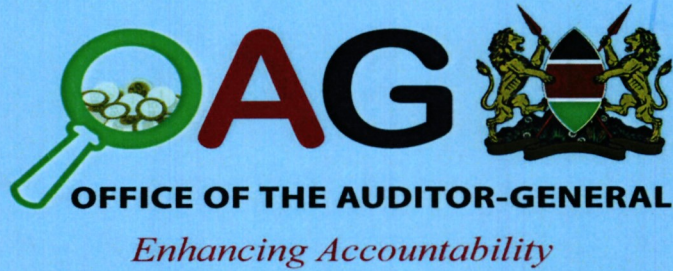


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**REPORT**

NATIONAL ASSEMBLY  
PADOUCIAD

DATE: 30 NOV 2022 DAY: Wednesday

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**THE AUDITOR-GENERAL**

**ON**

**ALDAI TECHNICAL TRAINING INSTITUTE**

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

OFFICE OF THE AUDITOR - GENERAL  
CENTRAL RIFT REGIONAL OFFICE  
**29 JUL 2022**  
**RECEIVED**  
P. O. Box 2774 - 30100, ELDORET



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**ALDAI TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

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

 <b>THE NATIONAL ASSEMBLY</b> PARDUS I AID	
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**ALDAI TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

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**I. KEY INSTITUTE INFORMATION AND MANAGEMENT**

**(a) Background information**

The Aldai Technical Training Institute was established as a public institute under the provisions of the Education Act (Cap 211). The vision, mission and objectives have been developed in line with the prevailing external and internal conditions which will guide its growth and development. In response to the dynamic society, the Institute is addressing the goals and objectives as expressed in TVET Act 2013, the goals enshrined in the Kenya Vision 2030, MTP II, MDGs, Ministry's Sessional papers and issues contained in the Kenya constitution.

Emerging opportunities and challenges require continuous planning and reviewing by the Institute in order to enhance performance, customer focus and optimal service delivery, strengthening corporate image and social responsibility. The plan therefore articulates the Institute's position within the contemporary trends in TVET education system, emerging issues and challenges, carries out situational analysis, outline strategic issues and activities, reviews the institutional action plans, make projection while assessing financial resources and puts in place strategies and mechanisms for implementation, monitoring and evaluation.

**(b) Principal Activities**

The principal activity of Aldai Technical Training Institute is to provide diversified Vocational, Technical and Industrial skills, through training.

**Vision**

To be a centre of Excellence in Innovation, provision of skills and competence.

**Mission**

To provide diversified Vocational, Technical and Industrial skills relevant to the market needs for self-reliance and sustainable development.

**Core Values**

The Aldai Technical Institute is an integral part of the society and endeavours to exhibit high social and professional standards. Core Values are the fundamental values or ideals at the heart of Aldai Technical Institute that lay the foundation on which the Institute operates. Core values shape the culture and define the character of Aldai Technical Institute.

The staff will conduct their duties in accordance with the Public Service Code of conduct and Ethics and endeavour to project a supportive corporate culture among its members.

We have identified and selected core values that shall remain points for observance by the ATTI fraternity and will be the principles guiding the behaviour of all stakeholders in conducting the Institute business.

Guided by our vision and mission we shall uphold the following values at all times. These core values are:

**ALDAI TECHNICAL TRAINING INSTITUTE**  
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- a. Integrity
- b. Quality
- c. Accountability
- d. Professionalism
- e. Commitment
- f. Leadership
- g. Diversity

**(c) Key Management**

Aldai TTI day to day management is under the following organs  
 - Board of Governors  
 - Principal as the accounting officer

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	<b>SALLIE C. MOSSOP LUKUYU</b>
2.	Deputy principal	<b>KAREN KOGO</b>
3	Ag. Registrar	<b>TITUS KIBET ROTICH</b>
4	Ag. Dean of students	<b>ABRAHAM KORIR YEGO</b>
5	Head of Finance	<b>PETER SAGGAS</b>
6	Head of Procurement	<b>DANCAN KOECH</b>

**(e) Fiduciary Oversight Arrangements**

**Finance, Infrastructure and General Administration Committee**

- Oversight of annual operating plan and budget development, including recommendations to the management Board for approval.
- Oversight of the fees structures with assistance of staff to develop the fees structures
- To ensure the solvency of the Institute - finance mobilization
- To safeguard the Institute assets
- To ensure the effective and efficient use of resources
- To ensure that funds provided by GoK and any other funding body are used in accordance with the terms and conditions specified
- To ensure that financial control systems are in place and are working efficiently
- To facilitate the preparation of the Institute strategic plan for Board approval
- Ensuring accurate and timely reports to the Board on all Administrative and Financial issues

## **ALDAI TECHNICAL TRAINING INSTITUTE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

- Implementation and supervision of institution's project and other institute's projects (internal and external projects).
- Ensure compliance with all statutory and labour laws in management of the staff
- Oversee recruitment and promotion of BOG staff
- Discipline of staff
- Mentor other training institutions on behalf of GoK
- Any other duties assigned by the Board.

#### **1. Education, Training, Research Committee**

- Oversight of academic programs, standards and approval of training programs
- Ensuring the relevance of training to labour market requirements
- Determine the optimum enrolment of training programs
- Evaluation of examination criteria, procedure and results
- Ensuring the overall competence of Institute graduates
- Promoting research and innovation by staff and trainees
- Promotion and establishment of a culture of excellence in both staff and trainees
- Enhance/promote linkages/collaborations with industry and other stakeholders
- Enhancement and implementation of the academic policy
- Evaluation of the cost and effectiveness of various programs
- Any other duties assigned by the Board.

#### **2. Audit, Risk & Governance Committee**

- To examine compliance with Government regulations, laws, standards and procedures
- To examine compliance with approved Procurement Plan and Budget.
- To evaluate achievement of targets as set in the strategic plan and work plan
- To evaluate the application of ethical standards and core values in the pursuit of vision, mission and goals
- To evaluate overall efficiency and effectiveness of Institute operations
- To evaluate the level of utilization of existing capacity all round
- To evaluate achievement of revenue targets
- To evaluate risks associated with non-optimum stock levels
- To evaluate risks associated with non-compliance with statutory and contractual obligations
- To evaluate relations with and levels of satisfaction of key stakeholders
- To evaluate effectiveness of risk mitigation measures

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- Oversee the internal & external Audit function
- Ensure the development of a policy on Risk management
- Approve the Risk assessment is carried out on a continuous basis
- Discuss Audit reports and advise management
- Any other duties assigned by the Board.

**KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)**

**(f) Headquarters**

P.O. Box 149-30305  
KOBUJOI, KENYA

**(g) Contacts**

Telephone :( 254) 700746828  
E-mail: [aldaitti@gmail.com](mailto:aldaitti@gmail.com)  
Website: [www.aldaitti.ac.ke](http://www.aldaitti.ac.ke)

**(h) Bankers**

Kenya Commercial Bank  
P.O Box 164-30300  
Kapsabet, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

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**II. THE BOARD OF GOVERNORS**



