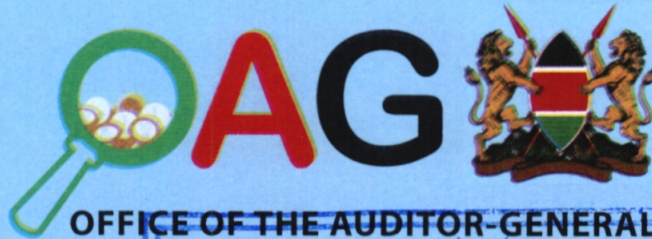


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 29 MAY 2025

DAY

Thursday

PARLIAMENT
OF KENYA
LIBRARY

TABLED

BY:

OF

CLERK AT
THE-TABLE:

Hon. Banyi Yaa, MP
Deputy Leader of majority party

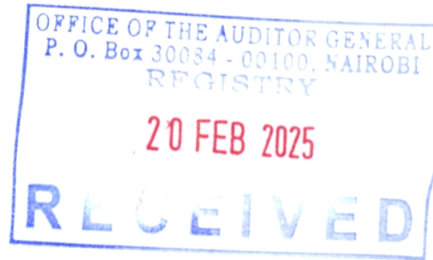
Halima Ahmed

THE AUDITOR-GENERAL

ON

**KIPSINENDE TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



KIPSINENDE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2023

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

Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

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Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

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**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

I. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

Kipsinende Technical Training Institute is situated in Kericho County, Kenya. It was established in 2017 as a Technical and Vocational College. The Institute derives its mandate and functions from the Technical and Vocational Education and Training Act, 2013. Currently, it is managed by the Board of Governors under the Ministry of Education

(b) Principal Activities

The principal activity of the Institute is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development. Promote and adopt principle of good governance and achieve high quality service delivery aligned to ISO 9001:2015 standards.

Vision

A centre of excellence for competency training in Technical and Vocational Education

Mission

To provide Technical and Vocational Training that promotes Competencies to meet Local, Regional and Global Technological, Environmental and Dynamic Socio-Economic Challenges

Core Values

- Transparency, Accountability and Integrity.
- Innovation, creativity and incubation.
- Timeliness in service delivery.
- Teamwork in pursuit of excellence.
- Unity in diversity.
- Equity, effectiveness and efficiency in service delivery.
- Gender equity
- Main-streaming disability
- Spirituality.

(c) Key Management

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

1. Board of Governors
2. Accounting officer/ Principal
3. Deputy principal in charge of Administration
4. Deputy Principal in charge of Academics
5. Registrar
6. Dean of Students
7. Accountant
8. Procurement officer
9. Human Resource Manager
10. Internal Auditor
11. Heads of Departments

**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

(d) Fiduciary Management

No.	Designation	Name
1.	Principal	Harrison O. Okello
2.	Deputy Principal administration	Lagat Esther Masinde
3.	Deputy Principal Academics	Sitienei Paul Tuwei
4.	Accountant	Kimutai leonard
5.	Registrar	Ng'etich Benard Kiprotich
6.	Dean of students	Erick langat

(e) Fiduciary Oversight Arrangements

1. Finance and Infrastructure chaired by Dr. Ben K. Samoei
2. Education training, ict and human resource committee Dr. Paul Ombati.
3. Audit and Risk Management chaired by Dr. Elijah S. Omutange

Other organs carrying out oversight include;

1. State Department of Vocational Technical Training under Ministry of Education
2. Public Procurement and Oversight Authority
3. Office of the Auditor General
4. Technical Vocational Education and Training Authority (TVETA)

KEY INSTITUTE INFORMATION AND MANAGEMENT (Continued)

(f) Institute Headquarters

P.O. Box 28-20209
Fort Ternan, KENYA
Off Londiani - Muhoroni/Road/Highway at Fort Ternan.

(g) Institute Contacts

Telephone: :(+254)0722692660
E-mail: kipsinendetechnical@gmail.com.
info@kipsinendeInstitute.ac.ke
principal@kipsinendeInstitute.ac.ke
finance@kipsinendeInstitute.ac.ke

Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Website: <https://www.kipsinendeInstitute.ac.ke>

(h) Institute Bankers

Kenya Commercial Bank, Kericho main branch
A/C No. 1212733894,
P.O. Box 43-20200,
Kericho, Kenya

(i) Independent Auditors










Auditor General
Office of Auditor General
Anniversary Towers, College 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




