

REPUBLIC OF KENYA



*Paper Laid by LOM
Hon. Aden Duale MP
27 SEP 2017 27/9/17
Wednesday
Afternoon
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AK*



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA TECHNICAL TRAINERS
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE 2016**

10/10/10





OFFICE OF THE AUDITOR GENERAL
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KENYA TECHNICAL TRAINERS COLLEGE

ISO 9001:2008 CERTIFIED

P.O Box 44600-00100, Phone: 7120212/3/4/5 Fax: 7120088, Nairobi, Kenya
E-Mail: info@kttc.ac.ke

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2016**

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



KENYA TECHNICAL TRAINERS COLLEGE

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P.O Box 44600-00100, Phone: 7120212/3/4/5 Fax: 7120088, Nairobi, Kenya

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Table of Contents

Page

I.	Key college information and management.....	i
II.	The governing council.....	v
III.	Management team.....	vi
IV.	Chairman's Report.....	vii
V.	Report of the chief principal.....	ix
VI.	Corporate governance statement.....	xi
VII.	Corporate social responsibility statement.....	xii
VIII.	Report of the governing council.....	xiv
IX.	Statement of council members' responsibilities.....	xv
X.	Report of the Independent Auditor on the Accounts of KTTC.....	xvii
XI.	Statement of Financial Performance.....	1
XII.	Statement of financial position.....	2
XIII.	Statement of changes in net assets.....	3
XIV.	Statement of cash flows.....	4
XV.	Statement of comparison of budget and actual amounts.....	5-9
XVI.	Notes to the financial statements for the Year ended 30 th June 2016.....	10-24

Page I



I. Key college information and management

(g) Background information

The Kenya Technical Trainers College has a long history as a College for Technical Teachers. It was started in 1978 when it enrolled its first students. Since its inception, the College has continued to train Technical Teachers and it is among the leading Institution of this kind in Eastern and Central Africa. KTTC derives its authority from the Education Act Cap. 211 (revised in 1980) and Legal Notice no. 242 of 1978, which mandates it to train Technical Teachers for Technical and other Institutions of learning in the Country.

In July 2014, the Institution acquired a National Polytechnic status. This was done through a legal order Number 115 of July 2014.

Currently the College has 240 administrative and support staff, 120 teaching staff establishment and a student population of 2,000.

Kenya Technical Trainers College is a public institution under the state department of science and technology. The overall management of the college is vested on the Governing Council appointed by the Minister in accordance with the law. The Teachers Service Commission of Kenya as mandated by the Constitution deploys key administrative and academic members of staff to run the College programmes. One of the functions of the Governing Council is appoint qualified persons to hold or to act in offices within the college establishment. The Board executes its mandate through committees responsible for various functions. The Principal is the Chief Executive Officer and is assisted in the day-to-day running of the college by the Deputy Principal and various HODs, section heads.

In the wider democratic dispensation, the Principal incorporates elected Students' Representative Council in an all inclusive College management structure. Governed by an organized Students' Code of Regulations, the Student Representative Council (SKETTCO) forms an appropriate management link that facilitates harmony of communication and discharge of duties and responsibilities in both curriculum and co-curriculum matters.

(h) Principal Activities

The principal activity/mission of the *College* is to Train Technical Teachers and Technologists.

(i) Key Management

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

- Chief Principal
- Director of Planning & Quality Assurance
- Deputy Principal Planning & Finance
- Deputy Principal Academic Affairs



- Registrar
- Deans of Students
- Senior Finance Officer
- Heads of Departments

(j) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman of the Council	Mathew Adams Karauri
2.	Chief Principal	Jamleck Maina
3.	Finance Officer	Caroline Tunje
4.	Director of Planning & Quality Assurance	Florence Kaibi-Kubai

(k) Fiduciary Oversight Arrangements

Finance & General Purposes committee activities

Matters Reserved to Council

The Committee shall exercise all the powers of Council in financial matters except in relation to those items which are reserved to Council in these Standing Orders, on which the Committee shall advise Council.

Terms of Reference

The role of the Committee shall be to monitor the financial health of the College on behalf of Council. In addition to advising Council on those matters referred to above, the Committee's responsibilities shall include:

- a) To monitor and facilitate the implementation of the College's strategy with regard to financial matters.
- b) To receive reports from the Chief Principal and the Senior Finance Officer.
- c) To monitor implementation of the strategy for the College estate.
- d) To receive reports of the extent and condition of the College estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e) To consider the adequacy of the College estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- f) To determine the fees and charges made for College services and facilities.
- g) To supervise the financial administration of the College and make recommendations to Council where appropriate.
- h) To supervise the arrangements for safeguarding the College's assets.
- i) To ensure the proper financial evaluation and control of projects.
- j) To supervise the arrangements for investing the College's funds, including monitoring the performance of investments.
- k) To ensure the appropriate exploitation of the College's intellectual property.



- l) To make recommendations to Council on the financing of projects.
- m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the College.
- n) To supervise the College's purchasing procedures and practices.
- o) To submit an annual statement on its activities to Council.
- p) To keep under review the activities of the College's various departments.

Audit committee activities

Some detailed audit committee responsibilities include:

- a. Ensuring that financial statements are understandable, transparent, and reliable.
- b. Ensuring the risk management process is comprehensive and ongoing, rather than partial and periodic.
- c. Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top.
- d. Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud.
- e. Reviewing current and pending corporate-governance-related litigation or regulatory proceedings to which the institution is a party.
- f. Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas.
- g. Ensuring the internal auditors' access to the audit committee, encouraging communication beyond scheduled committee meetings.
- h. Reviewing internal audit plans, reports, and significant findings.
- i. Establishing a direct reporting relationship with the external auditors.

Senior Management Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that KTTC's Council is able to take strategic decisions relating to KTTC's activities
- 2) Provide leadership in communicating KTTC's mission, values, plans and achievements effectively and consistently to Council Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of KTTC's strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of KTTC's activities.

