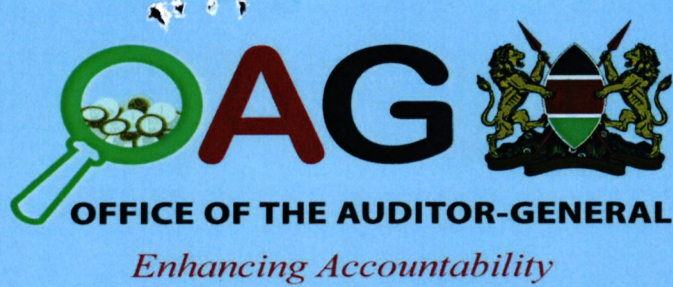


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KISIWA TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2019**

THE NATIONAL ASSEMBLY PAPERS LAYD	
DATE: 09 FEB 2022	DAY: Wed
TABLED BY: LOM	
CLERK-AT THE-TABLE: S. Kalama	

PARLIAMENT
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**MINISTRY OF EDUCATION
STATE DEPARTMENT OF VOCATIONAL & TECHNICAL TRAINING
KISIWA TECHNICAL TRAINING INSTITUTE**



Knowledge and Skills for better life
P. O. BOX 657 – 50200, BUNGOMA (KENYA)
Cell Phone: 0110 096 090/0784 240 895
Email: info@kisiwatech.ac.ke, Website: www.kisiwatech.ac.ke



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2019.**

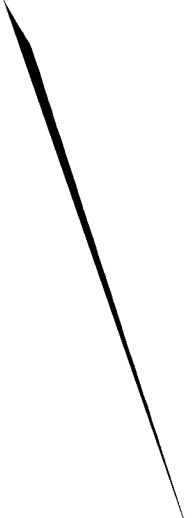
Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



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KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

KEY KISIWA TECHNICAL TRAINING INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

Kisiwa Technical Training Institute, registration number MOHEST/PC/1144/09, under the Ministry of Education, Science and Technology was formally registered as East Bukusu Kisiwa Youth Club of the Elgon Nyanza District on 27th November, 1961 by the Kenya Youth Club Association and the first Courses were; Shoe making, Carpentry and Masonry. The founder members were Dominic Wetang'ula and Sylvester Kituyi with the objective of preparing the youth for self-reliance and employment. Over the years, the institute has gone through different phases: In 2006 it acquired an examination centre, on 7th December, 2008 the Technical Training Institute was launched and the first Principal(Moses Sabulei) was posted in May, 2009; First admission was done in September, 2009. The workforce of the Institute comprise of 38 PSC Trainers, 92 B.O.G Trainers and 59 non-teaching staff. The institute is located to the Eastern slopes of Kabuchai hills in West Nalondo Location, Kabuchai sub-county standing on 17 acres of land with Title deed. The student enrolment as per now stands at 2500. The institution is managed by a Board of Governors made up of the Chairman, Secretary, County Director of education (TVET), and other seven professionals.

This is the first time Kisiwa Technical Training Institute has prepared the financial statement on IPSAS1 – Accrual. The closing bank and cash balances of the previous Financial Year 2017/2018 of Kshs 7,045,129 was used as opening balance for this financial statement as they appear in the Statement of Cash flow.

(b) Principal Activities

The principal activity/mission/ mandate of the Kisiwa Technical Training Institute Training Institute are to ...

1. Promote positive corporate image;
2. Enhance capacity in TVET and research;
3. Inculcate entrepreneurial culture in trainees;
4. Improve institutional corporate governance
5. Promote strategic collaboration and linkages with industry and other institutions.

Our Vision

To be a Centre of Excellence in TVET, Research and Innovation.

Our Mission

To provide Quality and Market Oriented Technical and Scientific Training, Research and Services for Socio-Economic Prosperity.

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Our Motto

Knowledge and Skills for better life

Quality Policy

Kisiwa Technical Training Institute Training Institute is committed to produce knowledgeable, skilled, innovative and responsible manpower in Entrepreneurship, Research, Science and Technology to meet the changing needs of industry and society.

To meet this commitment, the Institute shall comply with all applicable requirements and continually improve on her effectiveness by implementing a Quality management System based on ISO 9001:2015.

The Institute shall review this quality policy and established quality objectives on annual basis to ensure continuing suitability.

(c) Key Management

Day-to-day management of the institute is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Michael Musuya
2.	Deputy Principal Admiration	Mrs. Monica Sifuna
3.	Deputy Principal Academics	Mr Charles Marumbu
4.	Head of Finance	Mr. Moses Fwamba
5.	Head of Procurement	Mrs. Rose Wasike
6.	Registrar	Mr. Jacob Oloo Olwa
7.	Dean of Students	Mrs. Clara Wanyama

(e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *Audit committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

KEY KISIWA TECHNICAL TRAINING INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(f) Kisiwa Technical Training Institute Headquarters

P.O. Box 657-50200
Along Sikata-Kimilili Road
Bungoma, KENYA

(g) Kisiwa Technical Training Institute Contacts

Telephone: (254) 712722722
E-mail: kisiwainstitute@yahoo.com or principal@kisiwatech.ac.ke
Website: www.kisiwatech.ac.ke

(h) Kisiwa Technical Training Institute Bankers

- i. KCB Bank (K) Bungoma branch
P.O BOX 380-50200,
Bungoma, Kenya
- ii. Cooperative Bank Bungoma branch
P. O. BOX 1964 - 50200
Bungoma, Kenya
- iii. Diamond Trust Bank Bungoma branch
P.O BOX 726-50200,
Bungoma, Kenya.

