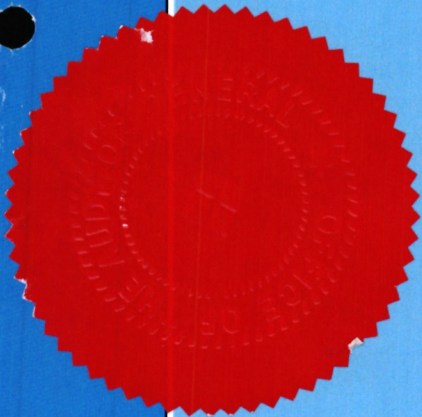
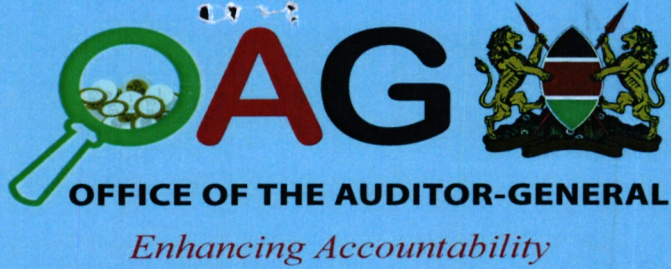


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY
PADDIC I AID

DATE: 17 NOV 2021 DAY: Wednesday

TABLED BY: D. Ng'jiri J. head

CLERK-AT-THE-TABLE: Hon. Jimmy Angweny
Gertrude Chebet

OF THE AUDITOR-GENERAL ON

BUSHIANGALA TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED
30 JUNE, 2017

1 2 3 4

100000

91

100000




BUSHIANGALA TECHNICAL TRAINING INSTITUTE (TVET)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

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

 THE NATIONAL ASSEMBLY PAPER L A I D	
DATE: 17 NOV 2021	
TABLED BY:	DAY: Wed
CLERK-AT THE-TABLE:	D/Majority Leader Hon. Jimmy Angwenyi Gertrude Chebet



**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT	ii
THE BOARD OF GOVERNORS	viii
MANAGEMENT TEAM	xi
CHAIR'S STATEMENT	xi
REPORT OF THE PRINCIPAL.....	xii
CORPORATE GOVERNANCE STATEMENT	xiv
MANAGEMENT DISCUSSION AND ANALYSIS.....	xvi
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY	xvii
REPORT OF THE BOARD OF GOVERNORS	xviii
STATEMENT OF BOARD OF GOVERNORS AND MEMBERS' RESPONSIBILITIES	xix
REPORT OF THE AUDITOR GENERAL ON BUSHIANGALA TECH. TRAIN. INSTITUTE	xxi
I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2017	1
II. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2017	2
III. STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED 30 TH JUNE 2017	3
IV. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 TH JUNE 2017	4
V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2017	5
VI. NOTES TO THE FINANCIAL STATEMENTS	7
APPENDIX 1: PROGRESS OF FOLLOW UP OF AUDITORS RECOMMENDATIONS.....	21
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	22
APPENDIX III: INTER-ENTITY TRANSFERS.....	23
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	24

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Bushiangala Technical Training Institutes is situated in Kakamega South Sub- County in Kakamega County. It is located off Sigalagala – Bukura road approximately 10km from Sigalagala and about 20km. from Kakamega town.

This Institute was started as a skill upgrading centre in 1991 by voluntary service oversees over years under the support of the European Economic Commission. The main objective of the Institute was to upgrade skills for Youth Polytechnic graduates, instructors and managers.

The Voluntary Service Oversees Group withdrew from the Institute in 1993 and it was taken over by the Ministry of Labour which replaced the short-term courses with Artisan and craft courses. The then Ministry of Higher Education Science and Technology formally took over Bushiangala Technical Training Institute in 2008.

The institute is located on a parcel of land measuring 12 acres and is in the process of acquiring more land

The Principal is the Chief Executive officer of the institute and is supported in the administrative function by the Deputy Principal, Accountant, Registrar and Dean of Students. There are seven (7) Academic Departmental heads. The students are represented by a Students' Government referred to as Student Council.

Bushiangala running TTI offers the following training programmes in seven (7) Academic Departments.

1. **Business Studies** (Diploma in Supplies Chain Management, Community Development; Certificate in Supplies Chain Management, Single and group secretarial, AT B I & II, CPA section I & II, Community Development; Artisan in Store Keeping).
2. **Building Department** (Diploma in Civil Engineering & Building Construction; Certificates in Building Construction, Plumbing & Masonry)
3. **Applied Science Department** (Diploma in Applied Biology and Certificate in Science laboratory technology).
4. **Computer and Information Communications Technology:** (Diploma in ICT, Computer Science; Certificate in ICT, ICTT and Computer Packages).
5. **Clothing & Fashion Design** (Diploma in Textile technology, Clothing Technology, Fashion Design; Certificate in Clothing and Textiles, Artisan Garment Making, Beauty and Hair Dressing)
6. **Automotive and Mechanical Engineering** (Diploma in Automotive Engineering; Craft and Artisan courses in Motor Vehicle Mechanics, Welding and Fabrication.)
7. **Electrical /Electronic Engineering** (Craft and Artisan courses in Electrical Installation.)

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

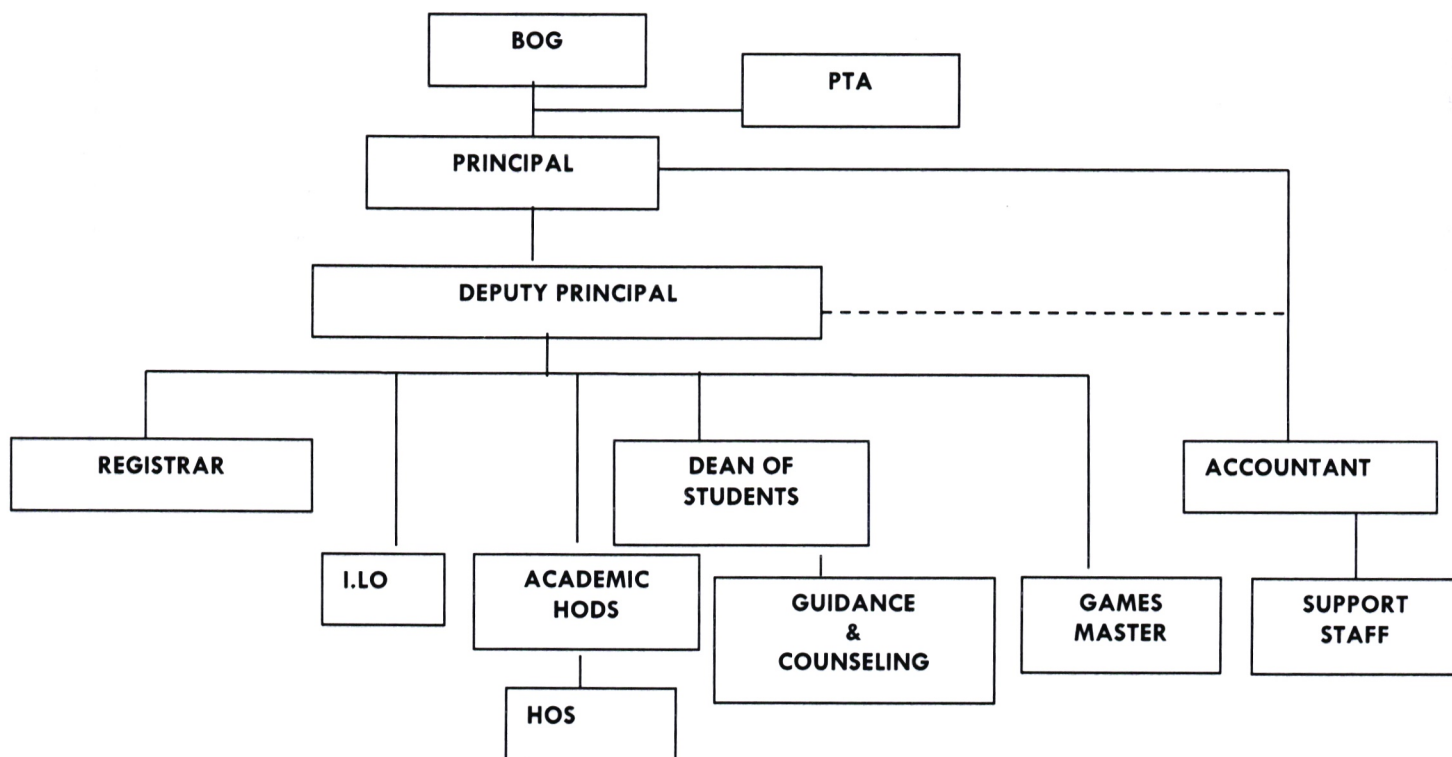
In addition to the courses above the Institute intends to start the following: -

- a) Rapid Prototyping
- b) Human Resource Management
- c) Business Administration
- d) Food and Beverages
- e) Beauty and Hair dressing
- f) Driving Courses
- g) Agriculture
- h) Analytical Chemistry

These courses are demand driven and find application in various sectors of the economy.

1.4 The current organogram structure of BUSTTI is as below: -

The Organogram for Bushiangala TTI



**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Table 1: Current Functions of Institutional Offices

NO.	INSTITUTIONAL OFFICE	FUNCTIONS
1.	Registrar's Office	<ul style="list-style-type: none"> • Student's admissions. • Effective management of student's records. • Marketing college programmes. • Public Relation. • Any other functions assigned by the principal.
2.	Dean of Students	<ul style="list-style-type: none"> • Organize proper utilization of all student's recreational facilities • Oversee organization of student's government, clubs, societies, games etc. • Arrange regular consultative information-oriented meetings with student's council, HODs and Principal • Organize and supervise student's elections with help of student's council • Approve student's leave of absence. • Prepare budget related to all co-curricular activities • Keep records and correspondence on student's issues and welfare.
3.	Guidance & Counseling	<ul style="list-style-type: none"> • Co-ordinate guidance and counselling committee comprising members of all departments in the Institution • Prepare a schedule detailing when trainees can visit the counselling office. • Organize open forums, orientation talks on issues and specific topics affecting trainees. • Collect and disseminate information useful to trainees and college community. • Handling and coordinating serious trainee issues that may require referral or professional help.
4	Industrial Attachment Coordinator	<ul style="list-style-type: none"> • Handle linkages with industries. • Organize industrial attachment for all trainees in liaison with HODs and the Principal • Prepare and administer industrial attachment evaluation instruments at institutional and industry level. • Organize trainee insurance cover. • Ensure attachment of trainees to relevant and suitable industries for appropriate skills development • Handle all cases that may arise while trainees are

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

		<p>attached in industries</p> <ul style="list-style-type: none"> Organize and ensure supervision and assessment of all trainees while on industrial attachment.
5	Business Centre	<ul style="list-style-type: none"> Main function is to advise, formulate and implement programs that enhance optimum utilization of the available resources (physical and human) in a manner that contributes to the financial resources of the college.
6.	Examination Officer	<ul style="list-style-type: none"> Management of trainee evaluation both internally and externally in accordance with awarding body regulations. Managing the examination preparation process. This includes preparing examination timetables for students and staff; creating seating plans for each examination room; briefing candidates
7.	Support Staff	<ul style="list-style-type: none"> Management of all college financial records and activities. Ensure orderly day to day college operations in regard to support services

(b) Principal Activities

The principal activity of the Bushiangala Technical Training Institute is to offer training to Students in technical courses and business courses as per the industry needs and examined by KNEC and Computer Society of Kenya

Mission: -

To provide technical training in science, engineering and technology and to foster applied research and community outreach for innovation and sustainability.

Vision: -

To be a centre of excellence in Technical and Vocational Training for social economic development.

(c) Key Management

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

1. The Board of Governors
2. Principal /BOG Secretary
3. Deputy Principal
4. Registrar
5. Dean of Students
6. Heads of Department
7. Accounts Office
8. Procurement Office
9. Guidance and Counselling Office

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Principal/Secretary BOG	Janet Otuya
2.	Deputy Principal	Richard Imbugwah
3.	Head of Finance	Emily Ashiundu
4.	Head of Procurement	Duncan Makumba
5.	Stores Officer	Hillery Barasa
6.	Registrar	Grace Anno
7.	Dean of Students	Joseph Wanyugi

(e) Fiduciary Oversight Arrangements

1. Finance Committee of the Board of Governors
2. Colleges and Schools Audit – Ministry of Education
3. QMS ISO Auditors
4. Office of the Auditor General

(f) Institute's Headquarters

Country: Kenya
County: Kakamega
Sub County: Kakamega South
Constituency: Ikolomani
Location: Isulu
Street: Off Sigalagala –Bukura road approximately 10 Kilometres' from Sigalagala and about 18 Kilometres from Kakamega Town.

(g) Entity Contacts

Telephone: +254702092440, +254722890891
E-mail: bushiangalatechnical@gmail.com OR
bushiangalatechnical@yahoo.com
Website: www.bushiangalatechnical.ac.ke

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

(h) The college has 6 bank accounts at Kenya commercial bank

S/NO	ACCOUNT NO	ACCOUNT NAME	FUNCTION
1	1102702188	Main Account	Students fee collection
2	1121337007	Economic stimulus Account	Mentorship of Mungatsi
3	1181740835	Transit Account	Reserves and exam fee
4	1114264709	Development Account	Funds for development projects
5	1114264563	Recurrent Account	Receives recurrent grants
6	1152187376	Production Unit Account	Income generating activities

(i) Independent Auditors

Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

THE BOARD OF GOVERNORS

NAME	DESIGNATION	PROFESSIONAL & ACADEMIC QUALIFICATION
1. Dorothy .M. Shiroya	Chairperson	M.ED Education Management
2. Daniel Bulali	Vice Chairperson	Higher Diploma Plant Mechanics
3. Moses Mokaya	Member	Degree
4. Loreen Okang'a	Member	B.ED
5. Agnes AyumaShikalo	Member	Degree
6. Jael Chepchirchir	Member	MBA Business Administration
7. Prof. Eric Ogur	Member	PHD Engineering
8. County Government Representative	Member	
9. Joseph Sunguti	County Director TVET	
10. Janet Otuya	Principal/Secretary BOG	B.ED

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

THE BOARD OF GOVERNORS CONTINUED



Dorothy M. Shiroya – Chairperson – M. ED Education Management



Daniel Bulali – Vice Chairperson – Higher Diploma Plant Mechanics



Moses Mokaya – Member – Degree

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

THE BOARD OF GOVERNORS CONTINUED



Loreen Okang'a – Member – B.ED



Agness Ayuma Shikalo – Member – Degree



Prof. Eric Ogur – Member – PHD Engineering



Janet Otuya – Member – Bachelor of Education
Principal/Secretary BOG

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

MANAGEMENT TEAM

NAME	PROFESSIONAL & ACADEMIC QUALIFICATION	RESPONSIBILITY
1. Janet Otuya	BED	Principal
2. Richard Imbugwah	BED	D/Principal
3. Grace Anno	BED	Registrar
4. Joseph Wanyugi	BED	Dean Of Students
5. Emily Ashihundu	CPA K	Accountant

CHAIR'S STATEMENT

The Institute Board of Governors was inaugurated in January, 2016. The Institute has grown in the Financial Year 2016 - 2017 in A- in – A and student enrolment. Infrastructure still remains inadequate and the Institute has had to do with the limited funds. During this Financial Year, the Board constructed the Twin Workshop and the same time proceeded with the mentoring of Mungatsi TVC. Performance contracting was maintained on course. Student enrolment kept on rising. The main challenges included lack of adequate classrooms, workshops, inadequate training staff, inadequate funding, etc.

