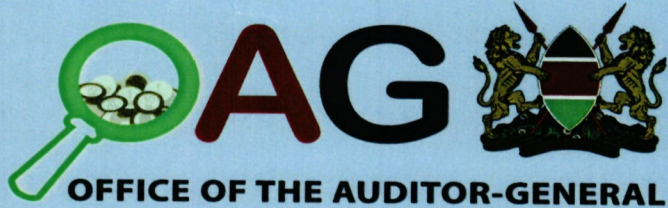


REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



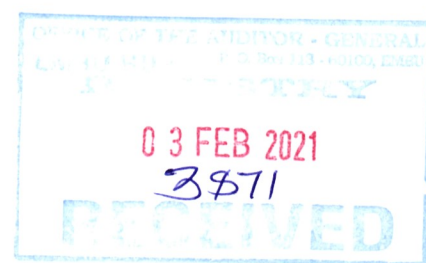
THE NATIONAL ASSEMBLY	
REPORT	
DATE: 23 MAR 2022	
WED (pm)	
TABLED BY:	L-ams
CLERK-AT THE-TABLE:	INZERU

THE AUDITOR-GENERAL

ON

**NKABUNE TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET),
NATIONAL POLYTECHNIC OR TEACHER TRAINING COLLEGE
(NKABUNE TECHNICAL TRAINING INSTITUTE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2020

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



Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT	ii
KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	ii
THE BOARD OF GOVERNORS	iv
MANAGEMENT TEAM	vii
CHAIRMAN'S STATEMENT.....	viii
REPORT OF THE PRINCIPAL.....	ix
REVIEW OF NKABUNE TTI PERFORMANCE FOR FY 2019/2020	xi
CORPORATE GOVERNANCE STATEMENT.....	xii
MANAGEMENT DISCUSSION AND ANALYSIS.....	xiii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY.....	xiv
REPORTING	xiv
REPORT OF THE BOARD OF GOVERNORS.....	xiv
STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES	xv
REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NKABUNE TTI</i>	xvi
IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020.....	1
V. STATEMENT OF FINANCIAL POSITION AS AT 2020	2
VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020	3
VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020	4
VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019	5
IX. NOTES TO THE FINANCIAL STATEMENTS.....	6
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	43
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	44
APPENDIX III: INTER-ENTITY TRANSFERS.....	45
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	46

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

NKABUNE TECHNICAL TRAINING INSTITUTE was incorporated/ established under the TVET Act in 1971. The entity is domiciled in Kenya. The institute is under the Ministry of Education. It has several departments namely Food and beverage, Electrical and electronics, Liberal studies, Business, Information Communication Technology, Clothing Technology, Procurement and Finance Department.

Principal Activities

The principal activity is training.

Our **vision** is to be a centre of excellence in provision of technical and Vocational Education and Training TVET.

Our **mission** is to provide TVET and produce skilled manpower that can compete favourably in the local and international labour market as well as creating self-reliance that suits current market changing technology

Our **core values** are excellence and teamwork, innovation and creativity, professionalism and ethics and corporate governance.

(b) Key Management

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

- Board of Governors Members
- Top Management
- Head of Departments

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Nancy W Njui
2.	Deputy Principal Administration	Eunice W Njenga
3.	Deputy Principal Academics	Alfred Mutava
4.	Registrar	Alice Ngunu
5.	Dean of students	Karwitha Mugambi
6.	Head of Finance	CPA Patrick Mutuma

Changes in management

NB: The Principal M/S Nancy Njui was transferred on 14/12/2020 and the Deputy Principal Administration M/S Eunice Njenga was confirmed as the Principal vide letter from Ministry of Education dated 22nd December 2020 Ref. No. MOE/VT/HRM/CONF/1/46/72

(d) Fiduciary Oversight Arrangements

- **Academic/Welfare committee** activities include overseeing the academic performance and welfare of students ,staff and BOG members
- **Finance committee:** activities include planning and budgeting ,implementation and evaluation of planned activities
- **Audit Committee:** activities include providing oversight on all institution activities.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Head Quarter

Nkabune Technical Training Institute
P.O. Box 330-60200
Off Mate Road
Meru KENYA

(f) Entity Contacts

Telephone: (254) 719186814,733777788
E-mail: nttinkabune@gmail.com
Website: www.nkabunetti.ac.ke

(g) Entity Bankers

1. Cooperative Bank
P.O. Box
Meru 60200
Meru, Kenya
2. Kenya Commercial Bank
P.O box
Meru
3. Equity Bank
P.O Box 75104
Meru Branch

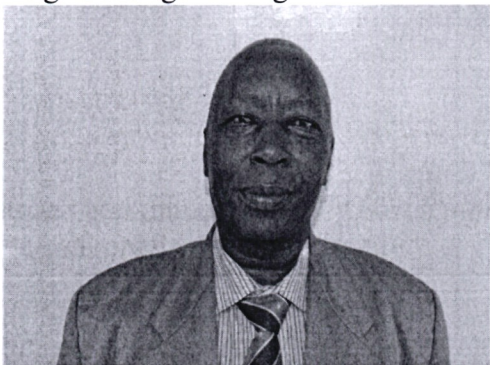
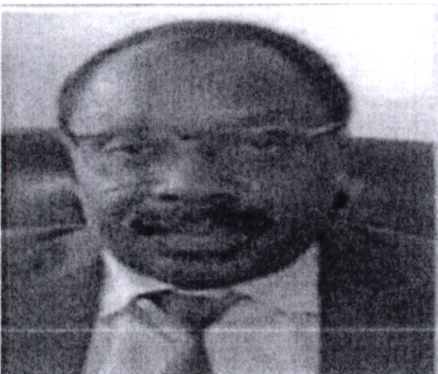
(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. THE BOARD OF GOVERNORS

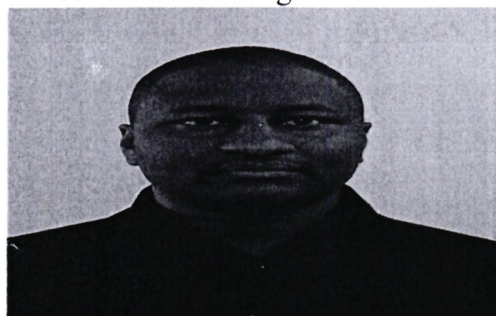
1. Eng. Celestino K. Marete.- Chairman 	DOB: 22nd June 1957 Qualifications BSc. Electrical Engineering 18 years' experience in managing projects involving developing hydropower and geothermal electricity generating stations, high voltage transmission and distribution lines. 6 years' experience in design, preparation of tender documents, procurement of contractors and supervision of electrical installations in building construction projects
2. Fr Dr Lawrence Njeru- Independent 	DOB: 28th December PhD studies (2010) Master of Educational Administration (2006 – 2009) Bachelor of Theology (1993 – 1997) Bachelor of Philosophy (1991 – 1992)
3. Eng. Gakungu Ndungu 	DOB: 1st January 1957 Masters Degree Environmental and Biosystems Engineering Administrator and trainer in the TVET section in policy development and curriculum
4. Julius Mbaabu Inoti 	DOB - 1962 UON: 1984 – 1987 Bachelor of Law 1988: Diploma in Legal Systems