Specifically the Senior Management Team:

- 1) Makes recommendations to the Council on the implementation and achievement of the Council's Strategic Framework;
- 2) Agrees KTTC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Council as appropriate.
- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of KTTC, making recommendations as appropriate to the Council and/or its relevant Committees;



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- 5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
- 6) Oversees and monitors KTTC's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Council and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing KTTC staff to deliver the highest standards of performance and customer service.

Government oversight activities

The government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

(f) College Headquarters

P.O. Box 44600-00100
United Nations Avenue
Limuru Road
Nairobi, KENYA

(g) College Contacts

Telephone : (+254) 020
7120213
Telefax : (+254) 020
7120088
E-mail :
info@kttc.ac.ke
Website :
www.kttc.ac.ke

(h) College Bankers

Kenya Commercial Bank of Kenya Limited Village Market Branch Nairobi	Barclays Bank of Kenya Limited Muthaiga Branch Nairobi, Kenya
Equity Bank Limited Gigiri Square, United nations Avenue Nairobi	Cooperative Bank of Kenya Limited Gigiri Square United nations Avenue Nairobi








(i) Independent Auditors

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



(j) Principal Legal Adviser

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






II. The governing council









Governor	Title	Photograph	Date of birth, key qualifications and work experience	
1. Mathew Adams Karauri	Chairman		Date of Birth	16.11.1947
			Qualifications	Masters of Literature
			Experience	30 Years
2. Ugas Mohamed	Member		Date of Birth	17.05.1972
			Qualifications	Msc Project Mgt
			Experience	22 Years
3. Elizabeth Kithinji	Member		Date of Birth	31.12.1957
			Qualifications	MBA FINANCE
			Experience	15 Years
4. C. T. Akumu Owuor	Member		Date of Birth	01.02.1952
			Qualifications	MA
			Experience	40Years
5. Athony Lubulellah	Member		Date of Birth	10.07.1957
			Qualifications	Advocate,LLB,L LM, Fellow of CIARB
			Experience	34 Years
6. Joseph Vincent Onyango	Member		Date of Birth	10.08.1971
			Qualifications	MBA-Strategic Mgt,H Dip HRM,B.A
			Experience	16 Years
7. Daniel Mutua	Member		Date of Birth	13.03.1963
			Qualifications	Masters-MA
			Experience	34 Years



8. Margaret Nduhiu	Member		Date of Birth	01.06.1964
			Qualifications	Master of Education Planning
			Experience	27 years
9. Jamleck Maina	Secretary		Date of Birth	20.02.1960
			Qualifications	Bachelor of Science
			Experience	Overall in Charge of College Affairs

III. Management team

Manager	Title	Photograph	Qualifications & Responsibility	
1. Jamleck Maina	Chief Principal KTTC		Qualifications	Bachelor of Science
			Responsibility	Overall in Charge of College Affairs
2. Benedict K. Okoth	Deputy Principal Administration & Finance		Qualifications	Master of Education
			Responsibility	Administration and Finance
3. Hilda S. Omwoyo	Deputy Principal Academic Affairs		Qualifications	Master of Education
			Responsibility	Student Academics
4. Florence Kaibi-Kubai	Director of Planning & Quality Assurance		Qualifications	Doctorate in Food Security
			Responsibility	Planning & Quality Assurance
5. Felix K. Mung'atu	Registrar		Qualifications	Master of Education
			Responsibility	Academic Registrar

6.	Julia Wanja Muriithi	Dean of Students		Qualifications	Master of Education
				Responsibility	Students Welfare
7.	Caroline C. Tunje	Finance Officer Up to May 2016		Qualifications	Bachelor of Commerce
				Responsibility	Financial Management
8.	Julius Guto	Deputy Finance (June 2016)		Qualifications	CPA (K), MBA
				Responsibility	Financial Management
9.	Margaret Muga	HOD – Entrepreneurship		Qualifications	Master of Entrepreneurship
				Responsibility	Entrepreneurship Development
10.	Patrick Ngaira	Estates Officer June 2016		Qualifications	Grade I electrician
				Responsibility	Estates Management
11.	Mwallo Ng'ong'a	HOD – Building & Civil Engineering		Qualifications	Bachelor of Science
				Responsibility	HOD Representative in the Senior Management
12.	Boniface Munguti	Internal Auditor		Qualifications	Bachelor of Commerce
				Responsibility	Internal Audit Affairs
13.	Catherine Musuku	Senior Staff Association		Qualifications	Master of Education
				Responsibility	Represents the interests of the Teaching Staff in the Senior Management



IV. Chairman's Report

It has been my pleasure to serve as the Chairman of Council of this College Since April 2015. The year under review holds immense significance for me. It is the year in which I joined the institution as Chairman of the Governing Council. It therefore serves as a bench mark by which my successes and failures shall be measured. The College has come a long way in the past three and a half decades, going through successive stages of transformation, overcoming obstacles and continuously reinventing itself to become Kenya's preferred training institution for technical education. The Institution began humbly in 1978 as Kenya Technical Teachers College. Since then, it has grown hand in hand with Kenya, experiencing the same ups and downs.

The years since have seen even more remarkable and rapid growth, and in July 2014, the Institution acquired a National Polytechnic status and the entire staff, student body and supporters are in agreement that this elevation was long overdue. This was done through a legal order Number 15 of July 2014. With this elevation the institution changed its name to "Kenya Technical Trainers College". With this change too, the college has mandate to offer Bachelor of Technology Degrees in collaboration with any of the Technical Universities. Although the College has gone through enormous changes over these years, its mission and vision College have remained the same — to offer quality application-oriented education to the young men and women of Kenya.

We have remained faithful to our objective to provide a diverse array of programmes with flexibility, using the most up-to-date knowledge and support hardware to equip the young people of Kenya with the right professional knowledge and skills. Our students are given the nurturing environment to help them excel in a number of areas and make substantial contributions to their respective sectors upon graduation. Education has always been one of the Government's top priorities, and our educational system is undergoing an unprecedented level of reform in every sector.