The Board of Governors is optimistic of further progress in the years to come building on the foundation so far laid in terms of revenue, expenditure and Policy formulation.

SIGNATURE.......... DATE 06 MAY 2021.....

DOROTHY.M. SHIROYA
CHAIRPERSON BOARD OF GOVERNORS

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

REPORT OF THE PRINCIPAL

The college accounts under review runs from 1st July 2016 to 30th June 2017. The college had achievements and challenges faced during the year as listed below;

The accounts are kept under IPSAS requirement and the year under review is the second time accounts are done under IPSAS.

Accounts have taken into consideration all relevant acts and regulations that are required like PFM act, procurement and disposal act and other relevant circulars from the government of financial management in government institutions.

Achievements

- The college had collaboration with the Ministry of Youth to train students from the National Youth Service fully sponsored by their Ministry.
- The College also had MOU with Acacia Foundation to train for them their sponsored students.

Challenges

The college had various challenges they face d during the year that hampered their financial operations as listed below;

- Increase in fees arrears as many students still have challenges in fees payments.
- Late disbursement of funds by the government.
- Late disbursement of grants and fees by the sponsors of students in various categories like; Acacia Foundation and NYS. This slowed down the operation and led to increase in sundry creditors at the end of the year as shown in the accounts.
- Inflation effects making it very difficult to implement the budgets.

With the challenges listed above, the college managed to end the year well though with some unpaid creditors who will be paid once funds owed by the above groups are received.

Sign.  Date. 06 May 2021
JANET OTUYA
PRINCIPAL /SECRETARY BOG

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

REVIEW OF BUSHIANGALA TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2016/2017

Bushiangala Technical Training Institute has eight (8) Strategic Pillars and objectives within its Strategic Plan for FY 2016/2017-2022/2023. These Strategic Pillars are as follows: -

- Pillar 1: - To expand facilities based on Government priorities
- Pillar 2: - To undertake active and continuous transfer of technology through collaborative approach between TVET Institutions and relevant industries, community.
- Pillar 3: - To provide continuous upgrading of skills and knowledge for the labour market.
- Pillar 4: - To conduct research in appropriate emerging technology.
- Pillar 5: - To apply ICT in improving training and management systems.
- Pillar 6: - To provide extension services to the community.
- Pillar 7: - To improve Institutional human resource and governance.
- Pillar 8: - To improve students' welfare.

Bushiangala Technical Training Institute develops its annual work plans based on the above eight (8) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Bushiangala TTI Board achieved its performance targets set for the FY 2016/2017 period for its eight (8) Strategic Pillars, as indicated in the diagram below: -

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievement
Pillar 1	To expand facilities based on Government priorities	<ul style="list-style-type: none"> • Expanded infrastructure • Increased enrolment • Increase in equipment 	Classrooms & Workshops	Partly achieved
Pillar 2	To apply ICT in improving training and management systems	<ul style="list-style-type: none"> • No of exchange programmes • No of frameworks 	Programms	Partly achieved
Pillar 3	To provide continuous upgrading of skills and knowledge for the labour market	<ul style="list-style-type: none"> • No of innovations 	Innovations	Partly achieved

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievement
Pillar 4	To conduct research in appropriate emerging technology	<ul style="list-style-type: none"> No of researches conducted 	Research activities	Partly achieved
Pillar 5	To apply ICT in improving training and management systems	<ul style="list-style-type: none"> Management Information Systems installed 	MIS	Partly achieved
Pillar 6	To provide extension services to the community	<ul style="list-style-type: none"> Extension services provided 	Extension Services	Partly achieved
Pillar 7	To improve Institutional human resource and governance	<ul style="list-style-type: none"> Measures of HR governance 	HR Governance	Partly achieved
Pillar 8	To improve students' welfare	<ul style="list-style-type: none"> More games fields G & C Offices Trained student leaders 	Fields Offices	Partly achieved

CORPORATE GOVERNANCE STATEMENT

The members of the Board have committed themselves to the service of Bushiangala Technical Training Institute and to upholding the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promoting excellence and exercising fairness in all their dealings.

The Board

The Board consists of nine members inclusive of the Principal as the Secretary as follows:

NO.	NAME	TITLE
1.	Dorothy Shiroya Mapenzi	Chairperson
2.	Joseph Sunguti	TVET Director – Kakamega County
3.	Janet Waswa Otuya	Principal/Secretary
4.	Daniel Bulali	Member
5.	Moses Mokaya	Member
6.	Prof. Eric Ogur	Member
7.	Agnes Ayuma Shikalo	Member
8.	Jael Chepchirchir	Member
9.	County Government Representative	Member
10.	Loreen Okang'a	Member

The biographies of the Board Members are published on page IX - X These Board Members possesses a broad range of skills, qualifications and experiences required to direct the affairs of the College.

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

Functions/Roles of Bushiangala Board of Governors

- i. Overseeing the conduct of education and training in the Institution in accordance with provisions of the TVET Act and any other written law.
- ii. Promoting and maintaining standards, quality and relevance in education and training in the Institution in accordance with TVET Act.
- iii. Administration and managing the property of the Institution.
- iv. Developing and implementing the Institution Strategic Plan.
- v. Preparing annual estimates of revenue and expenditure for the Institution and incurring expenditure on behalf the Institutions.
- vi. Receiving, on behalf of the Institution or other bodies or persons.
- vii. Determining the fees payable and presenting conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act.
- viii. Mobilizing resources for the Institution.
- ix. Regulating the admission and exclusion of students from the Institution, subject to a qualification framework and the provision of TVET Act.
- x. Approving collaboration or association with other Institutions and industries in and outside Kenya subject to prior approved by the Board.
- xi. Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry.
- xii. Determining sustainable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Institutions in consultations with TVETA.
- xiii. Making regulations, governing, organization, conduct and discipline of the staff and students.

Note:

- a. Board to hold at least three meetings in a year.
- b. Business to be conducted in democratic environment. There should be consensus. Note should be taken of descending views.
- c. Conflict of interests should be avoided.
- d. Integrity/confidentiality should be observed (Chapter 6 of the Constitution)
- e. Board members to uphold secrecy oath.

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

BOARD ACTIVITIES FOR THE YEAR 2016 / 2017

In this financial year a total of five Board meetings were held. Adequate notice for each Board Meeting was given. The agenda and minutes for previous meeting were distributed in advance of all Board members.

The Board reviewed the following reports and matters:

- Board Committee reports on their respective activities
- The College's risk profile, top and emerging risks, risk management, compliance and any reputational issues
- At each Board meeting, progress towards achieving targets of approved business plans is reviewed and guidance provided to senior management.
- Governors are at liberty to communicate directly with senior management with a view to obtaining more information on any issues that may impact Company's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Financial period ending 30th June 2017, the College continued with the process of transiting from ISO 9001:2008 to ISO 9001:2015, the college trained its Process Owners on the new Quality Management System and documented its processes. We anticipate to be certified in the coming two years.

During the Financial year under audit, we complied with the following statutory requirements among others;

- TVET Act 2013,
- Education Act 2012,
- Public Procurement and disposal Act,
- Public Finance Management Act.

In addition, we have been able to submit the National Social Security Funds (NSSF), Pay as You Earn (PAYE), National Hospital Insurance Fund (NHIF) dues on behalf of our BOG workers in time and there are no any pending dues which are in arrears.

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

REPORTING

Bushiangala Technical Training Institute continued to dedicate part of its revenue to social responsibility activities aimed at enhancing the livelihoods of those living close to the institution and all Kenyans in general. During the year under review, the College focused on activities aimed at making a positive impact on various communities while creating a cordial relationship and raising the institutions profile. Areas of focus included education, provision of water, Training locals on issues of procurement, research, environmental conservation activities.

Water provision

Today, Kenya is classified as a water-stressed country. Like in many African countries, lack of safe drinking water is the cause of socio-economic problems including starvation and diseases. The challenge is even more pronounced in rural areas where women and children walk long distances daily in search of water, which is sometimes polluted. Waterborne diseases are still a concern as many people succumb to them annually. One of Bushiangala Technical Training Institute corporate social responsibility programme areas of focus is the provision of water to communities through the establishment of water collection points through construction of ground water tanks and installation of water harvesting tanks within the College. In addition to the existing borehole, we installed water tanks during the FY.

Education

With a focus on education as part of its corporate social responsibility, the College witnessed the initiation of new courses i.e.: Human Resource Management, Fashion and Design, Mechanical and Electrical, Artisan courses (ALL CBET) etc. We have also set up an Internal Desk where students are assisted to apply for HELB Loans and Bursaries.

Environmental Conservation.

In Kenya, the effects of climate change and other environmental challenges are having an enormous impact not only on human life, but also on businesses. The pressure on natural resources and the environment in general is huge and calls for concerted efforts to alleviate the situation. Bushiangala Technical Training Institute has actively participated in environmental conservation initiatives aimed at conserving catchments areas and other delicate ecosystems. Last financial year, environmental initiatives the College participated in tree planting activities.

Sports and Culture

During the FY 2016/2017, the College gave out its Open fields to the locals for free (bull fighting). We also participated in the Regional and National Ball Games, Athletics, Music Festivals; this gave chance to the trainees to expose their talent.

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of Bushiangala Technical Training Institute affairs.

Principal activities

The principal activity of the Bushiangala Technical Training Institute is to offer training to Students in technical courses and business courses as per the industry needs which are examined by KNEC, KASNEB and Computer Society of Kenya. The institute offers the following programmes in 7 academic departments:

1. **Business Studies** (Diploma in Supplies Chain Management, Community Development; Certificate in Supplies Chain Management, Single and group secretarial, AT B I & II, CPA section I & II, Community Development; Artisan in Store Keeping).
2. **Building Department** (Diploma in Civil Engineering & Building Construction; Certificates in Building Construction, Plumbing & Masonry)
3. **Applied Science Department** (Diploma in Applied Biology and Certificate in Science laboratory technology).
4. **Computer and Information Communications Technology:** (Diploma in ICT, Computer Science; Certificate in ICT, ICTT and Computer Packages).
5. **Clothing & Fashion Design** (Diploma in Textile technology, Clothing Technology, Fashion Design; Certificate in Clothing and Textiles, Artisan Garment Making, Beauty and Hair Dressing)
6. **Automotive and Mechanical Engineering** (Diploma in Automotive Engineering; Craft and Artisan courses in Motor Vehicle Mechanics, Welding and Fabrication.)
7. **Electrical /Electronic Engineering** (Craft and Artisan courses in Electrical Installation.)

Results

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

BOARD OF GOVERNORS

The members of the Board of Governors who served during the Year are as shown on page VIII – X. During the year none of the directors retired nor resigned from the office.

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017

STATEMENT OF BOARD OF GOVERNORS AND MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and TVET Act, 2013 (Section 29) requires the Board of Governors to prepare financial statements in respect of that the college, which give a true and fair view of the state of affairs of Bushiangala Technical Training Institute at the end of the financial year/period and the operating results for that year. The Board of Governors are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board of Governors are also responsible for safeguarding the assets of the College.

The Board of Governors are responsible for the preparation and presentation of the College financial statements, which give a true and fair view of the state of affairs of the College for and Financial year ending on June 30, 2017. This responsibility includes:

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

The Board members accept responsibility for the College 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 TVET Act). The Board of Governors are of the opinion that the College financial statements give a true and fair view of the state of College's transactions during the financial year ended 30th June 2017, 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.

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

Auditors

The Auditors General is responsible for the statutory audit in accordance with article 229 of the constitution of Kenya and the Public Audit Act 2015

Approval of the Financial Statements

The Bushiangala Technical Training Institute financial statements were approved by the Board on 27th September 2018 and signed on its behalf by:



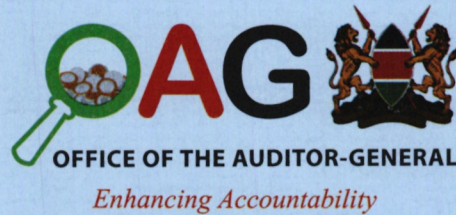
**DOROTHY SHIROYA
BOG CHAIRPERSON**



**JANET WASWA OTUYA
PRINCIPAL/SECRETARY BOG**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUSHIANGALA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Bushiangala Technical Training Institute set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2017, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Bushiangala Technical Training Institute as at 30 June, 2017, 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 do not comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Unsupported Inventory

The statement of financial position reflects inventory balance of Kshs.437,961 as at 30 June, 2017 as disclosed in Note 23 to the financial statements. However, the signed stock sheets supporting the figure in the financial statements were not provided for audit review. In addition, no evidence of quarterly and annual stock taking was provided for review and the bin cards reviewed did not indicate the amounts and quantities purchased or issued. This is contrary to Section 162(2) of the Public Procurement and Assets Disposals Act, 2015 which requires the Head of Procurement function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

Consequently, the accuracy and completeness of the inventory balance of Kshs.437,961 as at 30 June, 2017 could not be confirmed.