**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

II. THE BOARD OF GOVERNORS

POSITION & PHOTO	PERIOD OF SERVICE	NAME AND QUALIFICATION
1. CHAIRMAN 	Dec 2023	MARITIM WELDON , DOB 1977, ID NO.20913788, M.Sc. (IN GEOGRAPHIC INFORMATION SYSTEMS), B.Sc. (IN SURVEYING)University of Nairobi
2. PRINCIPAL/BOG SECRETARY 	DEC 2023	WILSON KIMUGUL, D.O.B 1/07/1968 ID NO.9865956. BACHELOR OF TECHNOLOGY EDUCATION IN AUTOMOTIVE ENGINEERING ,MOI UNIVERSITY
3. MEMBER/REP PS- CDTVET-KERICHO 	DEC 2023	KIPKOECH PETER CHERUIYOT, D.O.B 08/08/1972.M.PHIL.
4. MEMBER 	DEC 2023	EMILY CHEPNETICH NGENO,D.O.B 15 TH MAY 1974,BACHELOR OF BUSINESS ADMINISTRATION(MANAGEMENT)
5. MEMBER 	DEC 2023	BENJAMIN KYAMBO, D.O.B 1 ST AUGUST 1968, PHD STRATEGIC INFORMATION SYSTEM, LECTURER KISII UNIVERSIT Y COLLEGE.
6. MEMBER 	DEC 2023	AMOS KORIR ,D.O.B 30 TH JUNE 1980 CERTIFIED PUBLIC ACCOUNTANT PART 3
7. MEMBER 	DEC 2023	JEREMIAH ORUKO ORUKO, D.O.B 20/09/1956, TECHNICAL TEACHER AT RAMOGI INSTITUE OF ADVANCED TECHNOLOGY KISUMU AND ALSO THE DEAN OF STUDENTS
8. MEMBER 	DEC 2023	DANIEL TARE ,D.O.B 1 ST JAN 1969 B.TECH DEGREE IN ELECTRICAL AND COMMUNICATIONS ENGINEERING
9. MEMBER 	DEC 2023	PROF.WESLEY TOO .DOB 10 TH /4/1976 ,PHD FOUNDING DEAN,SCHOOL OF MEDICINE AND HEALTH SCIENCE

**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

III. MANAGEMENT TEAM

NAME OF THE STAFF	RESPONSIBILITY
 WILSON KIMUGUL	-CHIEF EXECUTIVE OFFICER/ PRINCIPAL -SECRETARY BOG - ACCOUNTING OFFICER
 PAUL SITIENEI	-D/PRINCIPAL ACADEMICS -HEAD OF ACADEMIC MATTERS -CHAIRPERSON OF ACADEMIC BOARD
 ESTHER MASINDE LAGAT	-AG D/PRINCIPAL ADMINISTRATION -CHAIRPERSON DISCIPLINARY COMMITTEE -HUMAN RESOURCE FUNCTION
 CAROLINE CHELIMO	-ACCOUNTANT -FINANCIAL MANAGEMENT -BUDGETING AND CONTROL -FINANCIAL REPORTING
 NGETICH KIPROTICH	-AG. REGISTRAR -ADMISSIONS AND MARKETING
 ERICK LANGAT	-AG. DEAN OF STUDENTS -STUDENTS WELFARE
 DORCAS KURGAT	PROCUREMENT OFFICER -ADVISOR IN PROCUREMENT MATTERS

Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

IV. CHAIRMAN'S STATEMENT

I am pleased to report that Kipsinende Technical Training Institute (KTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19.

➤ **CONSOLIDATED SUCCESSES**

- Very united Board enthusiastic of progressive development of the institute.
- Impressive results out of learners.
- Sufficient lighting within the Institute was also provided.

➤ **CHALLENGES**

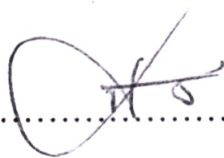
- Water shortage during dry seasons.
- Study class rooms not sufficient to cater for high demand by prospective and existent students.
- Residential premises (hostels) not enough around the Institute for student's accommodation.
- Inadequate of trainers.
- Poor accessibility due to poor roads.

➤ **WAY FORWARD**

- Increase more learning rooms through Government Funding and Constituency Development Fund.
- Constructing hostels mainly for female learners in the short term.
- Do more harvesting of rain water, drill a borehole, construct a pump house in the nearest river and install an electric pump for piped water to the institute
- Plan more developments.

JOSEPH KIPYEGON RUTO

CHAIRMAN, BOARD OF GOVERNORS

Sign:

Date:28/09/23

**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

I. REPORT OF THE PRINCIPAL

Kipsinende Technical Training Institute is well placed to providing adequate and relevant training to her trainees that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

We endeavor to deliver the new funding model has provided for by the presidential working party report by the task force. The institute management with board of governors is currently implementing CBET programmes examined by CDACC,

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the Institutes Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training.

HIGHLIGHTS OF FY 2022/2023 PERFORMANCE

The Financial Year 2022/2023 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

During the year under review, the total capitation received from the government amounted to Kshs. 4,861,000 compared to 22,777,500.

Income from rendering of services was in the tunes of Kshs. 10,868,954

Students Enrolment;

During the year 2022/2023, there was increase in student enrolment 264 making the student number to 347.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved.

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally.

Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.

**HARRISON ODHIAMBO OKELLO
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

SIGN..... *H. Odiambo Okello* DATE: *28/9/2023*



**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

V. 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 Institute's performance against predetermined objectives.

Kipsinende Technical Training Institute has three strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2023/2024. These strategic pillars are as follows:

1. Increase graduates in Science, Engineering and Technology courses with the requisite skills for the delivery of "Big Four" Initiatives;
2. Applying modern technology in small holder farming to ensure food security and sustainability;
3. To develop and improve infrastructural facilities to accommodate the needs of the stakeholders and the immediate community.

The institute develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

VI. CORPORATE GOVERNANCE STATEMENT

I. Code of conduct/ responsibilities of board members

Kipsinende Board of Governors relies on the prescription of the TVET Act, 2013 and Mwongozo on the description of its responsibilities, functions and structure and ethical conduct.

II. Appointment and removal of Board of Governors

The appointment and removal of the Board of Governors is prescribed under the TVET Act, 2013. The appointing authority takes into consideration skills mix in selection to ensure persons with key specialization are included such as ICT, Finance, Technical areas etc. it also factors in gender and ethnic representation as per the Constitution. The current Board of Governors was appointed by the Permanent Secretary Ministry of Education Science and Technology in December, 2020.