(i) Independent Auditors


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

(j) Principal Legal Adviser

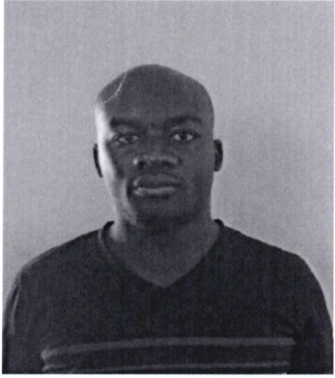


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019




THE BOARD OF GOVERNORS

<p>1.</p>  <p>JUDY NEKOYE</p>	<p>Joined in 2017 as a member of Board of Governors. She is the Chairperson of the Board. She is a holder of Bachelor's Degree in business management with nineteen years working experience in Banking and Financial Management. Currently works with KCB Bank (K) Ltd as a Senior Branch Manager cum County Manager Bungoma Branch.</p>
<p>2.</p>  <p>JUDITH TUWEI</p>	<p>Joined in 2016 as a member of Board of Governors. Holds a master of B.A strategic Management and Bachelor of B.A Accounting. Judith Tuwei was a seasoned banker who worked with Equity Bank and National Bank of Kenya. She has 10 years' experience in insurance and Finance Sector. She is a member of Kenya Institute of Management.</p>
<p>3.</p>  <p>GEORGE OLEWE</p>	<p>He has 20 years TVET policy development and monitoring experience. He holds an MBA in Business Administration. Currently he is the County Director TVET, Busia/Bungoma.</p>


KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

<p>4.</p>  <p>ALLAN WANYONYI</p>	<p>Joined in 2016 as a member of Board of Governors. He is 34 years old. He is holder of BSc Agribusiness Management. He currently works with IEBC as a biometric voter registrar and previously worked with sugar corporation of Uganda Limited. He has leadership roles with national youth board as a chairman, and as an organizing secretary of MUKESA (Makerere Institute Kenya Students Association).</p>
<p>5.</p>  <p>PETER MUDOGO</p>	<p>Joined in 2016 as a member of Board Of Governors. He is 48 years old with a BSC (Surv) NBI, PGDE (Maseno), MLE (H. Green) UK, MISK reg surveyor, and a life member of Red cross.</p>
<p>6.</p>  <p>DAISY NABALAYO WAKOLI</p>	<p>Joined in 2016 as a member of Board of Governors. She is an Advocate of the High Court of Kenya of 8 years standing. She is currently working with Wekesa and Simiyu Advocates, previously worked with Masinde & co Advocates and Kilonzo &co. Advocates.</p>

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019



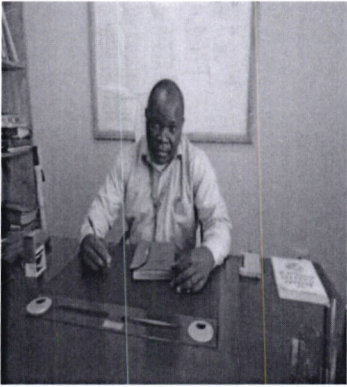
<p>7.</p>  <p>JOHN SUKURA OTIDO</p>	<p>He is a holder of Bachelor Degree in Education with 20 years' experience in Educational management and administration at sub county and county level.</p>
<p>8.</p>  <p>JANE MUGURE</p>	<p>Joined in 2016 as a member of Board of Governors. She is a highly skilled ICT consultant who is responsible for the management of and provision of advice on the procurement of goods and services. 7 years background experience with different companies. She is a holder of BSc Computing and IT and a higher diploma in HRM. She is a CISCO certified and MIKROTIK certified</p>
<p>9.</p>  <p>MARGARET BUREGE</p>	<p>Joined in 2016 as a member of Board of Governors. She is a holder of MBA strategic management and also holds a Bachelor of Arts Communication, Public Relations and Marketing. She is experienced in general management, Media and Media Management, Marketing and Strategic Management, Public Relation and Strategic Marketing. Currently she is a part time lecturer at Egerton Institute and Kabianga Institute. She previously worked at Telkom Kenya Ltd. and Essar Telkom Kenya Ltd.</p>

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019




<p>10.</p>  <p>MICHAEL MUSUYA</p>	<p>He joined in 2018 as Secretary of the Board of Governors. He has a Diploma in Electrical Engineering, Diploma in Technical Education, Higher Diploma in Electrical/Electronic Engineering, Pre MSC Certificate from Egerton Institute and currently pursuing MSC in Industrial Engineering System and Management at Egerton Institute. Holds Certificate in Strategic Leadership Development Programme (SLDP) from Kenya school of Government.</p>
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KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

MANAGEMENT TEAM

<p>1.</p>  <p>MICHAEL MUSUYA PRINCIPAL</p>	<p>He joined in 2018 as Secretary to the Board of Governors. He has a Diploma in Electrical Engineering, Diploma in Technical Education, Higher Diploma in Electrical/Electronic Engineering, Pre MSC Certificate from Egerton Institute and currently pursuing MSC in Industrial Engineering System and Management at Egerton Institute. Holds also Certificate in Strategic Leadership Development Programme (SLDP) from Kenya school of Government.</p>
<p>2.</p>  <p>MONICA SIFUNA DEPUTY PRINCIPAL ADMINISTRATION</p>	<p>Joined Kisiwa Technical Training Institute Training Institute in 2015. She was appointed Registrar in 2015 by the TSC she was later appointed Deputy principal by TSC in 2016. Due to the increased enrolment in the institute she was deployed as Deputy Principal Administration in 2017 to take charge of all aspects of administration in the absence of the principal, maintain discipline, supervise repairs and maintenance and also chair farm committee meetings.</p>
<p>3.</p>  <p>MARUMBU CHARLES DEPUTY PRINCIPAL ACADEMICS</p>	<p>He joined Kisiwa Technical Training Institute in 2011 to teach communication skills. Mr Marumbu was appointed HOD Business studies the following year by the principal Mr. Moses Sabulei. He later became HOD Liberal studies on appointment by TSC. Following exemplary performance he was appointed PC coordinator 2013. The TSC promoted him to serve as registrar in 2016 and later appointed Deputy principal academics in 2017. He coordinates, supervises and monitors curriculum implementation across all departments.</p>