2.0 Property, Plant and Equipment - Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.158,125,338 as at 30 June, 2017 as detailed in Note 19 to the financial statements. However, the values were not supported by an up to date comprehensive assets register indicating the nature, dates of acquisition, cost, unique identification number, current value, current location/user, accumulated depreciation and net book value contrary to Regulation 143(1 & 3) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to be responsible for maintaining a register of assets under his or her control or possession.

Consequently, the completeness, existence and valuation of the property, plant and equipment balance of Kshs.158,125,338 as at 30 June, 2017 could not be confirmed.

3.0 Trade and Other Payables from Exchange Transactions

The statements of financial position reflects trade and other payables from exchange transactions balance of Kshs.11,896,544 as at 30 June, 2017 which includes trade payables balance of Kshs.11,252,537 as disclosed in Note 25 to the financial statements that was not supported by creditors ledgers.

In the absence of reliable records, it was not possible to confirm the accuracy and validity of the trade and other payables from exchange transactions balance of Kshs.11,252,537 as at 30 June, 2017.

4.0 Statement of Cash flows

The statement of cash flows for the year ended 30 June, 2017 reflects cash balance brought forward of Kshs.15,840,297. However, the amount was not supported by any documentation.

Consequently, the accuracy of the statement of cash flows for the year ended 30 June, 2017 could not be confirmed.

5.0 Opening Balances and Previous Audit

It was noted that the financial statements submitted for audit have not incorporated the opening balances for the preceding period that was explained to have been audited by schools' auditors.

In the circumstances, the opening balances incorporated in the financial statements for the year ended 30 June, 2017 could not be validated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Bushiangala Technical Training Institute in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities

in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis of Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue as a going concern or to sustain its services.

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

26 October, 2021

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2017


Details	Note	2016-2017	2015-2016
Revenue:		Kshs	Kshs
Revenue from non-exchange transactions:			
Transfer From National Govt	4	36,555,387	-
Transfer From Other Levels of Government	5	3,202,500	
Revenue from exchange transactions:			
Rendering of services	6	4,944,473	-
Tuition Fees	7	9,332,340	-
Revenue from income generating activities	8	181,038	-
Finance income	9	88,896	-
Other income	10	839,398	-
Total Revenue		55,144,032	-
Expenses			
Employee costs	11	7,672,417	-
Repairs and maintenance	12	1,607,221	-
General expenses	13	21,022,592	-
Contracted Services	14	625,152	-
Rendering of services	15	1,206,600	-
Other Expenditure	16	13,099,408	-
Finance costs	17	97,530	-
Provision for Audit Fee	18	150,000	
Depreciation for PPE	19	5,038,683	
Total expenses		50,519,603	-
			-
Surplus/(Deficit) for the period		4,624,429	-


**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30th JUNE 2017**

II. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2017

DETAILS	NOTE	2016-2017 Kshs	2015-2016 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	20	28,430,813	-
Receivables from exchange transactions	21	3,180,880	-
Receivables from non-exchange transactions	22	672,041	-
Inventories	23	437,961	-
Total Current Assets		32,721,695	-
Non- Current Assets			
Property, Plant and Equipment	19	158,125,338	-
Intangible Assets			
Accounting Software system	24	799,000	-
Total Assets		191,646,033	-
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	25	11,896,544	-
Refundable deposits from customers	26	185,000	-
Non-Current liabilities			
Total Liabilities		12,081,544	-
NET ASSETS			
Revenue reserve		4,624,429	-
Capital Fund		36,832,854	-
Capital reserve		138,107,206	-
TOTAL NET ASSETS AND LIABILITIES		191,646,033	-

The Financial Statements set out on pages 1 to 2 were signed on behalf of Bushiangala Technical Training Institute Board of Governors by:


 CHAIRLADY BOG.
 DATE: 06 MAY 2021


 PRINCIPAL /SECRETARY.
 DATE: 06 May 2021


 FINANCE OFFICER
 ICPAK NO. 22795

6/MAY/2021
 DATE

III. STATEMENT OF CHANGES IN NET ASSETS FOR YEAR ENDED 30TH JUNE 2017

DESCRIPTION	Capital Reserves	Revaluation Reserves	Revenue Reserves	Capital Fund	Total
	Kshs	Kshs	Kshs		Kshs
As at 1 July 2015	-	-	-		-
Development Grants	-	-	-		-
Surplus/(Deficit) for the year	-	-	-		-
As at June 2016	-	-	-		-
As at 1 July 2016	-	-	-		-
Surplus for the year			4,624,429		4,624,429
MOE. Capital Grants fy2016-2017		-	-	36,832,854	36,832,854
Capital Funds	138,107,206	-	-		138,107,206
As at 30th June 2017	138,107,206	-	4,624,429	36,832,854	179,564,489

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

IV. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30th JUNE 2017

DETAILS	Note	2016/2017	2015- 2016
		Kshs.	Kshs.
Cash flow from Operating Activities:			
Receipts:			
Transfer from National Govt	4	36,555,387	
Transfer from Other Levels of Government	5	3,202,500	
Rendering of services	6	4,944,473	
Tuition Fees	7	6,351,080	
Revenue from income generating activities	8	181,038	
Finance income	9	88,896	
Other income	10	839,398	
Total Receipts		52,162,772	
Payments:			
Employee costs less accrued	11	7,178,410	
Repairs and maintenance	12	1,607,221	
General expenses	13	19,314,178	
Contracted Services	14	625,152	
Rendering of services	15	1,206,600	
Other Expenditure	16	13,099,408	
Finance costs	17	97,530	
Total Payments		43,128,499	
Net Cash flow from Operating Activities		9,034,273	
Cash flow from investing activities:			
Acquisition of Intangible asset	25	(799,000)	
Acquisition of PPE	27	(32,477,611)	
Net cash flow from investing activities		(33,276,611)	
Cash flow from Financing activities:			
Capital funds from MOE	4	36,832,854	
Net increase/(decrease) in cash and cash equivalents (B)		12,590,516	
Cash and cash equivalents at the beginning of the year(A)		15,840,297	
Cash and cash equivalents at end of the year C=(A+B)	20	28,430,813	

BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2017

Sub-Vote head	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Variance%
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
	Kshs	Kshs	Kshs	Kshs	Kshs	
MOEST Operational Grant	14,700,000	-	14,700,000	23,729,479	(9,029,479)	-61
MOE. Development grants	19,750,000	-	19,750,000	12,973,479	6,776,571	34
Transfer from other levels of Govt				3,202,500	(3,202,500)	
Rendering services	5,443,256	-	5,443,256	4,944,473	498,783	9
Tuition fees	6,801,000	-	6,801,000	9,332,340	(2,531,340)	-37
Rental and Revenue generating activities	993,234	-	993,234	181,038	812,451	82
Other income	2,868,580	-	2,868,580	839,398	278,050	71
Finance Income				88,896		
Total	50,556,070	-	50,556,070	55,291,553	(4,735,483)	-9
Tuition	3,264,480	-	3,264,480	3,850,348	(585,868)	-18
Personal Emoluments	7,190,412	-	7,190,412	7,672,418	(482,006)	-7
Electricity Water& Conservancy (EW&C)	1,646,000	-	1,646,000	1,010,580	635,420	39
LT&T(Local Transport And Travelling)	1,227,000	-	1,227,000	1,868,443	(641,443)	-52
Sport (Activity)	1,590,602	-	1,590,602	998,240	592,362	37
General Welding & Fabrication	1,100,000	-	1,100,000	1,158,363	(58,363)	-5
Medical Fees	174,000	-	174,000	37,710	136,290	78
Library	746,730	-	746,730	660,000	86,730	12
ISO 9001-2008 Certification	1,018,110	-	1,018,110	132,008	886,102	87
Boarding	495,160	-	495,160	2,735,953	(2,240,793)	-453
Contingencies/ Administration Costs & Miscellaneous	3,150,000	-	3,150,000	3,776,257	(626,257)	-20
School Bus/Dev.	1,593,216	-	1,593,216	1,198,958	394,258	25

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR
ENDED 30th JUNE 2017**

Registration & Admission	279,570	-	279,570	125,000	154,570	55
Students Industrial Attachment	280,000	-	280,000	203,300	76,700	27
PC Innovation, Research and Extension	1,042,540	-	1,042,540	407,000	635,540	61
Student Council& welfare	676,250	-	676,250	389,660	286,590	42
Other Expenditures	22,244,930	-	22,244,930	21,481,545	763,385	3
Catering Services-Pay as you eat	1,300,500	-	1,300,500	957,960	342,540	26
Training services	250,000	-	250,000	248,640	1360	1
Repairs, Maintenance & Improvement (Rmi)	1,300,000	-	1,300,000	1,607,221	(459,281)	-24
	50,569,000		50,569,000	50,519,603	(49,897)	0.1

NOTES TO THE BUDGET

1. Government funding is unpredictable hence what we budget to receive was less than what we actually received in terms of Government funding through MOE and Students fees from sponsors i.e. HELB and CDF.
2. Our commitment to spend also depends on availability of funds. The Institute relies on Government funding through MOE and Governments agencies whose funding is unpredictable. This means that we might spend less depending on availability of funds. Our expenditure may also rise due to unplanned for events and directives for examples the placement of NYS students.

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

VI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Bushiangala Technical Training Institute is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train and produce Knowledgeable and skilled innovative graduates for Social Economic Development

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION -IPSAS 1

The Bushiangala Technical Training Institute financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Institute. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

VI. NOTES TO THE FINANCIAL STATEMENTS (Continued....)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from Exchange Transactions – IPSAS 9

iii) Rendering of services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to fees charged per student per course, rent charged on tenants per month, hire of facilities as per required.

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

iv) Tuition fees

Revenue from tuition fees arise when students pay fees for the various courses they undertake at the institute. Even though it is collected per term, the overall charge is based on the course which is modular and takes one year

v) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Investment property – IPSAS 16

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 30-year period.

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.

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

d) Property, Plant and Equipment – IPSAS 17

The Bushiangala Technical Training Institute has been using cash basis of accounting that does not recognize the actual cost of property plant and equipment within the college.

For the college to fully disclose the values of total Property Plant and Equipment, a valuer must be brought in to do valuation of all property plant and equipment to enable the finance department to incorporate them in the accounts.

The institute has the following **Non-Current Assets** that need to be valued for actual values to be incorporated into the accounts;

- Land
- Female and Male Hostel
- Business Dept. Block
- Laboratories
- Laboratory Equipment
- Staff houses
- Motor vehicles
- Kitchen and kitchen Equipment
- Computers and Accessories
- Mechatronics Equipment
 - Laser Scanning Machine
 - Vacuum Moulding Machine
 - CNC vertical Milling Machine
 - Power Distribution Machine
 - Generator
 - Curing machine
 - 3D surface scanning machine

The figures in the accounts as Non-Current Assets represent those acquired in the last two years only as their cost could be easily ascertained but total number of Non-Current Assets acquired over a long period of time would only be ascertained upon valuation as stated above and therefore they have not been included in the financial statements of 2016/2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

e) Research and Development Costs

The Institute expenses on research are incurred under performance contract. Development costs on an individual project are recognized as tangible assets when the Institute can demonstrate:

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

f) Inventories – IPSAS 12

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

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

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

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

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

i) Borrowing costs – IPSAS 5

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.

i) 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.

k) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

l) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported

amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g.

Estimates and assumptions

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

Useful lives and residual values

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

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

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

4	TRANSFER FROM MINISTRY OF EDUCATION		
	Description	2016/2017	2015/2016
	Transfer from National Government	Kshs	Kshs
a)	Conditional Grants(capital Grants)		
	ESP Account -Mungatsi TTI Development Grant	23,859,375	-
	Development Grant- Twin Workshop Construction	12,973,479	
	Sub – Total	36,832,854	
b)	Unconditional Grants		
	Bushiangala TTI Operation Grant	23,729,479	
	Butere TTI Operational Grant	12,825,908	
	Sub – Total	36,555,387	
	TOTAL	73,388,241	-
	N/B Mungatsi TTI. Development grant includes Kshs. 10,000,000 grant from Nambale CDF.		
5	Revenue From Other Levels Of Government		
	HELB Bursary	3,202,500	-
	TOTAL	3,202,500	
6	REVENUE FROM RENDERING SERVICES		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Boarding services	10,000	
	Catering Services-Pay as you eat	600,890	
	Bus hire fees	428,500	
	Personal emoluments fee	1,838,013	
	Repairs, Maintenance and improvement fee	192,600	
	Activity fees	166,450	
	Application fees/ID	174,500	
	Attachment fees	180,400	
	Contingencies fees	417,170	
	Electricity water and conservancy fee	335,450	
	Local, travel and transport fee	194,900	
	Medical fees	97,250	
	Students council fee	89,850	
	Training Services	218,500	
	TOTAL	4,944,473	-

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

7	TUTION FEES	2016/2017	2015/2016
		Kshs	Kshs
	Tuition Fees Paid	6,351,080	
	Tuition fees Accrued	2,981,260	
	TOTAL	9,332,340	-

8	REVENUE FROM INCOME GENERATING ACTIVITIES		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Farm Income	181,038	-
	TOTAL	181,038	-

9	FINANCE INCOME		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Interest	88,896	-
	TOTAL	88,896	-

10	OTHER INCOME		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Examination fees	1,186,110	-
	ICT fees	25,950	-
	Other sales	5,600	-
	Sale of tender	37,000	-
	Students penalty charges	9,100	-
	Deficit From Production Unit (appendix v)	(424,362)	-
	TOTAL	839,398	-

EXPENDITURE:

11	EMPLOYEES COST		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Personal Emoluments-(Salaries & Statutory Deductions)	7,178,410	-
	Accrued Salaries	494,007	-
	TOTAL	7,672,417	-

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

12 REPAIRS AND MAINTENANCE

Description	2016/2017 Kshs	2015/2016 Kshs
Repairs, Maintenance and Improvement fee	1,607,221	-
TOTAL	1,607,221	-

13 GENERAL EXPENSES

Description	2016/2017 Kshs	2015/2016 Kshs
General Expenses Paid:		
Activity fees	998,240	-
B.E.S (Boarding Equipment & Store)	2,735,953	-
Contingencies expenses	3,776,257	-
EWC. (Electricity Water & Conservancy	1,010,580	-
Examination remittances	833,230	-
Students council expenses	389,660	-
Local transport & Travel (LT&L)	1,868,443	-
Medical expenses	37,710	-
Students attachment expenses	203,300	-
Tuition Expenses	2,959,971	-
KATTI. Expenses	1,643,955	-
TVET. Fair Expenses	186,250	-
ISO 9001:2008 Expenses	132,008	-
Performance Contract	220,750	-
CAPA	733,453	-
	1,464,708	-
Bus expenses		-
Tender sales	119,710	-
Total	19,314,178	-