III. Training

The Board of Governors attended induction and training of Board of Governors that was organised by the KATTI principals in the South Rift. The training was conducted by Officers from the Ministry Education, State Department of Vocational and Technical Training.

IV. Board performance evaluation

There is a formal process for reviewing and evaluation of Boards performance and its committee.

V. Conflict of interest

Declaration of conflict is maintained in all meetings. A register of conflict of interest is maintained by the institution to record all the declarations

VI. Board remuneration

The Board are entitled to sitting allowance as prescribed in the Kipsinende Technical Training Institute Board allowances.

VII. Succession plan

Succession plan on governance was considered during nomination. Two thirds of the previous BOG membership were retained for continuity in the next circle of appointment. This was done based on their good performance in the previous board. This practice ensures

**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

smooth transition and continuity of BOG operations and are guided by the Constitution of Kenya 2010, The TVET Act 2013 and MWONGOZO document.

VIII. Board meeting attendance

The board holds its meetings at least once every quarter. The same applies to Board Committees. In FY 2022/23, meetings were held as follows;

	Nature of meeting	Ordinary	Special	Total
1	Full Board		1	1
2	Technical And Project Committee research	1		1
3	Finance and infrastructure	4		4
4	Audit and Risk Committee		2	2

IX. Governance Audit

Surveillance audit on implementation of ISO 9001:2015 was not undertaken during the year under review by the certifying body, Kenya Bureau of Standards due to the impact of the Pandemic. The Management however facilitated internal quality audit and we were found to a larger extend to be implementing its requirements. The internal audit, Audit and Risk Committee carried out their routine audits and gave their recommendations to the Board.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

1) Financial performance

In the financial year 2022/2023, the exchequer contribution totaled to Kshs 4,861,000.00 for recurrent expenditure as compared with Kshs 22,777,500 in the previous year. Internally generated income of Kshs 8,599,990 collected was from fees and production unit. We did not recognize funds for development as earlier anticipated receiving funds from the Government for construction of two class rooms.

Table 1: Institute Funding

Source	2022/2023	2021/2022
FY		
GoK	4,861,000	22,77,500
Dues fees	10,845,184	9,029,960
Total	15,706,184	31,807,460

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kipsinende Technical Training Institute exists to transform lives amplified by Institution's Motto 'Service before Self'. 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, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

Sustainability strategy and profile

In carrying out our duties, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, Education and Training Sector Plan:- Medium Term Plan III, keeping in mind the specific priorities of Kipsinende Technical Training Institute. We also pay special attention to implementation of Post COVID-19 recovery strategies and plans.

Environmental performance

Kipsinende Technical Training Institute is located on top of the hill on a land that the community used to graze their flock of Cows with high grass vegetation without trees. The institute has formed an environmental club under the APS net school guided by trained patrons. The focus is on the Sustainable Development Goals. In the FY2022-2023 the Institute concentrated on intercropping farming where a coffee farm of four acres was established to serve as a demonstration plot as well as a project for income generation.

Employee welfare

Kipsinende Technical Training Institute do hire both the trainers and non-teaching staff competitively being guided by the Human Resource policy and procedure Manual for public service, KSDVC Scheme of service for non-teaching staff and Labour Relations Act 2007 and Employment Act.

The procedure will include but not be limited to:

- Identifying the Institute Human Resource need to come up with the Staff establishment as per each department.
- Specify the requirements for each work on areas of qualification, skills needed and Experience,
- Advertisement is done through the most outreaching means
- Considering the non-discriminative methods to allow for equity and equality
- All applications are received and sorted and short-listed through a panel
- Notification is provided to short-listed for invitation for interviews and the successful candidates are notified for acceptance.
- Induction is done at each department as per the manual

The institute normally carries appraisal process to take into consideration the performance of each member of staff in a negotiation procedure through plan target and eventually identify the staff needs for recommendation to management and provide for awards and promotions with focus on improvement on the staff needs.

In the day-to-day activities the safety and security committee normally carry their activities as per the KSTVC OSH policy derived from the OSH Act 2007

**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

Market place practices-

Kipsinende Technical Training Institute operates through various committees:

a) **Responsible competition practice.**

The committees are guided by their respective policies that guide them on activities they perform.

b) **Responsible Supply chain and supplier relations-**

The procurement procedure is normally carried through the supply chain management office where the Procurement Officer with the staff in the department follow the statutory laws are followed to the letter.

c) **Responsible marketing and advertisement**

The institute operate with guided principles where Quality and Standards are emphasis through the office of Quality and Standards Office in everything undertaken in the Institute.

d) **Product stewardship-**

The Kipsinende Technical Training Institute focuses her customers by making sure that Citizen Service Charter is followed to letter.

The Institute through the student's affairs guided by the Dean of students and emphasis is put on co-curricular and extracurricular activities organized by the democratically elected student's council

Corporate Social Responsibility / Community Engagements

Kipsinende Technical Training Institute being located in a village where the community has found the Institute to be new dawn that it has improved on the revenue to the community because it has become a source of income where they put up housing for students. The farm products has gotten market, the supply of power, and water has benefited the community.

The institute has been involving the community in cleaning the environment.

The Institute, NTSA, Community Policing and the Boda Boda Society with the police service engage on the Boda Boda Riders on how to work together on road safety requirements though a meeting held in the Town Campus. This has resulted to the start of a Driving school in Fort-Ternan.

Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

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, 2023 which show the state of the Institute's affairs.