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

<p>4.</p>  <p>OLOO OLWA JACOB REGISTRAR</p>	<p>He joined the institute in 2011 and has served as a trainer and examination officer until the year. He was appointed as the Registrar 2017. He is a holder of higher national Diploma in the entrepreneurship Development. A part from the office of the registrar he is the chairperson of Ombudsman (Public Complaint Committee.)</p>
<p>5.</p>  <p>CLARA WANYAMA DEAN OF STUDENTS</p>	<p>She joined Kisiwa Technical Training Institute Training Institute on 27th September 2013 to teach mathematics and Economics. On 22nd January 2015 she was internally appointed as the HOD Guidance and Counselling. Approved by TSC as a HOD Guidance and Counselling, where she served in the capacity up to January 2017. On 26th Oct 2015, she was internally appointed as the Dean Of Students, currently PSC appointed her as Deputy Principal Academics.</p>
<p>6.</p>  <p>CPA FWAMBA SANGURA MOSES FINANCE OFFICER</p>	<p>He is the current Finance officer of Kisiwa TTI. He holds a Bachelors Of Commerce Finance and a fully certified public accountant of Kenya. He previously worked with Chelebei Secondary School, St. Luke's Boys High School Kimilili as Accountant, Bokoli boys as school bursar.</p>

CHAIRPERSON'S STATEMENT

On behalf of The Board of Governors of Kisiwa Technical Training Institute Training Institute, I am pleased to present the annual report for the financial year 2018/19. I am happy to be associated with the dynamic team at Kisiwa Technical Training Institute. Kisiwa Technical Training Institute Training Institute remains committed to all its stakeholders in executing its mandate as outlined in the 2015-2019 Strategic Plan.

Financial performance

During the FY 2018/19 the institute attributed good financial performance to prudent financial management coupled with Government capitation and increased HELB sponsorship which resulted in tremendous student enrolment. Due to sound financial discipline, we were able to meet our entire financial obligation particularly payment of creditors.

Challenges

One of the biggest challenges facing Kisiwa Technical Training Institute Training Institute is an acute shortage of classrooms, hostels, administration offices and workshops. The Ministry's target is the institute records an enrolment of 5000 students by 2022. We are committed to achieve this target however, we appeal to the government to address this issue even as we strive to fix the challenges as best as we can.

Mentoring institution

Kisiwa Technical Training Institute Training Institute is mentoring Chebuyusi Technical Training Institute, Sirisia Technical Training Institute, Butula Technical Training Institute and Mt. Elgon Technical Training Institute. These are government funded projects. On behalf of this Board of Governors, I applaud the support of Navakholo CDF and Sirisia CDF for their financial contribution towards these projects.

May I extend my sincere gratitude to Kisiwa Technical Training Institute Training Institute Board of Governors, the principal and the entire management team, our staff members, students and all our stakeholders for their commitment and support to this institution. I am optimistic that the institute is set for a prosperous future.

Thank you for your support.



Judy Nekoye
Chairperson
Board of Governors

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

REPORT OF THE PRINCIPAL

Dear stakeholders, I would like to state that FY 2018/19 has been a year of relative success, challenging but fruitful.

The Kisiwa Technical Training Institute Training Institute 2015-2019 strategic plan places technology and innovation at the apex of the factors crucial for learning and teaching in the 21st century. During the year 2018/19 we partitioned ICT to create the second computer laboratory. We procured more computers and printers to equip the ICT department. We addressed the shortage of furniture satisfactory by fabricating and procuring enough furniture for learners. To address the problem of learning space caused by increased enrolment we procured tents for learning.

Nevertheless, we increased internet bandwidth and improved IT network and equipment; this has seen the institution have facilities with more internet connectivity to cater for both staff and students. Other achievement made during the year was the installation CCTV in the institute which has enhanced security in the compound.

Mentoring institutions.

Kisiwa Technical Training Institute Training Institute is mentoring Chebuyusi Technical Training Institute, Sirisia Technical Training Institute, and Butula Technical Training Institute And Mt. Elgon Technical Training Institute. By the end of the FY Sirisia Technical Training Institute, Navakholo and Chebuyusi Technical Training Institute were 97% and 95% level of completion respectively. On behalf of the Board of Governors, i extend my gratitude to Navakholo CDF and Sirisia CDF for their financial support towards the projects.

ISO 9001:2015 Certification & Audit.

During the financial year under review, the management system certification audit was done by the KEBS body. The certificate of registration was issued on 15TH October 2018. Our strategic plan is the key direction that remains our guiding blue print and our emphasis based on the pillars. Therein our collective

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

efforts will make us and our collective efforts will help actualize this dream of the institute, serving society and the world.

I wish to convey my gratitude to all staff both academic and non-academic and students who together are leading form to our collective dream.