General Expenses Accrued:

Boarding Expenses	11,369
Tuition Expenses (Stationery)	890,377
Administration Expenses	109,743
CAPA. Expenses	240,000
National Youth Servics Student Expenses	396,925
KATTI. Expenses	60,000
Total	1,708,414
TOTAL GENERAL EXPENSES	21,022,592

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

**NOTES TO THE FINANCIAL STATEMENT
(Continued....)**

14	CONTRACTED SERVICES		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	CONTRACTED SERVICES	625,152	
	TOTAL	625,152	-
<hr/>			
15	RENDERING OF SERVICES		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Catering Services-Pay as you eat	957,960	-
	Training Services	248,640	-
	TOTAL	1,206,600	-
<hr/>			
16	OTHER EXPENDITURE		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Butere TTI – Mentorship	142,000	-
	HELB Refund	131,500	
	Butere TTI - Operation Grants	12,825,908	
	TOTAL	13,099,408	-
<hr/>			
17	FINANCE COSTS		
	Description	2016/2017	2015/2016
		Kshs	Kshs
	Bank Charges	97,530	-
	TOTAL	97,530	-
<hr/>			
18	PROVISION FOR AUDIT FEE		
		2016/2017	2015/2016
		Kshs	Kshs
	Audit Fee Provision	150,000	
	TOTAL	150,000	
<hr/>			

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

19. PROPERTY PLANT & EQUIPMENT

Description	Land	Motor vehicles	Furniture and fittings	Computers	Buildings	Plant & Equipment	(Work in progress)		TOTAL
		Depr. 20 %	(Depr. rate 10%)	(Depr. 25%)	Depr. 2 %	Depr.10%	Construction of Building & Mechanical Workshop	Constructio n of Mungasti TTI	
Cost	Shs	Shs	Shs	Shs	Shs	Shs			Shs
At 1 July 2016	3,225,000	11,125,000	1,344,444	645,592	112,846,641	1,499,733			130,686,410
Additions				295,741		370,000	6,347,935	25,294,035	32,307,711.00
Disposals									
others								169,900	169,900
End year	3,225,000	11,125,000	1,344,444	941,333	112,846,641	1,869,933	6,347,935	25,463,935	163,164,021
Depreciation and impairment									
At 1 June 2016									
Depreciation	-	-	-	-	-	-			-
Impairment									
At 30 .6.2017									
Depreciation	-	2,225,000	134,444	235,333	2,256,933	186,973		-	5,038,683
Disposals	-								
Impairment	-								
At end of year	-	2,225,000	134,444	235,333	2,256,933	186,973			5,038,683
Net book values	3,225,000	8,900,000	1,210,000	706,000	110,589,708	1,682,760	6,347,935	25,463,935	158,125,338

NOTE:

Others in the above PPE. Schedule refers to mentorship expenses spent during construction of Mungatsi being capitalized.

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued....)

20 CASH AND CASH EQUIVALENTS

Description	2016/2017 Kshs	2015/2016 Kshs
Transit Account	1,980,349	
Recurrent Account	(9,914)	
Production Unit Account	121,285	
Economic Stimulus Account	11,068,888	
Development Account	14,899,856	
Main Account	370,349	
Total cash and cash equivalents	28,430,813	-

21 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2016/2017 Kshs	2015/2016 Kshs
Students' fees arrears	2,981,260	-
Mungatsi / Butere TTI - Mentorship	199,620	-
TOTAL	3,180,880	-

22 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2016/2017 Kshs	2015/2016 Kshs
Production unit-County Government of Kakamega	672,041	-
TOTAL	672,041	-

23 INVENTORIES

Description	2016/2017 Kshs	2015/2016 Kshs
Stationery	172,961	-
Cleaning supplies	53,900	-
Catering items	211,100	-
TOTAL	437,961	-

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

**NOTES TO THE FINANCIAL
STATEMENTS**

24 INTANGIBLE ASSET

Description	2016/2017 Kshs	2015/2016 Kshs
Acquisition of accounting software/MIS	799,000	-
TOTAL	799,000	-

25 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2016/2017 Kshs	2015/2016 Kshs
Trade and other payables from exchange transactions	11,252,537	-
Accrued audit Fee	150,000	
Accrued Salaries	494,007	
TOTAL (appendix VI)	11,896,544	-

26 REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2016/2017 Kshs	2015/2016 Kshs
Caution Money=rate charged(sh500) * No of Students sh 370	185,000	-
TOTAL	185,000	-

27.ACQUISITION OF PPE.

Description	2016/2017 Kshs	2015/2016 Kshs
Computers	295,741	-
Buildings	6,347,935	-
Training Equipment	370,000	-
Mungatsi TTI Construction	25,463,935	-
TOTAL	32,477,611	-

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

APPENDIX 1: PROGRESS OF FOLLOW UP OF AUDITORS RECOMMENDATIONS

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by Bushiangala Technical Training Institute Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Construction of Mungatsi TTI.	MOE. &	2yrs	49,559,306	NO	YES
		Namabale CDF	2yrs	10,000,000		
2	Construction of Building & Mechanical Workshop	MOE.	2yrs	25,667,000	N/A	YES

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1	Construction of Mungatsi TTI.	58,950,306	25,294,035	43%	-	25,294,035	MOE. Nambale CDF
2	Construction of Building & Mechanical Workshop	25,667,000	6,347,935	30%	19,750,000	6,347,935	MOE.

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

APPENDIX III: INTER-ENTITY TRANSFERS

BUSHIANGALA TECHNICAL TRAINING INSTITUTE					
Break down of Transfers from the State Department of MOE. FY 2016-2017					
A.	RECURRENT GRANTS	Bank Statement Date	Amount (Kshs)	FY To Which The Amounts Relate	
	Recurrent Grant	13/7/2016	9,245,763	2015-16	
		7/9/2016	3,983,716	2016-17	
		11/1/2016	3,500,000	2016-17	
		3/1/2016	3,500,000	2016-17	
		5/1/2016	3,500,000	2016-17	
		TOTAL	23,729,479		
			9/1/2016	3,983,716	2016-17
			11/1/2016	2,828,350	2016-17
			3/1/2017	2,828,350	2016-17
			5/1/2017	3,185,492	2016-17
			Total	12,825,908	
		DEVELOPMENT GRANTS			
B.	Twin -workshop 'B' (Building & Mechanical)	1/6/2016	7,408,973	2016-17	
		4/10/2016	2,782,208	2016-17	
		6/1/2017	2,782,298	2016-17	
			12,973,479		
	Mungatsi TTI. Construction	8/11/2016	7,145,000	2016-17	
		28/6/2017	6,714,375	2016-17	
Total		13,859,375			
C.	Donor Receipts				
	Nambale CDF.	Total	10,000,000		
	GRAND TOTAL		73,388,241		

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

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	13/7/2016	Recurrent	9,245,763	9,245,763					9,245,763
Ministry of Education	7/9/2016	Recurrent	3,983,716	3,983,716					3,983,716
Ministry of Education	11/1/2016	Recurrent	3,500,000	3,500,000					3,500,000
Ministry of Education	3/1/2016	Recurrent	3,500,000	3,500,000					3,500,000
Ministry of Education	5/1/2016	Recurrent	3,500,000	3,500,000					3,500,000
Ministry of Education	9/1/2016	Recurrent	3,983,716	3,983,716					3,983,716
Ministry of Education	11/1/2016	Recurrent	2,828,350	2,828,350					2,828,350
Ministry of Education	3/1/2017	Recurrent	2,828,350	2,828,350					2,828,350
Ministry of Education	5/1/2017	Recurrent	3,185,492	3,185,492					3,185,492
Ministry of Education	1/6/2016	Development	7,408,973		7,408,973				7,408,973
Ministry of Education	4/10/2016	Development	2,782,208		2,782,208				2,782,208
Ministry of Education	6/1/2017	Development	2,782,298		2,782,298				2,782,298
Ministry of Education	8/11/2016	Development	7,145,000		7,145,000				7,145,000
Ministry of Education	28/6/2017	Development	6,714,375		6,714,375				6,714,375
NAMABALE CDF.		Development	10,000,000		10,000,000				10,000,000
TOTAL			73,388,241	36,555,387	36,832,854				73,388,241

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

APPENDIX V: STATEMENT OF FINANCIAL PERFORMANCE -PRODUCTION UNIT FOR THE YEAR ENDED 30TH JUNE 2017

VOTEHEAD	SUB-VOTEHEAD	DESCRIPTION	L/F	AMOUNT KSHS
Finance Income	Interest on deposit	Recurrent A/C	155	78,000
Other Incomes	Driving school income	Reflector Jackets	151	45,000
Other Incomes	ICT fees	computer packages	152	13,200
Other Incomes	Local, travel and transport fee	College Account	147	542,545
Other Incomes	Other sales	Water sales	144	11,425
Other Incomes	Repairs, Maintenance and improvement fee	County seats repair- income	157	243,000
Other Incomes	Repairs, Maintenance and improvement fee	Fabrication - NICCO & ACACIA	153	46,400
Other Incomes	Repairs, Maintenance and improvement fee	Electrical repairs	148	32,732
Revenue from income generating activities	Farm	Nappier Sales	143	15,000
Revenue from income generating activities	Farm	Vegetable sales	140	6,700.00
Revenue from income generating activities	Farm	Banana sale	141	2,830
Revenue from rendering services	Boarding services	Accommodation	146	7,500
Revenue from rendering services	Bus hire-Services	Bus hire	142	278,800
Revenue from rendering services	Catering Services-Pay as you eat	College café sales	139	2,129,066
		TOTAL		3,542,198

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

EXPENDITURE

VOTEHEAD	SUB-VOTEHEAD	DESCRIPTION	L/F	AMOUNT KSHS
College café foodstuffs	College café foodstuffs	College café foodstuffs	168	1,767,580
county kiosk project 2 profit paid	county kiosk project 2 profit paid	county kiosk project 2 profit paid	174	443,635
county kiosk project 1 profit paid	county kiosk project 1 profit paid	county kiosk project 1 profit paid	173	261,038
County Kiosk Fabrication Labour-project II	County Kiosk Fabrication Labour-project II	County Kiosk Fabrication Labour-project II	167	181,130
Bus Hire expenses	Bus Hire expenses	Bus Hire expenses	161	174,760
College café Expenses	College café Expenses	College café Expenses	162	153,000
County Kiosk Fabrication Material-project II	County Kiosk Fabrication Material-project II	County Kiosk Fabrication Material-project II	160	131,450
Tindinyo project materials	Tindinyo project materials	Tindinyo project materials	183	131,390
Reccurent A/C	Recurrent A/C	Recurrent A/C	155	106,492
county seats repair - materials	county seats repair – materials	county seats repair - materials	175	101,960
Deep-Frezer	Deep-Frezer	Deep-Frezer	181	67,000
Fabrication - NICCO & ACACIA	Fabrication - NICCO & ACACIA	Fabrication - NICCO & ACACIA	153	54,200
Café Utensils	Café Utensils	Café Utensils	180	47,100
county seats repair - labour	county seats repair – labour	county seats repair - labour	176	41,100
County Kiosk Expenses-project II	County Kiosk Expenses-project II	County Kiosk Expenses-project II	159	35,880
Production unit General Expenses	Production unit General Expenses	Production unit General Expenses	163	35,350
Reflector Jackets	Reflector Jackets	Reflector Jackets	151	29,900
Tindinyo project expenses	Tindinyo project expenses	Tindinyo project expenses	182	23,500
College Account	College Account	College Account	147	21,029
Finance costs	Bank charges	Bank charges	184	17,915
County kiosk project 1 expenses	County kiosk project 1 expenses	County kiosk project 1 expenses	185	13,780

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

EXPENDITURE Continued

VOTEHEAD	SUB-VOTEHEAD	DESCRIPTION	L/F	AMOUNT KSHS
PU Tenders - application cost	PU Tenders - application cost	PU Tenders - application cost	165	10,800
county seats repair- expenses	county seats repair- expenses	county seats repair- expenses	177	7,500
PU Meetings costs	PU Meetings costs	PU Meetings costs	170	5,200
Fish expenses	Fish expenses	Fish expenses	166	4,800
Plastic Chairs	Plastic Chairs	Plastic Chairs	171	2,700
Electrical repairs	Electrical repairs	Electrical repairs	148	1,500
Fabrication shed expenses	Fabrication shed expenses	Fabrication shed expenses	164	1,300
Farm	Farm	Farm	178	1,280
computer packages	computer packages	computer packages	152	1,200
General Welding & Fabrication	General Welding & Fabrication	General Welding & Fabrication	158	600
Vegetable sales	Vegetable sales	Vegetable sales	140	400
TOTAL				3,876,469.50
DEFICIT				(424,362)

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

APPENDIX VI: TRADE PAYABLES AS AT 30TH JUNE 2017

NO	NAME	DESCRIPTION	VOTEHEAD	AMOUNT
	I) COLLEGE AND RECURRENT ACCOUNT			
1	Rentokil Initial	services for Feb,May and June 2017		11,369
2	Basoyi Enterprises	Supply of stationery	Tuition	437,458
3	Unes Bookstore	supply of stationery	Tuition	117,919
3	Walag stationers	Supply of Training materials	Tuition	335,000
4	Broad core Construction	supply of metallic lecture chairs	PPE	350,000
5	Jim char Enterprises	supply of two computers	PPE	93,264
6	Kind Engineering works LTD	Internet Services	tuition	109,743
7	Kenya Commercial Bank	KBR 948U Bus loan	Dev. Fund	891,107
8	KATTI National	annual subscription 2017	KATTI Expenses	60,000
9	CAPA.	Annual subscription	CAPA Expenses	140,000
10	CAPA.	Special project	CAPA Expenses	100,000
11	ABNO. Software International LTD	Supply and installation of MIS in Finance	Intangible Asset	541,000
12	Bushiangala TTI production Unit account	Meals served during official meeting of the college	admin costs	32,965
	Bushiangala TTI production Unit account	Meals served to NYS students	NYS Students expenses	363,960
14	Accrued Audit Fee	Accrued Audit Expenses	Audit Expenses	150,000
15	Accrued Salary	Employee Salary June 2017	Employee Costs	494,007
	SUB TOTAL			4,227,792