The College is determined in its ambition to provide the most for its students within a prudent budget. That said, KTTC's Strategic Plan is doing exactly what it was designed to do — to outline a set of clear objectives for the future and chart a course of action. We will adhere steadfastly to our goal of providing an all-round education for grooming talent demanded by the new economic order of a knowledge based society. Everything culminates in the objective to help our students to achieve all-round personal growth and to acquire a global outlook.

On behalf of the Council, I extend my sincere thanks to the Government, the community, partners, parents, students and the entire staff of the College for their unyielding support. I want to especially thank the Principal for leading the College through the trying times we experience now. Together, I am sure the KTTC community can forge ahead with confidence and faith and rise to the many challenges ahead.

HON. MATHEW ADAMS KARAURI

COUNCIL CHAIRMAN

SIGNATURE 

DATE 29-5-2017



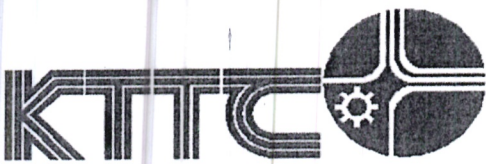
V. Report of the chief principal

It is with tremendous pride in the work and achievements of the staff and students that I am writing the introduction to the Annual Report for The Kenya Technical Trainers College for the period of 1st July 2014 to 30th June 2015. I take this opportunity to extend a warm tribute to this Institution's past Board Chairmen and Principals for having played their part in achieving KTTC's unique position in encompassing "academic excellence in a professional context". The pages that follow this introduction provide statistics and examples of attainment which reflect not only talent and commitment, but also a determination to focus our resources on our core values. The Kenyan economy is painstakingly undergoing a major restructuring. Nevertheless, I firmly believe that Kenya will get back on the growth track by pooling its talents and resources.

We have not achieved our targeted income levels due to unpredictable changes in student recruitment. This was occasioned by a change in policy by the TSC (the main employer for the Technical Teachers) which raised the bar at KCSE from C- to C+ for employment eligibility. Another main concern that has been of great hindrance to our student population is the fact that our current hostel facilities are not sufficient for the demand from the students. We have a capacity of 512 rooms against a student population of 1200. This has led some new students to suspend their training once they are unable to secure accommodation within the campus. However, what really matters is the work behind these figures that are presented in the report. The quality of our teaching and the experience of our students went from strength to strength over 2015-16, and we were pleased to see real successes in the performance levels in the various Technical Fields.

Working in partnership with students is indeed a key theme of the period covered by this Annual Report, and reflects the fact that students at Kenya Technical Trainers College are far more than simply consumers of a College education. Our students are rather a vital part of our College from its governance to the daily workings of ensuring that we continually improve against our own rigorous standards of education and scholarship, challenging us to avoid complacency and to constantly address the needs of a changing society in ways which are relevant. To make our aspirations a reality, however, our College must be both financially secure and alert to the many challenges we face in the wider Tertiary Education environment. Our achievements have a powerful purpose. They are essential if we are to make a difference in the world, and to have the freedom to shape our own future.

Our vision is to be a first class institution in Technical Teacher Education and Technology. This enquiring spirit informs our entire approach to scholarship and the quality of willingness to learn and challenge which is common to KTTC students and graduates from every discipline. Our students also have the potential to progress on to undergraduate and postgraduate study at our Technical Universities. Being the first Technical Trainers College naturally means that we face the challenge of considering how our own structures should



adapt and fit into the Higher education system. However, it also allows us the invigorating opportunity to shape the education we offer to meet real need, and to learn lessons along the way which have the potential to be translated into other areas such as undergraduate and postgraduate scientific technical training or the skills required to support the very latest technologies.

As we face these challenges, we know that we are most at risk if we ignore realities and fail to innovate. For this reason, our willingness to work closely together, to partner with others and to challenge received wisdoms about how a Technical Institution of Higher Learning works in the world are more than an expression of firmly held values – they are crucial to our future.

As the only Technical Teacher Training institution in the country, KTTC is well positioned to offer for the benefit of our nation talent with an international outlook and dynamic skills. At KTTC, we feel it is our duty to build on our foundations and strive for continuous progress in this direction. Overcoming challenges in higher education for more than a decade, the Government has placed much emphasis on developing the tertiary education sector. I fully support the principal goals of educational reform and understand that funding must be used prudently.

As Principal, I am keenly aware that I am carrying a baton passed to me by other generations who worked hard to build our College to one of national and international standing, and I am the recipient of a tradition of excellent teaching. Fortunately, this is not a responsibility I carry alone. I believe our founders would be proud of the way in which our students and staff are working together with others to write the next chapter of the history of The Kenya Technical Trainers College. It has been a great pleasure and honour to guide and work with such talented staff and students over the period covered by this report. And despite the undoubted challenges ahead, I am confident that we are doing the right things for both our own future and that of the wider society we exist to serve.

Looking ahead, I remain confident that guided by a shared vision, the KTTC community will stay united as we brave the storms ahead together.

JAMLECK MAINA
CHIEF PRINCIPAL

SIGNATURE _____

DATE _____

24/5/17



VI. Corporate governance statement

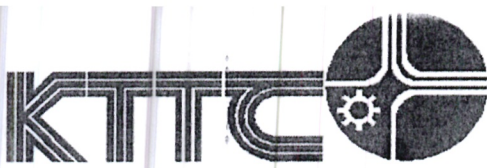
Kenya Technical Trainers College (KTTC) is committed to demonstrating best practice in corporate governance. The College has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies and the Government of Kenya requirements. KTTC has an effective Governing Council supported by a highly committed, focused and dynamic management. The college corporate values and ethics are entrenched in the strategic and quality objectives and are focused on providing quality Technical Education for National development.