Thank you



Michael N. Musuya

Principal

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

CORPORATE GOVERNORS STATEMENT

The members of board have committed themselves to the service of Kisiwa Technical Training Institute Training Institute and to uphold the tenets of good corporate governors by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

The Board of Governors

The Board of Governors consists of nine members inclusive of the Principal as the secretary. The Board of Governors members and their meeting attendance are indicated below;

NO.	NAME	DATE	DATE	DATE	DATE	DATE	DATE
		21/7/18	1/11/18	31/1/19	23/2/19	13/4/19	14/6/19
		✓	✓	✓	✓	✓	✓
1.	Judy Nekoye	✓	✓	✓	✓	✓	✓
2.	Daisy Wakoli	✓	✓	✓	✓	✓	✓
3.	Judith Tuwei	✓	✓	✓	✓	✓	✓
4.	Allan Wanyonyi	✓	✓	✓	✓	✓	✓
5.	Margret Berege	✓	✓	✓	✓	✓	✓
6.	Peter Mudogo	✓	✓	✓	✓	✓	✓
7.	Jane Mugure	✓	✓	✓	✓	✓	✓
8.	George Olewe	✓	✓	✓	✓	✓	✓
9.	John Otido	✓	✓	✓	✓	✓	✓
10.	Michael Musuya	✓	✓	✓	✓	✓	✓

The biographies of the Board Members are published on page vi-vii. These Board Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the Institute.

Board Responsibilities

The board undertakes the following responsibilities;

1. The BoG is the governing body of the Institute through which the Institute acts and undertakes the following;
 - a) Administers the property and funds of the Institute in a manner and for the purposes which promotes the interest of the Institute; but the Board of Governors does not charge or dispose of immovable

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

- property of the Institute except in accordance with the procedures laid down by the Government of Kenya;
- b) Receives, on behalf of the Institute, donations, endowments, gifts, grants or other moneys and make disbursements there from to the Institute or other bodies or persons;
 - c) Provides for the welfare of the staff and students of the Institute;
 - d) May enter into association with other universities, Institute's or other institutions of learning, whether within Kenya or otherwise, as the Board of Governors may deem necessary and appropriate; and
 - e) May, after consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the Institute.
2. All documents, other than those required by law to be under seal, made on behalf of the Board of Governors, and all decisions of the Board of Governors may be signed under the hand of the Chairman, the Principal or any other members of the Board of Governors generally or specifically authorized by the Board of Governors in that behalf.
 3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
 4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the Institute.
 5. Constantly reviews the viability and financial sustainability of the Institute, and does so once every year.
 6. Ensures that the Institute complies with all the relevant laws, regulations, governors practices, accounting and auditing standards.

Board of Governors Committees

The Board of Governors Committees facilitates decision-making to assist the full Board of Governors in the execution of its duties. Powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the full Board of Governors of its duties and responsibilities. These Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Board of Governors.

In the financial year 2018/2019 the Board of Governors approved the following committees;

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

1. AUDIT, RISK AND COMPLIANCE COMMITTEE

Membership is as below listed:

NO.	NAME	DATE	DATE	DATE	DATE
		17 th Jan 2019	7 th May 2019		
1.	Daisy Wakoli	✓	✓		
2.	John Otido	✓	✓		
3.	Peter Mudogo	✓	✓		
4.	Jane Mugure	✓	✓		
5.	Allan Wanyonyi		✓		
6.	Michael Musuya	✓	✓		

Mandate

- a) To examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls. Monitor management's response to and implementation of internal control recommendations.
- b) To assist the Principal in enhancing internal controls in order to improve efficiency, transparency and accountability.
- c) To resolve unsettled and unimplemented Public Investment Committee's (PIC) recommendation.
- d) To enhance communication between Management, internal and external audit and fostering an effective internal audit function.
- e) To evaluate adequacy of management procedures with regard to issues relating to risk management, control and governors.
- f) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws regulations, procedures, plans and ethics.
- g) To perform an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
- h) To initiate special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Principal.
- i) To review and assess, at least annually, the Audit Committee's Charter and submit changes to the Committee for approval by the Board of Governors.
- j) To advice on Quality and Performance Monitoring.
- k) To perform other oversight functions as may be requested by the Institute Board of Governors from time to time.

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

2. STRATEGY, FINANCE AND DEVELOPMENT COMMITTEE

Membership is as below:

NO.	NAME				
		DATE	DATE	DATE	DATE
		13 th Oct 2018	21 st Dec 2018	16 th Jan 2019	30 th may 2019
1.	JUDITH TUWEI	✓	✓	✓	✓
2.	MARGRET BEREGE	✓	✓	✓	✓
3.	GEORGE OLEWE	✓	✓	✓	✓
4.	JUDITH NEKOYE		✓	✓	
5.	ALLAN WANYONYI	✓	✓	✓	✓
6.	MICHAEL MUSUYA	✓	✓	✓	✓

Mandate

- a) To act on behalf of Board of Governors except in so far as the Board of Governors may wish to limit its powers in any respect. However, the Committee shall pay due regard to the necessity to refer matters of major importance to the Board of Governors for final approval and shall not have the power to approve the Annual Estimates and Expenditure.
- b) To take charge of all arrangements for erection of new buildings once the finances have been made available.
- c) To receive and consider reports on the performance of various contractors.
- d) To be responsible for authorizing expenditure for all maintenance works with the provision that the Committee will have the authority to delegate the minor maintenance works to an executive sub-committee of the Institute.
- e) To provide progress reports on development projects to Board of Governors.
- f) To recommend and effect as appropriate any modification in physical facilities as may be necessary.
- g) To consider and make recommendations to Board of Governors on acquisition of new fixed assets including land and to advise Board of Governors on utilization of such assets and land.
- h) To act on behalf of the Board of Governors in implementing and reviewing of the Institute Strategic Plan.

