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TABLED BY:	Hon George Munogara MP	
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THE AUDITOR-GENERAL

ON

KITUI TEACHERS TRAINING COLLEGE

FOR THE YEAR ENDED

30 JUNE, 2021

Revised Template: 30th June 2021

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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KITUI TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

KITUI TEACHERS TRAINING COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE ENDED 30TH JUNE 2021

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I. KEY COLLEGE INFORMATION AND MANAGEMENT

a) Background information

Kitui Teachers Training College is located in Township Location, Manjengo sub - location, Kitui central Sub-county, Kitui County. The college is situated in Kitui town, along Mbusyani road, opposite Kitui School.

It occupies an area of approximately 25 acres. The college lacks many of the essential facilities such as tuition facilities, library, laboratories to equipment such as printers and photocopiers that make work easier in any institution of such a magnitude. Kitui county is semi - arid, thus little farming can be practiced.

Kitui Teachers Training College is a Public National Teacher Training facility established in 2010. It was conceptualized in the Kitui District Development Committee meeting held in January 2009. The idea was muted because of the increasing demand for Primary school teachers in the region. The college **was initially started in 1970's** before it was converted to St. Angela's Girls Secondary School. The conversion was as a result of low demand for teacher training then.

Kitui District Development Committee requested Kitui School to hive off some land for the College. As such, the College got twenty (20) acres on which it currently stands. Kitui County is a gazetted semi – arid region characterized by high temperatures, little and unreliable rainfall and poor soils. Therefore, the College will depend mostly on funds from the Government of Kenya (GOK) and fee collections from students. However, well-wishers and support from other partners such as CDF will also be sought.

The College received a provisional registration certificate no. P/PC421/10 on the 8th July 2010 which authorized its operations. The first group of 264 teacher trainees (108 males and 156 females) selected through the quota system by the Ministry of Education was admitted on 25th October 2010. The College enjoys a national outlook, since the students come from all over the country. The College was registered to train P1 Teachers, whose entry behavior was C Plain and above. The Primary Teacher Education Course duration used to take two years.

The first cohort was admitted at Syongila Youth Polytechnic, which housed the College for some time before it relocated to its current premises. This was facilitated through a Memorandum of Understanding with ACK Syongila and Syongila Youth Polytechnic where the College was allowed

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to use their facilities (hostels, classrooms, kitchen, playgrounds, furniture etc). Eventually, the College was able to relocate to its current site by the time of admitting the second batch of first years on the 25th of October 2011 although construction was still in progress.

In 2018, the Government of Kenya abolished the training of P1 teachers and laid down plans to start Diploma in Teacher Education (DPTE) program me. Consequently, the college applied for re-registration and this was done in 2020. The College was re-registered; Reg. no 15S40000866.

The College strives to be a center of excellence academically and in co-curricular activities in line with her core mandate.

KTTC is managed by a Board of Management (BOM) under the direction of the Ministry of Education. It operates under the Basic Education Act (2013) of the Laws of Kenya as well as the Constitution of Kenya 2010, KNEC Act, policy guidelines among others.

a) Principal Activities

KTTC is to train Diploma in Primary Teacher Education (DPTE) and Diploma in Early Childhood Teacher Education (DECTE) teachers as provided in the Basic Education Act, 2013.

Vision

To be a Centre of Excellence for Primary Teacher Education, Training and Human Resource Development.

Mission

To provide and maintain quality Education and Training of Primary School Teachers, offer Human Resource Skills, Knowledge and Attitudes responsive to the challenges of a dynamic society.

The core mandate

The core mandate of KTTC is to train Diploma in Primary Teacher Education (DPTE) and Diploma in Early Childhood Teacher Education (DECTE) teachers as provided in the Basic Education Act, 2013.

a) Key Management

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

- Board of Management
- Principal (Accounting Officer)

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- Deputy Principal
- Dean of Curriculum
- Dean of Students,
- Heads of Departments
- Heads of Sections

b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Principal	Catherine K. Irungu
5	College Finance Officer	Edward Musau
6	Procurement Officer	Martin Katuku

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c) Fiduciary Oversight Arrangements

S/No	Name of the Committee	Members
1.	BOM Executive Committee	1. Harrison Nyumu - Chairperson 2. Joseph Wambua - Vice -chairperson 3. Catherine Irungu - Chief Principal/secretary 4. Michael V. Syuki - Member
2.	BOM Finance Committee	1.Maurice Munywoki- Chairperson 2.Catherine Irungu- Chief Principal/ Secretary 3.Mwende Mwendwa- Member 4.Michael Syuki- Member
3.	BOM Human Resource Committee	1.Joseph Wambua- Chairperson 2.Catherine Irungu-Chief principal/Secretary 3.Dr. Rose Mwanga-Member 4.Florence Munyasya- member
4.	BOM General Purpose Committee	1.Ctherine Irungu- Chief principa/ Secretary 2.Dr. Kiema Mwandia- Member 3.Justica Mwikali- Member
5.	Legislative Oversight	Parliamentary Oversight Committees (PIC)

Key College Information and Management (Continued)

(a) Kitui Teachers College

P O Box 1427 - 90200

Kitui

Kitui - Mbusyani road

Kitui-County,

Kenya.

(b) Kitui Teachers' Training College

Contacts

Telephone: (254)97243549

E-mail: kituicollege@yahoo.com/kituicollege@gmail.com

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(c) College Bankers

Kenya Commercial Bank

P.O Box 683 - 90200 - Kitui

Kitui branch

National Bank

P.O Box 166 - 90200 - Kitui

Kitui Branch

Family Bank

P.O Box 74145 - 00100

Nairobi

Kitui Branch

Equity Bank

P.O Box 1453 - 90200 - Kitui

Kitui Branch

(d) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, College Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(e) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112

City Square 00200




Nairobi, Kenya

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II. BOARD OF MANAGEMENT

 <p>Harrison Nyumu Chairman of the Board</p>	<p>Date of birth: 23rd August 1960</p> <p>Qualifications: M.ed</p>
 <p>Catherine K. Irungu Chief Principal / Secretary BOM</p>	<p>Date of birth: 3rd July 1963</p> <p>Qualifications: M. Ed in administration and strategic Management.</p>
 <p>Joseph Wambua Vice - chairman of the Board</p>	<p>Date of birth: 23rd July 1958</p> <p>Qualifications: MBA Strategic Management</p>

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 <p>Michael V. Syuki Board Member</p>	<p>Date of birth: 30th November 1956 Qualifications: Diploma in Physiotherapy</p>
 <p>Maurice Munyoki BOM Member</p>	<p>Date of birth: 1/1/1961 Qualifications: Diploma in Banking</p>
 <p>Kiema Mwandia Board Member</p>	<p>Date of birth: 23rd April 1973 Qualifications: Masters in project planning and Management</p>

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III. MANAGEMENT TEAM

No.		Designation
1	Catherine K. Irungu	Chief Principal Holds M.ed - Education Administration and strategic Management
2	Rev. Manaseh Nguu	Deputy Principal
3	Dr. Samson Murithi	Dean of Curriculum Holds Ph.d, Education
4	Martha Mbuvi	Dean of Students Holds M.ed, Education
5	Edward Musau	Finance Officer Holds Degree in Bachelor of Commerce, Finance Option and CPA II
6	Mr. Martin Katuku	Procurement Officer Holds Degree in Bachelor of Commerce, Procurement option

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IV. CHAIRMAN'S STATEMENT

I hereby present the annual report and financial statement of Kitui Teachers Training College for the year ended 30th June 2021. During this financial year, the College had two groups of students; the DPTE Upgrade, whose enrolment was 514 and 16 DECTE Upgrade; all totaling 530 students against the College capacity of 1,200.