**BUSHIANGALA TECHNICAL TRAINING INSTITUTE ANNUAL REPORTS
AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017**

II) TRANSIT FUNDS ACCOUNT				
	NAME	DESCRIPTION	VOTEHEAD	
16	Mrs. Dorothy Shiroya	Labour Fabrication of County Kiosks	welding and fabrication	48,147
17	Mr. Clerkson Barasa	Labour Fabrication of County Kiosks	welding and fabrication	40,000
	SUB TOTAL			88,147
16	Wilkoris Engineering works ltd	Construction And Completion Tuition Block	10% Retention Fee	935,403
17	Intellect contractors	Construction and Completion of Library Complex	PPE	3,481,004
18	Nolads Engineering LTD.	Construction Of Twin Workshop (Mechanical and building dept.)	10% Retention Fee	634,794
	SUB TOTAL			5,051,201
III) ECONOMIC STIMULUS ACCOUNT				
19	Finetopes Enterprises	Mungatsi TTI (Construction of Twin Workshop, Classrooms & Offices)	10% Retention Fee	2,529,404
TOTAL TRADE PAYABLES				11,896,544

1912
1913



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

THE NATIONAL ASSEMBLY OF PAPERS Laid

DATE: **17 NOV 2021** DAY: **Wed**

TABLED BY:	<i>D. Majority Leader</i>
CLERK AT THE TABLE:	<i>C. Chibet</i>

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF KENYA INDUSTRIAL PROPERTY INSTITUTE

FOR THE YEAR ENDED 30 JUNE 2019



Kenya Industrial Property Institute

Financial statements for Year Ended 30th June, 2019



KIPI is ISO 9001 : 2008 Certified



Kenya Industrial Property Institute



KENYA INDUSTRIAL PROPERTY INSTITUTE

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019

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



Financial statements for Year Ended 30th June, 2019

KIPI is ISO 9001 : 2008 Certified



VISION

Be a world class institution in administration of industrial property rights.

MISSION

To protect and promote industrial property rights to foster innovation for sustainable development in Kenya.

CORE VALUES

Pursuant to its mandate and functions, the Institute is guided by the following core values;

(i) Confidentiality

The Institute endeavours to guarantee the privacy and confidentiality of its customers' information.

(ii) Customer Focus

The Institute strives to understand and meet customer needs and aim to exceed their expectations.

(iii) Innovation

The Institute commits to foster an enabling environment that encourages creativity, continuous learning and improvement for sufficient and effective service delivery.

(iv) Integrity

The Institute endeavors to be honest, fair and ethical in creating a culture of trust and accountability in all its activities and decision making.

(v) Professionalism

The Institute will maintain high standards and professional competence in the discharge of service. It will abide to professional and considerations on the methods, standards and procedures in its work.

(vi) Team Work

The Institute creates a unique atmosphere of collaboration, mutual support and genuine interest in each other's success. Its diverse mix of cultures and experiences provides a variety of perspectives and talents that, when united through teamwork, strengthens the ability to achieve goals.





TABLE OF CONTENT

PAGE

I. KENYA INDUSTRIAL PROPERTY INSTITUTE’S INFORMATION AND MANAGEMENT . iii

II. THE BOARD OF DIRECTORS ix

III. MANAGEMENT TEAM ix

IV. CHAIRMAN’S STATEMENT ix

V. REPORT OF THE MANAGING DIRECTOR xii

VI. CORPORATE GOVERNANCE STATEMENT xiv

VII. REPORT OF THE DIRECTORS xv

VIII. STATEMENT OF DIRECTORS’ RESPONSIBILITIES xvii

IX. MANAGEMENT DISCUSSION AND ANALYSIS xxi

X. STATEMENT OF FINANCIAL PERFORMANCE 1

XI. STATEMENT OF FINANCIAL POSITION 2

XII. STATEMENT OF CHANGES IN NET ASSETS 3

XIII. STATEMENT OF CASH FLOWS 4

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 5

XV. NOTES TO THE FINANCIAL STATEMENTS 6





KENYA INDUSTRIAL PROPERTY INSTITUTE'S INFORMATION AND MANAGEMENT

(a) Background Information

The Kenya Industrial Property Institute (the Institute) is a body corporate established under the Industrial Property Act, No. 3 of 2001. The Institute is mandated to implement the Industrial Property Act and the Trade Marks Act, Cap 506 of the Laws of Kenya.

(b) Core Functions

The core functions of the Institute are to;

- (i) Consider applications for, grant and registration of industrial property rights;
- (ii) Screen technology transfer agreements and licences;
- (iii) Provide to the public, industrial property information for technological and economic development;
- (iv) Promote inventiveness and innovativeness in Kenya; and
- (v) Organize and conduct training, competitions and awards relating to industrial property matters.

(c) Key Management

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

- Managing Director;
- Deputy Managing Director/Finance, Corporate Services; and
- Deputy Managing Director/Technical Services.

(d) Fiduciary Management

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

Designation	Name
1. Acting Managing Director	Mr. John Onyango
2. Manager, Legal Services	Mrs. Eunice Njuguna
3. Manager, Patents	Mr. David Njuguna
4. Assistant Manager, Administration	Mr. Samuel Ng'ethe
5. Assistant Manager, Finance	CPA Caroline Mawathe



(e) Fiduciary Oversight Functions of the Institute

As part of corporate governance, the Institute's oversight role is discharged through the following Committees:

(1) Finance and Administration Committee

The roles of the Committee are:

- Approval of financial reports;
- Assessing and monitoring performance of the Institute as per the Strategic Plan and annual Performance Contract;
- Consideration and approval of the Institute's budget and procurement plan; and
- Advising the Institute on major capital expenditure projects.

(2) Strategy and Human Resource Committee

The roles of the Committee are:

- Reviewing the terms and conditions of Service for the Institute's employees;
- Carrying out recruitment and promotion of staff;
- Reviewing the Institute's human resource policies; and
- Advising the Board on the best human resource management practices.

(3) Audit and Compliance Committee

The roles of the Committee are:

- Corporate governance - provides support to the Board of Directors in reviewing the effectiveness of the Institute's corporate governance by ensuring the Institute's compliance with legal and regulatory provisions;
- Financial statements and reports - review the adequacy, reliability and accuracy of the financial statements and reports provided to the Board and other users of such information;
- External Audit - ensuring the management has arrangements to support the audit work of the Auditor-General, being fully briefed on all audit work relating to the Institute through reports by the Auditor-General describing any material issues raised by their internal control reviews, or by inquiry/ investigation by governmental or professional authorities; and
- Internal control, Risk Management and Internal Audit-Consider the effectiveness of the Institute's internal control systems established by Management to ensure compliance with policies, laws and regulations.

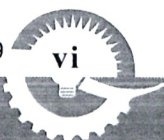




(4) Technical Committee

The roles of the Committee are:

- Monitor delivery of the Institute's mandate relating to the Constitution of Kenya, 2010, the Industrial Property Act and the Trade Marks Act;
- Monitor progress of implementation of the functions of the Institute relating to protection of industrial property rights, screening of technological transfer agreements and licences, promotion of innovativeness and inventiveness, industrial property information and training;
- Monitor development and review of the Institute's policy relating to the functions that create stakeholder value and ensure that statutory mandates are effectively fulfilled;
- Ensure that the implementation of the Institute's technical projects, programs and activities is done in line with the Institute's Strategic Plan;
- Ensure that technical operational strategies are based on the current social, economic and political factors and Kenya Vision 2030;
- Review systems as well as investments in new operational models to ensure efficient and effective service delivery;
- Monitor creation of partnerships and alliances with relevant collaborating institutions at national, regional and international levels for promotion of industrial property protection;
- Evaluate and monitor the performance of Technical Services Department; and
- Review proposals made for amendments to the Industrial Property Act and the Trade Marks Act.





(f) The Institute's **H**eadquarters

KIPI Premises, Lavington, Along
Kabarsian Avenue,
Off Waiyaki Way,
P.O. Box 51648 – 00200,
City Square, Nairobi, Kenya

(g) The Institute's **C**ontacts

Telephone: (254) 0206002210/11
Fax: (254)0206006312
Wireless: (254) 0202386220
E-mail: info@kipi.go.ke
Website: www.kipi.go.ke

(h) The Institute's **B**ankers

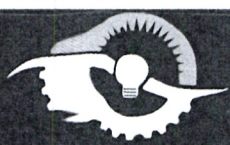
- (i) Kenya Commercial Bank Limited,
Kipande House Branch,
P.O. Box 30012 – 00100, Nairobi, Kenya
- (ii) National Bank of Kenya Limited,
South C Branch,
KEBS Compound, South C Nairobi,
P.O. Box 38645 – 00100, Nairobi, Kenya

(i) Independent **A**uditors

Auditor General,
Kenya National Audit Office,
Anniversary Towers, University Way,
P.O. Box 30084 - 00100, Nairobi, Kenya

(j) Principal Legal Adviser

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



FIVE YEAR FINANCIAL REVIEW

a) STATEMENT OF FINANCIAL PERFORMANCE

	2018/19	2017/18	2016/17	2015/16	2014/15
	KSh.	KSh.	KSh.	KSh.	KSh.
Income from Fees	305,535,783	326,301,757	296,550,149	229,048,937	218,183,718
GOK Grants	-	10,290,595	8,228,754	3,000,000	15,000,000
Other Incomes (Interest)	33,747,093	70,275	596,693	331,644	787,848
Total Revenue	339,282,876	336,662,627	305,375,596	232,380,581	233,971,566
Less Expenses					
Hospitality	15,470,614	15,431,715	13,048,894	9,566,173	9,682,083
Board Expenses	936,667	12,488,032	11,464,053	8,413,585	2,531,198
Staff Costs	150,231,082	161,343,070	108,854,411	103,660,509	109,018,331
Repairs and Maintenance	9,350,930	8,673,795	9,476,491	9,817,003	10,319,542
General Expenses	107,230,565	96,237,591	81,808,590	60,899,733	59,347,398
Depreciation	10,914,402	13,674,809	9,442,133	6,986,934	7,049,145
Total Operating Expenses	294,134,260	307,849,012	234,094,572	199,343,937	197,947,697
Surplus for the Period	45,148,616	28,813,615	71,281,024	33,036,644	36,023,869





b) STATEMENT OF FINANCIAL POSITION





	2018/19	2017/18	2016/17	2015/16	2014/15
Current Assets	KSh.	KSh.	KSh.	KSh.	KSh.
Cash and Cash Equivalents	121,266,769	132,012,259	239,013,108	190,540,165	50,086,397
Receivables	113,828,998	176,234,523	89,555,720	82,764,808	101,574,619
Inventories	15,611,152	12,751,198	18,883,558	9,521,427	12,100,828
Total Current Assets	250,706,919	320,997,980	347,452,386	282,826,400	163,761,844
Non-current Assets					
Property, Plant and Equipment	452,012,845	438,141,444	405,022,511	399,009,017	398,434,542
Intangible Assets	49,956,657	29,812,546	2,199,275	1,334,865	1,906,950
Library Books	4,467,984	4,467,984	-	-	-
Total Non-Current Assets	506,437,486	472,421,974	407,221,786	400,343,882	400,341,492
Total Assets	757,144,405	793,419,954	754,674,172	683,170,282	564,103,336
Capital and Reserves					
Capital Reserves	611,636,760	611,636,760	611,636,760	566,748,514	480,718,212
General Reserves	142,597,619	171,387,027	142,573,412	115,957,768	82,921,124
Total Assets	754,234,379	783,023,787	754,210,172	682,706,282	563,639,336
Current Liabilities					
Trade & Other Payables	464,000	464,000	464,000	464,000	464,000
Contracted Services	2,446,026	9,932,167	-	-	-
Total Current Liabilities	2,910,026	10,396,167	464,000	464,000	464,000
Total Capital & Liabilities	757,144,405	793,419,954	754,674,172	683,170,282	564,103,336



II. THE BOARD OF DIRECTORS

The Institute did not have a Board of Directors during the financial year ended 30th June, 2019 as the term of majority members expired on 30th June, 2018.

III. MANAGEMENT TEAM

MANAGER	AREA OF RESPONSIBILITY
 <p>Mr. John Onyango Acting Managing Director</p>	<p>Mr. John Onyango, who was born on 4th November, 1965, is the Acting Managing Director. He holds a Bachelor of Commerce Degree from the University of Nairobi and previously worked with the Standard Bank of Kenya.</p>
 <p>Mrs. Eunice Njuguna Manager, Legal Services</p>	<p>Mrs. Eunice Njuguna, who was born on 17th July, 1966, is in charge of the Legal Division that advises the Institute on compliance with all the relevant legislation. She is also the Institute Corporation Secretary and holds a Bachelor of Laws Degree, University of Nairobi, Diploma in Law, Kenya School of Law and Master of Laws Degree, University of Nairobi. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.</p>
 <p>Mr. David Njuguna Manager, Patents</p>	<p>Mr. David Njuguna, who was born on 8th August, 1966, is in charge of the Patent Division that processes applications for grant and registration of patents, utility models and industrial designs. He holds a Bachelor's Degree in Science, University of Nairobi and a Master's Degree in Intellectual Property, University of Melbourne.</p>
 <p>Mr. Samuel Ng'ethe Assistant Manager, Administration</p>	<p>Mr. Samuel Ng'ethe, who was born on 31st August, 1969, oversees the overall management of human resource and administration services. He holds a Bachelor's Degree in Administration, Master's Degree in Arts and a Higher National Diploma in Human Resource Management.</p>





CPA Caroline Mawathe
Assistant Manager, Finance

Miss Caroline Mawathe, who was born on 29th December, 1969, is in charge of Supervision of Accounting Activities. She is a holder of CPA K, a Bachelor's Degree in Commerce and a Masters Degree in Business Administration. She is a member of the Institute of Certified Public Accountants of Kenya. She is currently pursuing her PhD.



IV. CHAIRMAN'S STATEMENT

On behalf of the Board, I am delighted to present the annual Report and Financial Statements of Kenya Industrial Property Institute for the financial year 2018/2019.