No.	Member	Details
1.	 <p><b>DR SAMMY CHUMBA</b> Date of birth: 24/10/1971 <b>BOG CHAIRPERSON</b></p>	<p><b>Qualification:</b> PhD Educational Administration (Moi University), Masters in Education Administration and Planning (University of Eastern Africa-Baraton), Bachelor of Education (Science) Egerton University and National Senior Management Course in Education Management at Kenya Education Management Institute.</p> <p><b>Experience:</b> B.O.G Aldai technical, part time lecturer at Moi University, former Principal Kapkures secondary school and Meteitei boys, once a Treasurer Nandi South Sec Heads Association, educational research consultant in Smai Company limited</p>
2.	 <p><b>MR GEOFFREY CHEPKWONY</b> Date of birth: 31/8/1974</p>	<p><b>Qualification:</b> MBA in strategic management from KEMU, Bachelors of science in mechanical Engineering (Nairobi University).</p> <p><b>Experience:</b> Work as factory unit manager at Chebut Tea Factory up to date he heads the engineering committee.</p> <p><b>Chairperson; Finance, Infrastructure and General administration Committee</b></p>
3.	 <p><b>MR WILLY CHERUIYOT</b> Date of birth: 06/06/1977</p>	<p><b>Qualification:</b> Bachelor of laws (LL.B Hons) Moi University, Post graduate diploma in law (Kenya school of law).</p> <p><b>Experience:</b> Senior magistrate Vihiga Law Courts, practicing advocate 2007-2010.</p> <p><b>NANDI COUNTY GOVT. REPRESENTATIVE</b> <b>Chairperson; Risk, Audit and Governance Committee</b></p>
4.		<p><b>Qualification:</b> MBA (Human Resource Management), MA (Sociology), BA in social science, Diploma in Human Resource Management.</p> <p><b>Experience:</b> Head of Human Resource West Pokot, chief human resource officer city council of Nairobi, chief administrative officer Nairobi, Principal Human Resource Officer Nairobi</p>

**ALDAI TECHNICAL TRAINING INSTITUTE**

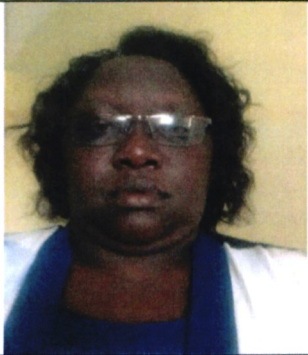


**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	<p><b>MR KEMEI JOSPHAT</b> Date of birth: 22/12/1977</p>	<p><b>Chairperson; Education Training and Research Committee</b></p>
5.	 <p><b>MR MWANGI FESTUS</b> Date of birth:4/10/1967</p>	<p><b>Qualification:</b> Masters in computer application (KU) higher diploma in computer application and diploma in business management <b>Experience:</b> ICT administrator Rift valley bottlers and heads ICT committee</p>
6.	 <p><b>MR KUTOH MIKE</b> Date of birth: 2/6/1970</p>	<p><b>Qualification:</b> PhD in Business Management (on going Moi University), MBA strategic management and marketing (Moi University), Bachelors of Commerce Business Administration (University of Nairobi) <b>Experience:</b> Trainer /consultant highland international management and consultant services limited and sales manager Rift valley bottlers and heads financial management committee</p>
	 <p><b>ANN WAFULA</b> Date of birth: 01/11/1975</p>	<p><b>Qualification:</b> Mastery HRM Cardean University/GM university, B. ED (Arts) Kenyatta University <b>Experience:</b> HRM Consultant Afrique Consult Ltd</p>
	 <p><b>MIRRIAM JEPTOO</b> Date of birth: 01/01/1979</p>	<p><b>Qualification:</b> B. ED Arts Kampala University (Special needs), Diploma in special education (KISE), P1 certificate Machakos TTC <b>Experience:</b> Head teacher St. Joseph kapseret, kapkorio primary school and kemeloi boarding primary</p>

**ALDAI TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021




7.	 <p><b>LUKUYU MOSSOP SALLIE</b> Date of birth: 21/04/1970 <b>PRINCIPAL/ B.O.G SECRETARY</b></p>	<p>Sallie Mossop Lukuyu holds a Bachelor’s Degree in Education (Home Economics), has undergone a senior management course (SMC) at Kenya School of government. Holds various Certificates in Leadership and Management, Performance Management, Curriculum Development and Monitoring and Evaluation. She is a subject specialist in Nutrition, Food and Beverage Production and Service. She has been a Class Tutor, Head of Section, Deputy Head of Department, Head of Department, Registrar, Deputy Principal Academics, Deputy Principal Administration and currently Principal. As a Performance Contracting Coordinator from 2008 to 2017, she has spearheaded the achievement of targets and implementation of the strategic plan. Sallie is well versed with quality management systems having been an internal auditor in ISO 9001 certification She has contributed immensely to the growth of TVET having worked 28 years in tertiary institutions.</p>
8.	 <p><b>MR MUTULILI GICHURU</b></p>	<p><b>COUNTY DIRECTOR TVET/MEMBER</b></p>

**III. MANAGEMENT TEAM**

Name of the Staff		Responsibility
<p><b>LUKUYU MOSSOP SALLIE</b>  <b>B.ED (Home Economics)</b></p>		<p><b>Principal</b></p>
<p><b>KAREN J. KOGO</b>  <b>B.ED ARTS</b></p>		<p><b>Deputy Principal</b></p>
<p><b>TITUS ROTICH</b>  <b>B. ED (Electrical And Electronics Engineering)</b></p>		<p><b>Ag. Registrar</b></p>
<p><b>ABRAHAM YEGO</b>  <b>B. SC (Networks And Communication Systems)</b>  <b>+ PGDE</b></p>		<p><b>Ag. Dean Of Students</b></p>

**ALDAI TECHNICAL TRAINING INSTITUTE**

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<p><b>B. COM. (Banking And Finance) CPA-K</b></p>		<p><b>Accountant I</b></p>
<p><b>PETER SAGGAS CPA PART 3 SECTION 5</b></p>		<p><b>Accountant II</b></p>
<p><b>DANCAN KOECH Diploma in Purchasing and Supply Chain Management</b></p>		<p><b>Procurement Officer</b></p>

#### **IV. CHAIRMAN'S STATEMENT**

The Government through the Ministry of Education has continuously supported the institution in many ways and has lifted the institution to a higher level. In this regard, on behalf of the Board I sincerely convey our appreciation

The institute got funding for phase one and two under the AfDB/GoK projects, the institute was equipped building and civil engineering equipment. These workshops and equipment have enabled the institute to expand in enrolment in the two areas of building and civil engineering and electrical and electronics engineering. We urge the government to consider giving us more especially on agricultural engineering, hospitality and related courses, mechanical and automotive engineering. We appreciate the construction of phase II which is complete and looking forward to the launch of phase III.

Public Service commission has employed a good number of technical trainers whom helped in reducing wage bill which could have gone up as the institution is growing.

The Ministry did not disburse Development grant balance meant for One Storeyed 8 No. Classroom project which shall enable the Board to complete the project. In its completion the institution will ease strain in facilities with the additional 8 classrooms.

On behalf of the Board I wish to appreciate the Ministry and AfDB for their support. Phase II project (Electrical and ICT Complex) is complete and that the facility is set to be commissioned anytime. The Institute is looking forward to Phase III

The Institution has continuously had challenges in accessibility due to bad road network. There is need for more classrooms, other training facilities and hostels considering the location of the institution the community are overwhelmed with provision of accommodation for our students and staff. Other challenges include; staff quarters and college bus.

Human resource is a big challenge for as much as Public Service commission employed technical trainers the number is still low and no business trainer has been employed by PSC. The population of BOG trainers constrain the institution financially, the government to consider deployment of more trainers. Late disbursement has always led to programmes being suspended or delayed due to uncertainty of disbursement.

The Board is exploring other cash generating units to cushion on financial constraints.

The government should also ensure that development grants continue to ensure that all projects are completed timely to ensure smooth running of the learning process the fund should also be enhanced as there is anticipated increase in the number of trainees in the institution.