The College did not have Diploma in Teacher Education group as the number of applicants country wide was low due to the entry requirements of mean grade of C plain and C in five subjects namely; English, Kiswahili, Mathematics, one science subject and one art subject. This low enrolment translated to low income to the College.

Nevertheless, Kitui Teachers Training College has continued to execute its mandate as expected by the Ministry of education. The objective of the board is to position the college programmes within the context of its mandate, cost rationalization, equity and customer satisfaction.

During the 2021/22 financial year, the College maintained the following:

- A strong collaboration and liaison with local primary schools where the College students go for their attachment.
- A strong collaboration with other Teachers Training Colleges and other stakeholders.
- A conducive environment for excellent performance in exams and curriculum activities.
- Maintained the College grounds and aesthetics.
- Rationalized College workforce in the face of lack of finances from the student fees and government grants.
- Enhanced agricultural production in the College farm to meet College food demands.

The aim of Kitui Teachers Training College is to produce skilled globally competitive employable and self-reliant human resource. To achieve this, our highly committed staff and trainees aimed even higher and worked tirelessly to remain at the pinnacle of their achievements.

I thank the Government for its financial support so far that has made it possible to implement the Core mandate of the College. I also thank the Board of Management for their commitment in providing visionary leadership and taking the College to the next level. The Board of Management is committed to enhance resource mobilization and aims to transforming the current status of the College in line with the Strategic Plan 2021-2026.

Chairman HARRISON NYOMU sign  Date

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V. REPORT OF THE PRINCIPAL

Kitui Teachers Training College wishes to present its annual report and financial statement for the year ended 30th June, 2021 as per requirements of the Public Finance Management Act of 2012, section 83 and Public Audit Act, 2015.

Non-financial information

(a) Student Population

During the 2020/2021 financial year the College had two groups of students whose number was below the College capacity. This group consisted of 514 students Upgrade Diploma in Primary Teacher Education (UDPTE) taking the one year course and 16 students Upgrade Diploma in Early Childhood Teacher Education (UDECTE) students making a total of 530 students against the College capacity of 1,200.

The low enrolment was occasioned by the entry requirement of a mean grade of C plain, with a cluster of C in Mathematics, English, Kiswahili, one Science subject and one art subject for DTE students and there, during this financial year, the College did not have the DTE students.

(b) Academic Performance

The College presented 16 DECTE upgrade candidates. This group performed well in the KNEC exam and attained the following results.

➤ Distinction	- 00	➤ CRNM	- 00
➤ Credit	- 15	➤ Fail	- 00
➤ Pass	- 00	➤ Absent	- 00
➤ Referred	- 01		

(c) Staffing/Human Resource

Teaching staff

In the Financial year 2020/2021, Kitui Teachers Training College had 44 members of teaching staff

Non-teaching Staff (NTS)

In the Financial year 2020/2021, Kitui Teachers Training College had 21 members of non - teaching staff

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(d) Projects

i. Farm

- The College operated a vegetable farm that provided vegetables to the College population cheaply and conveniently.

ii. Hosting

Over the 2021/22 FY, the College hosted training and workshops of various groups; CBC training, Music festivals, wings to fly, as well as ball games. Hosting of various activities in the College was aimed at generating some income for the College.

(e) Maintenance

During the 2020/2021 Financial year, the College was able to maintain its grounds and aesthetics by doing the following: -

- Routine slashing of grass, bushes and maintaining of flowers and flower beds.
- Cleaning and maintenance of all buildings and furniture.
- Collection of rubbish in the compound.
- Maintenance of College vehicles

(f) Corporate Social Responsibility

The College embarked on the following CSR activities within the year:

- Hiring some community members on casual basis.
- Management of Technical School for provision of necessary skills to members of the community.

(g) Capacity Building

During the FY 2020/2021 the College undertook several workshops and seminars to empower its tutors in preparation for the implementation of the Competency Based Curriculum (CBC). The staff was taken through: -

- Curriculum designs for DPTE and DECTE by the Ministry of education and TSC staff.
- ICT integration in teaching and learning by the Ministry of Education and TSC staff.
- New teaching pedagogies.
- CBC assessment approaches.
- Basic Education Curriculum Framework (BECF) and Teacher Education Framework among others.

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(h) Financial information

During the 2020/2021 financial year, the College financial status increased compared to FY 2020/2021 which was low because there were no students as a result of the Covid – 19 pandemic.

This was as a result of increased enrolment and also substantially increased quarterly grants from MOE.

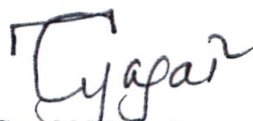
Challenges

The College experienced some challenges during the financial year as a result of the low number of students. Government support in form of quarterly grants went down and was late in most cases, which made it difficult to pay workers' salaries.

On behalf of the management and staff of the College, I take this opportunity to thank the Board of Management for the support accorded to the fiduciary management and for their visionary direction in the running of the College.

I appreciate the support from the Ministry of Education and TSC throughout the year under review though we appeal for more support especially for infrastructure development and staffing required in enabling the College to be a College of choice to both trainers and trainees in Kenya and beyond.

I thank all the staff and trainees of the College for their continued cooperation in this challenging but noble task of building the College and ensuring the achievement of its core mandate.



Gerald Mutegi

Principal/Secretary to the Board

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Kitui Teachers Training College has 6 strategic objectives as per the current Strategic Plan 2020-2026. The Strategic objectives are as highlighted below:

1. To provide quality and relevant Teacher Education and Training Programs.
2. To mobilize resources for infrastructure and capacity building of human resources.
3. To establish, strengthen and integrate ICT in management and training programs.
4. To develop an efficient and effective Financial Management System.
5. To improve Customer Service Delivery.
6. To make the College friendly to persons with special needs.

The College develops its annual work plans based on the above 6 strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2020/2021 period for the six strategic objectives, as indicated in the diagram below:

Pillar	Strategic Objective	Key Performance Indicators	Achievements
Pillar 1: Training and Development of effective teachers.	1. To provide quality and relevant Teacher Education and Training Programs.	<ul style="list-style-type: none"> • Prepared schemes of work. • Training Materials • Updated records of work covered • Filled Class attendance registers • Examination results analyzed • Result slips/certificates 	• Achieved
Pillar 2: Infrastructure development.	To renovate and maintain existing facilities. To improve and sustain environment.	<ul style="list-style-type: none"> • Renovated and maintained Facilities • Improved and sustained environment. 	• Achieved
Pillar 3: ICT integration.	3. To establish, strengthen and integrate ICT in management and training programs.	<ul style="list-style-type: none"> • ICT equipment. • Internet connectivity 	• In progress.