Principal activities

The principal activity of the Institute is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development.

Promote and adopt principle of good governance and achieve high service delivery work aligned to ISO 9001:2015 standards

Results

The results of the Institute for the year ended June 30, 2023 are set out on page 1-6

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page V.

Auditors

The Auditor General is responsible for the statutory audit of Kipsinende Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Board Chairperson

Date: 16 April 2025

**Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

XI. STATEMENT OF BOARD OF GOVERNORS 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 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 ended on June 30, 2023. 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 (the State Corporations Act, and the TVET Act) –The board members are of the opinion that the institute's financial statements give a true and fair view of the Institute's transactions during the financial year ended June 30, 2023, 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 18/9/2023 and signed on its behalf by:

Name. Mr. Joseph Kipyegon Ruto

Signature.....

Date..... 28/9/2023

Chairperson of the Board



Name Harrison O. Okello

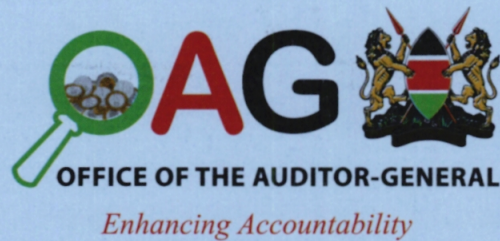
Signature.....

Date..... 28/9/2023

Principal / Secretary BoG

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIPSINENDE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Kipsinende Technical Training Institute set out on pages 1 to 37 which comprise the statement of financial position as at

Report of the Auditor-General on Kipsinende Technical Training Institute for the year ended 30 June, 2023

30 June, 2023 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, have been audited on my behalf by BEEMKAY & COMPANY CPA (K), auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the possible 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 Kipsinende Technical Training Institute as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Financial Statements

The Financial statements presented for audit had the following errors:

- i. The table of contents has inconsistencies in the numbering of various statements where numbers I, II, III, IV, V and VI are repeated.
- ii. The statement of financial position reflects intangible assets comparative balance of Kshs.433,550. However, the balance differs with the balance of Kshs.289,178 reflected in Note 13 to the financial statements. The resulting variance of Kshs.144,372 has not been explained.
- iii. The statement of cash flows was not properly signed as the Chairman of the Board and the Principal did not append their signatures.

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

2. Cash and Cash Equivalents

2.1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,021,000 as disclosed in Note 8 to the financial statements. The amount is held in two accounts whose balance was Kshs.1,002,000 and Kshs.19,000. However, the cash book maintained for the account with a balance of Kshs.1,002,000 did not show receipts and payments as required by regulation 100 of Public Finance Management (National Government) Regulations, 2015. The comparative balance for the year ended 30 June, 2022 relates to balance as per bank statements and not cash book balance.

Further, records revealed that the institute held another bank account with a balance of Kshs.19,000. However, no cash book, certificate of bank balance and bank reconciliation statements were provided to confirm the amounts held at the account. In addition, the bank account was inactive and the recorded balance was the same as in the prior year financial statements.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents of Kshs.1,021,000 could not be confirmed.

3. Accuracy of the Cash Flow Statement

The statement of cash flows reflects cash and cash equivalents balance of Kshs.1,021,000. Total receipts during the year are reflected as Kshs.15,602,760. However, casting of the receipts derived from transfers from other government entities, rendering of services – fees from students and miscellaneous income results in total income of Kshs.15,729,954.00. The difference of Kshs.127,194 was not explained or reconciled.

Further, the statement of cash flows reflects deficit net cash flows from operating activities of Kshs.6,601,837, nil cash flows from investing activities and nil cash flows from financing activities. The statement, however, reflects decrease in cash and cash equivalents during the year of Kshs.353,373 instead of Kshs.6,601,837.

In the circumstances, the accuracy, completeness and existence of statement of cash flows could not be confirmed.

4. Lack of Aging Analysis on Payables and Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions-student debtors amounting to Kshs.6,028,887 as disclosed in Note 9, which is fairly stated as per the supporting ledger of student debtors listing. However, the institution did not provide debtors ageing analysis.

Further, the statement reflects trade and other payables from exchange transactions of Kshs.2,824,612 and refundable deposits from customers of Kshs.802,000 as disclosed in Note 15 and 16, respectively. Similarly, creditors ageing analysis was not provided in the Notes to the financial statements.

In the circumstances, the financial statements were not prepared in accordance with the Public Sector Accounting Standards template.

5. Land Without Title Deed

Note 12 to the financial statements reflects property, plant and equipment with a net book value of Kshs.81,681,987. The Net book value includes freehold land valued at Kshs.11,970,000 and which has no title deed. Only a letter of allotment is in possession of the institute.

In the circumstances, the existence and ownership of the balance of Kshs.11,970,000 relating to the land could not be confirmed.

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

Emphasis of Matter

Budgetary control and Performance

The statement of Comparison of budget and Actual amounts reflects final revenue budget and actual on comparable basis of Kshs.33,684,549 and Kshs.15,602,760 respectively resulting to an under funding of Kshs.18,081,789 or 54% of the budget. Similarly, the statement reflects recurrent budget and actual expenditure of Kshs.48,084,599 and Kshs.29,313,342 respectively resulting to an under expenditure of Kshs.18,771,257.50 or 39% of the budget.

The under-funding or underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

The audit report for the previous year highlighted several issues in respect of the financial statements and lawfulness, and effectiveness in use of public resources. Although the Management has indicated that the issues have been responded to, Management has not provided supporting documentation on their resolution.