5. Mrs Nancy Njui Secretary to the Board 	DOB: 6th August 1964 MSc. Human Resource Management PhD Human Resource Management – ongoing Senior Leadership Development Program – Kenya School of Government Senior Management Course – Kenya School of Government.
6. Mrs Doreen Gakii George 	DOB: 2nd October 1984 2015: Bachelor of Commerce- Finance option Meru University of Science And Technology 2010: CPA Part III – Foresight Institute of Logistics and Business Studies
7. Mrs Mercy Chidi Baidoo 	DOB: 3rd July 1970 Master in Leadership Program Director Project Coordinator District Programs Coordinator
8. Mrs Maureen Njeri Kinyanjui 	DOB: 1987 2015: UON –Master of Arts in Construction project Management. 2007-2011: UON: Bachelor of Quantity Surveying

NKABUNE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

9. Mr John Chege



DOB: 1987

B.Sc. Computer Science- University of Nairobi

3. MANAGEMENT TEAM

1. Mrs Nancy W. Njui 	Principal DOB: 6th August 1964 MSc. Human Resource Management PhD Human Resource Management – ongoing Senior Leadership Development Program me – Kenya School of Government Senior Management Course – Kenya School of Government.
2. Mrs Eunice Njenga 	Deputy principal DOD:21ST Sept, 1971 MA Project Management BA Project Planning
3. Ms Alice Ngunu 	Registrar DOD:15TH July,1969 BSc. Clothing Textile &Interior Decoration
4. Patrick Mutuma 	Finance Officer DOD:16/08/1990 BCOM , Accounting Option ,CPAK

5. CHAIRMAN'S STATEMENT

Nkabune Technical Training Institute mandate remains that of offering quality technical, industrial, vocational and entrepreneurship training to customer expectation as stipulated in our quality policy statement.

We look forward for continued participation of our key stakeholders especially the Ministry of Education on timely resource support to ensure efficient implementation of not only this standards award but also other policy strategies in support of the realization of vision 2030.

Nkabune Technical Training Institute Board of Governors was inaugurated on 3rd Feb 2020. The Board has three Committees i.e. Finance/Human Resource, Academic/welfare and audit.

Members of the Board comprises of:

1. Margaret Nduhiu	Regional TVET Director
2. Eng. Celestino Marete	BOG Chairman- Executive member
3. Mr. John Chege	BOG member- Committee member
4. Mr. Julius Mbaabu	BOG member -Committee member
5. Doreen Gakii	BOG member -Committee member
6. Mr. Ndungu K.Gakungu	BOG member -Committee member
7. Dr. Fr. Lawrence Njeru	BOG member- Executive member
8. Maureen Njeri (Ms.)	BOG member- Committee member
9. Mercy Chidi Baidoo (Mrs.)	BOG member- Committee member
10. Nancy W. Njui	Principal/BOG - Secretary

Key activities carried are:

1. Recruitment of additional staff
2. Development of Human Resource Policy
3. Improvement of academic performance
4. Completion of project e.g. construction of perimeter wall, renovations and borehole.
5. Performance contracting setting of targets, evaluation and negotiations.

Challenges

1. Water is also inadequate since supply is from a community project which is normally supplied intermittently. This also is a great challenge because some of the courses such as Food and Beverage require adequate supply of water everyday due to its practical oriented nature.
2. Inadequate infrastructure to accommodate the growth of enrolment, this includes administration block, food and beverage complex, classrooms and workshops.
3. Lack of adequate trained staff both academic and support.
4. Covid 19 which has made learning institutions to close.
5. The Institute has a challenge with the road connecting to the Institute which is felt more during the rainy season because the road is impassable. This has greatly affected the growth of the Institute in terms of enrolment. The Institute has state of the art equipment which is not being utilized fully due to accessibility to the Institute. It becomes even more difficult to manage sick students at night, academic trips, and conduct KNEC exams and to offer evening classes.
6. Street lights to light up the areas since students have rented hostels from the community. Students may fail to enrol due to security issues especially if they have to do individual studies in the library at night.

Prepared by 
Eng. Celestino Kinyua

Date __1/02/2021

4. REPORT OF THE PRINCIPAL

Nkabune Technical Training Institute is a Technical Institute which started way back in 1964 and is located in Imenti North constituency in Meru County. In 1967 the Ministry of Education requested the Sisters to start a grant –aided Commercial technical school for girls. This opened in 1968 at the current Gitor Primary School, but due to lack of sufficient land for expansion the Sisters had to move the school to its present location at Nkabune on a 25 acre- piece of land donated by the local community.

In 1986, Nkabune Technical and Commercial Girls, among 18 other technical secondary schools were converted to Technical Training Institutes. The courses that were offered were Secretarial and Accounts Clerks' alongside forms three and four, which were phased out in 1987. Other courses like CPA Part one, Garment Making and Food and Beverage at Craft level were introduced in 1988.

Currently the students' enrolment is at 1,565 expecting to be 2,000 by January 2021, has 83 lecturers and 22 non-teaching staff. The institute currently offers BTEP, TEP, TVET and CDACC courses from Artisan, Certificate and Diploma level. The Institute is in the process of introducing CBET courses.

Academic Departments

The departments in the Institute include:

1. Electrical and Electronics Department – Artisan, Certificate and Diploma
2. Food and Beverage Department – Artisan, Certificate and Diploma
3. Business Department – Certificate and Diploma
4. Clothing Technology Department – Artisan, Certificate and Diploma
5. Liberal Studies Department – Certificate and Diploma
6. ICT Department – Certificate and Diploma
7. CDACC courses

The academic departments have 55 Public Service Commission lecturers and 23 BOG lecturers.

The source of students population is from NYS sponsored students, some supported by CDF, self-sponsored and some sponsored by organizations.

The Institute has received equipment from the Ministry of Education in the following departments:

1. Electrical and Electronics
2. Food and Beverage
3. Clothing Technology
4. Liberal Studies (Hair and Beauty)

The Institute has outsourced accommodation from the community.

Proposed projects/activities for 2019/2020FY

1. Development of Human Resource Policy.
2. Recruitment of additional staff.
3. Construction of classrooms.
4. Drilling of borehole
5. Improvement works – renovation of kitchen, staffroom, HOD offices, staff toilets, staff restaurant, Electrical workshop, and food and beverage workshop.
6. Equipping workshops.
7. Completion of perimeter wall

The Institute has been able to carry out its daily operations, fund the proposed projects within the year and pay its suppliers.