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

MANAGEMENT DISCUSSION AND ANALYSIS
SECTION A

The entity's operational and financial performance

Development Grants

The Institute received Kshs.2, 547,250.00 from the Government of Kenya in the FY 2018/2019 for infrastructure development to be utilized to settle pending bill for ICT CUM LIBRARY constructed.

Financial Performance

During the year under review the incomes were Kshs. **206,531,966** while expenditure was Kshs. **191,048,758**. This resulted to a surplus of Kshs. **14 605 780**.

SECTION B

Entity's compliance with statutory requirements

In the year under review Kisiwa TTI complied with all the statutory obligations

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

REPORT OF THE BOARD/BOARD OF GOVERNORS

The Board members submit their report of financial statements for the year ended June 30, 2019 which show the state of the *Kisiwa Technical Training Institute*'s affairs.

Principal activities

The principal activities of the Kisiwa Technical Training Institute are,

1. To enhance capacity in TVET and research;
2. To inculcate entrepreneurial culture in trainees;
3. To improve institutional corporate governors; and
4. To promote strategic collaboration and linkages with industry and other institutions

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vi-viii.

Auditors

The Auditor General is responsible for the statutory audit of the Kisiwa Technical Training Institute Training Institute in accordance with Article 229 of the Constitution of Kenya and the **Public Audit Act 2015** or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kisiwa Technical Training Institute Training Institute for the year/period ended June 30, 2019 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

Mr. Michael Musuya
Board of Governors Secretary
Bungoma
Date:.....

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (entities should quote the applicable legislation under which they are regulated)*) require the board members to prepare financial statements in respect of that *Kisiwa Technical Training Institute*, which give a true and fair view of the state of affairs of the *Kisiwa Technical Training Institute* at the end of the financial year/period and the operating results of the *Kisiwa Technical Training Institute* for that year/period. The board members are also required to ensure that the *Kisiwa Technical Training Institute* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Kisiwa Technical Training Institute*. The board members are also responsible for safeguarding the assets of the *Kisiwa Technical Training Institute*.

The Board Members are responsible for the preparation and presentation of the *Kisiwa Technical Training Institute's* financial statements, which give a true and fair view of the state of affairs of the *Kisiwa Technical Training Institute* for and as at the end of the financial year (period) ended on June 30, 2019. 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 *Kisiwa Technical Training 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 *Kisiwa Technical Training 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 *Kisiwa Technical Training Institute's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under*). The Board Members are of the opinion that the *Kisiwa Technical Training Institute's* financial statements give a true and fair view of the state of *Kisiwa Technical Training Institute's* transactions during the financial year ended June 30, 2019, and of the *Kisiwa Technical Training Institute's* financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the *Kisiwa Technical Training Institute*, which have been relied upon in the preparation of the *Kisiwa Technical Training 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 *Kisiwa Technical Training 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 Kisiwa Technical Training Institute Training Institute's financial statements were approved by the Board of Governors on _____ and signed on its behalf by:



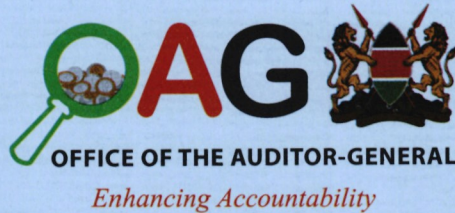
Board Chairperson



Board Secretary

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISIWA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kisiwa Technical Training Institute set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2019, 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 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 the Kisiwa Technical Training Institute as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Property, Plant and Equipment - Lack of a Complete and Detailed Asset Register

As disclosed in Note 17 to the financial statements, the statement of financial position reflects property, plant and equipment with a net book value of Kshs.559,638,483 at 30 June, 2019. However, supporting documents including parcel number, lease hold terms, maintenance contracts, area and dates of acquisition for land and building valued at Kshs.23,023,000 and Kshs.138,894,248 respectively were not provided for audit.

Further, furniture and fittings, computers, plant and equipment with a cost of Kshs.420,897,055 lacked unique identification numbers, date of acquisition and the supplier details.

In addition, documents provided for audit revealed that the Management of the institute had not undertaken asset valuation. The Kshs.559,638,483 was based on the historical costs as inherited from the defunct Kisiwa Youth Polytechnic.

In the circumstances, the accuracy, completeness and existence of the Kshs.559,638,483 in respect to property, plant and equipment as at 30 June, 2019 could not be ascertained.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

Analysis of the statement of comparison of budget and actual amounts for the year under review revealed that the institute received Kshs.206,531,966 against the final budget of Kshs.115,791,018 surpassing its projected revenue by Kshs.90,740,948 or 78% mainly due to increased student enrolment.

Further, the institute incurred an expenditure of Kshs.131,758,941 against the final approved budget of Kshs.154,442,050 resulting into a budget under-absorption of Kshs.22,683,109 or 15 of the approved budget%.

Consequently, the Institute failed to adhere to its approved budget and thus risked not achieving its planned objectives and programs.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Stalled Works at Sirisia Technical and Vocational Training Centre

The statement of financial performance as disclosed under Note 11 to the financial statement reflects general expenses totalling Kshs.101,697,569, which includes

Kshs.7,918,260 incurred by the Institute to construct an administration block on behalf of Sirisia Technical and Vocational Training Centre, a mentee institution.