Other Information

Management is responsible for the other information set out on page iii to xv which comprise of Key College Information and Management, the Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance against Predetermined Objectives, Corporate Governance Statement,

Management Discussion and Analysis, Environment and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the National Cohesion and Integration ACT, 2008.

During the year under review, personnel records revealed that the institute had thirty-four (34) employees out of which thirty-one (31) or 91% were from one dominant community while 9 % were from other communities. This is contrary to Section 7 of the National Cohesion and Integration Act 2008 which seeks to represent the diversity of the people of Kenya in employment of staff.

In this circumstance, Management was in breach of the Law.

2. Unbalanced Budget

The statement of comparison of budget and actual amounts for the year under review reflects an amount of Kshs.33,684,549 and Kshs.48,203,178 in respect to approved budgeted receipts and expenditure, respectively. This resulted to under budgeting the expenditures by Kshs.14,518,629, contrary to Regulation 33(c) of the Public Finance Management (National Governments) Regulations, 2015 which requires the budget to be balanced.

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

3. Lack of an Updated Assets Register

During the year under review, the Hospital did not maintain a register of assets. This was contrary to Regulation 143(1) of the Public Finance Management (National Governments) Regulations, 2015 which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function

Kipsinende Technical Training Institute management has not put in place an internal audit function to carry out the functions outlined in paragraph 160 (1) of public Finance Management (National Government) Regulations, 2015. Further there was no Audit Committee in place.

In the circumstance, the existence of an effective system of internal controls and risk management could not be confirmed.

2. Lack of Human Resource Function

Kipsinende Technical Training Institute has no Human Resource Officer. Personnel matters were handled by the Deputy Principal Administration. Personnel matters need to be handled by qualified personnel more so when it comes to hiring of staff, education, training and capacity development of employees and career progression.

In the circumstance, the institute lack human resource development programmes for its employees to ensure they possessed the necessary knowledge, skills, attitudes and competencies for performance improvement and career progression;

3. Lack of Management Information System

Kipsinende Technical Training Institute management maintained and operated its accounting processes and reports manually on excel sheets during the financial year under review.

In the circumstance, the accounting process and records are prone to errors and manipulation which can result to fraudulent activities.

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

Responsibilities of Management and 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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governors are responsible for overseeing the Institute's, financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 March, 2025

Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

I. Statement of Financial Performance for the year ended 30 June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants	1	4,861,000	22,777,500
		4,861,000	22,777,500
Revenue from exchange transactions			
Rendering of services- Fees from students	2	10,845,184	9,029,960
Miscellaneous Income	2 (a)	23,770	
Revenue from exchange transactions		10,868,954	9,029,960
Total revenue		15,729,954	31,807,460
Expenses			
Use of goods and services	3	15,917,970	23,282,497
Employee costs	4	5,187,921	7,386,976
Remuneration of directors	5	686,850	539,100
Depreciation and amortization expense	6	7,108,745	28,767,367
Repairs and maintenance	7	411,856	1,881,654
Total expenses		29,313,342	61,851,594
Net deficit for the year		(13,583,388)	(30,050,134)

The Financial Statements set out on pages III to I were signed



.....
Chairman of Council/Board



.....
Accountant



.....
Principal

Date

28/9/2023

Date 28/9/2023

Date

28/9/2023

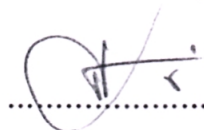


Kipsinende Technical Training Institute
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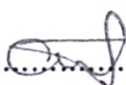
II. Statement of Financial Position as at 30th June 2023'

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Current assets			
Cash and cash equivalents	8	1,021,000	1,375,373
Current portion of receivables from exchange transactions	9	6,028,887	5,632,373
Receivables from non-exchange transactions	10	0	2,947,500
Inventories	11	503,150	2,079,317
		7,553,037	12,034,563
Non-current assets			
Property, plant and equipment	12	81,681,987	92,526,690
Work in progress	12 (a)	3,880,329	
Intangible assets	13	289,178	433,550
Biological Assets	14	501,640	456,640
		86,353,134	93,416,880
TOTAL ASSETS		93,906,171	105,451,443
Current liabilities			
Trade and other payables from exchange transactions	15	2,824,612	1,457,796
Refundable deposits from customers	16	802,000	131,000
Total liabilities		3,626,612	1,588,796
Capital and Reserves			
Accumulated surplus		(113,502,669)	(99,919,281)
Capital Fund		203,781,928	203,781,928
TOTAL LIABILITIES & CAPITAL AND RESERVES		93,906,171	103,862,647

The Financial Statements set out on pages 1 to 2 were signed by:



Chairman of Council/Board



Accountant



Principal

Date

28/9/2023

Date

28/9/2023

Date

28/9/2023



Kipsinende Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023

III. Statement of Changes in Net Asset for the year ended 30 June 2023

	Retained earnings	Capital Donations/Fund	Total
At July 1, 2022	-	-	-
Estimated value of donated assets	(52,054,536)	203,781,928	151,727,392
Surplus/ (deficit) for the period	(17,814,611)	-	(17,814,611)
At June 30, 2022	(69,869,147)	203,781,928	133,912,781
At July 1, 2022	(69,869,147)	203,781,928	133,912,781
Surplus/ (deficit) for the period	(30,050,134)	-	(30,050,134)
At June 30, 2022	(99,919,281)	203,781,928	103,862,647
As at 1 July 2023	(99,919,281)	203,781,928	103,862,647
Deficit for the period	(13,583,388)	-	(13,583,388)
As at 30, June 2023(NBV)	(113,502,669)	203,781,928	90,279,259