Sources of funds

1. Development grants from Government.
2. Fees from students
3. Helb loans to students
4. NYS fees for students

Challenges

1. The Institute has a challenge with the road connecting to the Institute which is felt more during the rainy season because the road is impassable. This has greatly affected the growth of the Institute in terms of enrolment. The Institute has state of the art equipment which is not being utilized fully due to accessibility to the Institute. It becomes even more difficult to manage sick students at night, academic trips, and conduct KNEC exams and to offer evening classes.
2. Street lights to light up the areas since students have rented hostels from the community. Students may fail to enrol due to security issues especially if they have to do individual studies in the library at night.
3. Water is also inadequate since supply is from a community project which is normally supplied intermittently. This also is a great challenge because some of the courses such as Food and Beverage require adequate supply of water everyday due to its practical oriented nature.
4. Inadequate infrastructure to accommodate the growth of enrolment, this includes administration block, food and beverage complex, classrooms and workshops.
5. Lack of adequate trained staff both academic and support.
6. Delayed fees payment by NYS.
7. Covid 19 pandemic from 20th March 2020 that made closure of the institution indefinitely awaiting directives from the MOE.

Prepared by **Nancy W. Njui (Mrs.)**



Date 1/02/2021



5. REVIEW OF NKABUNE TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2019/2020

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

Nkabune Technical Training Institute has 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Project Management

Pillar 2: Process Management

Pillar 3: Resource Mobilisation

Nkabune Technical Training Institute develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Nkabune Technical Training Institute* achieved its performance targets set for the FY 2019/2020 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Project management	Establish contemporary learning facilities and services.	Infrastructure development	Construction of classrooms. Drilling of borehole. Renovation of improvement of facilities.	1. 3 new classes were constructed. 2. A borehole was drilled. 3. Classes and buildings renovated
Pillar 2:	Process management	Promote equity and quality education and training	Quality service delivery	Develop policies. Develop and implement quality management system	Quality management system developed we are ISO certified
Pillar 3:	Resource Mobilisation	Strengthening organisation development and capabilities.	Collaborations with government and donors	Prepare proposals for grants	We have a complete funded constructed perimeter wall

6. CORPORATE GOVERNANCE STATEMENT

As a Board, we believe that a strong corporate governance framework and culture translates to a strong institute that delivers to its mandate. According to the TVET Act, 2013 members of the board of governors are appointed by the Cabinet Secretary from the ministry of education from the following areas;

- a). Leadership
- b). Financial management
- c). Industry
- d). Technology
- e). ICT
- F). Engineering

The board also seeks other committees to carry responsibility required in the governance of the institute. The following committees have been in the institute.

Academic /Welfare

1. Dr. Fr.Lawrence Njeru- Chairperson
2. Mercy Chidi
3. John Chege
4. Mrs Maureen Njeri Kinyanjui

Finance /Human Resource

1. Engineer Ndungu Gakungu – Chairman
2. Fr. Lawrence Njeru
3. Doreen Gakii
4. Mbaabu M Inoti

Audit Committee

1. **Doreen Gakii**
2. **John Chege**

The following are board functions as out lined in the TVECT Act.

1. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVECT Act.
2. Promoting and maintaining standards quality and relevance in advocating and training in the institution in accordance with the act and any other written law.
3. Administering and managing the property of the institution
4. Developing and implementing the institutions strategic plan
5. Preparing annual estimates of the revenue and expenditure of the institution
6. Receiving on behalf of the institution fees, grants and other monies.
7. Determining fees payable and prescribing conditions under which fees may be remitted in part or whole in accordance with the guideline developed under the provisions of this act.

During the year 2019/2020 the table below shows the number of board and committee meetings held.

Meetings	No of board meetings	Meeting held	
Full board	4	4	
Academic committee	4	0	
Finance /HR Committee	4	4	
Audit committee	0	0	
Total	12	8	

7. MANAGEMENT DISCUSSION AND ANALYSIS

Nkabune Technical Training Institute is ISO Certified and has a Quality Management System in place and the management has put in place a system to handle the following areas in the process of ensuring there are proper internal controls in place.

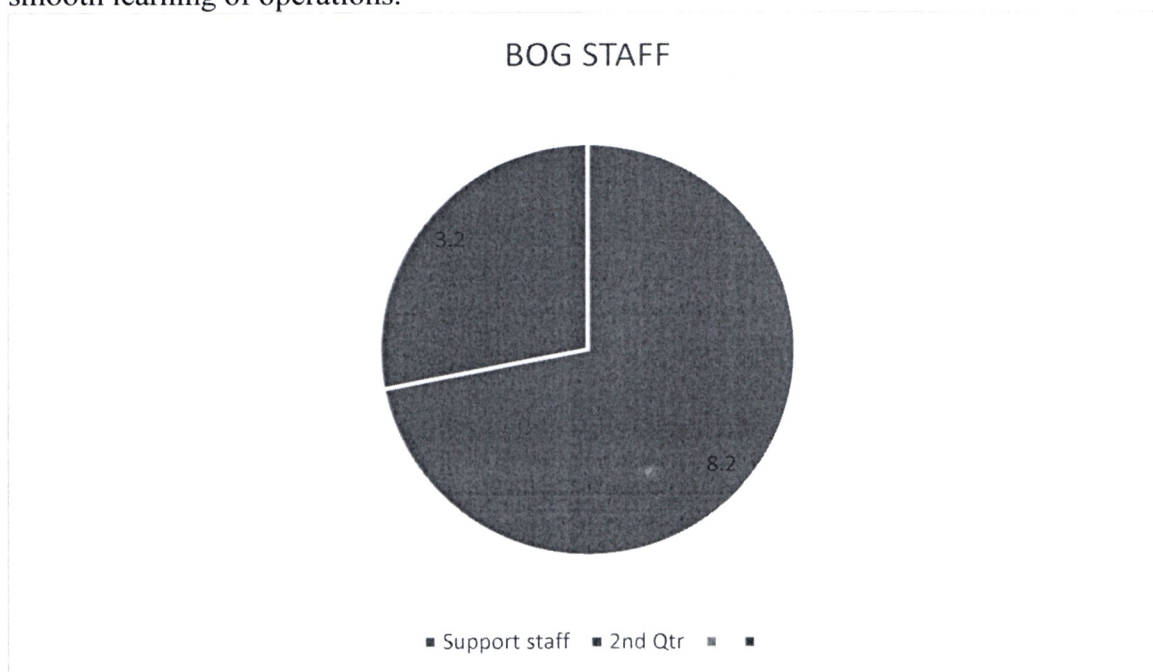
1. Financial management
2. Student registration
3. Boarding and accommodation
4. Examination management
5. Procurement and store control

1. During the year the student enrollment increased from student population of 1200 to 1700 students has shown in the table below.

Student population

	FY 2019/2020	FY 2018/2019	% Increase
Student Enrolment	1700	1200	41.6

2. The management has recruited additional staff in both academic and support staff to ensure smooth learning of operations.



During the year the management developed a Human Resource policy and motivational policy documents to handle staff issues.

The institute has received a lot of support from the government through the ministry of education by receiving capitation, helb funds and state of the art equipment.