During the last financial year, the Institute realised significant achievements. The revenue during this financial year revenue increased from KSh.326,372,032 in the period ended 30th June, 2018 to KSh.339,282,876 in the financial year 2018/2019. This revenue increase is linked to the increased number of applications received due to accelerated Intellectual Property awareness campaigns by the Institute.

The mandate of the Institute is to promote inventive and innovative activities, facilitate the acquisition of technology through registration and regulation of patents, utility models, technovations, industrial designs and trade marks. To deliver on this, the Institute has developed a strategic plan that will contribute to high and sustainable socio-economic development in line with national development goals espoused in Kenya Vision 2030. Appropriate structures and systems have been developed and essential staff recruited to enable the realization of the vision, mission and strategic objectives of the Institute.

Every year, the Board and Management develop and sign annual performance contract as a means of delivering on the strategic goals as contained in the strategic plan. In line with its mandate, the Institute continues to play a leading role in supporting Kenya's innovation performance, through delivery of quality and timely intellectual property (IP) rights and promoting utilization of IP rights by disseminating IP information.

The Institute has transformed itself from one that was wholly dependent on funding from the Exchequer to one point where most of the activities are met from internally generated sources of finance. Employees now enjoy better terms and conditions of service through better remuneration and work environment including necessary working tools. The Institute has now relocated to its new premises in Lavington after completion of renovation and refurbishment works.

As part of creating awareness on intellectual property, the Institute engaged in a number of outreach and sensitization activities during the year under review. This included participation in national shows, County investment conferences, University exhibitions and undertaking decentralization of IP services in partnership with the parent Ministry of Industry, Trade and Co-operatives as well as County Industrialization and Development Officers (CIDO's) and County Enterprise and Development Officers (CEDO's).

Ahmed Issack Hassan
Chairman

Financial statements for Year Ended 30th June, 2019





V. REPORT OF THE MANAGING DIRECTOR

Kenya Industrial Property Institute was established in 1990 through an Act of Parliament to discharge the mandate of industrial property administration. The core functions of the Institute include:

- Consider applications for, grant and registration of industrial property rights;
- Screen technology transfer agreements and licences;
- Provide to the public, industrial property information for technological and economic development;
- Promote inventiveness and innovativeness in Kenya; and
- Organize and conduct training, competitions and awards relating to industrial property matters.

Since its establishment, the Institute has continuously endeavoured to offer the best services to its customers with the number of applications for registration dramatically increasing over the years. The introduction of automation has led to quality processing of applications resulting into growth in revenues. The Institute created an outreach unit responsible for creating public awareness on intellectual property. The unit carries out campaigns through different channels including shows, seminars, workshops, exhibitions, and media (both print and electronic) among others. For the period under review, the Institute received 952 new patent applications and processed to completion 408 applications. New applications for trade marks were 5136. A total of 4811 trade mark applications were registered and clients given technical advice.

To support this growth, the Institute has invested in the acquisition of new premises to accommodate the growing number of staff and planned for digitization of its processes as a means of enhancing efficiency, productivity and quality of services offered. This includes introduction and installation of an Enterprise Resource Planning (ERP) system making it possible to receive and process applications electronically. The Institute is equipping its data centre with modern servers and IT infrastructure to improve the service delivery to its customers. An Electronic Document Management System (EDMS) has been introduced for patents and trade mark divisions to fasten the capture of information with the support of World Intellectual Property Organization (WIPO).

In terms of financial performance, the Institute has achieved a steady growth in revenue over the years since delinking from mainstream Government to become a State Corporation in 2005/2006. Revenue collection stands at KSh.339,282,876 in the financial year 2018/2019 against expenditure of KSh.294,134,260. Much of the expenditure is on personal emoluments as a result of recruitment of



more staff and improvement in terms and conditions of service as well as on operational and administrative expenses.

Despite the achievements, KIPi still faces the challenges of modern office accommodation as it awaits completion of refurbishment and renovation of the new building, capacity building, retention of human resource through competitive compensation scheme and creation of IP awareness. Some of these challenges have affected the achievement of the Institute's Strategic Plan for 2018-2022 whose objectives are:

- To facilitate acquisition of industrial property rights;
- To strengthen the IP legal and policy framework;
- To promote commercialization of Industrial Property;
- To provide IP information to the public;
- To inculcate a culture that promotes and respects creativity and innovativeness;
- To improve productivity and competitiveness of MSMEs;
- To enhance corporate image of the Institute;
- To attract, develop and retain competent staff;
- To improve mobilization and management of financial resources; and
- To strengthen internal systems and processes for efficient service delivery.

Mr. John Onyango
Acting Managing Director





VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system of clearly defined authorities and responsibilities, which results in the establishment, operation, and maintenance of the system of internal control that is regularly tested to ensure effectiveness. The system enables the Board to ensure that the Institute runs smoothly.

The Institute places a great deal of importance on robust corporate governance practices and is committed to applying the highest standards of business integrity and professionalism in all activities. It has also introduced individual targets and performance indicators.

The Board has formulated and applies sound internal corporate governance guidelines, which address the responsibilities of the Board, Management and the Staff.

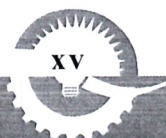
The Board has set up four key Board committees to help in the implementation of its policy guidelines and strategic plan as follows:

- (i) Strategy and Human Resource Committee;
- (ii) Audit and Compliance Committee;
- (iii) Finance and Administration Committee; and
- (iv) Technical Committee.

These Committees meet when there is need and are chaired by selected Chairmen who are Board members. The Committees report their findings to the Board for further deliberations.

The Board meets regularly in compliance with the provisions of the Industrial Property Act.

Ahmed Issack Hassan
Chairman





VII. REPORT OF THE DIRECTORS

The Directors submit their report together with financial statements for the financial year ended 30th June, 2019 which shows the state of Institute's affairs.

Principle Activities

The principle Activities of the Institute include:

- Consider applications for, grant and registration of industrial property rights;
- Screen technology transfer agreements and licences;
- Provide to the public, industrial property information for technological and economic development;
- Promote inventiveness and innovativeness in Kenya; and
- Organize and conduct training, competitions and awards relating to industrial property matters.

Results

The results of Kenya Industrial Property Institute for the financial year ended 30th June, 2019 are as follows:

	2018/19	2017/18
	KSh.	KSh.
Total Income for the Year	339,282,876	336,662,627
Less: Total Expenditure for the Year	294,134,260	307,849,012
Operating Surplus	45,148,616	28,813,615

Appointment of Board of Directors

Appointment of the Board members is done by the Cabinet Secretary in exercise of the powers conferred by section 6 of the Industrial Property Act. The Chairman to the Board is appointed by the Cabinet Secretary and holds Office for a period of three years from the date of appointment. Other members of the Board are directly nominated by their representative organizations to the Board. The nominees' names are then forwarded to the Cabinet Secretary for the Ministry of Industry, Trade and Co-operatives for appointment through a Kenya Gazette Notice.





Membership of Board of Directors

The Institute has thirteen (13) members of the Board of Directors as stipulated in the Industrial Property Act. The members are drawn from the following organisations:

- a) Kenya Medical Research Institute;
- b) Kenya Industrial Research and Development Institute;
- c) Institute of Engineers of Kenya;
- d) Law Society of Kenya;
- e) State Law Office;
- f) The National Treasury;
- g) Kenya National Federation of Jua Kali Artisans;
- h) Ministry of Industry, Trade and Co-operatives;
- i) National Commission for Science, Technology and Innovations; and
- j) Kenya Association of Manufacturers.

Board of Directors' Mandate

The Board has set generally accepted reporting standards for the development and management of accounting and financial systems of the Institute and in particular performs the following functions:

- a) Prescribes the minimum standards of maintenance of proper books of accounts by the Institute;
- b) Prescribes sound internal audit procedures that are compliant with the set standards;
- c) Performs any other functions related to advancing financial and accounting systems management and reporting by the Institute; and
- d) Ensures that the standards adopted by the Board promote transparency and other constitutional values and principles in effective, prudent and efficient management of revenue, expenditure, assets and liabilities of the Institute.

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015 to nominate auditors to carry out the audit on his behalf.

Ahmed Issack Hassan
Chairman





VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 83 of the Public Finance Management Act 2012 and Section 14 of the State Corporations Act require the directors to prepare the financial statements in respect of the Institute, which give a true and fair view of the affairs of the Institute at the end of a financial year. The directors are also charged with the responsibility of ensuring that the Institute maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the Institute. Equally, the directors are also responsible for safeguarding the assets of the Institute, selecting and applying appropriate accounting policies and also making accounting estimates that are reasonable and applicable to the Institute circumstances.

To this end, the directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates in conformity with International Public Sector Accounting Standards and in the manner required by the Public Finance Management Act and the State Corporations Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial transactions of the financial year ended 30th June, 2019 and the Institutes financial position as at that date. The directors further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the financial statements as well as adequate systems of internal financial control. Nothing has come to the attention of the directors to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

The directors therefore, have the pleasure of submitting the report, together with the financial statements for the financial year ended 30th June, 2019.

Approval of the Financial Statements

The Institute's financial statements were approved by the directors on *05 July 2021* and signed on its behalf.

Director

T.O. ALANDO

Director

K.M. MUSTAFA





IX. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Kenya Industrial Property Institute's Operational and Financial Performance

The Institute targeted to collect KSh.340,000,000 as per the Performance Contract. The actual collection was KSh.339,212,930 in the financial year, of which the accrued revenue amounted to KSh.17,030,579 which was recognized as income earned and also treated as receivables.

SECTION B

Kenya Industrial Property Institute's Compliance with Statutory Requirements

The Institute complied with statutory requirements by withholding and remitting VAT at 6% as required.

From the payroll, the Institute makes statutory deductions and remits them to various institutions including KRA, NSSF, HELB and NITA.

SECTION C

Key Projects and Investment Decisions Kenya Industrial Property Institute is Planning/Implementing

The Institute is undertaking the following projects in 2018/2019 financial year;

- (i) Refurbishment of the new premises;
- (ii) Decentralization of IP; and
- (iii) Digitization of KIPI systems.

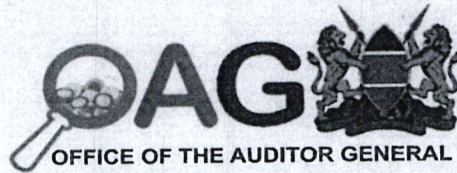
SECTION D

Major Risks Facing Kenya Industrial Property Institute

Kenya Industrial Property Institute is a regulatory body. Most of the clients are foreigners and fee is charged in local and foreign currency (USD.) Any economic slump which affects the exchange rate is a risk to the Institute.



REPUBLIC OF KENYA



Enhancing Accountability

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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRIAL PROPERTY INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Industrial Property Institute set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2019, and 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Industrial Property Institute as at 30 June, 2019, 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 Kenya Industrial Property Institute Act, 2001 and the Public Finance Management Act, 2012.

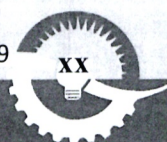
Basis of Opinion

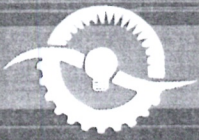
The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Industrial Property Institute in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance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

Emphasis of Matter

As disclosed under Note 17 to the financial statements, the property, plant and equipment balance of Kshs.452,012,845 as at 30 June, 2019 includes a combined figure on lands and buildings of Kshs.412,088,054. The Institute has not been providing for depreciation of the building in the financial statements contrary to Section 74 of the International Public Sector Accounting Standards IPSAS 17 which states that land and buildings are

Report of the Auditor-General on Kenya Industrial Property Institute for the year ended 30 June, 2019





separable assets and are accounted for separately, even when they are acquired together. This is because land has an unlimited useful life and therefore is not depreciated but the buildings have a limited useful life and therefore are depreciable assets. Further, an increase in the value of land on which the building stands does not affect the determination of the depreciable amount of the building.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Report of the Auditor-General on Kenya Industrial Property Institute for the year ended 30 June, 2019





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

Responsibilities of Management and Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the Institute 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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





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

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

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

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

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



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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

10 February, 2021





X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30TH JUNE, 2019

	NOTES	2018/19	2017/18
		KSh.	KSh.
Revenue from Exchange Transactions			
Income from Fees	3	305,535,783	297,523,179
Revenue from Non-Exchange Transactions			
GOK Grants - Recurrent	3	-	-
GOK Grants - Development	3 & 4	-	10,290,595
Other Incomes			
Fees (ARIPO)	5	33,677,147	28,778,578
Interest Income	5	69,946	70,275
Total Revenue		339,282,876	336,662,627
Expenses			
Employee Costs	6	150,231,082	161,343,070
Hospitality	7	15,470,614	15,431,715
Board Expenses	8	936,667	12,488,032
Depreciation and Amortization Expense	9	10,914,402	13,674,809
Repairs and Maintenance	10	9,350,930	8,673,795
General Expenses	11	107,230,565	96,237,591
Total Expenses		294,134,260	307,849,012
Other Gains/(Losses)		-	-
Surplus/Deficit Before Tax		45,148,616	28,813,615
Surplus/Deficit for the Period		45,148,616	28,813,615

The notes set out on pages 6 to 24 form an integral part of the Financial Statements.