The Governing Council is responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Governing Council is responsible. The College has applied the principles of governance in the year and up to the date of the approval of the financial statements by the Governing Council. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

The Governing Council has adopted a statement of primary responsibilities, which is published on the college policy documents and as stipulated in the KTTC order No.115 of 2015. These policy documents sets out the councils responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity and student welfare

The Governing Council has a formal schedule of matters reserved for it. The Council receives appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters. Ultimately, the Council determines the college's strategic objectives, values, key policies and procedures in accordance with best practice. It is responsible for establishing and maintaining the overall internal controls of financial, operational and compliance functions as well as monitoring performance of the college management. The council has delegated the authority for day-to-day management of the college to the Principal. However, it retains overall responsibility for the college financial performance, compliance with laws and regulations, and monitoring of its operations as well as ensuring competent management of the institution.

The Governing Council meets at least four times per year and has a number of committees including: the executive committee; an Audit Committee; a Finance and General purpose Committee and Academic committee. All of these Committees are formally constituted with terms of reference and are comprised mainly of independent members. Each Committee is



chaired by an independent member. All committees review and reflect on their work and provide a report to the Governing council.

The Governing council's review of the effectiveness of the system of internal control is also informed by the work of the senior management within the college, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter.

VII. Corporate social responsibility statement

Corporate Social Responsibility Policy

- a) Kenya Technical Trainers college (KTTC) formally *Kenya Technical Teachers College* was founded for public benefit, to promote education and training in Technical Teacher Education and Technology, and to provide an institution open to all, irrespective of race, creed or political belief.
- b) The College endeavours to conduct its business in accordance with its core values stipulated in the 2013-17 Strategic Plan thus:
 - a. Transparency and Accountability,
 - b. Professionalism and Integrity,
 - c. Teamwork,
 - d. Innovation and Creativity,
 - e. Quality Service Delivery,
 - f. Diligence and Commitment to Duty,
 - g. Non-discrimination,
 - h. Efficiency and Timeliness,
 - i. Flexibility in Service Delivery.
- c) The Kenya Technical Trainers College Corporate Social Responsibility (CSR) Policy sets out the guiding principles by which the organization is run in order to fulfil its core mission. This Policy brings together the ways in which the college ensures, at corporate level, that its activities are carried out ethically, sustainably and for the public benefit.
- d) The CSR Policy is made up of three central pillars: people and community, finance and economic activity, environmental sustainability.

People and Community

The College as an employer

- i) KTTC is committed to being a good employer, and to contributing positively to the local community, the education sector in the Kenya, and the global community.
- ii) As an employer the College is committed to ensuring that all staff are fully supported in their work, have a decent working environment, are fairly rewarded, and maintain a good work-life balance. The College engages with recognized Trade Unions that represent and protect the interests of its staff. The College offers competitive terms and conditions to its directly employed staff.



- iii) The college also encourages and supports staff to engage in activities that benefit the wider community and society.
- iv) In order to achieve this, the College commits to:
- v) Embedding equality and diversity into all operations
- vi) Ensuring staff can achieve their full potential through training, mentoring and other staff development activities.

Local Community

- i) The college supports the local primary school and slums. It opens up events and facilities to the public and participates in specific community engagement projects. The college provides subsidized early childhood education to children of its employees and the community.

Finance and Economic Activity

- i. The College recognizes the way in which it conducts its activity financially has a bearing on those with an interest in its work. The College Financial Regulations ensure fair and ethical financial practice.
- ii. The College financial and economic activity is undertaken with reference to the following guidance and policies:
- iii. Ethics and Anti-Corruption Commission Act No. 22 of 2011 and the Leadership and Integrity Act of 2012)
- iv. Chapter 6 and Article 10 of the Constitution of Kenya 2010.
- v. As part of their conditions of employment all staff are required to follow such policies to ensure the college conducts its activity in appropriate fashion.
- vi. The college commits to providing clear information where required to organizations with whom we engage financially.

Environmental Sustainability

KTTC recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. The College will ensure that sustainable development is understood by staff and students and is an integral part of all aspects of major college plans, activities and strategy

JAMLECK MAINA
CHIEF PRINCIPAL

SIGNATURE _____

DATE _____

24/5/17



VIII. Report of the governing council

The Governing Council submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the *College's* affairs.

Principal activities

The principal activities of the College are Training of Technical Teachers.

Results

The results of the College for the year ended June 30, 2016 are set out on page sixteen

Governing Council

The members of the Governing Council who served during the year are shown on page 5

Auditors

The Auditor General is responsible for the statutory audit of the *College* in accordance with the Section 84(1) of the Public Finance Management (PFM) Act, 2013, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

The Auditor general did not nominate any other auditor to carry out the audit on his behalf.

By Order of the Council

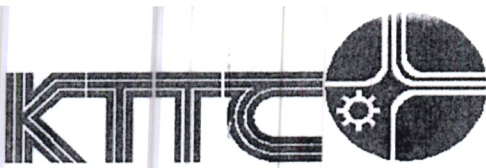
JAMLECK MAINA
CHIEF PRINCIPAL/SECRETARY TO THE GOVERNING COUNCIL

SIGNATURE

Nairobi

Date:

24/5/17.



IX. Statement of council members' responsibilities

Section 84(1) of the Public Finance Management Act, 2013 and section 14 of the State Corporations Act, require the Governing Council to prepare financial statements in respect of that *College*, which give a true and fair view of the state of affairs of the *College* at the end of the financial year and the operating results of the *College* for that year. The Governing Council are also required to ensure that the *College* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *College*. The Governing Council are also responsible for safeguarding the assets of the *College*.

The Governing Council are responsible for the preparation and presentation of the *College's* financial statements, which give a true and fair view of the state of affairs of the *College* for and as at the end of the financial year ended on 30 June 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *College*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *College*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Governing Council accept responsibility for the *College's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Governing Council are of the opinion that the *College's* financial statements give a true and fair view of the state of *College's* transactions during the financial year ended June 30, 2015, and of the *College's* financial position as at that date. The Governing Council 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 Governing Council to indicate that the *College* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *College's* financial statements were approved by the Council on _____ 2016 and signed on its behalf by:

Chairman

Chief Principal

Senior Finance officer

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT ON KENYA TECHNICAL TRAINERS COLLEGE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Technical Trainers College set out on pages 1 to 24, which comprise the statement of financial position as at 30 June 2016, 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.