During the year the institute faced the following challenges

1. A two kilometer road to the institution is not tarmacked and its impassable during the rain seasons, however the management is engaging the county government of Meru to address the issue. There has been inadequate supply of water to the institute and the management is in the process of drilling a bore to address the challenge

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Nkabune TTI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management has ensured compliance to government directives. The Institute has a farm for cattle keeping to ensure we do not only rely on fee collection. The management has installed a borehole to inadequate sources of water.

2. Environmental performance

The management has undertaken an environmental audit done by NEMA. The management has partnered with the community in planting of trees.

3. Employee welfare

The management has developed Human Resource policy documents that give guidelines on hiring, career development and trainings for the staff.

4. Market place practices-

- a) The institute ensures fair choice of suppliers through advertisement of tenders in the newspapers and institute website.
- b) The management has put in place secret boxes to report corruption related issues
- c) Product stewardship- our products are approved by KEBS.

5. Community Engagements-

The management has trained the community on banana value addition

9. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *Nkabune Technical Training Institute* affairs.

Principal activities

The principal activities of the entity are training.

Results

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

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v. During the year 4 directors retired and 4 were appointed with effect from 13th February 2020.

Auditors

The Auditor General is responsible for the statutory audit of Nkabune Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Nkabune Technical Training Institute for the year ended June 30, 2020.

By Order of the Board

10. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the board members to prepare financial statements in respect of Nkabune Technical Training Institute, which give true and fair view of the state of affairs of Nkabune Technical Training Institute at the end of the financial year ended June 30, 2020 and the operating results of Nkabune Technical Training Institute for year ended June 30, 2020. The board members are also required to ensure that Nkabune Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Nkabune Technical Training Institute. The board members are also responsible for safeguarding the assets of Nkabune Technical Training Institute.

The board members are responsible for the preparation and presentation of Nkabune Technical Training Institute financial statements, which give a true and fair view of the state of affairs of Nkabune Technical Training Institute for and as at the end of the financial year ended on June 30, 2020. 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 entity; (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 Nkabune Technical Training Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for Nkabune Technical Training Institute 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 council members are of the opinion that Nkabune Technical Training Institute financial statements give a true and fair view of the state of Nkabune Technical Training Institute transactions during the financial year ended June 30, 2020, and of Nkabune Technical Training Institute financial position as at that date. The board members further confirm the completeness of the accounting records maintained for Nkabune Technical Training Institute, which have been relied upon in the preparation of Nkabune Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

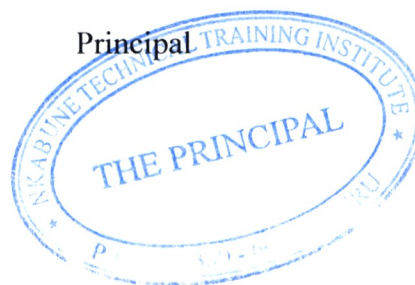
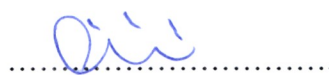
Nothing has come to the attention of the council members to indicate that Nkabune Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Nkabune Technical Training Institute financial statements were approved by the Board on 29 /09/2020 and signed on its behalf by:

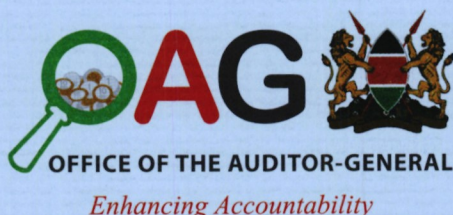


Chairperson of the Board



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 NKABUNE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Nkabune Technical Training Institute set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Unbalanced Statement of Financial Position

The statement of financial position as at 30 June, 2020 reflects Kshs.751,379,165 and Kshs.747,558,290 in respect of total assets and total liabilities and reserves resulting to unexplained variance of Kshs.3,820,875 where total assets should balance with total liabilities and reserves. Further, the same statement reflects Kshs.14,105,202 in respect of total liabilities. However, a re-cast of the same reflects Kshs.16,060,130 resulting to an unexplained variance of Kshs.1,954,928.

In addition, the same statement also reflects a nil balance in respect of net assets. However, a re-cast of the same indicates net asset of Kshs.737,273,963.46 resulting to a variance of the same amount.

Further, three (3) components in the statement of financial position reflects balances that are at variance with the balances in the statement of changes in net assets as shown below:

Component	Balance as per the Statement of changes in Net Assets (Kshs.)	Balance as per the Statement of Financial Position (Kshs.)	Variance (Kshs.)
Revaluation gain/reserve	542,872,376	508,707,727	34,164,649
Retained earnings (Accumulated Surplus)	204,703,195	212,506,106	(7,802,911)
Total reserve and liabilities as at 30 June, 2020.	747,575,571	747,558,290	17,281

In the circumstances, the accuracy, completeness and validity of the statement of financial position as at 30 June, 2020 could not be confirmed.

2.1 Overstated Statement of Changes in Net Assets

The statement of changes in net assets for the year ended 30 June, 2020 reflects Kshs.64,757,406 in respect of total net asset brought forward. However, the 2018/2019 financial statement reflects Kshs.11,941,320 on the same item resulting to unexplained variance of Kshs.52,816,086. Further, the same statement reflects the previous year's closing balances as at "30 June, 2020" instead of 30 June, 2019.

In addition, the same statement reflects Kshs.747,575,571 in respect of total net assets as at 30 June, 2020. However, a recast of the balances reflects Kshs.804,212,514 resulting to unexplained variance of Kshs.56,636,943.

In the circumstances, the accuracy, completeness and validity of the statement of changes in net assets for the year ended 30 June, 2020 could not be confirmed.

2.2 Understated Statement of Cash Flows

The statement of cash flows for the year ended 30 June, 2020 reflects Kshs.163,678,225 in respect of cash and cash equivalents as at 30 June, 2020. However, a recast of the balances reflects Kshs.248,214,594 resulting to unexplained variance of Kshs.84,536,369.

Consequently, the accuracy of the cash flows for the year ended 30 June, 2020 could not be confirmed.

3.0 Understated Cash and cash Equivalents

Note 27(a) to the financial statements for the year under review reflects a cash and cash equivalents balance of Kshs. 163,678,225. However, a review of bank reconciliation statement for the month of June, 2020 reflects Kshs.3,680,115 in respect of unrepresented cheques which includes Kshs. 34,817 in respect of stale cheques which have not been replaced or reversed in the cash book and therefore understating the cash and cash equivalents by the same amount.

Consequently, accuracy and completeness of the the cash and cash equivalents balance of Kshs.163,678,225 as at 30 June, 2020 could not be confirmed.

4.0 Unsupported Contingent Rentals Income

As disclosed in Note 12 to the financial statement, the statement of financial performance for the year ended 30 June, 2020 reflects an amount of Kshs.95,052,838 in respect of revenue from exchange transactions out of which Kshs.860,450 relates to rental revenue from facilities and equipment which includes Kshs.636,210 in respect of contingent rentals. However, supporting documents including tenant agreement, the list of occupied properties (houses), the bank deposit slips, board minutes which approved the rates payable and valuation report from the Ministry of Land and Physical Planning were not made available for audit review.