Signed: ..........  
Prof. Sammy K. Chumba

## **ALDAI TECHNICAL TRAINING INSTITUTE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

### **V. REPORT OF THE PRINCIPAL**

#### **Training**

The institute got funding for phase one and two under the AfDB/GoK projects, the institute was equipped building and civil engineering equipment; i.e. soil testing, survey, building technology, and electrical and electronic equipment. These workshops and equipment have enabled the institute to expand in enrolment in the two areas of building and civil engineering and electrical and electronics engineering. Our training programs have increased leading to an

increase in trainee enrolment. We urge the government to consider giving us more especially on agricultural engineering, hospitality and related courses, mechanical and automotive engineering. We appreciate the construction of phase II which is complete and looking forward to the launch of phase III. With the implementation of competence based curriculum, cost of material for practical are on higher side making hard for a young institution like ours to carry out their practical. We have 33 courses ranging from diploma, certificate and artisan level taking period of 1 year for artisan, 2 years for craft certificate and 3 years for diploma

#### **Funding**

The institution managed to realize Sh. 13,786,462 from rendering of service, sh. 323,390 from sale of goods and Sh. 28,372,500 transfers from Ministry of Education during the financial year. We thank the Government for the continuous support in ensuring that our institution is funded.

Public Service commission has employed a good number of technical trainers whom helped in reducing wage bill which could have gone up as the institution is growing.

The Ministry of Education did not disburse Sh. 2,313,216 Development grant balance meant for One Storeyed 8 No. Classroom project which shall enable the Institute to complete the project. In its completion the institution will ease strain in facilities with the additional 8 classrooms.

On behalf of the institute I wish to appreciate the Ministry and AfDB for their support. Phase II project (Electrical and ICT Complex) is complete and that the facility is set to commissioned anytime. The Institute is looking forward to phase III

#### **Challenges;**

The Institution has continuously had challenges in accessibility due to bad road network. There is need for more classrooms, other training facilities and hostels considering the location of the institution the community are overwhelmed with provision of accommodation for our students and staff. Other challenges include; staff quarters and college bus.

Human resource is a big challenge for as much as Public Service commission employed technical trainers the number is still low and no business trainer has been employed by PSC. Currently the institution has twenty four PSC and twenty nine BOG trainers, the population of BOG trainers constrain the institution financially, the government to consider deployment of more trainers both technical and business categories as they both move hand in hand

Late disbursement has its effects; programmes are suspended due to uncertainty of disbursement.

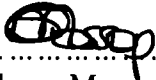
## **ALDAI TECHNICAL TRAINING INSTITUTE**

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### **Future outlook**

The institute is exploring and/or improving cash generating units like dairy, horticulture, tea, coffee, bananas, block production among others to caution on financial constraints.

The government should also ensure that development grants continues to ensure that all projects are completed timely to ensure smooth running of the learning process the fund should also be enhanced as there is anticipated increase in the number of trainees in the institution.



.....  
Lukuyu Mossop Sallie

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

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

Aldai technical training institute has eighteen strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Infrastructure
- Pillar 2: Information communication Technology
- Pillar 3: Quality Assurance
- Pillar 4: Gender & Disability Mainstreaming
- Pillar 5: Community Service
- Pillar 6: Human resource management
- Pillar 7: Teachers Welfare
- Pillar 8: Support staff Welfare
- Pillar 9: Students welfare
- Pillar 10: Energy
- Pillar 11: Water
- Pillar 12: Income Generating Activity& Resource mobilization
- Pillar 13: Transport
- Pillar 14: Security
- Pillar 15: Storage
- Pillar 16: Environment
- Pillar 17: Sports
- Pillar 18: Image of the Institution

Aldai T.T.I develops its annual work plans based on the above 18 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The institution achieved its performance targets set for the FY 2020/2021 period for its 16 strategic pillars, as indicated in the diagram below:

Strategic Issue	Objectives	Strategies/ Actions	Target Output	Performance Indicator	Achievements
<b>Infrastructure</b>	To upgrade facilities so as to correspond to standards of training required and expansion in enrolment	Repair and maintenance	Well refurbished facilities	Developed Functional program	Recurrent
		Construction of Electrical/ICT complex	Well refurbished Lab facilities and Classes	Practical classes and Lecture rooms	Completed on defect liability stage
		Construct Hostels	Increase student enrolment	More student enrolment	Not done
		Build modernized kitchen & Dining Hall	Increase student enrolment	More student enrolment in all courses	Not done

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<b>Information communication Technology</b>	To ensure digitalization of modern information communication technology	Train the staff with up to date modern technology	Easy and fast adoption of adopted technology by the staff	Improved efficiency in using the technology	MIS modules installed Bulk SMS used.
<b>Quality Assurance</b>	To ensure quality adherence	Adopt performance contracting (PC) standards	Quality improvement	PC guidelines & standards implemented	Quality assurance team instituted, standard procedures developed
<b>Community Service</b>	To be socially responsible to the community well being Provide one water point for the community	Promote and participate in community programs/ projects	Enhance community relationship	Operational funded projects in the community by the Institute	Some community members supplied with water as per application Potholes on the feeder road occasionally filled
<b>Human Resource Management</b>	To formulate policies and practices that promotes effective and efficient performance	Conduct job evaluations	Proper staff placement and training needs identification	Approved job evaluation reports	HR management policy implemented to guide on HR issues
		Conduct internal staff appraisal	Identification of staff job related needs.	Appraisal reports	
		Timely replacement of vacant position	To ensure continuous smooth flow of work.	New recruitment list/appointment letters.	Continuous process, implemented
		Provide incentives to performing teachers	Enhance teachers moral/motivation	List of incentives given out.	Promotions Yearly appreciation e.g Christmas package etc
<b>Teachers Welfare</b>	To promote growth and development of teachers well-being	Support teachers' training capacity.	Enhanced teaching capacity	Training programs done or attended	Trainings on-going
		Provide Protective equipment's to the support staff	Enhanced employee safety	Protective equipment bought and issued	Protective gear provided
<b>Support staff Welfare</b>	To promote growth and development of support staff well-being working in the in the institution	Organize tours for the support staff	Enhanced moral of the workers	Number of tours organized and attended	
		Provide uniforms to the support staffs	Neatness and easy identification	Uniforms purchased	Uniforms provided, protective gear provided.

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<b>Students welfare</b>		Establish welfare policy in the institution	Provision of balanced diet and boarding facilities -Assisting students during bereavements	Maintain balanced diet, student organization and leadership	Social contribution provided for in the budget. Students union constitution adopted
<b>Energy</b>	To ensure efficient use of renewable energy	Plant more trees for future supply of firewood	Constant own supply of firewood	Institute tree plantations	500 seedlings planted
		Use energy saving bulbs and equipment	Reduced cost of energy	All-round Installed energy savers	Energy savers installed solar water pump used.
		Harvest rain water	Continuous supply of water to all points required	Availability of water	Water supplied to all points
<b>Water</b>	To ensure adequate supply and efficient usage of clean and safe water	Erect water tanks at different sections	Adequate Storage of water	Water tanks installed	Water tanks installed
<b>Income Generating Activity &amp; Resource mobilization</b>	To provide sustainable projects for the institutions' growth	Host exhibitions	Attract more students, programs and trainings.	Number of exhibitions held	
		Hire out institute's infrastructure to the community activities	Increased income	Hire out records (receipts/accounting records)	
		Sale of milk	Enhanced income generation	Sales income	
		Institute fees	Collection of tuition fees	Fees collection & bursary awards & HELB loan award	Continuously done
		Central Government Funding	Collection of Grants and Capitation	Receipts of Grants, capitation, HELB loan and CDF funding	All grants, helb loans and bursaries received
		Constituency Development Fund (CDF)	Funding of projects by CDF and student sponsorship	Receipts of CDF funding for projects and student tuition sponsorship	Received
		Development partners	Partnership with funding organization eg, African Development Bank(ADB) Writing of funding proposals	Receipts of funding of partnership by partnership organization eg, ADB.	
<b>Transport</b>	To provide effective and efficient mobility in the	Continuous review of transport need	Identification of arising needs	Transport needs' report.	
		Develop replacement and	Effective and efficient transport	Maintenance policy document	