Financial statements for Year Ended 30th June, 2019

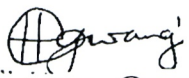





XI. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

Assets	NOTES	2018/19	2017/18
Current Assets		KSh.	KSh.
Cash and Cash Equivalents	12 & 13	121,266,769	132,012,259
Receivables	14	113,828,998	176,234,523
Inventories	16	15,611,152	12,751,198
Sub-Total		250,706,919	320,997,980
Non-current Assets			
Property, Plant and Equipment	17	452,012,845	438,141,444
Intangible Assets	18	49,956,657	29,812,546
Library Books	16	4,467,984	4,467,984
Sub-total		506,437,486	472,421,974
Total Assets		757,144,405	793,419,954
Liabilities			
Current Liabilities			
Trade and Other Payables	19	2,910,026	10,396,167
Total Liabilities		2,910,026	10,396,167
Net Assets		754,234,379	783,023,787
Reserves	20	611,636,760	611,636,760
Accumulated Surplus	21	142,597,619	171,387,027
Total net Assets and Liabilities		754,234,379	783,023,787

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board by


Mr. John Onyango
 Acting Managing Director


CPA Caroline Mawathe
 Assistant Manager-Finance


Ahmed Issack Hassan
 Chairman



XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30TH JUNE, 2019

Attributable to the Owners of the Controlling Entity Reserves

	Note	Capital Replacement Development Reserve	Reserve Fund	Minority Interest	Total
		KSh.	KSh.	KSh.	KSh.
Balance as at 1st July, 2018	20	611,636,760	142,573,412	-	754,210,172
Surplus/(deficit) for the Period	21	-	28,813,615	-	28,813,615
Transfers from Reserves					-
Transfers from Special Fund					-
- Operations					-
- Deposit					-
Transfers from Reserves to Deposit					-
Development Grants					-
Balance as at 1st July, 2018	20	611,636,760	171,387,027	-	783,023,787
Surplus/Deficit for the Period	21		45,148,616		45,148,616
Transfers from Reserves			(61,719,515)		(61,719,515)
Development Grants			(12,218,509)		(12,218,509)
Prior Year Adjustment					
Balance as at 30th June, 2019	20	611,636,760	142,597,619	-	754,234,379
Balance as at 30th June, 2018		611,636,760	171,387,027	-	783,023,787

Notes to the Statement of Changes in Net Assets

The changes in the net assets was as a result of the additions from the surplus realized during the period ended 30th June, 2019 and an adjustment in respect of Receivable whose accrued income was recognized and credited in the statement of financial performance. It was later realized that the figure of KSh.12,218,509 from trade mark renewals was overstated thereby necessitating adjustments. During the year under review KSh.61,719,515 was transferred from reserves to the deposit for the purpose of undertaking development projects initiated by the Institute.

Development Grants

The Institute did not receive development grants during the period ended 30th June, 2019, but has been working with the budget approved in 2015/2016 by rolling over the funds over a period of time upto the time the project will be completed.

XIII. STATEMENT OF CASH FLOWS AS AT 30TH JUNE, 2019

	NOTES	2018/19 KSh.	2017/18 KSh.
Cash Flows from Operating Activities			
Receipts			
Government Grants and Subsidies	3	-	10,290,595
Rendering of Services		322,182,351	297,523,179
Sale of Goods		-	-
Finance Income	5	69,946	70,275
Other Income		-	-
Total Receipts		322,252,297	307,884,049
Payments			
Compensation of Employees	6	150,231,082	161,343,070
Goods and Services	7, 8, 10 & 11	132,988,776	132,831,133
Finance Cost		-	-
Other Payments		-	-
Total Payments		283,219,858	294,174,203
Net Cash Flows from Operating Activities		39,032,439	13,709,846
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets	17 & 18	(40,117,844)	(74,407,013)
Proceeds from Sale of Property, Plant and Equipment		-	-
Net Decrease/Increase in Current Assets		52,059,430	(70,614,276)
Increase in Investments		-	-
Net Cash Flows used in Investing Activities		11,941,586	(145,021,289)
Cash Flows from Financing Activities			
Proceeds from Borrowings/Other Accounts		-	24,310,594
Decrease/Increase in Deposit (Development Projects)		-	-
Transfers from Reserves (Development Projects)		(61,719,515)	-
Net Cash Flows used in Financing Activities		(61,719,515)	24,310,594
Net Increase/Decrease in Cash and Cash Equivalents	12	(10,745,490)	(107,000,849)
Cash and Cash Equivalents at 1st July, 2018	12	132,012,259	239,013,108
Cash and Cash Equivalents at 30th June, 2019	12	121,266,769	132,012,259



XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference
	KSh.	KSh.	KSh.	KSh.	KSh.
Revenue					
Government Grants and Subsidies - Recurrent	-	-	-	-	-
- Development	-	-	-	-	0
Rendering of Services	319,000,000	-	319,000,000	305,535,783	(13,464,217)
Finance Income	-	-	-	69,946	69,946
Other Incomes (ARIPO)	-	-	-	33,677,147	33,677,147
Total Income	319,000,000	-	319,000,000	339,282,876	20,282,876
Expenses					
Compensation of Employees	178,650,000	-	178,650,000	150,231,082	28,418,918
Goods and Services	140,350,000	-	140,350,000	132,988,776	7,361,224
Other Provisions (Dep)	-	-	-	10,914,402	(10,914,402)
Total Expenditure	319,000,000	-	319,000,000	294,134,260	24,865,740
Surplus for the Period				45,148,616	45,148,616
Development Grants	-	-	-	-	-

NOTES TO THE QUARTERLY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE

A.I.A.

The targeted budget collection by the Institute was KSh.319,000,000. However, the actual collection was KSh.339,212,930. The Institute over-collected by KSh.20,282,876 and this was attributed to the accelerated process of trade marks renewal and processing of new applications. The Institute could not ascertain with reasonable accuracy the accrued income from African Regional Office and hence the same was not reflected in the yearly performance.

Compensation of Employees

The budget for the staff cost amounted to KSh.178,650,000. There was no revision in staff costs during the period ended 30th June, 2019. The Institute's expenditure for the period was KSh.150,231,082 which was below the period budget by KSh.28,418,918 for the reason that the several vacant posts are yet to be filled up.

Provision of Goods and Services

The Institute budgeted for KSh.140,350,000 to be used on payment of expenses on provision of goods and services. The Institute eventually utilized KSh.132,988,776 on payment of goods and services leading to an under-absorption of KSh.7,361,224. The overall budget for the Institute was however, not exceeded.



XV. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Compliance and Basis of Preparation

The Institute's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, the Institute's functional and reporting currency. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis. The Institute complied with IPSAS from 2013/2014 following the gazettelement of the Public Sector Accounting Standards Board (PSASB) which was established by Public Finance Management Act No. 18 on 24th July, 2012. PSASB issued financial reporting standards and guidelines to be adopted by State Corporations and other Public Sector entities.

2. Summary of Significant Accounting Policies

a) Revenue Recognition

Revenue from Exchange Transactions

Fees

The Institute recognizes revenues from fees, on accrual basis and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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.

b) Budget Information

The Institute's budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or differences that would require



reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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

d) 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 infinite.

e) Financial Instruments

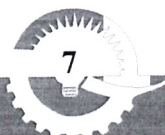
There was no investment in form of held-to-maturity instruments that would yield any fixed or determinable receipts during the reporting period.

f) Financial Liabilities

Initial Recognition and Measurement

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

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





o) Related Parties

The related parties to the Institute are the Government, key management staff members and the Board of Directors. The Institute did not have Board members due to expiry of their term and therefore, the Financial Statements do not include any outstanding balances relating to transactions entered into with third parties.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and cash in the MPESA line as at the end of the quarter, and short term cash imprests and advances to staff members which were not surrendered or accounted for at the end of the quarter.

q) Comparative Figures

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

r) Significant Judgments and Sources of Estimation Uncertainty

The Institute is required to make judgements and assumptions that would affect the reported amounts of revenues, expenses, assets and liabilities and also the disclosure of contingent liabilities in line with International Public Sector Standards (IPSAS). Management has no reason to believe that there would be any subsequent events that would significantly affect the values of the revenues, expenses, assets and liabilities after the quarterly financial statements report and therefore such estimates and assumptions were not made at the reporting date as there were no significant risks that would have caused any material adjustment to the carrying amounts of the assets and liabilities within the next quarterly performance.

s) Government Grants

Recurrent Grants

Recurrent grants from the Government are accounted for under the Income approach where they are recognized as income over the period necessary to match them with the related assets which they are intended to compensate on a systematic basis.

Development Grants

The Institute did not receive any development grants during the quarter ended 30th June, 2019, but has been working with the budget approved in 2015/2016 by rolling over the funds over a period of time upto the time the project is completed.





t) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the period ended 30th June, 2019.

u) Risks

For the Institute to achieve its mandate effectively, measures have been put in place to seal off leakages and avoid the would-be inherent risks. Risk management plays a major role in financial planning and hence aids in the attainment of the organization goals. To proactively mitigate against the risks, the risks management has been tied to the organization's strategic plan.

- Operational risks – these are risks of loss as result of system failure, human error and fraud. The controls that the Management has put in place to contain these include;
 - (i) Strong internal control systems;
 - (ii) Authorization level;
 - (iii) Impact assessment procedures;
 - (iv) Internal audit.
- Liquidity risk –these risks relate to inability to realize sufficient cash to meet commitments. To address this risk, Management has adopted a prudent management of its cash flows. Investment of surplus cash in low risk Government securities has also been a policy of Management.

**3. Revenue From Transactions**

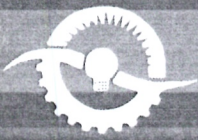
	2018/2019	2017/2018
	KSh.	KSh.
Revenue from Exchange Transactions		
Operating Income		
Local Generated Income	216,023,272	210,577,057
Fees from WIPO	89,512,511	86,946,122
Sub-Total	305,535,783	297,523,179
Revenue from Non-Exchange Transactions		
GOK Grants - Development	-	10,290,595
Fees from ARIPO	33,677,147	28,778,578
Interest Income	69,946	70,275
Total Revenue from Transactions	339,282,876	336,662,627

4. G.O.K. Grants

Name of Entity Sending the Grants	Amount Recognized to Statement of omprehensive Income	Amount Deferred /Capital Development	Total Development Grants Year 2018/2019	Cumulative Expenditure for Year 2018/2019
	KSh.	KSh.	KSh.	KSh.
Ministry of Industry, Trade & Co-operatives - Development Recurrent Grants	-	55,316,075	-	119,683,925
Ministry of Industry, Trade & Co-operatives - Recurrent Grants	-	-	-	-
Total	-	55,316,075	-	119,683,925

The operating income consists of the fees received in respect of registration of trade marks and grants of patents rights which form the core activities of the Institute.

The Institute did not receive any grants during the period ended 30th June, 2019 from the Ministry of Industry, Trade and Co-operatives.

**5. Other Incomes**

	2018/19	2017/18
	KSh.	KSh.
Other Incomes		
ARIPO & WIPO	33,677,147	28,778,578
Other Incomes (Interests)	69,946	70,275
Total Other Incomes	33,747,093	28,848,853

The Institute earns fees from the African Regional Intellectual Property Organisation which is treated by the Institute as Other Operating Income. In the period ended 30th June, 2019, the Institute had received KSh.21,538,558 as fees earned on behalf of the Institute, while KSh.12,138,589 was still outstanding as at the closure of the financial year.

6. Employee Costs

	2018/19	2017/18
	KSh.	KSh.
Salaries & Wages	73,883,200	81,163,948
Contribution to Pension Schemes	10,290,801	11,690,176
Housing Allowance	48,956,171	53,356,052
Social Contributions	192,400	202,700
Medical	16,908,510	14,930,194
Total Employee Costs	150,231,082	161,343,070

These are costs relating to the employee salaries, wages, pension and medical expenses incurred during the quarter.

During the period ended 30th June, 2019, the Institute incurred KSh.150,231,082 as staff costs on salaries and other allowances. The Institute paid allowances and salaries amounting to KSh.28,160,400 to the key staff members with the balance of KSh.94,678,971 being paid to the rest of the support staff members. The Institute also incurred a total of KSh.27,391,711 on staff pension schemes and medical expenses.



7. Hospitality Costs

	2018/19	2017/18
	KSh.	KSh.
Hospitality, Supplies and Services	15,470,614	15,431,715
Total Hospitality Costs	15,470,614	15,431,715

The above costs under hospitality amounting to KSh.15,470,614 relates to costs incurred on seminars, workshops and provision of staff tea during the quarter under review.

8. Board Expenses

	2018/19	2017/18
	KSh.	KSh.
Chairman's Honoraria	936,667	-
Board Expenses on Retreats	-	1,510,005
Other Board Allowances	-	10,978,027
Total Board Expenses	936,667	12,488,032

The Institute only incurred KSh.936,667 which was paid as honoraria to the Board Chairman. Other Board members are yet to be appointed.

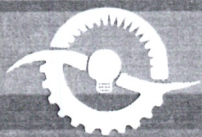
9. Depreciation and Amortization Expenses

	2018/19	2017/18
	KSh.	KSh.
Property, Plant & Equipment	10,067,263	12,464,610
Intangible Assets	847,139	1,210,199
Total Depreciation and Amortization	10,914,402	13,674,809

The Institute charges depreciation of its assets on reducing balance method based on the following rates:

Motor Vehicles	25%
Computers	30%
Furniture and Equipment	12.5%
Intangible Assets	30%

It is the policy of the Institute not to charge any depreciation on land and building.



10. Repairs and Maintenance

These are costs relating to repairs to motor vehicles, computers, equipment and machinery and the general Maintenance of the office compound.

	2018/19	2017/18
	KSh.	KSh.
Vehicles	3,166,328	2,523,957
Other Assets	6,184,602	6,149,838
Total Repairs and Maintenance	9,350,930	8,673,795

11. General Expenses

The following are included in General Expenses

	2018/19	2017/18
	KSh.	KSh.
Utilities Supplies & Service - Water & Electricity	2,453,930	2,575,288
Telecommunication, Supplies & Services	3,906,251	3,316,606
Travel & Subsistence, & Other Transportation Costs	18,854,868	19,801,858
Printing, Advertising & Information Supplies & Services	15,540,437	14,357,000
Skills Development & Training	5,110,710	5,667,403
Audit Fees	464,000	464,000
Specialized Materials & Supplies	3,203,000	3,447,300
Office & General Supplies & Services	18,574,257	13,848,480
Insurance	2,134,870	1,930,678
Cyberroam Renewal Licences	-	179,500
Bank Charges	197,628	326,204
Administration/Subscriptions	851,907	1,106,459
Other Operating Expenses	23,640,581	17,657,200
Decentralization of IP	12,298,126	11,559,615
	107,230,565	96,237,591

These are various expenditures incurred by the Institute for the purpose of facilitating various functions that are geared towards attainment of the objectives of the Institute. It is the policy of the Institute to write off the trade mark renewal fees outstanding for more than four years at the rate of nine percent (9%) since becoming due.