In the circumstances, the accuracy and completeness of the Kshs.636,210 in respect of contingent rentals income for the year ended 30 June, 2020 could not be confirmed.

5.0 Unaccounted expenditure on student meals

The statement of financial performance for the year ended 30 June, 2020 and as disclosed in Note 15 to the financial statements reflects Kshs. 57,908,148 in respect of use of goods and services which includes Kshs.44,129,527 relating to other general expenses out of which an amount of Kshs.6,225,440 were payments made to a firm for the provision of meals to sponsored students from National Youth Service (NYS). The Institute adopted a Pay As You Eat (PAYE) system in the year under review where all students apart from those sponsored by NYS paid cash for their meals, while the NYS students were served meals on credit and the invoices raised to the Institute. However, the payments made by the Institute to the firm were not supported by daily registers signed by the said sponsored students.

In the circumstances, the accuracy, validity and value for money for the Kshs.6,225,440 expenditure for the year ended 30 June, 2020 could not be confirmed.

6.0 Long Outstanding Students Debtors

The statement of financial position as at 30 June, 2020 and as disclosed in Note 27(b) to the financial statements reflects Kshs.23,451,497 in respect of receivables from exchange transactions out of which an amount of Kshs.8,385,597 or (36%) has been outstanding for over two (2) years. However, no evidence was provided for audit on the strategies the Management is taking to recover the said outstanding debts. Further, management has not adopted any provision policy for likely doubtful debts or made any specific provision to cater for the doubtful debts arising in the course of time.

In circumstances, the recoverability of the Kshs.8,385,597 in respect of outstanding students' debts as at 30 June, 2020 could not be confirmed. In addition, it has not been possible to ascertain if the balance is fairly stated as at 30 June, 2020.

7.0 Property, Plant and Equipment

The statement of financial position as at 30 June, 2020 and as disclosed in Note 32 to the financial statements reflects Kshs.551,309,714 in respect of property, plant and equipment which includes Kshs.453,820,875 in respect of land and buildings. However, ownership documents including title deeds or lease documents were not provided for audit. Further, physical verification carried out in November, 2020 revealed that the Institute's assets are not tagged for ease of identification contrary to Section 139(1) (b) of the Public Finance Management (National Government) Regulations, 2015 which states that accounting officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

Consequently, the accuracy, ownership, and security of property, plant and equipment of Kshs.551,309,714 as at 30 June, 2020 could not be confirmed.

8.0 Unsupported Balances - Trade and Other Payables

The statement of financial position reflects Kshs.13,054,235 and Kshs.447,180 all totaling to Kshs.13,501,415 in respect of trade and other payables from exchange transactions and refundable deposits from customers as disclosed in Notes 35 and 36 respectively. However, supporting documents including schedules and ledgers were not provided for audit.

In the circumstances, the accuracy and validity of the Kshs.13,501,415 included in current liabilities as at 30 June, 2020 could not be confirmed.

9.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects budgeted receipts of Kshs. 149,302,110 and an actual receipt of Kshs.289,879,690 resulting to a net under collection of Kshs.140,577,580.

Similarly, the statement reflects an expenditure budget and actual amounts of Kshs.149,302,110 and Kshs.92,637,463 respectively resulting to a net under expenditure of Kshs.56,664,647.

In the circumstances, the intended beneficiaries did not get expected services equivalent to the under collection Kshs.140,577,580 and over expenditure of Kshs.56,664,647 for the year ended 30 June, 2020.

10.0 Withdrawal of Cash Over and Above the Approved Limit

The statement of financial position as at 30 June, 2020 and as disclosed in Note 27(a) to the financial statements reflects Kshs.163,678,225 in respect of cash and cash equivalents. However, review of the cash book revealed that on various dates, the Institute withdrew cash totaling to Kshs.3,200,000 on batches of Kshs.400,000 beyond the cash withdrawal limit of Kshs.300,000 per week contrary to paragraph 5(1) of the

Ministry of Education circular reference MOEST/TT/11/8 dated 22 July, 2019 on administration and financial management which state that the cash limit for training and vocation colleges shall be limited to Kshs.300,000 per week.

11.0 Presentation of Financial Statements

The Institute's financial statements for the year under review showed included the following anomalies Pages 10,11,18,20,33,36,39,40 and 41 contain "xxx" which has not been customized to reflect information relevant to the Institute.

- i. The financial statements figures are in decimal contrary to the best accounting practice which recommends figures in the financial statements to be rounded off to the nearest whole number of the reporting currency.
- ii. Note 30 to the financial statements has been assigned to two different components; inventories and property, plant and equipment.

Consequently, the financial statements for the year under review are not prepared in accordance with the International Public Sector Accounting Standards as prescribed by the Public Sector Accounting Standard Board (PSASB) financial reporting template.

12.0 Information, Communication and Technology (ICT) Environment

Review of the Institute's ICT environment revealed that there was no formal approved ICT policy in place during the year under review which includes data security policy and disaster recovery plans. Further, the Institute's ICT structure was not provided for review.

In addition, during the year under review, the Technical Institute did not have an Information Technology (IT) steering committee or strategic Committee for ensuring effective IT controls and strategies.

In the circumstance, the security and reliability of the Technical Institute's data including its Management Information System could not be ascertained and in addition, the Institute is in breach of the law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matter described in the Basis for Disclaimer of

Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Nkabune Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

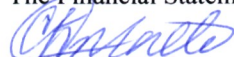
	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	194,826,852.00	27,815,675.00
Grants from donors and development partners	7	0.00	0.00
Transfers from other levels of government	8	0.00	0.00
Public contributions and donations	9	0.00	0.00
Total		194,826,852.00	27,815,675.00
Revenue from exchange transactions		0.00	0.00
Rendering of services	10	94,108,218.00	87,997,410.00
Sale of goods	11	41,670.00	1,492,360.00
Rental revenue from facilities and equipment	12	860,450.00	894,024
Finance income - external investments	13	0.00	0.00
Other income	14	42,500.00	67,675.00
Revenue from exchange transactions		95,052,838.00	0.00
Total revenue		289,879,690.00	118,267,144.00
Expenses			
Use of goods and services	15	57,908,147.50	4,709,353.00
Security services			1,173,000.00
Employee costs	16	26,656,961.00	14,361,082.00
Remuneration of directors	17	0.00	0.00
Depreciation and amortization expense	18	659,495.00	0.00
Repairs and maintenance	19	7,468,567.00	4,310,613.00
Contracted services		0.00	0.00
Provision for audit services	37	603,787.00	0.00
Grants and subsidies		0.00	0.00
Finance costs		0.00	0.00
General expenses		0.00	77,789,761.00
Total expenses		93,296,958.00	102,343,809.00
Other gains/(losses)			
Gain on sale of assets		0.00	0.00
Unrealized gain on fair value of investments		0.00	0.00
Impairment loss		(0.00)	(00)
Total other gains/(losses)		0.00	0.00
Net Surplus for the year		196,582,732.00	15,923,335.00
Attributable to:		0.00	0.00
Surplus/(deficit) attributable to minority interest		0.00	0.00
Surplus attributable to owners of the controlling entity		0.00	0.00
		0.00	0.00

The notes set out on pages 6 to 49 form an integral part of the Annual Financial Statements.