## ALDAI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

	institution	management policy	management		
		Build car park and bus park	Good and orderly safe parking	Good parking site	
<b>Security</b>	To ensure there is adequate protection of property and the stakeholders within the institution	Employ more security guards	Safety and protection of property and individuals.	Increased number of security personnel	Two personnel employed
		Train the staff and students on first aid and firefighting/ Disaster preparedness	Enhanced disaster management within the institution	Number of trainings done	Security staff benchmarked with Kaiboi TTI
<b>Environment</b>	To provide an eco-friendly environment for posterity	Plant ornamental trees near the administration block	Enhanced beautification	Number of planted trees	500 seedlings planted
<b>Sports</b>	To promote sporting activities and ensure realization of talents	Introduce new sports	Increased co – curricular activities	No of new sports introduced	Rugby and basketball introduced
		Construct a football pitch	Improved sporting facilities	Constructed pitch	Not done
<b>Image of the Institution</b>	To brand the institution for its uniqueness	Renovate and paint the institution Advertise the	Enhance institutes' face lift Reach out for more students	Well renovated structures	Phase one renovated
		Advertise the Institution in the media	joining the institution	Number of advertisements aired	Two on local daily newspaper several on social media
		Publish brochures and magazines for the Institution	Reach out for more students joining the institution	brochures and magazines published	Published.
		Lay pavements leading to the gate and the entire institution	Beautification of the institution	Well done pavements	

## VII. CORPORATE GOVERNANCE STATEMENT

In the Financial Year 2020/2021, the Board held 5 Full BOG meetings where all members attended all the meetings. Four BOG committee meetings were also held. All committee members attended their respective meetings. Also did a three day capacity building for the Board members.

## **ALDAI TECHNICAL TRAINING INSTITUTE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

The Board of Governors are appointed to serve on a three-year term only renewable to two members for continuity through the following processes;

A member who misses three consecutive BOG meetings is automatically discontinued and removed from the Board. BOG members are entitled to sitting allowance of Ksh.10,000 per member, for BOG chairperson and committee chairpersons (during committee meetings) get Ksh.15,000 and 12,000 respectively.

The Board is in place to perform the following functions;

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provision of this Act and any other written law
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance with this and any other written law
- (c) Administering and managing the property of the institution.
- (d) Developing and implementing the institutions' strategic plan
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution.
- (f) Mobilizing resources for the institution
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or part or in whole in accordance with the guidelines developed under the provisions of this Act

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

### **The institute's operational and financial performance**

The institution is on reopening after closure due to COVID-19 pandemic and therefore the revenues earned in the financial year 2019/2020 were deferred to the year 2020/2021 resulting to decline in revenues from exchange transactions as compared to the budget estimates in the financial year. On other hand ministry of health protocols on reopening had to be addressed besides training requirements and normal operations.

### **Institute's compliance with statutory requirements**

Aldai TTI is a compliant of Kenya Revenue Authority, NSSF and NHIF.

### **Key projects and investment decisions the institute is planning/implementing**

Aldai TTI eagerly awaits commissioning of Electrical and ICT complex and completion of one storied 8-NO classrooms project that is nearing completion to ease the challenges of classrooms and Considering the geographical location of the institution there is urgent need to build hostels to accommodate students who are coming from all over the country. There is also dire need for a bus to ease transport costs of students during activities and functions.

### **Major risks facing the institute**

The institution has challenges in boarding facilities which plays a major role in choice of training institution by new trainees giving an upper hand to sister institution with the facilities and a bus which

make the institution incur higher expenses in hiring busses during students activities.

#### **Material arrears in statutory/financial obligations**

HELB Loans, NG-CDF and other bursaries have helped the students in raising their fee, NYS also honored their obligation. The institution therefore has outstanding fee arrears of sh. 7,393,699; fee paid in advance of sh. 363,630 and no pending bill as at the end of the financial year. The institute has no statutory arrears.

#### **The institute's financial probity and serious governance issues**

Aldai TTI has not recently faced any financial probity or any serious governance issues

### **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Aldai T.T.I exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first and improving operational excellence. Below is a brief highlight of our achievements in each pillar

#### **1. Sustainability strategy and profile -**

In an effort to reduce cost the institution planted kales in college farm to be supplied to boarding section. The institution is also looking forward to production of milk, building blocks, tea and coffee to mitigate on financial constrains in future.

#### **2. Environmental performance**

Aldai T.T.I is keen on the environmental issues. In this financial year alone we have planted five hundred indigenous trees and fifty avocado trees in our compound

#### **3. Employee welfare**

The institution is keen on improving welfare of its staff. A scheme of service development has been initiated this financial year and the board is committed to seeing through to completion soonest. On the other hand the board has always been keen on provision of protective gear and other working environment key requirements during the budget preparation period.

#### **4. Market place practices-**

The institution held awareness and sensitisation meeting with its potential partners on available opportunities prior to advertisement of tenders for the financial year

#### **5. Community Engagements-**

The institute has encouraged community involvement in the growth and impact of its existence through partnering with them in provision of accommodation facilities for students admitted as boarders. Natural spring has been secured by the institution to provide safe and clean water to the community.

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

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

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the institute's affairs.

**Principal activities**

The principal activities of the institute is training

**Results**

The results of the institute for the year ended June 30 are set out on page 1 - 4

**BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page v-vii. During the year 2020/2021 Lay Cannon Hellen Cheramboss passed on and Priscilla Ong'ayo failed to honor her appointment. Ann Wafula and Mirriam Jeptoo were appointed with effect from 20<sup>th</sup> January 2021.

**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 or Certified Public Accountants nominated by the Auditor General to carry out the audit of the institute for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

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

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

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

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the institute;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

**Approval of the financial statements**

The institute’s financial statements were approved by the Board on 23<sup>rd</sup> July, 2021 and signed on its behalf by:

Prof. Sammy Chumba

Signature.....

Chairperson of the Board

Lukuyu Mossop Sallie

Signature.....

Accounting Officer/Principal

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON ALDAI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Aldai Technical Training Institute set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net

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

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

## **Basis for Qualified Opinion**

### **1.0 Inaccuracies in Financial Statements**

The statement of financial performance reflects other incomes comparative amount of Kshs.486,738 while Note 14 to the financial statements other income an amount of Kshs.2,000 resulting to an unexplained variance of Kshs.484,736.

Further, Note 31 to the financial statements on property plant and equipment reflects amounts Kshs.4,305,595 and Kshs.76,330,623 being total depreciation for the financial year 2019/2020 and 2020/2021 respectively. However, a re-computation of the depreciation amounts indicate amounts of Kshs.51,030,520 and Kshs.29,605,699 resulting to an unexplained variance of Kshs.46,724,925 for each of two financial years.

In the circumstances, the accuracy and completeness of the balances could not be confirmed.

### **2.0 Property, Plant and Equipment**

The statement of financial position reflects property plant and equipment balance of Kshs.317,990,602. Review of the records provided for audit revealed that the Institute received 20.23 hectares of land from the Community and a Hostel from the Mogen Youth Polytechnic. However, these assets were not valued and have not been included in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.317,990,602 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Aldai Technical Training Institute Management 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 qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1.0 Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totalling to Kshs.69,047,600 and Kshs.42,483,352 respectively, resulting to an under-funding amounting to Kshs.26,564,248 or 38% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.66,547,597 and Kshs.43,130,441 respectively, resulting to an under expenditure amounting to Kshs.23,417,156 or 35% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery of the Aldai Technical and Training institute.

#### **2.0 Unresolved Prior Year Matters**

In the audit report of the previous year, a number of issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, and as indicated in the progress on follow up of auditor recommendations section at page 47 of the financial statements, the issues remained outstanding as at 30 June, 2021.

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1.0 Contract for Construction of Eight (8) Storey - Class Rooms**

The statement of financial position reflects property, plant and equipment balance of Kshs.317,990,602. As previously reported, the Institute had capital work in progress in respect of construction of eight (8) Storey Classrooms which was funded by the Ministry of Education. The tender was awarded to a construction company at a contract sum of Kshs.9,911,189. According to the project work plan, the project was to be

completed by 27 February, 2018. However, audit inspection of the Project carried out on 13 April, 2021 revealed that the project had not been completed three (3) years after the expected completion date. Further, the Project had stalled, and the contractor had vacated the site.