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<p>Pillar 4: Strengthening financial Management</p>	<p>To develop an efficient and effective Financial Management System.</p>	<ul style="list-style-type: none"> ● Increased enrolment. ● Enhanced income generating projects. ● Audit reports. ● Approved budget for each year. ● standard operating procedures for procurement. 	<ul style="list-style-type: none"> ● Achieved
<p>Pillar 5: Customer Service Delivery.</p>	<p>5. To improve Customer Service Delivery.</p>	<ul style="list-style-type: none"> ● A service Delivery Charter ● Level of customer satisfaction ● Computerized systems in some service points ● Field registers 	<ul style="list-style-type: none"> ● Achieved
<p>Pillar 6: Inclusivity</p>	<p>To make the College friendly to persons with special needs</p>	<ul style="list-style-type: none"> ● An action plan ● A more friendly work environment 	<ul style="list-style-type: none"> ● In progress

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VII. CORPORATE GOVERNANCE STATEMENT

The Board of Management (BOM) of the College has been supportive to the fiduciary management by performing its oversight role through the BOM committees.

During the financial year, the management had endeavored to satisfy both legal and regulatory requirement as per the jurisdiction in its mandate under the Basic Education Act 2013, PFM Act 2012 and its regulations among others.

The Board of management is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, Science and Technology to oversee their interest in the long-term performance and the overall success of the College and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision-making body of the College, except for those matters reserved to or shared with the Government of Kenya.

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the College. The guidelines address matters such as the College Vision and mission, Board members' responsibilities, BOM committee structure, Over-sighting the performance and evaluation of management.

BOM meeting attendance for the 2020/2021 FY

Attendance of board meetings

NAME/DESIGNATION	EXECUTIVE BOG	FULL BOG	FULL BOG	EXECUTIVE BOG	EXECUTIVE BOG	TOTAL PRESENT
	12/8/2021	10/9/2021	3/12/2021	15/4/2021	10/6/2021	
Harrison Nyumu	P	P	P	P	P	5
Joseph Wambua	P	P	A	P	A	3
Catherine Irungu	P	P	P	P	P	5
Michael Syuki	P	P	A	P	A	3
Mary Shano	P	A	P	A	P	3
Maurice Munyoki	A	P	P	P	A	3
Mwende Mwendwa	P	P	P	A	A	3
Dr. Rose Mwanga	P	A	P	P	A	3
Florence Munyasya	P	P	A	A	P	3
Dr. Kiema Mwandia	P	P	A	P	P	4
Justica Mwikali	P	P	P	A	P	4

During FY 2020/2021, there was 71% eligible attendance at all meetings of the Board and Committees.

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NB:

- 1) There were 2 full board and 3 executive board meetings held during the year.
- 2) The Board is replaced every 3 years.
- 3) There is no board remuneration.

All BOM members participate in decisions required to implement actions to progress towards meeting the objectives of Kitui Teachers Training College.

The Board Chairperson's primary role is to ensure the effective running of the Board and that the Board as a whole plays a full and constructive part in the development and determination of the College's strategy and overall objectives.

The Principal's primary role is to deal with the running of the College. He advises the Board and reports directly to the Chair on College Governance matters. He also advises the Board on legal matters, helping to ensure that Board procedures and applicable rules and regulations are observed.

The Board of Management strive to provide the highest quality of training to our students by;

- i) Prudent financial management.
- ii) Being positive and helpful.
- iii) Responding to enquiries or requests accurately and in a timely manner.
- iv) Treating our staff, Contractors and Suppliers honestly and with respect.
- v) Keeping the Institution clean, tidy and free from any damage.

The College also has a management team. The management team is well constituted with the Principal being the team leader, Deputy Principal, the Dean of Curriculum (DOC), Dean of Students (DOS), Head of Department (HODs) and Heads of Sections (HOSs). The College has a robust team of professional non-academic staff with a qualified Finance Officer and Procurement Officer among others. During the financial year, the management had endeavored to satisfy both legal and regulatory requirement as per the jurisdiction in its mandate under the Basic Education Act 2013, PFM Act 2012 and its regulations among others. Though the College operations resumed, the number of trainees still remained very low hence affecting financial base.

Though the College operations resumed, the number of trainees still remained low at 530 against the College capacity of 1,200. However, the College was fully able to comply with all statutory requirements and partially did the project below: -

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FY 2020/2021 Key Projects Completion Rate

Project Name	Project Description	Location	Total Estimated Cost KSHS	Current status	Allocation for FY 2020/2021 KSHS	Expected Deliverables (output for FY 2020/2021)	End of FY Completion status
Storeyed multipurpose Hall	Single storey building	Kitui TTC	55,975,726	Foundation slab level	9,104,834	Kitchen, conference hall/dining hall and some offices.	Foundation slab level
TOTAL					9,104,834		

The College received Kshs. 9,104,834 for the project and spent it all on the project. The project will be completed later. The College will seek funding from the Government to complete the project since it is of great importance to the students.

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

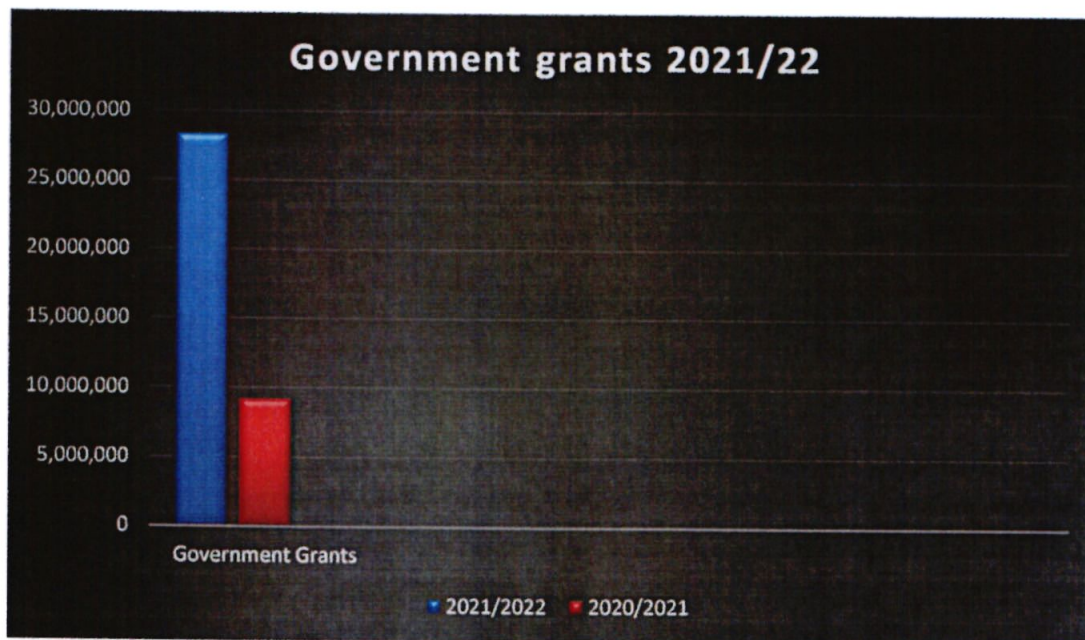
The Board of Management (BOM) of the College has been very supportive to the fiduciary management and has fully performed its oversight role in whole and through the BOM committees. The management team is also well constituted with the Principal being the team leader, Deputy Principal, the Dean of Curriculum (DOC), Dean of Students (DOS), Head of Department (HODs) and Heads of Sections (HOSs).