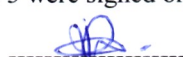
13. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27.(a)	163,678,225.00	43,368,252.20
Current portion of receivables from exchange transactions	27.(b)	23,451,497.46	31,715,107.00
Receivables from non-exchange transactions	29	0.00	0.00
Inventories	30	12,939,729.00	0.00
Investments	31	0.00	0.00
		0.00	0.00
Non-current assets		0.00	0.00
Property, plant and equipment	32	551,309,714.00	0.00
Investments	31	0.00	0.00
Intangible assets	33	0.00	0.00
Investment property	34	0.00	0.00
Long term receivables from exchange transactions		0.00	0.00
		0.00	0.00
Total assets		751,379,165.00	75,083,359.00
Liabilities		0.00	0.00
Current liabilities		0.00	0.00
Trade and other payables from exchange transactions	35	13,054,235.00	0.00
Refundable deposits from customers	36	447,180.00	293,000.00
Provisions for audit services	37	603,787.00	0.00
Finance lease obligation	38	0.00	0.00
Current portion of borrowings	39	0.00	0.00
Deferred income	39	0.00	0.00
Employee benefit obligation	40	0.00	0.00
Payments received in advance		0.00	12,245,164.00
		0.00	0.00
Non-current liabilities		0.00	0.00
Non-current employee benefit obligation	40	1,954,928.00	0.00
Non-current provisions	43	0.00	0.00
Borrowings	44	0.00	0.00
Service concession liability	45	0.00	0.00
Deferred tax liabilities		0.00	0.00
Total liabilities		14,105,202.00	12,538,164.00
Net assets		0.00	0.00
Reserves		0.00	62,545,195.00
Accumulated surplus		212,506,106.00	15,923,374.00
Revaluation reserve		508,707,727.00	0.00
Capital Fund			
Total net assets and liabilities		747,558,290.00	78,468,569.75.00

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



Chairman of Board of Governors Finance Officer



ICPAK No: 25280

Date.....1/2/2021..

Date

1/2/2021

Principal



Date.....1/2/2021



NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

14. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2018	0	0	48,834,071.00	0	48,834,071.00
Revaluation gain	0.00	-	-	-	0.00
Fair value adjustment on quoted investments	-	0.00	8,120,463.00	-	0.00
Total comprehensive income	-	-	15,923,335.00	-	15,923,335.00
Capital/Development grants received during the year	-	-	-	3,820,875.00	3,820,875.00
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	0.00	(0.00)	-
At June 30, 2020	0.00	0.00	8,120,463.00	3,820,875.00	11,941,338.00
At July 1, 2019	0.00	0.00	120,463.00	3,820,875.00	64,757,406.00
Revaluation gain	542,872,376.00	-	-	-	542,872,376.00.00
Fair value adjustment on quoted investments	-	0.00	-	-	0.00
Total comprehensive income	-	-	196,582,732.00	-	196,582,732.00
Capital/Development grants received during the year	-	-	-	0.00	0.00
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	0.00	(3,820,875.00)	-
At June 30, 2020	542,872,376.00	0.00	204,703,195.00	0.00	747,575,571.00

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

NKABUNE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2020-2019	Reference	2018-2019
	Note	Kshs		Kshs
Cash flows from operating activities				
Receipts				
Transfers from other Government entities/Govt. grants	6	194,826,852		27,815,675
Public contributions and donations		0.00		0.00
Rendering of services- Fees from students	10	94,108,218.00		87,997,410
Increase in receivables		8,263,610		
Sale of goods	11	41,670		1,492,360
Rental revenue from facilities and equipment	12	860,450		894,024
Finance income		0.00		0.00
Other income	14	42,500		67,675
Total Receipts		298,143,300.00		118,267,144
Payments				
Use of goods and services	15	57,908,148.00		4,709,353.00
Compensation of employees	16	26,656,961.00		14,361,082.00
Finance cost		0.00		0.00
Security services		0.00		1,173,000.00
Provision for audit services	37	603,787		0.00
Depreciation and amortization expense	18	659,495.00		
Rent paid		0.00		0.00
Taxation paid		0.00		0.00
Other payments	19	7,468,567.00		82,100,374
Grants and subsidies paid		0.00		0.00
Total Payments		93,296,958.00		102,343,809
Net cash flows from operating activities	45	276,000,037		15,923,335
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets		0.00		0.00
Proceeds from sale of property, plant and equipment				
Decrease in non-current receivables		0.00		0.00
Increase in investments		0.00		0.00
Net cash flows used in investing activities		0.00		0.00
Cash flows from financing activities		0.00		0.00
Proceeds from borrowings		0.00		0.00
Repayment of borrowings		0.00		0.00
Increase in deposits		0.00		0.00
Net cash flows used in financing activities		0.00		0.00
Net increase/(decrease) in cash and cash equivalents		0.00		5,076,556.00
Cash and cash equivalents at 1 JULY	26	43,368,252.00		48,444,808.20
Cash and cash equivalents at 30 JUNE	26	163,678,225.00		43,368,252.20

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities Govt grants	0.00	0.00	0.00	194,826,852.00	(194,826,852.00)
Public contributions and donations	0.00	0.00	0.00	0.00	-
Rendering of services- Fees from students	149,302,110.00	0.00	149,302,110.00	94,108,218.00	55,193,892.00
Sale of goods	0.00	-	0.00	41,670.00	(41,670.00)
Finance Income	0.00	-	0.00	0.00	-
Rental Revenue from Facilities	0.00	-	0.00	860,450.00	(860,450.00)
Other Income	0.00	0.00	0.00	42,500.00	(42,500.00)
Total income	149,302,110.00	0.00	149,302,110.00	289,879,690.00	(140,577,580.00)
Expenses			0.00	0.00	-
Compensation of employees	15,240,000.00	-	15,240,000.00	26,656,961.00	(11,416,961.00)
Use of Goods and services	134,062,110.00	0.00	134,062,110.00	57,908,148.00	(76,153,962.00)
Repairs and mentanance	0.00		0.00	7,468,567.00	(7,468,567.00)
Finance costs	0.00	0.00	0.00	603,787.00	(603,787.00)
Rent paid	0.00	0.00	0.00	0.00	-
Remuneration of directors	0.00	0.00	0.00	0.00	-
Grants and subsidies paid	0.00	-	0.00	0.00	-
Total expenditure	149,302,110.00	0.00	149,302,110.00	92,637,463.00	56,664,647.00
Surplus for the period	0.00	0.00	0.00	196,582,732.00	(196,582,732.00)

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

17. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(State the impact of the standard to the entity if relevant)</i>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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 entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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 an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>(State the impact of the standard to the entity if relevant)</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <i>(State the impact of the standard to the entity if relevant)</i>

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: 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.
Other Improvements to IPSAS	Applicable: 1st January 2021: 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 b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity 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 entity.