Review of project documents revealed that the contract was awarded to a local firm vide contract number referenced MOEST/TVET/2015-2016 to erect and complete Sirisia Technical Training Institute at a cost of Kshs.44,252,543 with a revised completion date of July, 2019. The contractor had cumulatively been paid a total of Kshs.39,167,530 or 89% of the project cost. However, physical verification carried in February, 2021 revealed that the classrooms were locked, contractor was not on site and the building was incomplete without justification contrary to Section 139(1 and 2) of the Public Procurement and Asset Disposal Act, 2015, which requires an accounting officer of a procuring entity, on the recommendation of an evaluation committee, to approve the request for the extension of contract period accompanied by a justification certificate from the tenderer.

In addition, the following items/works were either defective or incomplete at the time of audit, February, 2021;

- Incomplete electrical wiring
- Incomplete paint work as per BQ
- Incomplete plumbing works
- Cracked floors on the ground and first floor pavements and classrooms
- Cracked pillars
- Leaking roofs
- Leaking septic tank

In the circumstances, the value for money for the Kshs.39,167,530 for the year under review could not be ascertained. In addition, the 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management, and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving assurance on the effectiveness of the technical institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue as a going concern or to sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 December, 2021

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2019

	Notes	2018/2019
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	1	37 651 550
Total Revenue from non-exchange transactions		37 651 550
Revenue from exchange transactions		
Rendering of services- Fees from students	2	160 797 008
Sale of goods	3	4 365 208
Rental revenue from facilities and equipment	4	3 670 700
Other income	5	47 500
Revenue from exchange transactions		168 880 416
Total revenue		206 531 966
Expenses		
Use of goods and services	6	3 269 800
Employee costs	7	18 913 226
Remuneration of directors	8	1 470 000
Depreciation and amortization expense	9	60 142 864
Repairs and maintenance	10	5 595 837
General expenses	11	101 697 569
Finance costs	12	836 890
Total expenses		191 926 186
Net Surplus for the year		14 605 780

The notes set out on pages 13 to 19 from an integral part of the Annual Financial Statements.

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Notes	2018/2019
		Kshs
Assets		
Current assets		
Cash and cash equivalents	13	19 271 873
Receivables from exchange transactions	14	58 176 380
Receivables from non-exchange transactions	15	31 695 000
Inventories	16	1 913 359
Total Current Assets		111 056 612
Non-current assets		
Property, plant and equipment	17	559 638 483
Intangible assets	18	1 950 000
Total Non-current Assets		561 588 483
Total assets		672 645 095
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	19	3 379 002
Provisions		2 908 819
Payments received in advance	20	9 827 227
Total Current Liabilities		16 115 048
Non-current liabilities		
Borrowings	21	7,199,790
Total Non-current liabilities		7,199,790
Total liabilities		23 314 838
Capital and Reserves		
Reserves		603 907 792
Accumulated surplus		14 605 780
Capital Fund		30 816 685
Total Capital and Reserves		649 330 257
Total Liabilities and Capital & Reserves		672 645 095

The Financial Statements set out on pages 13 to 19 were signed on behalf of the Institute Board of Governors by:

Chairperson Board of Governors

Date: 5/5/21

Finance Officer

ICPAK No26611

Date

Principal

Date: 5/5/2021

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f as at July 1, 2018	603 907 792	0	0	0	603 907 792
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income			14 605 780		14 605 780
Capital/Development grants received during the year				2 547 250	2 547 250
Capital Grants for Sirisia TVC				7 918 260	7 918 260
Capital Grants for Navakholo TVC				20 351 175	20 351 175
Transfer of depreciation/amortisation from capital fund to retained earnings					0
Balance c/d as at June 30, 2019	603 907 792	0	14 605 780	30 816 685	649 330 257

VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2019

		2018/2019
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants	1	37 651 550
Rendering of services- Fees from students	2b	69 214 088
Sale of goods	3	4 365 208
Rental revenue from facilities and equipment	4	3 670 700
Other income, rentals and agency fees	5	47 500
Total Receipts		114 949 046
Payments		
Compensation of employees	7	18 913 226
Use of goods and services	6	3 269 800
General Expense	7b	100 231 926
Repairs & Maintenance	8	5 595 837
Remuneration of Directors	9	1 470 000
Finance cost	12	836 890
Total Payments		130 317 679
Net cash flows from operating activities		(15 368 633)
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	17	(15 223 555)
Net cash flows used in investing activities		(15 223 555)
Cash flows from financing activities		
Capital Development Grants		30 816 685
Repayment of borrowings		(1 988 627)
Increase in deposits		
Net cash flows used in financing activities		28 828 058
Net increase/(decrease) in cash and cash equivalents		12,226,144
Cash and cash equivalents at 1 July 2018		7 045 129
Cash and cash equivalents at 30 June 2019		19 271 873

KISIWA TECHNICAL TRAINING INSTITUTE TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

I. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual	Variance	%	Explanation of material variance
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Transfers from other Govt entities Govt grants	59 098 050		59 098 050	37 651 550	(21 446 500)	-36	Delayed government funding
Public contributions and donations			-				
Rendering of services- Fees from students	85 026 958	(38 651 032)	46 375 926	160 797 008	114 421 082	247	Increased enrolment
Sale of goods	5 377 042		5 377 042,00	4 365 208	(1 011 834)	-19	Reduced production income
Other Income	40 000,00		40 000	47 500	7 500	19	Increased number of bidders
Gains on disposal, rental income and agency fees	4 900 000		4 900 000	3 670 700	(1 229 300)	-25	Reduced rental space
Total income	154 442 050	(38 651 032)	115 791 018	206 531 966			
Expenses							
Compensation of employees	18 432 000		18 432 000	18 913 226	(481 226)	-3	
Use of Goods and services				3 269 800	(3 269 800)		
Repair and maintenance	3 840 000		3 840 000	5 595 837	(1 755 837)	-46	More expenditure on repairs
Remuneration of Board members	1 920 000		1 920 000	1 470 000	450 000	23	Minimal meetings
General expenses	130 250 050		130 250 050	102 510 078	27 739 972	21	Less expenditures during the year
Total expenditure	154 442 050		154 442 050	131 758 941			
Surplus for the period	-	(38 651 032)	(38 651 032)	74 773 025			