The College has a robust team of professional non-academic staff with a qualified Finance Officer and Procurement Officer among others. During the financial year, the management had endeavored to satisfy both legal and regulatory requirement as per the jurisdiction in its mandate under the Basic Education Act 2013, PFM Act 2012 and its regulations among others. Though the College operations resumed, the number of trainees still remained very low hence affecting financial base.

The College's Operational and Financial Performance:

Chart I show grants from Government in year 2020/2021 as compared to year 2020/2021.

CHART I: Government Grants

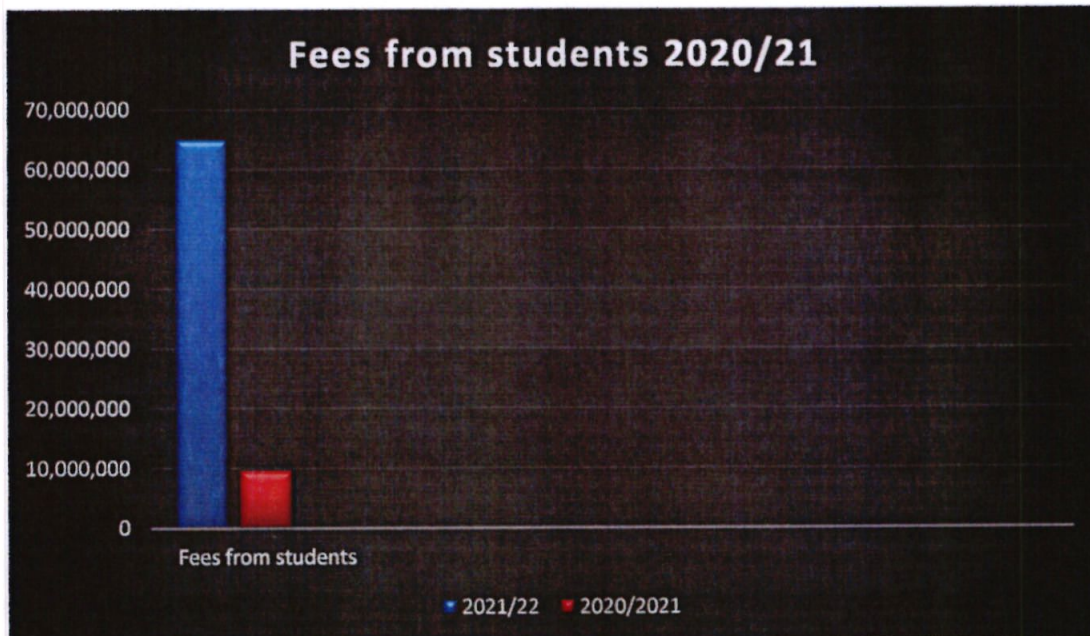


Government grants decreased in the 2020-2021 Financial Year compared to the previous Financial Year. This can be attributed to the fact that in the 2020/2021 FY there were no students owing to the Covid – 19 pandemic.

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This is further illustrated in Chart II.

CHART II: Rendering of services – fees from students.



This clearly shows that fees from students was higher in 2020/2021 FY because of the intake of that year while in 2020/21 FY only 9,564,331 was collected from fees arrears. This enabled the College to execute its activities satisfactorily.

Expenses

Expenditure increased in 2020/2021 FY compared to 2020/2021 FY due to availability of students. The operation cost also increased due to the number of students since they had to be served, hence high consumption. This is further shown in Chart III.

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CHART III: Expenses.

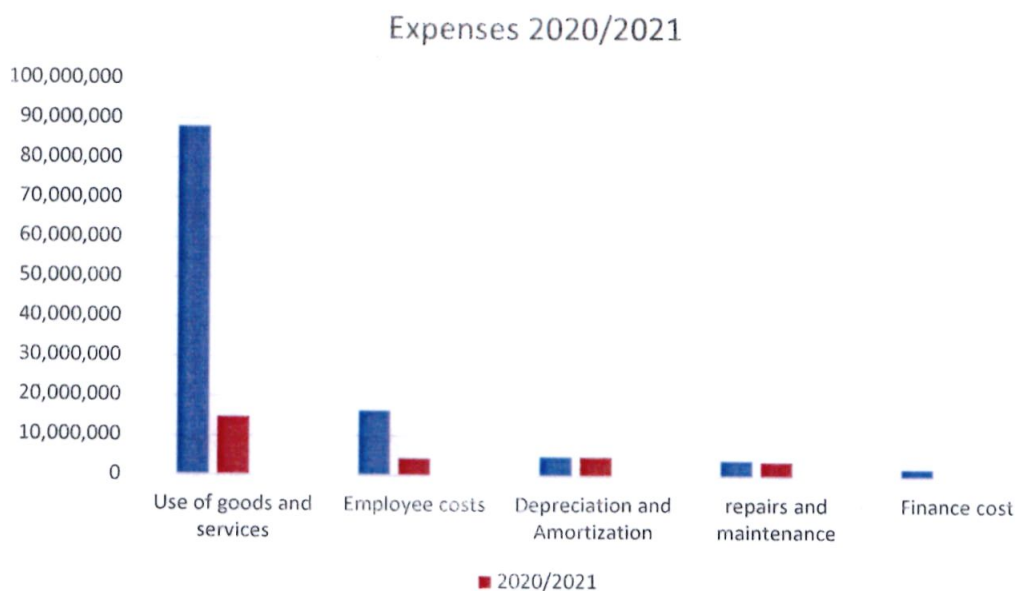


Chart III shows that expenditure for FY 2020/2021 was higher compared to the 2020/2021 FY. This is because the number of students which was higher, thus was consuming more than the previous year. However, the total expenditure of KES. 115,642,137 exceeded the total revenue of KES. 111,279,417 by KES. 4,362,719 in the 2020/2021 FY and therefore registered a negative; compared to expenses of KES. 28,636,848 against the total revenue of KES. 19,473,991 in 2020/2021, thus exceeding total revenue by KES. 8,636,848 (also a negative). This can be attributed to earlier expenditure beyond total revenue per FY.

This implies that the College needs to live by its means through prudent management. It also means that it is important for the college to diversify its sources of income so as to broaden its revenue base.

The College must aggressively market the course offered it offers so as to increase student enrolment.

SECTION B: Institution's compliance with statutory requirements

During the 2020/2021 FY, Kitui Teachers Training College fully complied with all the statutory requirements e.g. Statutory deductions from employees' Salaries i.e. NHIF, NSSF, PAYE etc.