In addition, the Ministry of Education through the State Department of Vocational and Technical Training was to fully fund the project. However, as at the time of the audit the Ministry had not released a total sum of Kshs.2,313,216 for the project.

In the circumstances, value for money from the expenditure amounting to Kshs.8,992,003 incurred on the Project could not be confirmed.

## **2.0 Employee Costs**

The statement of financial performance reflects employees' costs amount of Kshs.12,214,806. During the year under review, the Institute recruited ICT Technician, Electrical Technician, Finance Officer, Secretary, Cleaners and Security Guards. However, no authorized staff establishment to indicate the need and the number of staffs to be recruited was provided for audit. Further, it was noted that all the newly recruited personnel were from the same ethnic community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Lack of Internal Audit Function**

Review of human resource documents provided for audit revealed that the Institute had not established an internal audit department to carry out internal audit functions contrary to Section 73(1)(a) of the Public Finance Management Act, 2012.

Further, the Audit, Risk and Governance Committee had not been established contrary to Mwongozo – the code of Governance for State Corporations 2015.

In the circumstances, the existence and effectiveness of the Institute's internal control measures could not be confirmed.

## **2.0 Information Communication Technology**

Review of the Information and Communication Technology (ICT) records revealed that the Institute did not have an IT strategic Policy, Data Recovery Plan (DRP) and IT security policy. In addition, the Institute did not have an IT Steering Committee to provide oversight and formulation of policies to ensure that IT unit functions properly to assist in achievement of organizational objectives in an economic, efficient and effective way. Further, the Institute did not have periodic IT reports to assess the status of implementation of IT systems and suggest corrective measures.

In the circumstances, the effectiveness of the ICT control mechanism could not be confirmed.

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

### **Responsibilities of Management and the Board of Governors**

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 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 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.

The Board of Governors 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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.

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

**Nairobi**

**31 August, 2022**

**ALDAI TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	28,372,500	16,725,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
<b>Total Revenue from non-exchange transactions</b>		<b>28,372,500</b>	<b>16,725,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	10	13,786,462	39,549,783
Sale of goods	11	323,390	82,000
Rental revenue from facilities and equipment	12	-	99,040
Finance income - external investments	13	-	-
Other income	14	1,000	486,738
<b>Revenue from exchange transactions</b>		<b>14,110,852</b>	<b>40,217,561</b>
<b>Total revenue</b>		<b>42,483,352</b>	<b>56,942,561</b>
<b>Expenses</b>			
Use of goods and services	15	25,894,328	21,794,264
Employee costs	16	12,214,806	10,853,945
Remuneration of directors	17	1,624,200	662,900
Depreciation and amortization expense	18	23,451,723	1,465,827
Repairs and maintenance	19	3,563,557	1,190,635
Contracted services	20	-	-
Grants and subsidies	21	-	-
General expenses		-	-
Finance costs	22	14,974	23,644
<b>Total expenses</b>		<b>66,763,588</b>	<b>35,991,215</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
<b>Total other gains/(losses)</b>		<b>-</b>	<b>-</b>
<b>Net Surplus/Deficit for the year</b>		<b>(24,280,236 )</b>	<b>20,951,346</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling institute			


The notes set out on pages 6 to 48 form an integral part of the Annual Financial Statements.


**ALDAI TECHNICAL TRAINING INSTITUTE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

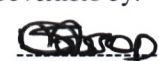
**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	26	13,059,451	19,576,535
Receivables from exchange transactions	27	7,463,699	10,512,820
Receivables from non-exchange transactions	28	-	3,885,000
Inventories	29	819,600	486,738
Investments	30	-	-
<b>Total Current Assets</b>		<b>21,342,750</b>	<b>34,157,562</b>
<b>Non-current assets</b>			
Property, plant and equipment	31	317,990,602	14,332,304
Intangible assets	32	600,000	-
Investment property	33	-	-
Long term receivables from exchange transactions		-	-
<b>Total Non-current Assets</b>		<b>318,590,602</b>	<b>14,332,304</b>
<b>Total assets</b>		<b>339,933,352</b>	<b>48,489,866</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	34	299,230	2,528,109
Refundable deposits from customers	35	1,012,572	1,050,572
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of borrowings	40	-	-
Deferred income	38	-	-
Employee benefit obligation	39	-	-
Payments received in advance		-	-
<b>Total Current Liabilities</b>		<b>1,311,802</b>	<b>3,578,681</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	39	-	-
Non-current provisions	40	-	-
Borrowings	41	-	-
<b>Total Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,311,802</b>	<b>3,578,681</b>
<b>Capital and Reserves</b>			
Reserves		-	-
Accumulated surplus		12,797,524	37,077,760
Capital Fund		325,824,026	7,833,424
<b>Total Capital and Reserves</b>		<b>338,621,550</b>	<b>44,911,184</b>
<b>Total Liabilities and Capital &amp; Reserves</b>		<b>339,933,352</b>	<b>48,489,865</b>

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

  
Chairman Board of Governors

  
Finance Officer  
ICPAK No 25221

  
Principal

Date... 28/7/2022

Date... 28/7/2022

Date... 28/7/2022

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings/ Accumulated funds	Capital/ Development Grants/Fund	Total
<b>Balance b/f at July 1, 2019</b>			16,126,414	7,833,424	23,959,838
Revaluation gain					-
Fair value adjustment on quoted investments					-
Total comprehensive income			20,951,346		20,951,346
Capital/Development grants received during the year				-	-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
<b>Balance c/d as at June 30, 2020</b>	0	0	37,077,760	7,833,424	44,911,184
<b>Balance b/f as at July 1, 2020</b>	0	0	37,077,760	7,833,424	44,911,184
Revaluation gain					-
Fair value adjustment on quoted investments					-
Total comprehensive income			(24,280,236)		(24,280,236)
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to retained earnings				317,990,602	317,990,601
<b>Balance c/d as at June 30, 2021</b>	0	0	12,797,524	325,824,026	338,621,549

**ALDAI TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

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

		2020/2021	2019/2020
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	28,372,500	16,725,000
Public contributions and donations			
Rendering of services- Fees from students	10	13,786,462	40,036,521
Sale of goods	11	323,390	82,000
Rental revenue from facilities and equipment		-	99,040
Consultancy income		-	-
Other income, rentals and agency fees		1,000	2,000
<b>Total Receipts</b>		<b>42,484,352</b>	<b>56,942,561</b>
<b>Payments</b>			
Compensation of employees	16	12,214,806	10,853,945
Use of goods and services	15	25,894,328	21,817,908
Remuneration of Directors	17	1,624,200	662,900
Finance cost	22	14,974	23,644
Taxation paid			
Repairs, Maintenances and Improvements		3,563,557	1,190,635
Grants and subsidies paid			
<b>Total Payments</b>		<b>43,311,865</b>	<b>34,525,388</b>
<b>Net cash flows from operating activities</b>	45	<b>(827,513)</b>	<b>22,417,173</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(4,600,102)	-
Proceeds from sale of property, plant and Equipment			
Increase/Decrease in non-current receivables		1,139,410	( 4,128,691 )
Increase/Decrease in non-current payables		(2,228,879)	
<b>Net cash flows used in investing activities</b>		<b>(5,869,571)</b>	<b>( 4,128,691)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>( 6,517,084 )</b>	<b>18,288,482</b>
Cash and cash equivalents at 1 July		19,576,535	1,288,053
<b>Cash and cash equivalents at 30 June</b>	28	<b>13,059,451</b>	<b>19,576,535</b>