Management's Responsibility for the Financial Statements

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 such 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

Report of the Auditor-General on the Financial Statements on Kenya Technical Trainers College for the year ended 30 June 2016

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

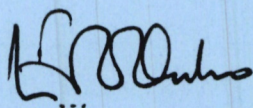
Property Plant and Equipment

The property, plant & equipment balance of Kshs.8,234,612 as at 30 June 2016, excludes the undetermined value of a parcel of land LR No. Nairobi/Block 9/411 measuring 32.29 hectares situated at Gigiri area, Nairobi on which the college stands and whose ownership documents were not availed for audit review. In addition, the property, plant and equipment balance also excludes undetermined values of buildings, movable assets and motor vehicles owned by the College. Further, the College did not also maintain a fixed assets register to record details of its assets such as the cost, date of purchase, depreciation, net book value and other information of the assets.

Consequently, it has not been possible to confirm the ownership, accuracy, validity and completeness of the property, plant and equipment balance of Kshs.8,234,612 as at 30 June 2016.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya Technical Trainers College as at 30 June, 2016, 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 Technical Trainers College Order, 2014.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 June 2017



XI. Statement of Financial Performance
For the year ended 30 June 2016

		2016
		Kshs
REVENUE	Note	
Revenue from exchange transactions	3	82,564,072
Revenue from non-exchange transactions	4	110,566,787
Other Incomes	5	57,880,869
Total revenue		<u>251,011,728</u>
EXPENSES		
Operating Expenses	6	70,505,799
Administrative Expenses	7	68,732,270
Staff Costs	8	91,443,870
Council Members Expenses	9	2,983,000
Finance Costs	10	853,612
Provision for Audit Fees	11	200,000
Provision for Depreciation	14	914,957
Total Expenses		<u>235,633,508</u>
Surplus for the Period		15,378,221

The notes set out on pages 10 to 24 form an integral part of the Financial Statements



XII. Statement of financial position
As at 30 June 2016

	Note	2016 Kshs
Assets		
Current assets		
Cash and cash equivalents	12	60,756,411
Receivables from exchange transactions	13	3,640,770
Total Current Assets		64,397,180
Non-current assets		
Property, plant and equipment	14	8,234,612
Work in Progress	15	242,944,198
Total Non-Current Assets		251,178,810
Total Assets		315,575,991
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	16	37,297,131
Retentions	17	24,315,440
Deferred Income	18	51,138,043
Total liabilities		112,750,614
Capital Reserves & Surpluses		
Revenue Reserves	19	15,378,221
Capital Reserves	20	187,447,156
Total Capital Reserves & Surpluses		202,825,377
Total Reserves and liabilities		315,575,991

The Financial Statements set out on pages 1 to 9 were signed on behalf of the Governing Council by:

Signature.....

Date.....

Chief Principal

Signature.....

Date.....

Finance Officer

Signature.....

Date.....

Chairman of the Governing Council



XIII. Statement of changes in net assets
For the Year ended 30 June 2016

Reserves	Revenue Reserves	Capital Reserves	Total
	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2014	-	-	-
Surplus/(deficit) for the period 2014-2015			-
Transfers to/from accumulated surplus			-
Balance as at 30 JUNE 2015	-	-	-
Balance as at 1 July 2015	-	123,447,156	123,447,156
Additions for the Year			
Surplus for the Year	15,378,221		15,378,221
Development Fund		64,000,000	64,000,000
Balance as at 30 JUNE 2016	15,378,221	187,447,156	202,825,377



XIV. Statement of cash flows for the Year ended 30 June 2016

	Note	2016 Kshs
Cash flows from operating activities		15,378,221
(I) Surplus for the Period		
Adjust for:		
Depreciation	14	914,957
Provision for bad and Doubtful Debts	7	191,619
Interest Income	5	(779,624)
Increase in Receivables	21	1,874,432
Increase in Payables	21	(15,544,025)
Net Cash flows from Operating activities		2,035,580
(II) Cash flows from Investing Activities		
Property, Plant & Equipment	14	(9,149,569)
Additions to Work in Progress - IM Training Centre - North Horr	15	(28,840,410) (3,920,276)
Interest Income		779,624
Net Cash flow from Investing Activities		(41,130,631)
(III) Cash flows from Financing Activities		
Development Grants Received		
Im Training Centre		54,000,000
Bahati TTI		10,000,000
		64,000,000
Net increase/(decrease) in cash and cash equivalents		24,904,949
Cash and cash equivalents as at 1 JULY 2015		35,851,462
Cash and cash equivalents as at 30 JUNE 2016		60,756,411



XV. Statement of comparison of budget and actual amounts

	Original budget 2015-2016	Adjustments 2015-2016	Final budget 2015-2016	Actual on comparable basis 2015-2016	Performance difference	% Change
REVENUE						
Accommodation Subsidy	40,800,000	850,000	41,650,000	33,966,390	(7,683,610)	-18.45
Activity Fees	3,780,000		3,780,000	3,137,845	(642,155)	-16.99
Application Fees	1,500,000		1,500,000	958,530	(541,470)	-36.10
Attachment Fees Income	3,900,000	75,000	3,975,000	1,997,176	(1,977,824)	-49.76
Ict Fees	2,880,000	360,000	3,240,000	3,033,480	(206,520)	-6.37
Library Fees	3,120,000	(120,000)	3,000,000	1,966,795	(1,033,205)	-34.44
Maintenance Fees	3,600,000	(600,000)	3,000,000	4,009,396	1,009,396	33.65
Medical Fees	3,240,000		3,240,000	2,742,135	(497,865)	-15.37
Teaching Practice Fees	5,475,000	(475,000)	5,000,000	5,812,633	812,633	16.25
Registration Fees	1,150,000		1,150,000	1,910,000	760,000	66.09
Tuition Fees	16,564,500		16,564,500	23,029,692	6,465,192	39.03
Revenue from Exchange Transactions	86,009,500	90,000	86,099,500	82,564,072	(3,535,428)	
Grants For Operations	170,000,000	-	170,000,000	110,566,787	(59,433,213)	-34.96
Revenue from Non-Exchange Transactions	170,000,000	-	170,000,000	110,566,787	(59,433,213)	