SECTION C: Key projects and investment decisions the Institution is planning.

During the 2020/2021 FY the College initiated the dining hall/multi – purpose hall project through government funding. The project was allocated KES. 7000,000 by the government and the College was able to undertake the project up to foundation slab level.

SECTION D: Major risks facing Kitui Teachers Training College.

Some of the major risks facing the College are as follows;

- i. Credit and Liquidity risks which pose serious threats from suppliers.
- ii. Delayed fees payment by students; and
- iii. Over reliance on Government grants.

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SECTION E: Material arrears in statutory/financial obligations

During the 2020/2021 FY, the College had material arrears of KES. 4,362,719 in financial obligations compared to material arrears of KES. 8,636,848 in the previous FY. However, the College was able to comply with all the statutory requirements.

SECTION F: College financial probity and serious governance issues

During the 2020/2021 FY, the College did not have serious governance issues reported by the External Auditors, and any other Government Authority providing oversight and that there is no conflict of Interest from any of our Board Members.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.

Kitui Teachers Training College is a public institution mandated by the Ministry of Education to train teachers. The College draws manpower, suppliers of goods and services from its environment. Therefore, the College can not exist in isolation.

Below is a brief highlight of our achievements during the 2020/2021 FY:

1. Sustainability strategy and profile -

Kitui Teachers Training College is mandated by the Ministry of Education to train and produce quality primary school teachers of a developing nation. To fulfill this, mandate the College aspires to provide a conducive training environment. In doing so we are guided by the constitution of Kenya, 2010, various Acts of parliament, policies and circulars developed by the government.

The College endeavors to achieve its mandate by adhering to government policy on students' admission to teacher training colleges as well as positioning itself as a College of choice in teacher training through marketing itself to the local community.

The College has purposely and aggressively carried out farming as an income generating activities by embracing professionalism and modern farming methods.

Everyone in the institution is committed to work together as one unit to contribute to the sustainability of the institution. Students, staff and even the community in general is committed to their responsibilities that will ensure the continuity of the institution.

1. Environmental performance

The College is conveniently located in Kitui town. The academic atmosphere is relatively affected by the hustle and bustle of the town but the training is quite appropriate as it blends the rural life with the town life, thus bringing out an all rounded trainee.

The College draws a lot of pride in its well-kept compound which boast of neat lawns and flower beds. The environmental consciousness of the management ensures annual tree planting programs which have led into a College well covered with various species of trees and shrubs.

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IX. ENVIRONMENTAL AND SUSTAINABILITY REPORT

Sustainability strategy and profile

KITUI TEACHERS TRAINING COLLEGE exists to train teachers for Kenya primary schools. This is the driving force behind everything we do. In doing so we are guided by the constitution of Kenya, 2010, various Acts of parliament, policies and circulars developed by the government.

The College endeavors to achieve its mandate by adhering to government policy on students' admission to teacher training colleges as well as positioning itself as a college of choice in teacher training through marketing itself to the local community.

The College has purposely and aggressively carried out farming as an income generating activities by embracing professionalism and modern farming methods.

Environmental performance

The College is located in a town set-up (Kitui County head quotas), but has a conducive quiet academic atmosphere.

The College draws a lot of pride in its well-kept compound which boast of neat lawns and flower beds. The environmental consciousness of the management ensures annual tree planting programs which have led into a College well covered with various species of trees and shrubs.

Employee welfare

In the F/YR the College developed a Human Resource Policy Manual which guides on hiring, job description, Skill development, appraisal/rewards and sanctions processes among others and appropriately followed the Government statutory requirements and gave room to implement any statutory change that may in time to time be effective.

Market place practices-

Kitui Teachers Training College has made efforts to ensure:

- a) Anti -corruption practices in its dealings.
- b) Responsible Supply chain and supplier relations where Kitui Teachers Training College maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices.

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Corporate Social Responsibility/Community Engagements

Kitui Teachers Training College engages in social corporate responsibility by doing the following activities: -

1. Routinely engages the local community in casual work during hosting.
2. Offering College facilities for community activities like workshops and seminars.
3. Sourcing of goods and services from local community during the process of procurement.
4. Environmental sustainability activities in and outside the college.
5. Sending our students on teaching practices.
6. Offering attachment opportunities to practicing students from universities and other training institutions.

In the FY 2020/2021 these activities were revived after the Covid-19 pandemic break, and low college enrolment.

X. Report of the Board of Management

The Board members submit its report together with the financial statements for the year ended 30th June 2021, which show the state of the Kitui Teachers College affairs.

Principal activities

The principal activities of the College are:

- a. Conduct training of teachers.
- b. Foster linkages with MOE, TSC, Local community and other institutions for promotion of quality and relevant teacher training.
- c. Promote and inculcate professionalism, responsible behavior and attitude to teacher trainees to enable them transform the communities they will serve.
- d. Undertake income generating activities through agricultural production, hosting and hiring facilities to supplement government grants and students fees.
- e. Management of primary school for income generation and provision of quality education in the community.

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Results

The results of the Kitui Teachers Training College for the year ended June 30 are set out on page vii.

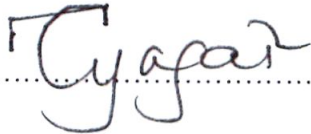
Board of Management.

The members of the Board /Council who served during the year are shown on page viii.

Auditors

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

By Order of the Board of Management;


.....

Secretary of the Board of Management.

Date:

KITUI TEACHERS TRAINING COLLEGE
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XI. STATEMENT OF THE BOARD OF MANAGEMENT 'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Basic Education 2013; require the Board members to prepare financial statements in respect of the College, which give a true and fair view of the state of affairs of the institution, at the end of the financial year and the operating results of the College, for that year. The Board members are also required to ensure the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution.

The Board members are also responsible for safeguarding the assets of the College.

The Board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College, for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College;
- (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 College.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Basic Education Act - 2013. The Board members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2021, and of the College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

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

KITUI TEACHERS TRAINING COLLEGE
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Approval of the financial statements

Kitui Teachers Training College financial statements were approved by the Board on _____ 2021 and signed on its behalf by:

Name HARRISON NYOMU
Signature [Signature]
Chairperson of the Board of Management

Name Georges Muteba
Signature [Signature]
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KITUI TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kitui Teachers Training College set out on pages 1 to 41, which comprise the statement of financial position

Report of the Auditor-General on Kitui Teachers Training College for the year ended 30 June, 2021

as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitui Teachers Training College as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements prepared and submitted for audit had the following inaccuracies;

- i. The statement of changes in net assets reflects retained earnings opening balance as at July 1, 2020 of Kshs.682,503,786 which was not supported.
- ii. The statement of changes in net assets reflects transfer of depreciation/amortization from capital fund to retained earnings of Kshs.4,947,201 which was not explained or supported.
- iii. The statement of cash flows reflects other revenue of Kshs.7,077,444 and other payments of Kshs.3,926,005 which were not supported and disclosed in the statement of financial performance.

In the circumstances, Management did not comply with the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB).