**ALDAI TECHNICAL TRAINING INSTITUTE**  
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**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Transfers from other Govt entities Govt grants	32,400,000		32,400,000	28,372,500	4,027,500	12% (a)
Public contributions and donations						
Rendering of services- Fees from students	34,365,600		34,365,600	13,786,462	20,579,138	60% (b)
Sale of goods						
Finance Income						
Consultancy Income						
Gains on disposal, rental income and agency fees	2,282,000		2,282,000	324,390	1,957,610	86% (c)
<b>Total income</b>	<b>69,047,600</b>	<b>-</b>	<b>69,047,600</b>	<b>42,483,352</b>	<b>26,564,248</b>	
<b>Expenses</b>						
Compensation of employees	14,495,943		14,495,943	12,214,806	2,281,137	16% (d)
Use of Goods and services	50,870,654		50,870,654	25,894,328	24,976,326	51% (e)
Finance costs						
Rent paid						
Remuneration of directors	1,181,000		1,181,000	1,624,200	443,200	-38% (f)
General expenses						
Grants and subsidies paid						
<b>Total expenditure</b>	<b>66,547,597</b>	<b>-</b>	<b>66,547,597</b>	<b>43,130,441</b>	<b>23,417,156</b>	
<b>Surplus for the period</b>	<b>2,500,003</b>	<b>-</b>	<b>2,500,003</b>	<b>- 647,089</b>	<b>3,147,092</b>	

**Budget notes**

- Movement in grants income is due to gradual growth in student population resulting to low capitation in the first three quarters
- Movement in revenue from rendering services is due COVID-19 closure which led to 2019/20 F/Y services being moved to 2020/21
- Movement on revenue from disposal due to failure of block production to take off and suspension of gatherings
- Movement on compensation of employees is due to partial closure of the institution due to COVID-19 Pandemic and RMI being separate from use of good while the budget estimates does not separate.
- Movement on use of goods is due to partial closure of the institution due to COVID-19 Pandemic and RMI being separate from use of good while the budget estimates does not separate.
- Movement on remuneration of directors is due to approved capacity building of the Board.

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30<sup>TH</sup> JUNE 2021**

**XVII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Aldai TTI is established by and derives its authority and accountability from TVET Act. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is training.

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

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

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

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

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30<sup>TH</sup> JUNE 2021**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

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

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

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

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

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an institute’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>•Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an institute’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the institute;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the institute’s financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**iii. Early adoption of standards**

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

###### **i) Revenue from non-exchange transactions**

###### **Transfers from other government entities**

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

###### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Dividends**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition (Continued)**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2020/2021 was approved by the Board on 3<sup>rd</sup> July, 2020. No Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (continued)**

*Sales tax/ Value Added Tax*

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

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

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

**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.

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

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

**d) Property, plant and equipment**

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.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Leases**

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

**f) Intangible assets**

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

**g) Research and development costs**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or an institute of financial assets is impaired. A financial asset or a institute 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 institute of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial instruments (Continued)**

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

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

*Financial liabilities*

*Initial recognition and measurement*

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

*Loans and borrowing*

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Inventories (Continued)**

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

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

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

**j) Provisions**

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

***Contingent assets***

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Nature and purpose of reserves**

The Institute creates and maintains reserves in terms of specific requirements.

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

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

**m) Employee benefits**

**Retirement benefit plans**

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30<sup>TH</sup> JUNE 2021**

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

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute 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 Institute. 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 Institute
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

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**6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Capitation grants	28,372,500	16,725,000
Operational grant		
Other grants		
<b>Conditional grants</b>		
Library grant		
Hostels grant		
Administration block grant		
Laboratory grant		
Learning facilities grant		
Other organizational grants		
<b>Total government grants and subsidies</b>	<b>28,372,500</b>	<b>16,725,000</b>

**(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

<b>Name of the Entity sending the grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>20xx-20xx</b>
			<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Total</b>					

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7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021	2019-2020
	KShs	KShs
JICA- Research grant		
World Bank grants		
In-kind Donations		
Other grants		
<b>Total grants from development partners</b>		

Reconciliations of grants from donors and development partners

Description	2020-2021	2019-2020
	KShs	KShs
<b>Balance unspent at beginning of year</b>		
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions to be met - remain liabilities</b>		

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021	2019-2020
	KShs	KShs
<b>Total Transfers</b>		

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021	2019-2020
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from alumni		
Other donations		
<b>Total donations and sponsorships</b>		

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10. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	8,270,385	31,591,249
Activity fees	416,700	1,623,600
Examination fees	3,606,050	2,572,429
Boarding fees	565,200	1,027,489
Insurance	0	0
Registration fees	266,500	157,100
Attachment fees	661,627	2,577,916
<b>Total revenue from the rendering of services</b>	<b>13,786,462</b>	<b>39,549,783</b>

11. SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
<b>Sale of goods</b>		
Sale of firewood		
Sale of water	1,500	82,000
Sale of farm produce	174,330	-
Sale of blocks	147,560	-
<b>Total revenue from the sale of goods</b>	<b>323,390</b>	<b>82,000</b>

These are income generated internally, firewood and farm produce are used internally while water is sold to interested community members.

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Hire of facilities and equipment	-	99,040
Contingent rental		
operating lease revenue		
<b>Total</b>		

13. FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
<b>Total finance income</b>		

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**14. OTHER INCOME**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Insurance recoveries		
Consultancy fees		
Income from sale of tender	1,000	2,000
Services concession income		
Reimbursements and refunds		
Graduation fees		
Miscellaneous ( <i>Specify</i> )		
<b>Total other income</b>	<b>1,000</b>	<b>2,000</b>

**15. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Training materials, stationaries and cleaning materials	9,947,252	6,637,650
Local transport and travel	1,043,580	1,198,888
Boarding	3,787,756	3,675,847
Electricity water and conservancy	782,083	609,124
Activity	334,288	795,700
Examinations	5,420,414	4,086,840
Reference materials	-	14,000
Annual subscriptions	191,200	290,000
advertisements	731,370	1,119,176
TVET Fairs and robotics	38,200	688,364
Performance contracting	866,059	438,450
Attachment	166,000	300,237
Students union	97,284	67,130
Insurance	-	-
Block making machines	553,015	151,102
Production unit	-	-
MOE/KATTI Workshops	702,382	541,850
Automation	406,850	-
Internet cost	444,127	229,467
Social contributions	35,000	17,500
Farm	215,988	158,550
Students ID	94,380	28,390
CBET implementation	31,100	22,830
Tendering expenses	6,000	19,200
Firewood harvesting	-	58,200
CAPA workshops	-	271,853
Other	-	373,916
<b>Total good and services</b>	<b>25,894,328</b>	<b>21,794,264</b>

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**16. EMPLOYEE COSTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	10,486,704	10,853,945
Employee related costs - contributions to pensions and medical aids	1,728,102	
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Performance and other bonuses		
Social contributions		
<b>Employee costs</b>	<b>12,214,806</b>	<b>10,853,945</b>

**17. REMUNERATION OF DIRECTORS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria		
Directors emoluments		
BOG Reimbursements	1,624,200	662,900
<b>Total director emoluments</b>	<b>1,624,200</b>	<b>662,900</b>

**18. DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	23,251,723	1,465,827
Intangible assets	200,000	
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>23,451,723</b>	<b>1,465,827</b>

**19. REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Property		
Investment property – earning rentals		
Equipment and machinery		
Vehicles		
Furniture and fittings		
Computers and accessories		
Repairs, Maintenances and Improvements	3,563,557	1,190,635
<b>Total repairs and maintenance</b>	<b>3,563,557</b>	<b>1,190,635</b>

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**20. CONTRACTED SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations		
Investment valuations		
Property valuations		
<b>Total contracted services</b>		

**21. GRANTS AND SUBSIDIES**

Description	2020-2021	2019-2020
	KShs	KShs
Community development		
Education initiatives and programs		
Social development		
Community trust		
Sporting bodies		
<b>Total grants and subsidies</b>		