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Hire Of College Facilities Income	2,300,000		2,300,000	4,799,500	2,499,500	108.67
Bill Boards	2,800,000	200,000	3,000,000	7,123,598	4,123,598	137.45
Rent And Other Services	6,834,000		6,834,000	5,365,660	(1,468,340)	-21.49
Interest from savings & Investments		779,624	779,624	779,624	-	0.00

Investment Income	11,934,000	979,624	12,913,624	18,068,382	5,154,758	
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Disposal of idle items	500,000		500,000		(500,000)	-100.00
Tenders	100,000	100,000	200,000	157,000	(43,000)	-21.50
Production Units Revenue	22,874,345	6,876,312	29,750,657	39,655,488	10,939,831	32.97

Other Revenues	23,474,345	6,976,312	30,450,657	39,812,488	10,396,831	
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TOTALS INCOME	291,417,845	8,045,936	299,463,781	251,011,728	(47,417,052)	
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EXPENDITURE

	EXPENDITURE YEAR					
	2015/2016					
Teaching Practice Expenses	17,100,000	(1,000,000)	16,100,000	14,740,775	1,359,225	8.44
Purchase Of Food and rations	33,200,000		33,200,000	40,093,005	(6,893,005)	-20.76
Purchase Tuition Materials	15,250,000		15,250,000	9,294,700	5,955,300	39.05



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Graduation	2,500,000	(1,000,000)	1,500,000	2,409,178	(909,178)	-60.61
IITC Project	4,000,000		4,000,000	1,200,000	2,800,000	70.00
Attachment Expenses	2,900,000		2,900,000	2,768,141	131,859	4.55

Operating Expenses	74,950,000	(2,000,000)	72,950,000	70,505,799	2,444,201	
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Transport Operating Expenses	12,900,000	-	12,900,000	11,215,654	1,684,346	13.06
Electricity Expenses	12,400,000	-	12,400,000	12,392,907	7,094	0.06
Water, Fuel And Conservancy	1,200,000	-	1,200,000	1,144,987	55,013	4.58
Maint. Of Buildings And Furniture	3,500,000	-	3,500,000	3,084,396	415,605	11.87
Maint. Of Plant M. & Equipment	2,500,000	-	2,500,000	2,632,380	(132,380)	-5.30
Maintenance Of Water Supplies	800,000	-	800,000	233,590	566,410	70.80
Refurbishment of Buildings	3,500,000	-	3,500,000	580,950	2,919,050	83.40
Contracted Professional Services	2,800,000	-	2,800,000	3,690,665	(890,665)	-31.81
Grants For Staff Training	5,000,000		5,000,000	4,018,766	981,234	19.62
Farewell And Special Events	1,405,300	1,144,700	2,550,000	1,409,721	1,140,279	44.72
Gratuity And Pensions	7,000,000	2,000,000	9,000,000	8,332,454	667,547	7.42
International Trips (Capa & Others)	2,000,000		2,000,000	1,413,970	586,030	29.30
Library Expenses	3,200,000	1,300,000	4,500,000	2,747,949	1,752,051	38.93
Insurance for Vehicles	750,000		750,000	584,250	165,750	22.10
Needy Students	1,200,000		1,200,000	1,437,115	(237,115)	-19.76
Payment Of Rents And Rates (nr)	160,000	(80,000)	80,000	10,000	70,000	87.50
Postal And Telegrams Expenses	165,000	(45,000)	120,000	71,826	48,174	40.15
Publishing And Printing Expenses	1,200,000		1,200,000	353,308	846,692	70.56
Purchase Of Uniform And Clothing	1,300,000		1,300,000	43,000	1,257,000	96.69



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Telephone Expenses	700,000		700,000	946,373	(246,373)	-35.20
Advertising And Publicity	4,950,000		4,950,000	3,123,663	1,826,338	36.90
Research Innovation & Incubation	5,000,000		5,000,000	2,465,081	2,534,919	50.70
Student Activities	5,150,000		5,150,000	7,077,711	(1,927,711)	-37.43
Fees and Commissions & Honoraria	2,520,000	(620,000)	1,900,000	2,272,412	(372,412)	-19.60
Provision for doubtful debts	-	-	-	143,238	(143,238)	

Administrative Expenses	81,300,300	3,699,700	85,000,000	71,426,364	13,573,636.	
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House Allowance	14,674,300	7,325,700	22,000,000	14,282,404	7,717,596	35.08
Medical Allowances	2,300,000		2,300,000	1,768,760	531,240	23.10
Commuter Allowances	10,000,000	1,000,000	11,000,000	10,515,188	484,812	4.41
Passage And Leave Expenses	950,000	150,000	1,100,000	1,009,050	90,950	8.27
Personal Emoluments	51,750,000		51,750,000	53,955,014	(2,205,014)	-4.26
Responsibility Allowance	1,596,000		1,596,000	1,581,000	15,000	0.94
Honoraria To Administration Staff	9,800,000		9,800,000	5,589,978	4,210,022	42.96

Staff Costs	91,070,300	8,475,700	99,546,000	88,701,394	10,844,606	
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Governing Council Meetings	3,425,000	225,000	3,650,000	2,983,000	667,000	18.27
Remuneration of Council Members	3,425,000	225,000	3,650,000	2,983,000	667,000	



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Bank Charges	788,100	0	788,100	853,612	(65,512)	-8.31
Finance Costs	788,100	0	788,100	853,612	(65,512)	