2. Unsupported Receivables from Exchange Transactions

The statement of financial positions reflects current receivables from exchange transactions balance of Kshs.35,262,286 as disclosed in Note 15 to the financial statements owed by the students inform of fees arrears. However, ledgers indicating details of each student balances and aging analysis were not provided for audit.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.35,262,286 could not be confirmed.

3. Unsupported Trade Payables

The statement of financial position reflects a balance of Kshs.13,893,052 in respect to trade and other payables from exchange transactions as disclosed in Note 18 to the financial statements. However, the supporting schedules and aging analysis showing how long they have been outstanding and were not provided for audit.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.13,893,052 could not be confirmed.

4. Unsupported Borrowing

The statement of financial position and as disclosed in Note 21 to the financial statements reflects loan borrowings balance of Kshs.7,000,190 being amount borrowed from a local bank for the purchase of the school bus. However, the loan repayment schedule, authority to borrow the loan from the Ministry of Education, loan application and acceptance form and board approval were not provided for audit.

In the circumstances, the accuracy and completeness of loan borrowing balance of Kshs.7,509,125 could not be confirmed.

5. Lack of Ownership Documents

The statement of financial position reflects a balance of Kshs.664,847,103 in respect to property, plant and equipment as disclosed in Note 16 to the financial statements. The balance includes land and building balance of Kshs.640,190,000 and motor vehicle balance of Kshs.11,288,000. However, the land title deed and the logbook for motor vehicle were not provided for audit.

In the circumstances, the ownership of land and building balance of Kshs.640,190,000 and motor vehicle balance of Kshs.11,288,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects the final income budget of Kshs.59,286,000 and actual on a comparable basis of Kshs.18,612,571 resulting to an under collection of Kshs.40,673,429 or 69% of the budget.

The under-collection may affect the core mandate of training diplomas in primary teacher education.

My report is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Conclusion

The Management are responsible for the other information set out on pages ii to xxvii which comprise of Key Information and Management, Board of Management, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Corporate Social Responsibility Statement and sustainability reporting, Report of the Board of Management and statement of Board of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

Basis for Conclusion

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unbalanced and Un-Approved Budget

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.59,286,000 against the budgeted expenditure of Kshs.37,686,000 resulting to an unbalanced budget of Kshs.21,600,000. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget should be balanced. Further, the budget estimates were not approved by the cabinet secretary contrary to Part I Section 16 (2) of the Basic Education Act 2013 which states that the Board of Management may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary.

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

2. Irregular Board Activities

Review of documents revealed that the chairman and two (2) other board members were introduced as bank signatories of the College's bank accounts indicative of involvement in day to day running of the College. This was contrary to Part I Section 16 (6) of the Basic Education Act, 2013 which states that the Secretary to the Board of Management of a public institution of basic education shall be responsible for the day-to-day management of the affairs of the institution, and shall present any account of such expenditure to the Board of Management.

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

3. Stalled Multi-Purpose Hall

The statement of financial position reflects a balance of Kshs.664,847,103 in respect to property, plant and equipment as disclosed in Note 16 to the financial statements. Review of the contract documents revealed that the construction of the multi-purpose hall was awarded at a sum of Kshs.55,975,266 but subject to funding from the Ministry of Education in the financial years 2018 to 2019. Physical inspection in the month of January, 2025 revealed that the works were at the foundation level despite payment of two (2) certificates amounting to Kshs.9,104,833. In addition, this payment was not disclosed in the financial statements as work in progress under property, plant and equipment.

In the circumstances, the value for money of Kshs.9,104,833 paid for the construction of the multi-purpose hall could not be confirmed.

4. Operating Un Approved Bank Accounts

The statement of financial position reflects Kshs.345,230 in respect to cash and cash equivalent as disclosed in Note 14 to the financial statements held in the College's four (4) bank accounts. However, Management did not provide for audit the bank opening approvals from the National Treasury and approvals from the board of management. This was contrary to Section 28 (1) of the Public Finance Management Act, 2012 states that the National Treasury shall authorise the opening, operating and closing of bank accounts and sub accounts for all national government entities in accordance with regulations made under this Act. Further, the respective certificates of the bank balances were not provided for audit.

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

5. Late Submission of the Financial Statements

The financial statements were submitted on 10 January, 2025 instead of 30 September, 2021. This was contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires under subsection (1), that an accounting officer to prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit, and in the case of a national government entity, forward a copy to the National Treasury.

In the circumstances, Management was in breach of the law

The audit was conducted in accordance with ISSAI 3000 and 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Lack of an Audit Committee

During the year under review, the College did not have an audit committee which would be responsible for monitoring the entity governance process, accountability process, control systems and offer objective advice on issues concerning risk, control, regulatory requirement and governance.

In the circumstances, the effectiveness of overseeing the internal controls and compliance with relevant laws, rules and regulations could not be confirmed.

2. Lack of a Strategic Plan

During the year under review, Management did not prepare a strategic plan to guide on the implementation of the medium-term objectives and policies of the College. This was contrary to Section 68(2)(g) of the Public Finance Management Act, 2012 which states that Accounting Officers of a National Government entity should prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and fiscal policy objectives of the National Government.

In the circumstances, the policies, practices and strategic plans of the College may not be aligned with Government Directives, National Policies and National Development Goals, including the Kenya Vision 2030.

3. Weaknesses in Internal Controls

During the year under review, the College did not have a management information and accounting software system essential for managing its finances, human resources and procurement transactions. Further, the finance officer was in charge of human resources records, preparation of payroll, examination of payroll and payment of salaries an indication of lack of segregation of duties.

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

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

Responsibilities of the Management and Board of Management

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

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

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

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

The board of management is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 January, 2025

KITUI TEACHERS TRAINING COLLEGE
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**XIII. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE
2021**

	Notes	2020-2021
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/gifts in kind	6	9,159,048
Grants from donors and development partners		-
Transfers from other levels of government		-
Public contributions and donations		-
		9,159,048
Revenue from exchange transactions		
Rendering of services- Fees from students	7	9,564,331
Sale of goods		-
Rental revenue from facilities and equipment	8	-
Finance income - external investments		-
Other income		750,612
Revenue from exchange transactions		10,314,943
Total revenue		19,473,991
Expenses		
Use of goods and services	9	14,809,498
Employee costs	10	4,452,479
Remuneration of directors		-
Depreciation and amortization expense	11	4,947,201
Repairs and maintenance	12	3,901,661
Contracted services		-
Grants and subsidies		-
Finance costs	13	-
Total expenses		28,110,839
Net Surplus for the year		(8,636,848)
Attributable to:		
Surplus/(deficit) attributable to minority interest		-
Surplus attributable to owners of the controlling entity		(8,636,848)
		(8,636,848)

The notes set out on pages 19 to 22 form an integral part of the Annual Financial Statements

KITUI TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE ENDED 30TH JUNE 2021

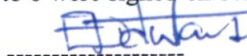
XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020-2021
		Kshs
Assets		
Current assets		
Cash and cash equivalents	14	345,230
Current portion of receivables from exchange transactions	15	35,262,186
Total Current Assets		35,607,416
Non-current assets		
Property, plant and equipment	16	664,847,103
Total Non-current assets		664,847,103
Total assets		700,454,519
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	18	13,893,052
Refundable deposits from customers	19	747,138
Total Current liabilities		14,640,190
Non-current liabilities		
Borrowings	21	7,000,190
		7,000,190
Total liabilities		21,640,380
Net assets		678,814,139
Accumulated surplus		678,814,139
Total net assets and liabilities		678,814,139

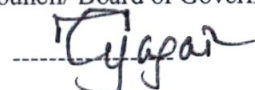
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Council/Board of Governors



Finance Officer
ID No 28409420



Principal

Date.....