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 entity'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 2019/2020 was approved by the Board on 30th June 2019. 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations nil on the FY 2019/2020 budget following the Board's approval.

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

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

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

c) Taxes

Current income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity. 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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity 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 entity 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 a entity 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 Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

Provisions are recognized when the Entity 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 Entity 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 Entity 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 Entity 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 Entity 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 Entity creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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.

(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	0.00	27,815,675.00
Helb loans to students	5,331,000.00	0.00
NYS Sponsored student	163,120,852.00	0.00
KUCCPS capitation for students	26,375,000.00	0.00
Conditional grants	0.00	0.00
Perimeter wall grant	0.00	3,820,875.00
Hostels grant	0.00	0.00
Administration block grant	0.00	0.00
Laboratory grant	0.00	0.00
Learning facilities grant	0.00	0.00
Other organizational grants	0.00	0.00
Total government grants and subsidies	194,826,852.00	31,636,550.00

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2019-2018
	KShs	KShs
JICA- Research grant	0.00	0.00
World Bank grants	0.00	0.00
Other grants	0.00	0.00
Total grants from development partners	0.00	0.00

Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0.00	0.00
Current year receipts	0.00	0.00
Conditions met - transferred to revenue	0.00	0.00
Conditions to be met - remain liabilities	0.00	0.00

(Provide brief explanation for this revenue)

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County xxx	0.00	0.00
Transfer from xxx University	0.00	0.00
Transfer from xxx institute	0.00	0.00
Total Transfers	0.00	0.00

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Public donations	0.00	0.00
Donations from local leadership	0.00	0.00
Donations from religious institutions	0.00	0.00
Donations from alumni	0.00	0.00
Other donations	0.00	0.00
Total donations and sponsorships	0.00	0.00

(Provide brief explanation for this revenue)

10. RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	59,789,900.00	87,997,409.00
Student hostels fees	10,726,185.00	0.00
Student meals fees	5,782,313.00	0.00
Student examination	17,809,819.00	
Total revenue from the rendering of services	94,108,218.00	87,997,409.00

NB: This is revenue collected from student for fees. In addition the 2018/2019 balance was combined under tuition fees ledger.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
Sale of goods		
Sale of farm produce	38,870.00	118,430.00
Others from production unit	2,800.00	1,373,930.00
Total revenue from the sale of goods	41,670.00	1,492,360.00

(Provide brief explanation for this revenue)

12. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
Straight-lined operating lease receipts	0.00	404,425.00
Contingent rentals	636,210.00	489,600.00
Hire of facility	173,800.00	0.00
Hire of vehicles	50,440.00	0.00
Total rentals	860,450.00	894,025.00

Revenue generated from staff houses rent collected

13. FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	0.00	0.00
Interest income from Treasury Bills	0.00	0.00
Interest income from Treasury Bonds	0.00	0.00
Interest from outstanding debtors	0.00	0.00
Total finance income	0.00	0.00

(Provide brief explanation for this revenue)

14. OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Graduation fees	8,500.00	0.00
Income from sale of tender	31,000.00	44,000.00
Services concession income	0.00	0.00
Skills development levy	0.00	0.00
Income from disposal of assets	3,000.00	23,675.00
Total other income	42,500.00	67,675.00

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity and Water	2,105,140.00	4,619,353.00
	0.00	0.00
Security	0.00	0.00
Professional services	0.00	0.00
Subscriptions	766,375.00	90,000.00
Advertising	0.00	0.00
Admin fees	9,266,602.50	0.00
Audit fees	0.00	0.00
Conferences and delegations	0.00	0.00
Consulting fees	0.00	0.00
Consumables	0.00	0.00
Fuel and oil	0.00	0.00
Insurance	895,658.00	0.00
Legal expenses	0.00	0.00
Licenses and permits	0.00	0.00
Postage	0.00	0.00
Printing and stationery	708,345.00	0.00
Hire charges	36,500.00	0.00
Rent expenses	0.00	0.00
Security costs	0.00	0.00
Sewage treatment costs	0.00	0.00
Skills development levies	0.00	0.00
Inventory scrapping	0.00	0.00
Telecommunication	0.00	0.00
Training expenses	0.00	0.00
Other General Expenses	44,129,527.00	77,789,761.00
Total good and services	57,908,147.50	82,499,114.00

16. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	16,073,207.00	7,489,178.00
Employee related costs - contributions to pensions and medical aids	2,693,460.00	221,253.00
Travel, motor car, accommodation, subsistence and other allowances	7,890,294.00	6,650,651.00
Housing benefits and allowances	0.00	0.00
Overtime payments	0.00	0.00
Performance and other bonuses	0.00	0.00
Social contributions	0.00	0.00
Employee costs	26,656,961.00	14,361,082.00

17. REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	0.00	0.00
Directors emoluments	0.00	0.00
Other allowances	0.00	0.00
Total director emoluments	0.00	0.00

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	659,495.00	0.00
Intangible assets	0.00	0.00
Investment property carried at cost	0.00	0.00
Total depreciation and amortization	659,495.00	0.00

19. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	0.00	0.00
Investment property – earning rentals	0.00	0.00
Equipment and machinery	0.00	0.00
Vehicles	0.00	0.00
Furniture and fittings	0.00	0.00
Computers and accessories	0.00	0.00
All repairs and maintenance	7,468,567.00	4,310,613.00
Total repairs and maintenance	7,468,567.00	4,310,613.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Actuarial valuations	0.00	0.00
Investment valuations	0.00	0.00
Property valuations	0.00	0.00
Total contracted services	0.00	0.00

21. GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	KShs	KShs
Community development	0.00	0.00
Education initiatives and programs	0.00	0.00
Social development	0.00	0.00
Community trust	0.00	0.00
Sporting bodies	0.00	0.00
Total grants and subsidies	0.00	0.00

22. FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings (amortized cost)*	0.00	0.00
Finance leases (amortized cost)	0.00	0.00
Unwinding of discount	0.00	0.00
Interest on Bank overdrafts	0.00	0.00
Interest on loans from commercial banks	0.00	0.00
Total finance costs	0.00	0.00

*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
	0.00	0.00
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Other assets not capitalised	0.00	0.00
Total gain on sale of assets	0.00	0.00

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Investments at fair value	0.00	0.00
Total gain	0.00	0.00

25. IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Total impairment loss	0.00	0.00

26. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	0.00	0.00
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Staff car loan/ mortgage	0.00	0.00
Others(specify)	0.00	0.00
Total cash and cash equivalents	0.00	0.00