IV. Statement of Cash Flows for the year ended 30 June 2023

Description	Note	2022-2023 Kshs	2021-2022 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities	1	4,861,000	22,777,500
Rendering of services- Fees from students	2	10,845,184	5,922,557
Miscellaneous Income	2 (a)	23,770	
Total Receipts		15,602,760	28,700,057
Payments			
Use of goods and services	3	15,917,970	23,282,497
Compensation of employees	4	5,187,921	7,386,976
Board Expenses	5	686,850	539,100
Repairs and Maintenance	7	411,856	1,881,654
Total Payments		22,204,597	34,009,088
Net cash flows from operating activities		(6,601,837)	(5,309,031)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	(6,076,779)
Net cash flows used in investing activities		0	(6,076,779)
Cash flows from financing activities			
Proceeds from borrowings			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(353,373)	(11,385,810)
Cash and cash equivalents at 1 JULY 2022		1,375,373	12,761,183
Cash and cash equivalents at 30 JUNE 2023		1,021,000	1,375,373

.....
Chairman of Council/Board

.....
Accountant

.....
Principal

Date
28/9/2023

Date 28/9/2023

Date 28/9/2023



V. Statement of Comparison of Budget & Actual amounts for the year ended 30th June 2023

ITEM	2022/2023 Original Budget	2022/2023 Actual	2022/2023 Performance difference	Utilisation Difference
REVENUE	KSHS.	KSHS.	KSHS.	
Fees from students and other levies	10,273,329.00	10,845,184	571,855.00	5.57
Helb/capitation	19,656,000.00	4,861,000	-14,795,000.00	(75.27)
Accommodation	166,000.00		-166,000.00	(100.00)
Production unit	1,050,000.00		-1,050,000.00	(100.00)
Other activities	2,705,220.00	23,770	-2,681,450.00	(99.12)
Total Revenue	33,684,549.00	15,602,760	-18,081,789.00	(53.68)
Boarding	2,172,825.00	56,100	-2,116,725.00	(97.42)
Local travel and transport	3,492,000.00	3,200,073	-291,927.00	(8.36)
Personal emoluments	10,384,624.00	5,187,921	-5,196,703.00	(50.04)
Repairs maintenance and improvements	2,490,000.00	416,850	-2,073,150.00	(83.26)
Tuition expenses	8,542,151.90	1,080,576	-7,461,575.90	(87.35)
Electricity, water and conservancy	2,437,084.00	67,000	-2,370,084.00	(97.25)
Administrative costs	4,200,000.00	9,343,479	5,143,479.00	122.46
other	4,712,791.60	633,382	-4,079,409.60	(86.56)
Exam Centre fee	175,000.00	0	-175,000.00	(100.00)
Student union	725,000.00	0	-725,000.00	(100.00)
Payment to Kuccps	1,054,500.00	0	0	0
Exam registration	1,335,720.00	1,198,530	-137,190.00	(10.27)
Student ID	140,000.00	0	-140,000.00	(100.00)
Creditors	450,000.00	0	-450,000.00	(100.00)

Kipsinende Technical Training Institute

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Production unit	3,720,000.00	0	-3,720,000.00	(100.00)
Debtors	3,107,403.00	0	-3,107,403.00	(100.00)
Total recurrent expenditure	48,084,599.50	29,313,342	-18,771,257.50	(39.04)
DEVELOPMENT EXPENDITURE				
Management information system	650,000.00	0.00		0%
Completion of one class room town campus	1,200,000.00			0%
Under ground water tank	150,000.00			
Stand by generator	400,000.00			
Equipping computer labs	900,000.00	0.0		0.0%
Bush cutting lawn mower	30,000.00			0%
Solar installation phase one	150,000.00			
Total development Expenditure	5,950,000.00	4,199,624.00		0.09
Total Expenditure	48,203,178.31	40,539,170.00		0.09

(Budget notes)

1. The institution did not realize the budgeted amount. This has led to the institution not to do the development projects that had been budgeted for.
2. The number of students enrolled in the financial year also did not turn up as expected. This also has affected the expected fee to be collected due to low enrolment.

VI. Notes to the Financial Statements

1. GENERAL INFORMATION

Kipsinende Technical Training Institute is established by and derives its authority and accountability from TVET Act, 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is Technical Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. 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 in Note 36

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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>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.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>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
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: 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"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a institute’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 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"> (a) The nature of such social benefits provided by the Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2022/2023 was approved by the Board on 30/6/2022. 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 Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Institute recorded changes in appropriations on the FY 2022/2023 budget following the Board's approval.

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.

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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.

c) Taxes

Current income tax

The Institute is exempt from paying taxes as per schedule six of the income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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. The assets are depreciated on reducing balance using the following rates:

Asset	Rate
Buildings	2.5%
Plant and machinery	20%
Motor vehicles, including motorcycles	25%
Computers and related equipment	33.3%
Furniture, and fittings	12.5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the 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.

g) Intangible assets

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

h) Research and development costs

The 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)

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The 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. A provision of 10% p.a is provided for bad and doubtful debts.

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 an 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 an 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

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.

ii) 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 retained earnings and revaluation reserves in terms of specific requirements.

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.