Date

Date.....

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2020	-	-	682,503,786	-	682,503,786
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	(8,636,848)	-	(8,636,848)
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	4,947,201	(4,947,201)	-
At June 30, 2021	-	-	678,814,139	(4,947,201)	673,866,938

Note:

1. *For items that are not common in the financial statements, the KTTC should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

KITUI TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE ENDED 30TH JUNE 2021

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

		2020-2021
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants		9,159,048
Public contributions and donations		-
Rendering of services- Fees from students		9,453,523
Sale of goods		-
Rental revenue from facilities and equipment		-
Finance income		-
Other income		750,612
Other Revenue		7,077,444
Total Receipts		26,440,627
Payments		
Compensation of employees		4,452,479
Use of goods and services		14,809,498
Finance cost		-
Other payments		3,926,005
Cash used on Repair and Maintenance		3,901,661
Total Payments		27,089,643
Net cash flows from operating activities	43	(649,016)
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		-
Proceeds from sale of property, plant and equipment		-
Decrease in non-current receivables		-
Increase in investments		-
Net cash flows used in investing activities		-
Cash flows from financing activities		

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Proceeds from borrowings		-
Repayment of borrowings		-
Increase in deposits		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		(649,016)
Cash and cash equivalents at 1 JULY 2020	26	994,246
Cash and cash equivalents at 30 JUNE 2021	26	345,230

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities Govt grants	21,600,000	-	21,600,000	9,159,048.00	12,440,952	58%
Public contributions and donations	-	(-)	-	-	(-)	-
Rendering of services- Fees from students	37,686,000	(-)	37,686,000	9,453,523.00	28,232,477	75%
Sale of goods	-	-	-	-	(-)	-
Finance Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	(-)	-
Total income	59,286,000	(-)	59,286,000	18,612,571	40,673,429	69%
Expenses						
Compensation of employees	-	-	-	4,452,479	(4,452,479)	-
Use of Goods and services	37,686,000	(-)	37,686,000	14,809,498	(22,876,502.00)	61%
Finance costs	-	(-)	-	-	-	-
Rent paid	-	(-)	-	-	-	-
Remuneration of directors	-	(-)	-	-	-	-
Grants and subsidies paid	-	-	-	-	-	-
Total expenditure	37,686,000	(-)	37,686,000	19,261,977.00	(27,328,981.00)	73%
Surplus for the period	21,600,000	-	21,600,000	(649,406.00)	13,344,448.00	62%

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kitui Teachers Training College is established by and derives its authority and accountability from Basic Education Act. The KTTC is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2021: 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 KTTC's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an KTTC's risk management strategy and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2021 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting KTTC provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the KTTC; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the KTTC's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The KTTC did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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 KTTC'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 2020/2021 was approved by the Board on 30th June, 2020. 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 KTTC upon receiving the respective approvals in order to conclude the final budget.

The KTTC'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 of these financial statements.

c) Taxes

Current income tax

The KTTC is exempt from paying taxes as per schedule of the Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The KTTC 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 KTTC 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 KTTC assesses at each reporting date whether there is objective evidence that a financial asset or an KTTC of financial assets is impaired. A financial asset or a KTTC 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 KTTC of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or a KTTC 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 KTTC 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 KTTC.

j) Provisions

Provisions are recognized when the KTTC 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 KTTC 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 KTTC 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 KTTC 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 KTTC 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 KTTC creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

The KTTC 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 KTTC provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an KTTC pays fixed contributions into a separate KTTC (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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The KTTC regards a related party as a person or an KTTC with the ability to exert control individually or jointly, or to exercise significant influence over the KTTC, 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 KTTC 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 KTTC 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 KTTC 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, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the KTTC'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 KTTC 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 KTTC. 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 KTTC
- 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 Notes.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021
	KShs
Unconditional grants	
Capitation grants	-
Operational grant	9,159,048.00
Other grants	-
	9,159,048.00
Conditional grants	
Library grant	-
Hostels grant	-
Administration block grant	-
Laboratory grant	-
Learning facilities grant	-
Other organizational grants	-
Total government grants and subsidies	9,159,048.00

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the KTTC sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs
Ministry of Education	9,159,048.00	-	-	9,159,048.00
		-	-	
Total	9,159,048.00	-	-	9,159,048.00

The amount recorded above as having been received from the Ministry of Education fully reconciles to the amount recorded by the sending Ministry. An acknowledgement receipt was raised in favour of the Ministry of Education.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. RENDERING OF SERVICES

Description	2020-2021
	KShs
Boarding	4,368,121
PTE Exams	199,180
Arrears	3,051,249
Bursary	214,450
ECDE	819,195
MV/R	912,136
Total revenue from the rendering of services	9,564,331

8. RENTAL REVENUE-HIRE OF FACILITIES AND EQUIPMENT

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

9. USE OF GOODS AND SERVICES

Description	2020-2021
	KShs
Boarding	6,825,151
Tuition	101,900
Computer studies	330,000
Practicum	7,000
PTE Exam	147,700
Medical	1,440
Local Transport and Travel	1,485,589
Adm. cost	2,186,180
MV/R	3,092,981
Uniforms	44,544
Performance Contracting	133,600
Tenders	24,000
E.W&C	420,550
Bank charges	8,863
Total good and services	14,809,498

KITUI TEACHERS TRAINING COLLGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****10. EMPLOYEE COSTS**

	2020-2021
	KShs
Salaries and wages	4,176,959
NSSF	275,520
Travel, motor car, accommodation, subsistence and other allowances	-
Housing benefits and allowances	-
Overtime payments	-
Performance and other bonuses	-
Social contributions	-
Employee costs	4,452,479

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021
	KShs
Property, plant and equipment	4,947,201
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	4,947,201

12. REPAIRS AND MAINTENANCE

Description	2020-2021
	KShs
RMI/Rehabilitation	3,901,661
Investment property – earning rentals	-
Equipment and machinery	-
Vehicles	-
Furniture and fittings	-
Computers and accessories	-
Other	-
Total repairs and maintenance	3,901,661

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2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Financial institution	Account number	2020-2021 KShs
a) Current account		
Kenya Commercial bank	1183161018	115,184.27
Equity Bank, etc		-
National bank of Kenya	01021053123600	17,907.10
Sub- total		133,091
b) On - call deposits		
Kenya Commercial bank		-
Equity Bank – etc		-
Sub- total		-
c) Fixed deposits account		
Kenya Commercial bank		-
Bank B		-
Sub- total		-
d) Staff car loan/ mortgage		
Kenya Commercial bank		-
Bank B		-
Sub- total		-
e) Others(specify)		
Cash in transit		-
cash in hand		212,139
Mobile Money account		-
Sub- total		212,139
Grand total		345,230