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

IX. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

Kisiwa Technical Training Institute is established by and derives its authority and accountability from **TVET Act, 2013**. The Kisiwa Technical is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kisiwa Technical's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Early adoption of standards

The Kisiwa Technical did not early – adopt any new or amended standards in year 2019.

4. 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 Kisiwa Technical 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

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Revenue from exchange transactions

Rendering of services

The Kisiwa Technical 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 Kisiwa Technical.

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 2018/2019 was approved by the Board on *21st July 2018*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kisiwa Technical upon receiving the respective approvals in order to conclude the final budget.

The Kisiwa Technical'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.

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

c) Property, plant and equipment

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

d) Intangible assets

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

e) Research and development costs

The Kisiwa Technical expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Kisiwa Technical 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.

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 Kisiwa Technical.

j) Provisions

Provisions are recognized when the Kisiwa Technical 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 Kisiwa Technical 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.

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

k) Nature and purpose of reserves

The Kisiwa Technical creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

i) Related parties

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

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j) Service concession arrangements

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

k) 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.

l) Comparative figures

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

m) 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, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Kisiwa Technical'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 Kisiwa Technical 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 Kisiwa Technical. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Kisiwa Technical
- 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

The annual depreciation rates in use are:

Building 2%

Furniture, plant and equipment 12.5%

Motor Vehicles 25%

Computers 33.3%

Library books 20%

Freehold land is not depreciated as it is deemed to have an infinite life

Provisions

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

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.

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

X. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019
	Kshs
Unconditional grants	
Operational grant	37,651,550
Total Government grants and subsidies	37,651,550

2 A) RENDERING OF SERVICES

Description	2018-2019
	KShs
Tuition fees	62,364,461
Activity fees	4,853,800
Examination fees	14,977,181
Library fees	5,087,900
Administrative income	11,132,350
RMI	7,943,700
Robotics, Tvet fair and Automation	7,806,000
Student ID	1,239,306
Student union	2,357,700
Attachment and insurance	7,837,200
Local transport and travels	4,807,850
Personal Emolument	30,389,560
Total Rendering of Services	160,797,008

B)

Rendering of Services-Tuition Inflows	2018-2019
	KShs
Rendering of Services-Tuition Fee Recognised in the Statement of Financial Performance	160 797 008
Add:-	
Increase in prepaid fees/Tuition Fee to be Earned in Future But Received During the Year	9 827 227
Less:-	
Increase in Revenue Receivable/ Student Debtors/Income Earned During the Year But Not Received	(66 806 328)
Non-Cash Item-Increase in provision for bad debts	(2 908 819)
Increase in Receivable from Non Exchange Transaction/Income Earned During the Year But Not Received	(31 695 000)
Amount Recognised in the Statement of Cashflows	69 214 088

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SALE OF GOODS

Description	2018-2019
	KShs
Catering services	2,901,778
Production Unit	811,080
Farm Income	652,350
Total Sale of goods	4,365,208

4 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019
	KShs
Bus hire	138,200
Boarding fees	3,532,500
Total rentals	3,670,700

5 OTHER INCOME

Description	2018-2019
	KShs
Income from sale of tender	47,500
Total other income	47,500

6 USE OF GOODS AND SERVICES

Description	2018-2019
	KShs
Electricity Water & Conservancy	3,269,800
Total good and services	3,269,800

7 EMPLOYEE COSTS

Description	2018-2019
	KShs
Salaries and wages	18,913,226
Total Employee costs	18,913,226

8 REMUNERATION OF GOVERNORS

Description	2018-2019
	KShs
Chairman's Honoraria	153,000
Directors emoluments	1,317,000
Total director emoluments	1,470,000

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019
	KShs
Property, plant and equipment	59,492,864
Intangible assets	650,000
Total depreciation and amortization	<u>60,142,864</u>

10 REPAIRS AND MAINTENANCE

Description	2018-2019
	KShs
RMI	5,595,837
Total Repairs and Maintenance	<u>5,595,837</u>

11 GENERAL EXPENSES

Description	2018-2019
	KShs
Tuition	23 108 153
LTT	3 134 065
Attachment, Insurance & Medical	1 472 821
Library	1 105 124
Activity	2 633 874
Administrative	8 338 339
Student Union	1 152 779
Boarding	3 511 995
Robotics & Tvet Fare	3 743 001
Examination	11 362 680
Production Unit	881 070
Salary Advance	87 000
Catering Expense	7 288 698
Tender	112 438
Farm	855 709
Refund	831 504
Application Fees	3 000
Performance Contract/Iso	213 120
Advertisement/Marketing	643 850
Bank Charges	40 095
Increase in provision for Bad debts	2 908 819
Navakholo	20 351 175
Sirisia	7 918 260
Total general expenses	101 697 569

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11b) General Expense

Description	2018-2019
	KShs
General Expenses-Amount Recognised in the Statement of Financial Performance	101 697 569
Add:-	
Increase in inventory	1 913 359
Less	
Trade Payables	(3 379 002)
Amount Recognised in the Statement of Cashflows	100 231 926

