to mentoring institutions	27,254,534
Compensation of employees	10,337,136
Use of goods and services	1,560,335
Finance cost	
Repairs and maintenance	1,283,043
General expenses	77,699,952
Total Payments	118,135,000
Net cash flows from operating activities	1,886,357
Cash flows from investing activities	
Purchase of property, plant, equipment and intangible assets	(7,869,216)
Proceeds from sale of property, plant and Equipment	-
Decrease in non-current receivables	-
Increase in investments	-
Net cash flows used in investing activities	(7,869,216)
Cash flows from financing activities	
Proceeds from borrowings	-
Repayment of borrowings	-
Increase in deposits - capital grants	3,500,000
Net cash flows used in financing activities	3,500,000
Net increase/(decrease) in cash and cash equivalents	(2,482,859)
Cash and cash equivalents at 1 July 2017	14,929,252
Cash and cash equivalents at 30 June 2018	12,446,393

IPSAS 2: the direct method has been used to present the cash flow statement.

KAIBOI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**VIII. STATEMENT OF COMPARISON OF BUDGETS AND ACTUAL AMOUNTS COMBINED (RECURRENT & DEVELOPMENT)
FOR THE YEAR ENDED 30 JUNE, 2018**

	Original budget 2017-2018 Kshs	Adjustments 2017-2018 Kshs	Final budget 2017-2018 Kshs	Actual on comparable basis 2017-2018 Kshs	Performance difference 2017-2018 Kshs
Revenue					
Transfers from national government recurrent grants	31,000,000	-	31,000,000	24,000,000	(7.69%) i
Transfer from Govt for mentoring institutions	-	-	27,254,534	27,254,534	0.00%
Transfers from national government development grants	5,000,000	-	5,000,000	3,500,000	(30.00%) ii
Rendering of services- Fees from students	45,901,000	17,894,300	63,795,300	71,489,029	12.06% iii
Sale of goods	1,500,000		1,500,000	1,119,465	(25.37%) iv
Gains on disposal, rental income and agency fees	360,000	-	360,000	308,284	(14.37%) v
Total income	78,761,000	17,894,300	96,655,300	127,671,312	
Expenses					
Compensation of employees	10,500,000	-	10,500,000	10,337,136	(1.55%)
Use of Goods and services	1,890,000	-	1,890,000	1,560,335	(17.44%) vi
Repairs and maintenance	810,000	-	810,000	1,238,043	52.84% viii
Property Plant and Equipment	8,000,000	-	8,000,000	7,869,216	(1.63%) ix
Transfers to mentoring Institutions	-	27,254,534	27,254,534	27,254,534	0.00%
General expenses	57,201,000	17,894,300	75,095,300	87,139,595	16.04% x
Total expenditure	78,401,000	45,148,834	123,549,834	135,398,859	
Surplus for the period	360,000	(27,254,534)	(26,894,534)	(7,727,547)	

Notes

- i. The institute did not receive the full budgeted national government recurrent grants leading to a deficit of 7.69%
- ii. The institute did not receive the full budgeted national government development grants leading to a deficit of 30%
- iii. The institution had an increase in enrolment leading to increase in fees from rendering services by 12.06%.
- iv. There a decrease of farm output leading to decrease of sale of goods revenue by 25.37%
- v. There was decrease in rental income by 14.37% because some of the staff houses remained vacant as some period.
- vi. Actual amount of use of goods and services reduced by 17.44% due to reduction of electricity cost.
- vii. Repairs and maintenance increased by 52.84% due to increase in enrolment of students
- viii. General expenses increased by 16.04% due to increase in enrolment of students .

XI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at estimated amounts of property, plant and equipment. 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 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 is on first time adoption.

ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2018 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

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

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2017/2018 was approved by the Board of Governors on 18/6/2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Investment property

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

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

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

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

d) Property, plant and equipment

International public sector Accounting standard (IPSAS) 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first time adopters three years to recognise specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Leases

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

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

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

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

f) Intangible assets

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

g) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

Amortized cost is calculated by 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity does not create and maintain reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2017-2018
	KShs
Unconditional grants	
Recurrent grant (Capitation)	24,000,000
Mentoring institutions	27,254,534
Total government grants and subsidies	51,254,534

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2017-2018
	KShs
JICA- Research grant	-
World Bank grants	-
Other grants	-
Total grants from development partners	-

Reconciliations of grants from donors and development partners

Description	2017-2018
	KShs
Balance unspent at beginning of year	-
Current year receipts	-
Conditions met - transferred to revenue	-
Conditions to be met - remain liabilities	-

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2017-2018
	KShs
Transfer from County	-
Transfer from xxx University	-
Transfer from xxx institute	-
Total Transfers	-

9 RENDERING OF SERVICES

Description	2017-2018
	Kshs
Tuition fees and related income	17,444,044
Examination fees	11,398,962
Boarding	9,565,212
Contingencies	793,970
EWC	1,881,687
Gratuity	725,006
Students ID	65,800
LT&T	3,083,944
MEDICAL	394,000
PE	10,104,128
Graduation fees	477,650
PTA	728,335
RMI	797,737
Computer classes	520,061
Caution fees	349,150
Tender fees	44,000
Library charges	-
Application fees	186,310
Activity fees	2,431,892
Attachment fees	1,108,645
Students council fees	527,700
Debtors	8,580,496
Total Rendering of Services	71,489,029

10. SALE OF GOODS

Description	2017-2018
	KShs
Sale of books	
Sale of publications	
Sale of farm produce	1, 119,465
Other(include in line with your organisation)	
Total Sale of goods	1, 119,465

11. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2017-2018
	KShs
rent from staff quarters	308,284
Contingent rentals- debtors	
Total rentals	308,284

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. TRANSFERS TO MENTORING INSTITUTIONS AND DEVELOPMENT

Description	2017-2018
	KShs
Tinderet technical	5,754,534
Emgwen tvc	10,000,000
Bomet central	10,000,000
Emsos TVC	1,500,000
Kimasian TVC	-
Total	27,254,534

13. USE OF GOODS AND SERVICES

Description	2017-2018
	KShs
Electricity	1,560,335
Water	-
Security	-
Professional services	
Total	1,560,335

14. EMPLOYEE COSTS

Salaries and wages	4,983,522
Advances	383,000
NHIF	409,400
Gratuity	358,476
PAYE	477,495
Staff SACCO	3,053,439
Mwalimu SACCO	40,650
HELB deductions	49,474
Staff UNION	28,000
Social contributions-NSSF	553,680
Total Employee costs	10,337,136

15. REMUNERATION OF DIRECTORS

Description	2017-2018
	KShs
Chairman's Honoraria	-
Directors emoluments	-
Other allowances	-
Total director emoluments	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2017-2018
	KShs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	-

17. REPAIRS AND MAINTENANCE

Description	2017-2018
	KShs
General Repairs	1,283,043
Investment property – earning rentals	
Equipment and machinery	
Vehicles	
Furniture and fittings	
Computers and accessories	
Other (Rent expenses)	
Total Repairs and Maintenance	1,283,043

18. CONTRACTED SERVICES

Description	2017-2018
	KShs
Actuarial valuations	-
Investment valuations	-
Property valuations	-
Total contracted services	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. GENERAL EXPENSES

Description	2017-2018
	KShs
Training Materials(SES)	34,574,412
Boarding	15,982,793
Contingencies	349,734
Local Transport & Travelling	4,455,919
Medical	409,498
Bank charges and commission	149,336
GPA Insurance	-
KATTISO	749,815
Caution	91,200
PTA	1,709,550.00
Attachment	232,100
Activity	1,867,213
Application	30,685
Exam	10,302,620
Farm	3,278,813
Fees refund	243,561
Others	245,200
Computer classes-pu	2,169,453
Provision for Bad and Doubtful Debt	858,050
Creditors	9,439,643
Total general expenses	87,139,595

20. FINANCE COSTS

Description	2017-2018
	KShs
Borrowings (amortized cost)*	-
Finance leases (amortized cost)	-
Unwinding of discount	-
Interest on Bank overdrafts	-
Interest on loans from commercial banks	-
Total finance costs	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. GAIN ON SALE OF ASSETS