Employee benefits

Retirement benefit plans

The Institute provides 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.

l) 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.

m) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Related parties

The Institute regards a related party as a person or an Institute 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 principal and senior managers.

o) 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.

p) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

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

r) 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, 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Institute's financial statements in conformity with IPSAS requires management to make judgements, 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

Gratuity, bad and doubtful debts provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 32

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

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Notes to the Financial Statements (Continued)

1. Transfers from other National Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
Unconditional grants		
Capitation grants	4,861,000	22,777,500
Other grants		
Total government grants and subsidies	4,861,000	22,777,500

(a) Transfers from other Government entities (Categorized)

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of VTTI	4,861,000	-	-	4,861,000	4,861,000
Total	4,861,000	-	-	4,861,000	4,861,000

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2. Rendering of Services

Description	2022-2023	2021- 2022
	Kshs	Kshs
Tuition fees and related income	5,050,010	3,984,820
Examination fees	1,198,530	1,320,300
Boarding	44,990	1,249,611
Electricity Water & Conservancy	171,380	224,429
Students ID	9,000	41,902
Local Transport & Travel	351,450	222,419
Medical	44,200	61,426
Personal Emolument	571,600	892,530
Administrative fees	245,960	154,617
Repair Maintenance & Installation	242,950	112,215
Application fees	14,500	154,724
Activity fees	110,080	22,951
Attachment fees	169,314	227,347
Registration fee	89,650	
Kuccps Reg	46,500	
Students' council fees	31,610	160,666
insurance	88,400	
ICT	58,760	
Computer packages	31,700	
Caution money	53,600	
passport	6,000	
meals	97,000	
Invoiced Capitation (Q4)	2,118,000	
Total revenue from the rendering of services	10,845,184	9,029,960

2 (a) miscellaneous Income

Description	2022-2023	2021- 2022
	Kshs	Kshs
Tender fee	7,000	
Farm income	16,770	
Total miscellaneous Income	23,770	

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3. Use Of Goods And Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Training Materials(SES)	1,080,576	2,156,992
ICT expenses	207,270	550,628
Boarding	56,100	749,900
Admin cost (contingencies)	9,343,479	12,899,117
Local Transport & Travelling	3,200,073	411,479
Medical		
Bank charges and commission	33,130	44,871
Insurance	16,500	107,959
Attachment	45,000	82,350
Activity	46,400	338,600
Exam	1,198,530	2,582,397
Library		699,624
Student Union		311,200
Catering services	209,132	2,044,308
Production units	155,680	213,567
Electricity Bills & maintenance	67,000	91,505
NHIF	200,700	
NSSF	58,400	
Total good and services	15,917,970	23,282,497

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4. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	5,187,921	7,386,976
Employee costs	5,187,921	7,386,976

5. Board/Council Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors emoluments		
Sitting Allowances	686,850	539,100
Total director emoluments	686,850	539,100

6. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	6,964,373	28,550,917
Intangible assets	144,372	216,450
Investment property carried at cost		
Total depreciation and amortization	7,108,745	28,767,367

7. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
General Repairs		-
Investment property – earning rentals		-
Equipment and machinery	411,856	1,881,654
Computers and accessories		
Total repairs and maintenance	411,856	1,881,654

8. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
KCB Bank -1212733894	1,002,000	1,356,373
KCB Bank -1171769466	19,000	19,000
Cash in Hand, money orders		
Total cash and cash equivalents	1,021,000	1,375,373

(a). Detailed Analysis of Cash and Cash equivalents

		2022-2023	2021-2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
KCB Bank -	1212733894	1,002,000	1,356,373.
KCB	1171769466	19,000	19,000
Sub- total		1,021,000.00	1,375,373.00
Grand total		1,021,000.00	1,375,373.00

9. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current receivables		
Student debtors	6,028,887	5,632,373
Less: impairment allowance	-	
Total current receivables	6,028,887	5,632,373

Notes to the Financial Statements (Continued)

10. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current receivables		
Capitation grants*	0	2,947,500
Total current receivables	0	2,947,500

11. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Catering		98,615.00
Repairs and maintenance	36,380.00	98,550.00
Building stores	83,050.00	171,298.00
Electrical department	120,450.00	357,830.00
Hairdressing	27,280.00	134,320.00
Administration		420,767.00
Garment making	45,960.00	94,975.00
Cleaning materials	3,530.00	4,370.00
Consumables stores	56,090.00	29,285.00
Ict and library	5,100.00	669,308.00
sports department	41,500.00	
Automotive	83,800.00	
Total inventories at the lower of cost and net realizable value	503,150	2,079,317

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12. Property, Plant and Equipment

Cost	Land	Building	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	TOTAL
As at 30, June 2022	11,970,000	53,294,841	1,900,000	1,063,291	4,500,000	133,215,948	209,824,809
As at 1, July 2022	11,970,000	53,294,841	1,900,000	1,063,291	4,500,000	133,215,948	209,824,809
Additions	-						
As at 30, June 2023	11,970,000	53,294,841	1,900,000	1,063,291	4,500,000	133,215,948	209,824,809
							-
Depreciation		0	0	0.13	0	0	0
As at 1st, July 2021	-	3,997,113		324,621.00	4,495,899	79,929,569	88,747,202
Charge for year ended 2022	-	1,332,371	475,000	95,855.00	4,501	26,643,190	28,550,917
As at 30th, June 2022	-	5,329,484	475,000	420,476.00	4,500,400	106,572,759	117,298,119
As at 1 st , July 2022		5,329,484	475,000	420,476.00	4,500,400	106,572,759	117,298,119
Charge for the year ended 2023	-	1,199,134	356,250	80,352	0	5,328,637	6,964,373
As at 30 th , June 2023	-	6,528,618	831,250	500,828	4,500,400	111,901,396	124,262,492
NET BOOK VALUES							-
As at 30, June 2022	11,970,000	47,965,357	1,425,000	642,815.00	1,500,000	26,643,189	92,526,690
As at 30, June 2023	11,970,000	46,766,223	1,068,750	562,463		21,314,551	81,681,987