**22. FINANCE COSTS**

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*		
Finance leases (amortized cost)		
Unwinding of discount		
Bank charges	14,974	23,644
Interest on loans from commercial banks		
<b>Total finance costs</b>	<b>14,974</b>	<b>23,644</b>

**23. GAIN ON SALE OF ASSETS**

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Other assets not capitalised		
<b>Total gain on sale of assets</b>		

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**24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Investments at fair value		
<b>Total gain</b>		

**25. IMPAIRMENT LOSS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment		
Intangible assets		
<b>Total impairment loss</b>		

**26. CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Current account	13,058,511	19,575,787
On - call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Cash in hand	940	748
<b>Total cash and cash equivalents</b>	<b>13,059,451</b>	<b>19,576,535</b>

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**26 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

<b>Financial institution</b>	<b>Account number</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Main account</b>			
Kenya Commercial bank	<b>1169120555</b>	2,360,884	15,031,366
<b>Sub- total</b>		<b>2,360,884</b>	<b>15,031,366</b>
<b>b) Operation account</b>			
Kenya Commercial bank	<b>1169120717</b>	10,271,993	3,842,378
<b>Sub- total</b>		<b>10,271,993</b>	<b>3,842,366</b>
<b>c) Development account</b>			
Kenya Commercial bank	<b>1169120210</b>	425,615	509,062
Bank B			
<b>Sub- total</b>		<b>425,615</b>	<b>509,062</b>
<b>d) Staff car loan/ mortgage</b>			
Kenya Commercial bank			
Bank B			
<b>Sub- total</b>			
<b>e) Others(specify)</b>			
Cash in transit			
cash in hand		940	748
Mobile Money account			
<b>Sub- total</b>			
<b>Grand total</b>		<b>13,059,451</b>	<b>19,576,535</b>

**27. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**27(a) Current Receivables from Exchange Transactions**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Student debtors	7,393,699	10,467,820
Imprest	70,000	45,000
Consultancy debtors		
Other exchange debtors		
Less: impairment allowance		
<b>Total current receivables</b>	<b>7,463,699</b>	<b>10,512,820</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
<b>Non-current receivables</b>		
Refundable deposits		
Advance payments		
Public organizations		
Less: impairment allowance		
<b>Total</b>		
Current portion transferred to current receivables		
<b>Total non-current receivables</b>		
<b>Total receivables</b>		

27 (c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year		
Provisions during the year		
Recovered during the year		
Write offs during the year		
At the end of the year		

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Capitation grants*		3,885,000
Transfers from other govt. entities		
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
<b>Total current receivables</b>		<b>3,885,000</b>

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

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**29. INVENTORIES**

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	484,470	246,048
Maintenance stores	233,150	112,890
Health unit stores	-	
Electrical stores	-	54,250
Cleaning materials stores	66,000	73,550
Catering stores	35,980	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>819,600</b>	<b>486,738</b>

**30. INVESTMENTS**

Description	2020-2021	2019-2020
	KShs	KShs
<b>a) Investment in Treasury bills and bonds</b>		
<b>Financial institution</b>		
CBK		
CBK		
<b>Sub- total</b>		
<b>b) Investment with Financial Institutions/ Banks</b>		
<b>Sub- total</b>		
<b>c) Equity investments</b>		
Equity/ shares in company		
<b>Sub- total</b>		
<b>Grand total</b>		

**d) Shareholding in other entities**

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of institute where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%			
				Shs	Shs	Shs
Entity A						
Entity B						
Entity C						

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

**31. PROPERTY, PLANT AND EQUIPMENT**

	Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Specify)		Plant and equipment		Capital Work in progress		Total	
		Shs		Shs		Shs		Shs		Shs		Shs		Shs		Shs
<b>Cost</b>																
At 1 July 2020		7,925,564		0		3,510,000		1,308,000				776,000		7,792,003		21,311,567
Additions																
Disposals																0
Transfers/adjustments																0
At 30 <sup>th</sup> June 2021		7,925,564		0		3,510,000		1,308,000				776,000		7,792,003		21,311,567
Additions		280,445,516				146,200		1,406,550				94,116,987		1,200,000		377,315,523
Disposals																0
Transfer/adjustments																0
At 30 <sup>th</sup> June 2021		288,371,080		0		3,656,200		2,881,000		0		94,892,987		8,992,003		398,626,820
<b>Depreciation and impairment</b>		2.5%				12.5%		30%				12.5%				0
At 1 July 2020		1,007,196				1,894,188		1,064,400				47,064,736				4,305,595
Depreciation		16,735,751				457,025		551,300				11,861,623				76,330,623
Impairment																0
At 30 June 2021		17,742,947		0		2,351,212.5		1,615,700		0		58,926,359		0		80,636,218
Depreciation																0
Disposals																0
Impairment																0
Transfer/adjustment																0
At 30 <sup>th</sup> June 2021		17,742,947		-		2,351,212.50		1,615,700.00		-		58,926,359		-		80,636,218
Net book values																0
At 30 <sup>th</sup> June 2021		270,628,133				1,304,988		1,098,850				35,966,628		8,992,003		317,990,602
At 30 <sup>th</sup> June 2020		6,918,369				1,615,813		243,600				436,188		7,792,003		17,005,972

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1. The institute has 20.23 hectares of land which has not been valued and therefore has not been included in property, plant and equipment.
2. The Capital work in progress relates to construction one storey building of classrooms
3. Buildings donated by Mugen Youth Polytechnic have not been valued and therefore have not been included in property, plant and equipment.

**31 (b) Property, Plant and Equipment at Cost**

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

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land			
Buildings	288,371,080	17,742,947	270,628,133
Plant and machinery	94,892,987	58,926,359	35,966,628
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	2,881,000	1,615,700	1,265,300
Office equipment, furniture, and fittings	3,656,200	2,351,213	1,304,988
<b>Total</b>	<b>398,626,820</b>	<b>80,636,218</b>	<b>317,990,602</b>

**32. INTANGIBLE ASSETS-SOFTWARE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	0	0
Additions	800,000	0
<b>At end of the year</b>		
Additions—internal development	0	0
<b>At end of the year</b>	<b>800,000</b>	0
<b>Amortization and impairment</b>	<b>25%</b>	
<b>At beginning of the year</b>	0	0
Amortization	200,000	0
<b>At end of the year</b>		
Impairment loss	0	0
<b>At end of the year</b>	<b>200,000</b>	0
<b>NBV</b>	<b>600,000</b>	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
<b>At beginning of the year</b>		
Additions		
Disposal during the year		
Depreciation		
Impairment		
<b>At end of the year</b>		

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables		2,493,949
Fees paid in advance	299,230	34,160
Employee advances		
Third-party payments		
Other payables		
<b>Total trade and other payables</b>	<b>299,230</b>	<b>2,528,109</b>

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits		
Caution money	1,012,572	1,050,572
Other refundable deposits		
<b>Total deposits</b>	<b>1,012,572</b>	<b>1,050,572</b>

36. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Transfers from non-current provisions					
<b>Total provisions</b>					

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

**37. FINANCE LEASE OBLIGATION**

Description	2020-2021	2019-2020
	KShs	KShs
<b>At the start of the year</b>		
Discount interest on lease liability		
Paid during the year		
<b>At end of the year</b>		

**Maturity Analysis**

Period	Amount
Year 1	
Year 2	
Year 3	
Year 4	
Year 5 and onwards	
Less: Unearned interest	

**Analysed as:**

Description	Amount
Current	
Non- Current	
<b>Total</b>	

**38. DEFERRED INCOME**

Description	2020-2021	2019-2020
	KShs	KShs
National government		
International funders		
Public contributions and donations		
<b>Total deferred income</b>		

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**The deferred income movement is as follows:**

	<b>National government</b>	<b>International funders/ donors</b>	<b>Public contributions and donations</b>	<b>Total</b>
Balance brought forward				
Additions during the year				
Transfers to Capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward				