Description	2017-2018
	KShs
	-
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain on sale of assets	-

22. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2017-2018
	KShs
Investments at fair value	-
Total gain	-

23. CASH AND CASH EQUIVALENTS

Description	2017-2018
	KShs
KCB Bank -1102452637	2,401,153
KCB Bank -1131415027	556,833
Barclays bank-0031091527	317,627
Barclays bank-0031030404	607,875
Barclays bank-0034394393	8,561,717
Cash in Hand, money orders	1,188
Total cash and cash equivalents	12,446,393

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2017-2018
	KShs
Current receivables	
Student debtors	8,580,496
Rent debtors	
Consultancy debtors	
Other exchange debtors	
Less: Provision for Bad and Doubtful Debt	(858,050)
Total current receivables	7,722,446
Non-current receivables	
Refundable deposits	-
Advance payments	-
Public organizations	-
Less: impairment allowance	(-)
Total	-
Current portion transferred to current receivables	(-)
Total non-current receivables	-
Total receivables	7,722,446

25. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2017-2018
	KShs
Current receivables	
Transfers from govt. entities (Capitation)	-
Undisbursed donor funds	-
Other debtors(non-exchange transactions)	-
Less: impairment allowance	-
Total current receivables	-

26. INVENTORIES

Description	2017-2018
	KShs
Consumable stores	385,100
Maintenance stores	-
Health Unit stores	-
Electrical stores	347,000
Cleaning materials stores	88,900
Catering stores	754,340
Total inventories at the lower of cost and net realizable value	1,575,340

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. INVESTMENTS

Description	2017-2018
	KShs
a) Investment in Treasury bills and bonds	
Financial institution	
CBK	-
CBK	-
Sub- total	-
b) Investment with Financial Institutions/ Banks	
Bank x	-
Bank y	-
Sub- total	-
c) Equity investments (specify)	
Equity/ shares in company xxx	-
Sub- total	-
Grand total	-

d) Shareholding in other entities

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

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

KAIBOI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings and structures	land	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	74,000,000	344,800,000	10,940,000	18,416,700	21,185,000	232,500,000	-	701,841,700
Additions	6,398,456	-	-	-	-	-	1,470,760	7,869,216
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 th June 2018	74,000,000	351,198,456	10,940,000	18,416,700	21,185,000	232,500,000	1,470,760	709,710,916

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2017-2018
	KShs
Trade payables	9,439,643
Fees paid in advance	-
Employee advances	-
Third-party payments	-
Other payables	-
Total trade and other payables	9,439,643

30. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2017-2018
	KShs
Consumer deposits	-
Caution money	1,001,375
Other refundable deposits	-
Total deposits	1,001,375

31. BORROWINGS

Description	2017-2018
	KShs
Balance at beginning of the period	-
External borrowings during the year	-
Domestic borrowings during the year	-
Repayments of external borrowings during the year	-
Repayments of domestics borrowings during the year	-
Balance at end of the period	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

(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)

32. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

a) Foreign currency risk

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2018			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2017-2018
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of goods	-
Sales of services	-
Total	-
	-
b) Grants from the Government	-
Grants from National Govt	-
Grants from County Government	-
Donations in kind	-
Total	-
	-
c) Expenses incurred on behalf of related party	-
Payments of salaries and wages for xxx employees	-
Payments for goods and services for xxx	-
Total	-
	-
d) Key management compensation	-
Directors' emoluments	-
Compensation to the CEO	-
Compensation to key management	-
	-
Total	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. SEGMENT INFORMATION

35. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2017-2018
	Kshs
Court case against the company	-
Bank guarantees in favour of subsidiary	-
Total	-

36. CAPITAL COMMITMENTS

Capital commitments	2017-2018
	Kshs
Authorised for	-
Authorised and contracted for	-
Total	-

37. EVENTS AFTER THE REPORTING PERIOD

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

38. ULTIMATE AND HOLDING ENTITY

The Institute is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

39. Currency

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

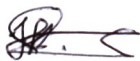
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



Chairman of the Board

Date: August 12,2020

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						