Construction of Buildings						
IM Training Centre	84,449,300	(16,449,300)	68,000,000	62,278,868	5,721,132	8.41
Standard Workshops		193,729	193,729	193,729	-	0.00
North Horr TTI		3,490,360	3,490,360	3,490,360	-	0.00
Maasai Mara VTC		3,301,202	3,301,202	3,301,202	-	0.00
Construction of Buildings	84,449,300	(9,464,009)	74,985,291	69,264,159	5,721,132	

220 Purchase Of Pm & Equipment.	5,000,000		5,000,000	3,681,628	1,318,372	26.37
Purchase of Machinery and Furniture	3,389,845	2,225,150	5,614,995	683,490	4,931,505	87.83
Purchase of Plant, Machinery and Furniture	8,389,845	2,225,150	10,614,995	4,365,118	6,249,877	

TOTAL EXPENDITURE	345,407,845	3,161,541	347,534,386	308,099,445	39,434,941	
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XVI. Notes to the financial statements for the Year ended 30th June 2016

1. Statement of compliance and basis of preparation

The Institution's 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 Institution and all values are rounded to the nearest thousand (Ksh). 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.

The Institution adopted IPSAS in the year 2016 following the gazette of the Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public sector entities, which the Institution complies with. The financial statements have been prepared in accordance with the PFM Act, the state Corporations Act, and International Public Sector Accounting Standards (IPSAS).

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Institution recognizes revenues from fees, taxes and fines when the event occurs 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 Institution and the fair value of the asset can be measured reliably.

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 Institution and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

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



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Notes to the Financial Statements Continued....

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The 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 Institution. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Institution 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

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.



Notes to the Financial Statements Continued...

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institution 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.

Where applicable, the following depreciation rates are applied to Property, Plant and Equipment:

	Description	Rate of Depreciation
1	Building	2.0%
2	Computers & Electronics	30%
3	Furniture & Fittings	10.0%
4	Plant, Property & Equipment	10.0%
5	Motor Vehicles	25%
6	Intangible Asset	20%
7	Investment Property	2.0%

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institution. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institution also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institution will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institution. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.



Notes to the Financial Statements Continued...

f) Intangible assets

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

g) Research and development costs

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

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

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

h) Financial instruments

i. Financial assets

Initial recognition and measurement

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

Loans and receivables

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



Notes to the Financial Statements Continued....

Held-to-maturity

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

ii. Impairment of financial assets

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

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

iii. Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. IPSAS 29.65. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.



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Notes to the Financial Statements Continued....

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and condition 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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institution.

j) Provisions

Provisions are recognized when the Institution has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Institution expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

As at 30 June 2016, more than 4 years after the completion period, the contractor had been paid Kshs.50,335,791 or 95% for the Standard Workshops but with a variation claim of Kshs.21,269,341 arising out of a dispute over alterations to the original bill of quantity. No authority from the procurement committee for the extension of contract period and possible variations was availed for audit verification. According to records available, the contractor has already sought for legal redress while the building is yet to be handed over to the client. This matter has not been disclosed in the financial statement as a contingent liability.



Notes to the Financial Statements Continued...

Contingent assets

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

k) Nature and purpose of reserves

The Institution creates and maintains reserves in terms of specific requirements. During the year under review, Kenya Technical Trainers College has not created any reserves for specific purposes.

l) Changes in accounting policies and estimates

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

During the year under review, the institution adopted the IPSAS accrual method of accounting.

m) Employee benefits

Retirement benefit plans

Defined contribution plans are post employment benefit plans under which an Institution pays fixed contributions into a separate Institution (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. The Institution does not have a retirement benefits scheme for its employees but sets aside a provision in the yearly budget for the payments of gratuity to the employees. The terms and conditions of gratuity are provided for in the scheme of service for the Institution staff.



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Notes to the Financial Statements Continued...

n) Foreign currency transactions

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

During the year under review, the institution did not undertake any activities that involved the use of foreign currency.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. The institution did not make any borrowings during the year under review.

p) Related parties

The Institution regards a related party as a person or an Institution with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary and Principal Secretary- Ministry of Education Science and Technology, the Governing council or, the Principal, Senior Management committee members.

During the year under Review, the Institution entered into a contract with the Teachers Service commission to the partitioning of the TSC offices.

q) Service concession arrangements

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



Notes to the Financial Statements Continued...

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

The preparation of the Institution'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 judgments, 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 Institution 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 Institution. 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 Institution
- 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



Notes to the Financial Statements Continued...

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 13. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance. The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

3	Revenue From Exchange Transactions	2016	
			KShs 000
	Accommodation Subsidy		33,966,390
	Activity Fees		3,137,845
	Application Fees		958,530
	Attachment Fees Income		1,997,176
	Ict Fees		3,033,480
	Library Fees		1,966,795
	Maintenance Fees		4,009,396
	Medical Fees		2,742,135
	Teaching Practice Fees		5,812,633
	Registration Fees		1,910,000
	Tuition Fees		23,029,692
	Total revenue from exchange transactions		82,564,072
4	Revenue from Non-Exchange transactions		2016
			KShs
	Operational grant from GOK		110,566,787
	Total government grants and subsidies		110,566,787
5	Other Incomes		2016
			KShs
	Hire Of College Facilities Income		4,799,500
	Bill Boards		7,123,598
	Rent And Other Services		5,365,660
	Interest from savings & Investments		779,624
	Tenders		157,000