**12. Cash and Cash Equivalents**

	2018/19	2017/18
	KSh.	KSh.
Bank 2(a)	121,145,990	131,848,784
Cash on Hand	120,779	163,475
Shortterm Deposits	-	-
Total Cash & Cash Equivalents	121,266,769	132,012,259

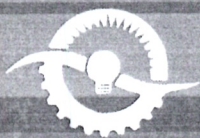
13. Detailed Analysis of Cash and Cash Equivalents

Banks	USD. Rate	Exchange Rate	Account No.	2018/19	2017/18
Name of the Bank				KSh.	KSh.
Kenya Commercial Bank			1103867768	54,698,192	116,335,787
Kenya Commercial Bank			1104172208	9,448,557	3,276,669
Cash in Hand				120,779	163,475
National Bank of Kenya			0117311500	1,431,892	479,912
Mpesa - Safaricom			924850	23,806,010	3,219,300
Kenya Commercial Bank			1104169363	9,866,244	1,665,014
Kenya Commercial Bank	218,078.00	100.40	1217036415	21,895,095	6,872,102
Total				121,266,769	132,012,259

14. Receivables

	2018/19	2017/18
	KSh.	KSh.
Current Receivables		
WIPO	4,891,990	34,741,296
ARIPO	12,138,589	25,753,686
Staff Advances	2,256,178	102,500
Other Receivables (Renewal Fees Due)	94,542,241	115,637,041
Total Receivables	113,828,998	176,234,523

These are amounts due from WIPO and ARIPO in respect of the Institute's share of the fees collected on behalf of the Institute.



The staff advances consist of ex gratia advances made by the Institute towards emergency financial needs to staff members during the year under review.

Other receivables consist of renewal fees due from expired trade marks and patents which have not been received. The amount is treated as receivables in the books of accounts.

15. Aging Analysis of Accounts Receivables

	Months 3-6	Months 6-9	Months Over 1 Year	Total
Current Receivables				
WIPO	4,891,990	-	-	4,891,990
ARIPO		12,138,589	-	12,138,589
Staff Advances	-	2,256,178	-	2,256,178
Other Receivables (Renewal Fees Due)	-	20,450,000	74,092,241	94,542,241
Total Receivables	4,891,990	34,844,767	74,092,241	113,828,998

16. Inventories

	2018/19	2017/18
	KSh.	KSh.
Consumable Stores	15,611,152	12,751,198
Total Inventories at the Lower of Cost & Net Realizable Value	15,611,152	12,751,198

The inventories consist of the stock of consumable items held in the Institute's stores during the Quarter.

Library Books

The Institute has a stock of library books amounting to KSh.4,467,984 used for reference purpose on various disciplines of Intellectual Property. It is the Institute's policy not to recognize depreciation of library books and the same is treated as an asset in the financial statements since they have a useful life of more than four years.



17. Property, Plant and Equipment

	Land & Buildings KSh.	Motor Vehicles KSh.	Computers KSh.	Furniture & Equipment KSh.	Total KSh.
Cost					
As at a 1st July, 2017	374,126,250	31,309,081	32,486,533	32,944,842	470,866,706
Additions for 2017/2018	18,774,126	13,825,000	5,406,900	7,577,517	45,583,543
Transfer/Adjustments	-	-	-	-	-
	392,900,376	45,134,081	37,893,433	40,522,359	516,450,249
Depreciation					
As at a 1st July, 2017	-	22,369,953	24,145,523	19,328,719	65,844,195
Charge for 2017/2018	-	5,691,032	4,124,373	2,649,205	12,464,610
	-	28,060,985	28,269,896	21,977,924	78,308,805
NET BOOK VALUE					
As at 30th June, 2018	392,900,376	17,073,096	9,623,537	18,544,435	438,141,444
As at 30th June, 2017	374,126,250	8,939,128	8,341,010	13,616,123	405,022,511
Cost					
As at 1st July, 2018	392,900,376	45,134,081	37,893,433	40,522,359	516,450,249
Additions for 2018/2019	16,828,408	-	-	4,750,986	21,579,394
Transfer/Adjustment	2,359,270	-	-	-	2,359,270
	412,088,054	45,134,081	37,893,433	45,273,345	540,388,913
Depreciation					
As at a 1st July, 2018	-	28,060,985	28,269,896	21,977,924	78,308,805
Charge for the Year 2018/19	-	4,268,274	2,887,061	2,911,928	10,067,263
	-	32,329,259	31,156,957	24,889,852	88,376,068
NET BOOK VALUE					
As at 30th June, 2019	412,088,054	12,804,822	6,736,476	20,383,493	452,012,845
As at 30th June, 2018	392,900,376	17,073,096	9,623,537	18,544,435	438,141,444

NOTE TO DEPRECIATION AND AMORTIZATION ON PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

No depreciation is provided on freehold and long leasehold land and buildings. Other property, plant and electronic equipment are depreciated on a reducing balance basis to write the cost or valuation over their estimated useful life. Such depreciation has been calculated on reducing balance method based on the following rates:

Motor Vehicles	25%
Computers	30%
Furniture and Equipment	12.5%
Intangible Assets	30%

**18. Intangible Assets – Software**

DETAILS	KSh.
Cost	
1st July, 2017	5,279,670
Additions	1,834,720
Work in Progress	26,988,750
Transfers/Adjustments	-
	<u>34,103,140</u>
Amortisation	
As at 1st July, 2017	3,080,395
Charge for 2017/2018	1,210,199
	<u>4,290,594</u>
NET BOOK VALUE	
As at 30th June, 2018	<u>29,812,546</u>
As at 30th June, 2017	<u>2,199,275</u>
Cost	
1st July, 2018	7,114,390
Additions for 2018/2019	-
Work in Progress	47,980,000
Transfers/Adjustments	-
	<u>55,094,390</u>
Amortisation	
As at 1st July, 2018	4,290,594
Charge for 2018/2019	847,139
	<u>5,137,733</u>
NET BOOK VALUE	
As at 30th June, 2019	<u>49,956,657</u>
As at 30th June, 2018	<u>29,812,546</u>

The intangible assets comprise of the cost incurred for the purpose of the software development. It is the Institute's policy to charge amortization on such software costs at the rate of 30% on reducing balance Method. The Institute also incurred an amount of KSh.47,980,000 on the procurement of Enterprise Resource Programme Software applications which is yet to be completed hence no amortisation was recognized on the same.

The Institute had paid for the software amounting to KSh.20,991,250 during the Financial Year but the Adjustment had already been captured as software and therefore the entity only affected the cashflow.

**19. Trade and Other Payables**

	2018/19	2017/18
	KSh.	KSh.
Audit Fees	464,000	464,000
Contractors	-	8,519,509
Retention	2,446,026	1,412,658
Total Trade and Other Payables	2,910,026	10,396,167

This consists of the provision made in respect to the amount owed to the Kenya National Audit Office in respect of audit fees for the period ended 30th June, 2019 and the retention money owed to the contractors.

20. Reserves

	2018/19	2017/18
	KSh.	KSh.
Capital Reserve	611,636,760	611,636,760
Accumulated Surplus	142,597,619	171,387,027
Total Reserves	754,234,379	783,023,787

Reserves comprise of balances in form of accumulated surplus from operating activities.

21. Accumulated Surplus

	2018/19	2017/18
	KSh.	KSh.
Balances B/f	171,387,027	142,573,412
Less: Transfers to Operation/Adjustments	(73,939,024)	-
Add: Surplus for the Year	45,148,616	28,813,615
Accumulated Surplus	142,596,619	171,387,027

This represents the excess of the revenue over the expenditure incurred to realize that income during the period under review.



22. Financial Risk Management

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

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

22. (a) Credit Risk

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

During the year under review the Institute was exposed to credit risk labelled below at the carrying amounts;

Details	Total Amount KSh.	Fully Performing KSh.	Past Due KSh.	Impaired KSh.
As at 30th June, 2019				
Receivables from exchange transactions	101,690,409	27,598,168	74,092,241	-
Receivables from non exchange transactions	12,138,589	12,138,589		-
Bank balances	121,266,769			-
Total	235,095,767	39,736,757	74,092,241	-

**22 (b) Liquidity Risk**

Details	Less than 1 Month KSh.	Between 1-3 Months KSh.	Over 5 Months KSh.	Total KSh.
As at 30th June, 2018				
Trade Payables	-	464,000	2,446,026	2,910,026
Current Portion of Borrowing	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefits Obligations	-	-	-	-
Total	-	464,000	2,446,026	2,910,026

23. Market Risk

23 (a) Foreign currency risk – refers to transactional currency exposure as a result of the changes in the prevailing exchange rates.

The carrying amount of the Institute’s foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows;

23 (a) Foreign Currency Risk

Details	KSh.	Other Currencies KSh.	Total KSh.
As at 30th June, 2019			
Financial Assets (Investments, Cash, Deposits)	21,895,095	76,110,730	98,005,825
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/Liability	21,895,095	76,110,730	98,005,825



23 (b) Capital Risk Management

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

Details	2018-2019	2017-2018
	KSh.	KSh.
Revaluation Reserve	-	-
Retained Earnings	142,597,619	171,387,027
Capital Reserve	611,636,760	611,636,760
Total Funds	754,234,379	783,023,787
Total Borrowing/Debt	(2,910,026)	-
Less: Cash and Bank Balances	121,266,769	132,012,259
Net Debt/Excess Cash and Cash Equivalents	118,356,743	132,012,259
Gearing	2%	0%

24. Related Party Transactions

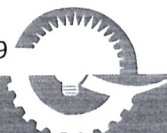
Related party transactions or expenditures incurred by the Institute comprise of the following:

Details	2018-2019	2017-2018
	KSh.	KSh.
Directors Emoluments	936,667	10,978,027
Compensation to the Managing Director	6,900,000	6,300,000
Compensation to Key Management	21,260,400	16,000,800
Total	29,097,067	33,278,827

25. Status of Project Completion as at 30th June, 2019

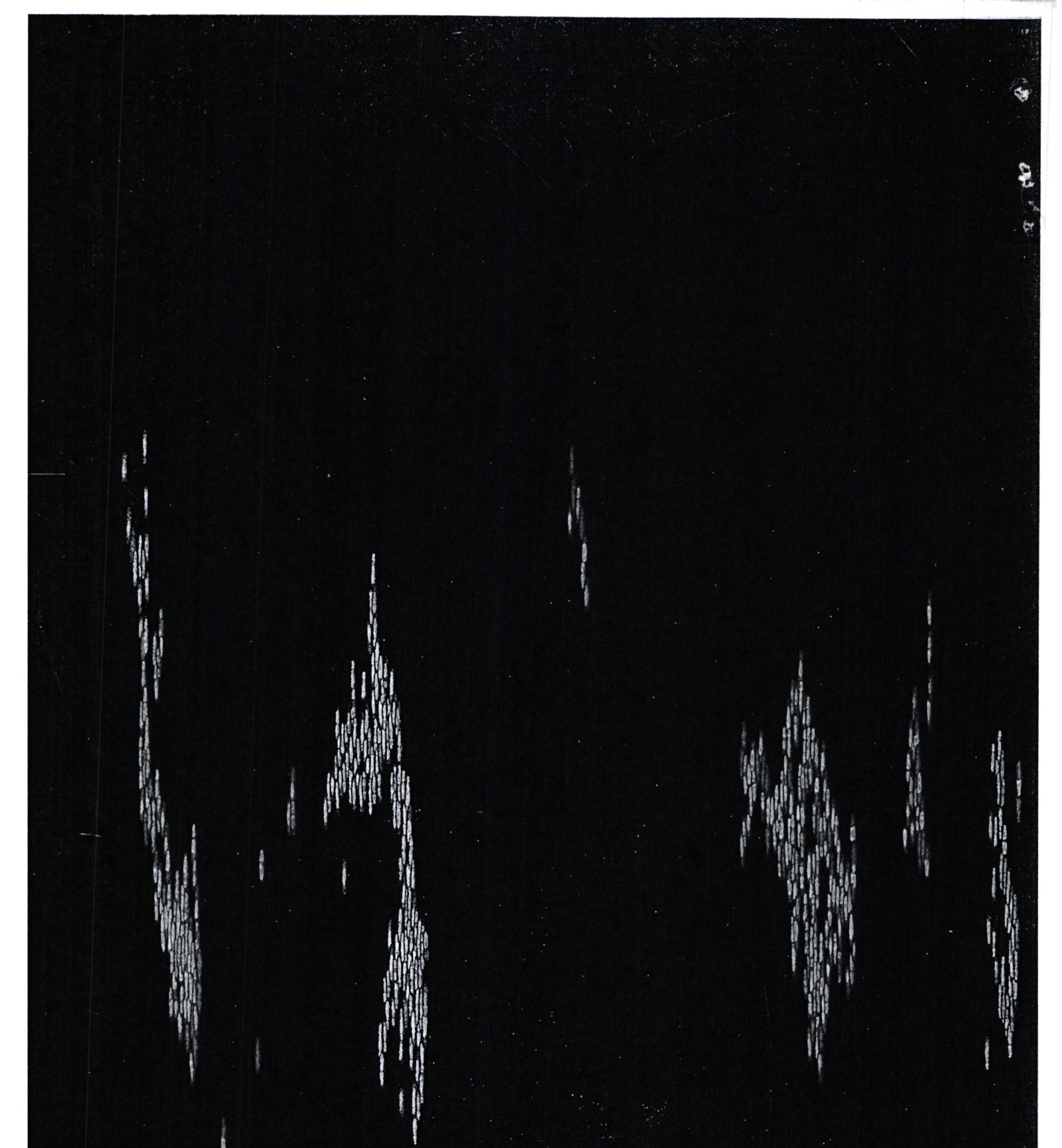
	PROJECT	APPROVED BUDGET	TOTAL EXPENDED TO DATE	COMPLETION % TO DATE	SOURCES
1	Refurbishment of KIPI's New Premises at Lavington	63,000,000	40,502,050	64%	G.O.K.
2	Decentralization of IP	30,000,000	27,704,475	92%	G.O.K.
3	Establishment of a Research Unit	10,000,000	Project Concept Development	Project Concept Development	G.O.K.
4	IP Promotion for Productivity and Competitiveness	7,000,000	Project Concept Development	Project Concept Development	G.O.K.
5	Digitization of IP Systems	65,000,000	51,457,400	79%	G.O.K.
		175,000,000	119,663,925		







1000



Weights & Measures Building
Popo Road, Off-Mombasa Road, South 'C'
P.O. Box 51648 - 00200, NAIROBI.

Telephone: 602210/11, Fax: 606312

Wireless: 020 2386 220, E-mail: info@kipi.go.ke

Website: <http://www.kipi.go.ke>