12 FINANCE COSTS

Description	2018-2019
	KShs
Borrowings (amortized cost) *	836 890
Total finance costs	836 890

13 CASH AND CASH EQUIVALENTS

Description	2018-2019
	KShs
Cash at hand	358,829
Current account	18,587,991
Mpesa	325,053
Total cash and cash equivalents	19,271,873

b) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENT

Financial Institution	Account Number	2018-2019
		KShs
Cooperative Bank (Main Account)	1129290592000	6 950 351
KCB (Operation Account)	1114212865	142 215
KCB (2jiajiri Account)	1179849035	10 381 470
KCB (Development Account)	1114213916	187 431
Diamond Trust Bank (Examination Account)	5412510001	926 524
Sub-total		18 587 991
Others		
MPESA (PAYBILL)		325 053
Cash at hand		358 829
Sub-total		683 882
TOTAL		19 271 873

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL
STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019
	KShs
Current receivables	
Student debtors	58 176 380
Provision for Doubtful Debts	(2 908 819)
Total receivables	55 267 561

15 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019
	KShs
Current receivables	
Transfers from other govt. entities	31,695,000
Total current receivables	31,695,000

16 INVENTORIES

Description	2018-2019
	KShs
Consumable stores	431,615
Health Unit stores	33,637
Applied and Medical Sciences Lab	674,553
Catering stores	773,554
Total Inventories	1,913,359

KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PROPERTY, PLANT AND EQUIPMENT

	Land	Motor vehicles	Furniture and fittings	Computers	Buildings	Library Books	Plant and equipment	Capital Work in progress	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
At 1 July 2018	35,275,000	5,300,000	8,164,000	4,836,000	138,894,248	4,722,050	400,000,000	6,716,494	603,907,792
Additions			3,343,480	3,978,600			574,975	7,326,500	15,223,555
At 30th June 2019	35,275,000	5,300,000	11,507,480	8,814,600	138,894,248	4,722,050	400,574,975	14,042,994	619,131,347
Depreciation and Impairment									
At 1 July 2018	0	0	0	0	0	0	0	0	0
Depreciation during the Year	0	1,325,000	1,438,435	2,935,262	2,777,885	944,410	50,071,872	0	59,492,864
At 30th June 2018	0	1,325,000	1,438,435	2,935,262	2,777,885	944,410	50,071,872	0	59,492,864
Net Book Values									
At 30th June 2019	35,275,000	3,975,000	10,069,045	5,879,338	136,116,363	3,777,640	350,503,103	14,042,994	559,638,483
At 30th June 2018	35,275,000	5,300,000	8,164,000	4,836,000	138,894,248	4,722,050	400,000,000	6,716,494	603,907,792

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

18 INTANGIBLE ASSETS-SOFTWARE

Description	2018-2019
	KShs
Cost	
At beginning of the year	2,600,000
Cost end of the year	2,600,000
Amortization and impairment	
Amortization	650,000
Amortization at end of the year	650,000
NBV	1,950,000

19 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019
	KShs
Trade payables	1,974,703
Third-party payments (Contractors Retention Money)	1,404,299
Total trade and other payables	3,379,002

20 PAYMENTS RECEIVED IN ADVANCE

Description	2018-2019
	KShs
Student Fees	9,827,227
Total	9,827,227

21 BORROWINGS

Description	2018-2019
	KShs
Borrowings – Non-current portion	
Commercial bank Loans	7,199,790
Total Non-current portion	7,199,790

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

22 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Institute'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 Institute does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Governors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	59,099,988	59,099,988	0	0
Receivables from non-exchange transactions	31,695,000	31,695,000	0	0
Bank balances	18,587,991	18,587,991	0	0
Total	109,382,979	109,382,979	0	0

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

The board of Governors sets the Institute'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 entity's Governors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	0	0	3,379,002	3,379,002
Current portion of borrowings	0	0	7,199,790	7,199,790
Provisions	0	0	2,954,999	2,954,999
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	10,874,291	10,874,291

(iii) Market risk

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

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 entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

iv) Capital Risk Management

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

	2018-2019
	Kshs
Revaluation reserve	603,907,792
Retained earnings	39,205,719
Capital reserve	2,547,250
Total funds	645,660,761
Total borrowings	7,199,790
Less: cash and bank balances	19,271,873
Net debt/(excess cash and cash equivalents)	12,072,083
Gearing	1.7%

23 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Controller of Budget;
- iv) Key management;
- v) Board of Governors;

**KISIWA TECHNICAL TRAINING INSTITUTE ANNUAL & FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 EVENTS AFTER THE REPORTING PERIOD

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

25 ULTIMATE AND HOLDING ENTITY

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

26 Currency

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

APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department, Ministry of Education				
FY 2018-2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Kisiwa TTI	08/10/2018	5,956,550	2018/2019
	Kisiwa TTI		31,695,000	2018/2019
		Total	37,651,550	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Kisiwa TTI	8/10/2018	1,273,625	2018/2019
	Kisiwa TTI		1,273,625	2018/2019
	Navakholo TVC	8/10/2018	2,035,118	2018/2019
	Navakholo TVC	19/12/2018	18,316,057	2018/2019
	Sirisia TVC	08/10/2018	1,721,361	2018/2019
	Sirisia TVC		6,196,899	2018/2019
		Total	30,816,685	

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

Finance Officer
Kisiwa TTI

Head of Accounting Unit
Ministry of Education

Sign -----

Sign-----

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