**39. EMPLOYEE BENEFIT OBLIGATIONS**

<b>Description</b>	<b>Defined benefit plan</b>	<b>Post-employment medical benefits</b>	<b>Other Provisions</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Current benefit obligation					
Non-current benefit obligation					
<b>Total employee benefits obligation</b>					

**Retirement benefit Asset/ Liability**

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

The principal assumptions used for the purposes of valuation are as follows:

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Discount rates		
Future salary increases		
Future pension increases		
Mortality (Pre- retirement)		
Mortality (Post- retirement)		
Withdrawals		
Ill health		
Retirement		

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Recognition of Retirement Benefit Asset/ Liability**

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

Description	2020-2021 Kshs	2019-2020 Kshs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial gains/ losses arising from 0020 changes in financial assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (Specify)		
Adjustments for restrictions on the defined benefit asset		
<b>Remeasurement of the net defined benefit liability (asset)</b>		

- b) **Amounts**  
**recognised in the Statement of Financial Position**

Description	2020-2021 Kshs	2019-2020 Kshs
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded Status(=a-b)		
Restrictions on asset recognised		
Others		
Net Asset or liability arising from defined benefit obligation		

The institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% of Gross salary to a maximum of Ksh.18,000 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Less: Current portion					
<b>Total deferred income</b>					

41. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the year		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the year		

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021	2019-2020
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan		
Sterling Pound denominated loan		
Euro denominated loan		
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
<b>Total balance at end of the year</b>		

**ALDAI TECHNICAL TRAINING INSTITUTE**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Short term borrowings(current portion)		
Long term borrowings		
<b>Total</b>		

**42. SERVICE CONCESSION ARRANGEMENTS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

**43. CASH GENERATED FROM OPERATIONS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Surplus for the year before tax</b>		
<b>Adjusted for:</b>	(24,280,236)	20,951,346
Depreciation	23,451,723	1,465,827
Non-cash grants received	-	-
Contributed assets	-	-
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
<b>Working Capital adjustments</b>		
Increase in inventory		
Increase in receivables	-	
Increase in deferred income		
Increase in payables		-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>(827,513)</b>	<b>22,417,173</b>

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

**44. FINANCIAL RISK MANAGEMENT**

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

**(i) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	10,512,820	10,512,820		
Receivables from non exchange transactions	3,885,000	3,885,000		
Bank balances	19,576,535	19,576,535		
<b>Total</b>	<b>33,974,355</b>	<b>33,974,355</b>		
<b>At 30 June 2021</b>				
Receivables from exchange transactions	7,463,699	7,463,699		
Receivables from non exchange transactions	-	-		
Bank balances	13,059,451	13,059,451		
<b>Total</b>	<b>20,523,150</b>	<b>20,523,150</b>		

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

**44. FINANCIAL RISK MANAGEMENT (Continued)**

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

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

The institute has no significant concentration of credit risk on amounts due.

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

**(ii) Liquidity risk management**

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

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

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2020</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>				
<b>At 30 June 2021</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>				

**ALDAI TECHNICAL TRAINING INSTITUTE**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**44. FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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

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

	<b>Ksh</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2021</b>			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

**ALDAI TECHNICAL TRAINING INSTITUTE**  
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The institute manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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

**44. FINANCIAL RISK MANAGEMENT (Continued)**

Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
Financial assets(investments, cash ,debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2020</b>			
Euro	10%		
USD	10%		
<b>2021</b>			
Euro	10%		
USD	10%		

a) Interest rate risk

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

*Management of interest rate risk*

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

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

**44 FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

b) Interest rate risk(continued)

*Sensitivity analysis*

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

**iii) Capital Risk Management**

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve		
Retained earnings	297,611,074	224,956,196
Capital reserve	7,833,424	7,833,424
	305,444,498	232,789,620
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances	13,059,451	19,976,535
Net debt/(excess cash and cash equivalents)	292,385,047	212,813,085
<b>Gearing</b>	<b>95.72%</b>	<b>91.42%</b>

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**45. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) Board of governors;
- iv) Key management;

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

	2020-2021	2019-2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies		
Rent Income from govt. agencies		
Water sales to Govt. agencies		
Others		
<b>Total</b>		
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others		
<b>Total</b>		
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt		
Grants from County Government		
Donations in kind		
<b>Total</b>		
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees		
Payments for goods and services		
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments		
Compensation to key management		
<b>Total</b>		

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

**46. SEGMENT INFORMATION**

**47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**Contingent Assets**

	2020-2021	2019-2020
	Kshs	Kshs
<b>Contingent assets</b>		
Insurance reimbursements		
Assets arising from determination of court cases		
Reimbursable indemnities and guarantees		
Others		
<b>Total</b>		

**Contingent Liabilities**

	2020-2021	2019-2020
	Kshs	Kshs
<b>Contingent liabilities</b>		
Court case against the institute		
Bank guarantees in favour of subsidiary		
Contingent liabilities arising from contracts including PPPs		
Others		
<b>Total</b>		

**48. CAPITAL COMMITMENTS**

<b>Capital commitments</b>	2020-2021	2019-2020
	Kshs	Kshs
Authorised for		
Authorised and contracted for		
<b>Total</b>		

**ALDAI TECHNICAL TRAINING INSTITUTE**  
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**30<sup>TH</sup> JUNE 2021**

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

**49. DEFERRED TAX LIABILITY**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances		
Unrealised exchange gains/(losses)		
Revaluation surplus		
Tax losses carried forward		
Provisions for liabilities and charges		
<b>Net deferred tax liability/(asset)</b>		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year		
Credit to revaluation reserve		
Under provision in prior year		
Income statement charge/(credit)		
Balance at end of the year		

**50. EVENTS AFTER THE REPORTING PERIOD**

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

**51. ULTIMATE AND HOLDING ENTITY**

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

**52. CURRENCY**

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


**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1				
2	Unvalued and unreported property, plant and equipment	Procurement process has been initiated on identification of a valuer	Evaluation of quotations	30 <sup>th</sup> June 2022
3	Lack of Internal Audit Function	The board of governors approved recruitment of an Internal auditor	Re-advertisement and shortlisting done	30 <sup>th</sup> June 2022
4	Lack of imprest warrants	To be implemented immediately	implemented	immediate

**Note: Previous year audit report has not been published. As a result, progress on follow up of auditor recommendations has not been completed**

  
 -----  
 Principal  
 Date... 28/7/2022

**ALDAI TECHNICAL TRAINING INSTITUTE**  
**NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE**

**Projects**

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Electrical and ICT Complex	1	ADB/MOE	Not disclosed	163,507,520	YES	YES
2						

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	8-NO Classroom project	10,146,640	9,208,713	90%	2,658,816	0	MOE
2							
3							

**APPENDIX III: INTER-ENTITY TRANSFERS**

<b>INSTITUTE NAME:</b>		<b>ALDAI TECHNICAL TRAINING INSTITUTE</b>		
<b>Break down of Transfers from the State Department of TVET</b>				
<b>FY 2020/2021</b>				
a.	Capitation Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		3/07/2020	3,885,000	2019/2020
		6/11/2020	5,632,500	2020/2021
		22/02/2021	5,227,500	2020/2021
		31/03/2021	5,212,500	2020/2021
		30/06/2021	8,415,000	2020/2021

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		<b>Total</b>	<b>28,372,500</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>		
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>		
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>		

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Officer  
Aldai Technical Training institute

Head of Accounting Unit  
Ministry of Education

Sign  -----

Sign-----

**ALDAI TECHNICAL TRAINING INSTITUTE**  
 NOTES TO ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education		Recurrent	28,372,500	28,372,500	-	-	-	-	28,372,500
Ministry of Education		Development							
USAID		Donor Fund							
Ministry of Education		Direct Payment							
<b>Total</b>			<b>28,372,500</b>	<b>28,372,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,372,500</b>