Production Units Revenue	39,655,488
Total Other Incomes	57,880,869
6 Operating Expenses	2016
	KShs
Teaching Practice Expenses	14,740,775
Purchase Of Food and rations	40,093,005
Purchase Tuition Materials	9,294,700
Graduation	2,409,178
IITC Project	1,200,000
Attachment Expenses	2,768,141
Total Operating Expenses	70,505,799
7 Administrative Expenses	2016
	KShs
Transport Operating Expenses	11,215,654
Electricity Expenses	12,392,907
Water, Fuel And Conservancy	1,144,987
Maint. Of Buildings And Furniture	3,084,396
Maint. Of Plant M. & Equipment	2,632,380
Maintenance Of Water Supplies	233,590
Refurbishment of Buildings	580,950
Contracted Professional Services	3,690,665
Grants For Staff Training	4,018,766
Farewell And Special Events	1,409,721
International Trips (Capa & Others)	1,413,970
Library Expenses	2,747,949
Insurance for Vehicles	584,250
Needy Students	1,437,115
Payment Of Rents And Rates (nr)	10,000
Postal And Telegrams Expenses	71,826
Publishing And Printing Expenses	353,308
Purchase Of Uniform And Clothing	43,000
Telephone Expenses	946,373
Advertising And Publicity	3,123,663
Research Innovation & Incubation	2,465,081
Honoraria To Administration Staff	5,589,978
Student Activities	7,077,711
Fees and Commissions & Honoraria	2,272,412
Provision for Bad and Doubtful Debts	191,619
Total Administrative Expenses	68,732,270

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Notes to the Financial Statements Continued....

8 Staff Costs	2016
	KShs
House Allowance	14,282,404
Medical Allowances	1,768,760
Commuter Allowances	10,515,188
Passage And Leave Expenses	1,009,050
Personal Emoluments	53,955,014
Responsibility Allowance	1,581,000
Gratuity And Pensions	8,332,454
Total Staff Costs	91,443,870
9 Council Members Expenses	2016
	KShs
Honoraria	420,000
Sitting Allowance	2,211,000
Transport	206,000
Accomodation	144,000
Lunches	2,000
Total Council Members' Remuneration	2,983,000
10 Finance costs	2016
	KShs
College Fund Account _BARCLAYS	15,736
Continuing Education Program _ BARCLAYS	29,946
Main Account _ KCB	793,806
ESP Account _ KCB	8,930
KESSP Account_KCB	5,194
Total finance costs	853,612
11 Audit Fees	
Provision for Audit Fees	200,000
12 Cash and cash equivalents	
	2016
Cash and Bank Balances as at 30 JUNE	KShs
Main Account	15,758,181
College Fund Account	588,227
Continuing Education Programme Account	2,069,408
Esp (Economic Stimulus Package) Account	25,809,776
Kessp (Kenya Education Sector Support Prg) Account	9,592,696
	53,818,288
A	



Notes to the Financial Statements Continued...

Investments

	2016
	KShs
Investments as at 30.06.2015	
Barclays Bank of Kenya Limited (Production Units)	891,325
Diamond Trust Kenya Limited (Caution Money)	428,289
National Bank of Kenya	4,741,936
Old Mutual Investments	876,573
Total investments At 30 June 2015	6,938,122
	B
Total Cash and Cash Equivalents	60,756,411
	(A+B)

13 Current receivables

	2016
	KShs
Main Account	
Staff Advance	981,054
Staff Imprest	14,000
Students Debtors	4,000
Bursar's Imprest	103,048
Kenya Alliance Insurance	13,087
Examination Fees	1,213,161
Students Union (SKETTTCO)	504,040
Deposits - Total Kenya Limited	1,000,000
Total Receivables	3,832,389
Less: 5% Provision for bad and doubtful debts	191,619
Net Receivables from Exchange transactions	3,640,770

14 Property Plant and Equipment

	Land and Buildings	Plant, Machinery and Equipment	Furniture	Total
	KShs	KShs	KShs	KShs
Net Book Value as at 1st July 2015	-	-	-	-
Additions		3,681,829	5,467,740	9,149,569
Disposals	-	-	-	-
At 30 June 2016	-	3,681,829	5,467,740	9,149,569
Depreciation				
As at 30 June 2015	-	-	-	-
Depreciation charge for the year	-	368,183	546,774	914,957
Net Book Value as at 30th June 2016	-	3,313,646	4,920,966	8,234,612

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15	Work in Progress	210,183,512
	As at 01.07.2015	
	WIP for the Year – IM Training Centre	28,840,410
	North Horr TTI	3,920,276
		<hr/>
		32,760,686
		<hr/>
	As at 30.06.2016	242,944,198
		<hr/> <hr/>
16	Trade & Other Payables	
	Trade Payables	17,733,225
	Other Payables	
	Gratuity	6,822,754
	Resource Persons Claims	8,295,237
	Project Fees	586,297
	Students Creditors	31,200
	ID Card Fees	762,095
	Elimu Sacco Limited	15,983
	Madison Insurance Limited	20,575
	Caution Money	2,407,206
	COTU	7,950
	KUDHEIHA	23,100
	PIONEER INSURANCE	1,500
	KTTC B/F	7,718
	ICEA Limited	13,230
	PERSONAL LOANS EQUITY	95,699
	Deferred Tax	126,000
	Over recovery of Salaries	347,362
		<hr/>
		37,297,131
		<hr/> <hr/>
17	Retentions	
	IM Training Centre	15,293,372
	North Horr TTI	3,768,825
	Standard Workshops	5,253,243
	Total Retentions	<hr/>
		24,315,440
		<hr/> <hr/>



Notes to the Financial Statements Continued....

	2016
18 Deferred Income	KShs
Im Training Centre	25,527,672
Bahati TTI	10,000,000
Marsabit Campus	14,521,333
Standard Workshops	1,089,038
	<u>51,138,043</u>
19 Revenue Reserves	
Reserves brought forward	0
Surplus for the Year	15,378,221
Reserves carried forward	<u>15,378,221</u>
20 Capital Reserves	
Reserves brought forward	123,447,156
Transfers during the Year	64,000,000
Reserves Carried forward	<u>187,447,156</u>
21 Notes to the Statement of Cash flows	
<u>Receivables</u>	
Opening Balance as at 01.07.2015	1,766,338
Movement During the Year	1,874,432
Closing Balance 30.June 2016	<u>3,640,770</u>
Payables	
Opening Balance as at 01.07.2015	21,753,106.00
Movement During the Year	15,544,025.00
Cosing Balance as at 30 June 2017	<u>37,297,131.00</u>