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

15(a) Current Receivables from Exchange Transactions

Description	2020-2021 KShs
Current receivables	
Student debtors	35,262,186
Rent debtors	-
Consultancy debtors	-
Other exchange debtors	-
Less: impairment allowance	-
Total current receivables	35,262,186

KITUI TEACHERS TRAINING COLLGE

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Office Equipment	Computers	TEXT BOOKS	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2020-	640,190,000	14,110,000	12,672,414	480,500	2,031,670	309,720	-	669,794,304
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments -Impaired assets	-	-	-	-	-	-	-	-
AS at 30th June 2021	640,190,000	14,110,000	12,672,414	480,500	2,031,670	309,720	-	669,794,304
Depreciation, Impairment &Revaluation Reserves								
Depreciation provision:								
Depreciation provision b/f as at 1July 2021-	-	-	-	-	-	-	-	-
Depreciation rate	-	20	13	20	20	13	-	
Current Depreciation provision	-	2,822,000	1,584,052	96,100	406,334	38,715	-	4,947,201
Total Depreciation provision as at 30th June 2021-	-	2,822,000	1,584,052	96,100	406,334	38,715	-	4,947,201
Impairment provision;								
Impairment provision b/f								-
Current Impairment provision made								-
Total impairment provision as at 30th June 202-	-	-	-	-	-	-	-	-
Revaluation Reserve:								
Revaluation reserve b/f	-	-	-	-	-	-	-	-
Current Revaluation Reserve made	-	-	-	-	-	-	-	-

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Total Revaluation Reserve:	-	-	-	-	-	-	-	-
NBV- as at 30 June 2021-	640,190,000	11,288,000	11,088,362	384,400	1,625,336	271,005	-	664,847,103

The title of the land is in the name of Kitui School from where it was hived for the college and it is yet to be valued and transferred to the college
The value for land are based on the estimated market prices around Kitui municipality.

KITUI TEACHERS TRAINING COLLGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Valuation**

Land and buildings had not been valued by an independent valuer. The title of the land is in the name of kitui school from where it was hived for the college and it is yet to be valued and transferred to the college

The value for land are based on the estimated market prices around Kitui municipality.

16 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	106,190,000	-	106,190,000
Plant and machinery	354,500	38,715	271,005
Motor vehicles, including motorcycles	14,110,000	2,822,000	11,288,000
Computers and related equipment	480,500	96,100	384,400
Office equipment, furniture, and fittings	12,672,414	1,584,052	11,088,362
Total	122,769,005		24,657,104.00

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17. INTANGIBLE ASSETS-SOFTWARE

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021
	KShs
Trade payables	
Fees paid in advance	13,893,052
Employee advances	
Third-party payments	
Other payables	
Total trade and other payables	13,893,052

19. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021
	KShs
Consumer deposits	-
Caution money	-
Other refundable deposits	747,138
Total deposits	747,138

20. EMPLOYEE BENEFIT OBLIGATIONS

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

Retirement benefit Asset/ Liability

The KTTC does not operate a defined benefit scheme for all full-time employees.

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

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Retirement	years	years
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

Description	2020-2021	2020-2021
	Kshs	Kshs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial gains/ losses arising from 0020 changes in financial assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (Specify)		
Adjustments for restrictions on the defined benefit asset		
Remeasurement of the net defined benefit liability (asset)		

b) Amounts recognised in the Statement of Financial Position

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

The KTTC also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The KTTC's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. per employee per month. Other than NSSF the KTTC also has a defined contribution scheme operated by Pension Fund. Employees contribute x while employers contribute x of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. BORROWINGS

Description	2020-2021
	KShs
Balance at beginning of the year	
External borrowings during the year	
Domestic borrowings during the year	7,000,190
Repayments of external borrowings during the year	
Repayments of domestic borrowings during the year	
Balance at end of the year	7,000,190

21a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

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

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

KITUI TEACHERS TRAINING COLLGE

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22. SERVICE CONCESSION ARRANGEMENTS

NONE

23. CASH GENERATED FROM OPERATIONS

	2020-2021
Surplus for the year before tax	KShs
Adjusted for:	
Depreciation	
Non-cash grants received	
Contributed assets	
Impairment	
Gains and losses on disposal of assets	
Contribution to provisions	
Contribution to impairment allowance	
Finance income	
Finance cost	
Working Capital adjustments	
Increase in inventory	
Increase in receivables	
Increase in deferred income	
Increase in payables	
Increase in payments received in advance	
Net cash flow from operating activities	

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

KITUI TEACHERS TRAINING COLLGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****24. FINANCIAL RISK MANAGEMENT**

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

(i) Credit risk

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

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

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

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

(NB: The totals column should tie to the individual elements of credit risk disclosed in the KTTC's statement of financial position)

KITUI TEACHERS TRAINING COLLGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****23. FINANCIAL RISK MANAGEMENT (Continued)****(i) Credit risk (continued)**

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

The KTTC has significant concentration of credit risk on amounts due from x

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

KITUI TEACHERS TRAINING COLLGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****24. FINANCIAL RISK MANAGEMENT (Continued)****(iii) Market risk**

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

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

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

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

a) Foreign currency risk

The KTTC 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 KTTC'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 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

NONE

Foreign currency sensitivity analysis

Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

	2020-2021
	Kshs
Revaluation reserve	-
Retained earnings	-
Capital reserve	-
	-
Total funds	-
Total borrowings	7,000,190
Less: cash and bank balances	(345,230)
Net debt/(excess cash and cash equivalents)	6,654,960
Gearing	95%

KITUI TEACHERS TRAINING COLLGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RELATED PARTY BALANCES

Nature of related party relationships

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

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

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

	2020-2021
	Kshs
Transactions with related parties	
b) Purchases from related parties	
Purchases of electricity from KPLC	420,550
Total	420,550
a) Grants /Transfers from the Government	
Grants from National Govt	9,159,048
Total	9,159,048
b) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	4,452,479
Total	4,452,479
c) Key management compensation	
Total	14,032,077

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. SEGMENT INFORMATION

NONE

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

NONE

Contingent Liabilities

NONE

28. CAPITAL COMMITMENTS

NONE

KITUI TEACHERS TRAINING COLLGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. DEFERRED TAX LIABILITY

NONE

30. EVENTS AFTER THE REPORTING PERIOD

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

31. ULTIMATE AND HOLDING KTTC

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

32. CURRENCY

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

KITUI TEACHERS TRAINING COLLGE
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	NONE			

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 KTTC 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.

Accounting Officer

Name **GERALD MUTEGI**

Kitui Teachers Training College

Signature 

Date.

KITUI TEACHERS TRAINING COLLGE

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	3/9/2020	Recurrent	4,579,524	4,579,524	-	-	-	-	4,579,524
Ministry of Education	6/1/2021	Recurrent	4,579,524	4,579,524	-	-	-	-	4,579,524
Total									9,159,048