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12 (a) work in progress

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	
Work in progress	3,880,329	-	3,880,329

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 2022

Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	
Land	11,970,000	-	11,970,000
Buildings	53,294,841	6,528,618	46,766,223
Plant and machinery	133,215,948	111,901,397	21,314,551
Motor vehicles, including motorcycles	1,900,000	831,250	1,068,750
Computers and related equipment	4,500,400	4,500,400	0
Office equipment, furniture, and fittings	1,063,291	500,828	562,463
WIP	3,880,329		3,880,329
Total	209,824,809		85,562,316

13. Intangible Assets

Description	2022-2023	2021-2022
Cost	Kshs	Kshs
At beginning of the year	433,550	433,550
Additions		
Additions–internal development		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization		
At end of the year		
Impairment loss	144,372	144,372
At end of the year		
NBV	289,178	289,178

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Notes to the Financial Statements (Continued)

14. Biological Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Dairy Cows	285,000	210,000
Calves	45,000	75,000
Coffee	171,640	171,640
Total	501,640	456,640

15. Trade and Other Payables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	2,824,612	863,796
Fees paid in advance		
Employee advances		
Amount held for mentoring institutions		
Other payables		594,000
Total trade and other payables	2,824,612	1,457,796

16. Refundable Deposits from Customers/Students

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumer deposits	-	-
Caution money	802,000.00	131,000
Other refundable deposits-retention		
Total deposits	802,000.00	313,000

17. Financial Risk Management

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

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

(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 directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by

Notes to the Financial Statements (Continued)

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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from exchange transactions	8,599,990	8,599,990	0	0
Receivables from non-exchange transactions	4,861,000	4,861,000	0	0
Bank balances	1,002,000	1,002,000	0	0
Total	16,604,076	16,604,076	0	0

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

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 entity has significant concentration of credit risk on amounts due from xxxx

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 entity's directors, 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 entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Notes to the Financial Statements (Continued)

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.

44. Financial Risk Management (Continued)

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by 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 entity'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.

a) Foreign currency risk

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

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

44. Financial Risk Management (Continued)

a) 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.

Interest rate risk

Interest rate risk is the risk that the entity'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.

44 Financial Risk Management (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

The entity 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

Notes To the Financial Statements (Continued)

iii) Capital Risk Management

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

18. 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 Kipsinende Technical Training Institute, holding 100% of the Kipsinende Technical 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) Key management;
- iv) Board of directors;

19. Events After The Reporting Period

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

20. Ultimate And Holding Entity

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

21. Currency

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

Kipsinende Technical Training Institute
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Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

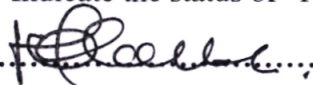
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Presentation and disclosure of financial statements	The management has ensured that the financial statement comply with public sector accounting standards board template	resolved	30 th June 2023
2	Restatement of prior year balances	The management has corrected the errors that had occurred	resolved	30 th June 2023
3	Revenue from rendering services	The management has amended the accuracy and completeness of the revenue from rendering services has been confirmed.	resolved	30 th June 2023
4	Intangible assets	The management has disclosed the amount of intangible of ksh.650,000	resolved	30 th June 2023
5	inventories	The management has been in a position to do the accuracy and the completeness of inventories that had not been confirmed earlier	resolved	30 th June 2023
6	Long outstanding receivables from exchange transaction	The management has confirmed the accuracy of the student debtors	resolved	30 th June 2023

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7	Cash and cash equivalent	The accuracy of cash and cash equivalent has been confirmed	resolved	30 th June 2023
8	Property plant and equipment	The balances of property plant and equipment has been confirmed by the management	resolved	30 th June 2023
9	Inaccuracy of current assets	The management has been in a position to do the stock take to ensure that they get the accuracy of the current assets	resolved	30 th June 2023

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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Name
Accounting Officer
Harrison Odhiambo Okello



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Appendix III- Inter-Entity Confirmation Letter

KIPSINENDE TECHNICAL TRAINING INSTITUTE
Ministry of Education

State Department of Vocational and Technical Training
P.O. BOX 28 - 20209, FORT-TERNAN. Tel/0722692660

E-mail: kipsinendetechnical@gmail.com Website: www.kipsinendeinstitute.ac.ke



Kipsinende Technical Training Institute
P. O. Box 28,
Fort - Ternan

The Ministry of Education wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [beneficiary Entity] (Kshs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	26 th Oct 2022	1,965,000	500,000		2,465,000	2,465,000	0
	6 th Jan 2023		500,000		500,000	500,000	0
	26 th Jan 2023	948,000	500,000		958,000	948,000	0
	29 th Jan 2023	948,000			948,000	948,000	0
	11 th July 2023		500,000		500,000	500,000	
Total		3,861,000	1,500,000		4,861,000	4,861,000	0

Head of Accountants department of beneficiary Entity:
Name CHIEF ACCOUNTANT DINA Sign [Signature] Date 28/9/2023

Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Harmin Okele
0733236467



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