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

27. (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

		2019-2020	2018-2019
Financial institution	Account number	KShs	KShs
a). Current account Main Cooperative Bank	01129022017100	159,097,736.40	38,312,810.60
b). Kenya Commercial bank Development Account	1117245136	1,293,471.35	1,707,024.35
(c). Kenya Commercial bank Production Unit account	1182909272	48,600.00	86,995.00
d) .Equity Bank Kaelo TTI Account	0140262856793	2,869,321.25	2,872,121.25
e). Co-operative Instant Access Savings Account	01100022017100	881,130.07	255,250.07
f.) cash in hand		369,096.00	389,301.00
Grand total		163,678,225.00	43,368,252.20

RECEIVABLES FROM EXCHANGE TRANSACTIONS

27 (b)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	23,451,497.46	31,624,907.00
Rent debtors	0.00	90,200.00
Consultancy debtors	0.00	0.00
Other exchange debtors	0.00	0.00
Less: impairment allowance	0.00	0.00
Total current receivables	23,451,497.46	31,715,107.00

28

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Refundable deposits	0.00	0.00
Advance payments	0.00	0.00
Public organizations	0.00	0.00
Less: impairment allowance	0.00	0.00
Total	0.00	0.00
Current portion transferred to current receivables	0.00	0.00
Total non-current receivables	0.00	0.00
Total receivables	0.00	0.00

29. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Transfers from other govt. entities	0.00	0.00
Undisbursed donor funds	0.00	0.00
Other debtors (non-exchange transactions)	0.00	0.00
Less: impairment allowance	0.00	0.00
Total current receivables	0.00	0.00

30. INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Stationeries	338,932.00	0.00
Maintenance stores	0.00	0.00
Health Unit stores	30,732	0.00
Electrical stores	953,020.00	0.00
Cleaning materials stores	0.00	0.00
Library	11,617,045	0.00
Total inventories at the lower of cost and net realizable value	12,939,729.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0.00	0.00
CBK	0.00	0.00
Sub- total	0.00	0.00
b) Investment with Financial Institutions/ Banks		
Bank x	0.00	0.00
Bank y	0.00	0.00
Sub- total	0.00	0.00
c) Equity investments (specify)		
Equity/ shares in company xxx	0.00	0.00
Sub- total	0.00	0.00
Grand total	0.00	0.00

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2020

d) Shareholding in other entities

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

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Shs	Shs
Entity A	0.00	0.00	0.00	0.00	0.00	0.00
Entity B	0.00	0.00	0.00	0.00	0.00	0.00
Entity C	0.00	0.00	0.00	0.00	0.00	0.00
Entity D	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019		-	-	-	-	-	-	-
Valuation	453,820,875.00	16,080,000	5,275,958.00	4,084,401	-	72,707,975	-	551,969,209.00
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 th June 2020	453,820,875.00	16,080,000	5,275,958	4,084,401	-	72,707,975	-	551,969,209.00
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 th June 2020	453,820,875.00	16,080,000	5,275,958	4,084,401	-	72,707,975	-	551,969,209.00
Depreciation and impairment	-	-	-	-	-	-	-	-
At 1 July 2019	-	-	-	-	-	-	-	-
Depreciation	-	-	659,495	-	-	-	-	659,495
Impairment	-	-	-	-	-	-	-	-
At 30 June 2020	453,820,875.00	16,080,000	4,616,463	4,084,401	-	72,707,975	-	551,309,714.00
Depreciation	-	-	659,495	-	-	-	-	659,495

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30 th June 2020	453,820,875.00	16,080,000	4,616,463	4,084,401	-	72,707,975	-	551,309,714.00
Net book values	453,820,875.00	16,080,000	4,616,463	4,084,401	-	72,707,975	-	551,309,714.00
At 30 th June 2019	-	-	-	-	-	-	-	-
<i>[Include brief description of WIP as a footer]</i>								

NB: The 2018/2019 property, plant and equipment figures was nil. However as at 1 July 2019 the institute had constructed a fence which was paid for a conditional grant of kshs.3, 820,875 and furniture's worthy 5,275,958 had been bought. The other assets included in the PPE is as valuation report done by ministry of Public works.

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
At end of the year	0.00	0.00
Additions–internal development	0.00	0.00
At end of the year	0.00	0.00
Amortization and impairment	0.00	0.00
At beginning of the year	0.00	0.00
Amortization	0.00	0.00
At end of the year	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	0.00	0.00

34. INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	0.00	0.00
Additions	0.00	0.00
Fair value gain	0.00	0.00
Depreciation(where investment property is at cost)	0.00	0.00
At end of the year	0.00	0.00

35. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	13,054,235.00	0.00
Fees paid in advance	0.00	12,245,164.00
Employee advances	0.00	0.00
Third-party payments	0.00	0.00
Other payables	0.00	0.00
Total trade and other payables	13,054,235.00	12,245,164.00

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits	0.00	0.00
Caution money	447,180.000	293,000.00
Other refundable deposits	0.00	0.00
Total deposits	447,180.000	293,000.00

37. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00
Additional :Provision for audit services	0.00	0.00	603,787.00	603,787.00
Provision utilised	0.00	0.00	0.00	0.00
Change due to discount and time value for money	0.00	0.00	0.00	0.00
Transfers from non -current provisions	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	603,787.00	603,787.00

38. FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2019-2020
	KShs	KShs	KShs	KShs
Within current year	0.00	0.00	0.00	0.00
Long term portion of lease payments	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	0.00	0.00

39. DEFERRED INCOME

Description	2018-2019	2019-2020
	KShs	KShs
National government	0.00	0.00
International funders	0.00	0.00
Public contributions and donations	0.00	0.00
Total deferred income	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	xxx	xxx	xxx	xxx
Additions during the year	0.00	0.00	0.00	0.00
Transfers to Capital fund	0.00	0.00	0.00	0.00
Transfers to income statement	0.00	0.00	0.00	0.00
Other transfers	0.00	0.00	0.00	0.00
Balance carried forward	0.00	0.00	0.00	0.00

40. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2018-2019	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0.00	0.00	0.00	0.00	0.00
Non-current benefit obligation	0.00	0.00	0.00	0.00	1,954,928.00
Total employee benefits obligation	0.00	0.00	0.00	0.00	0.00

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year	0.00	0.00
Changes in valuation during the year	0.00	0.00
	0.00	0.00
	0.00	0.00
Valuation at end of the year	0.00	0.00
	=====	=====

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1080 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. NON-CURRENT PROVISIONS

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Additional Provisions	0.00	0.00	0.00	0.00
Provision utilised	0.00	0.00	0.00	0.00
Change due to discount and time value for money	0.00	0.00	0.00	0.00
Less: Current portion	0.00	0.00	0.00	0.00
Total deferred income	0.00	0.00	0.00	0.00

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 37)

42. BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	0.00	0.00
External borrowings during the year	0.00	0.00
Domestic borrowings during the year	0.00	0.00
Repayments of external borrowings during the year	0.00	0.00
Repayments of domestics borrowings during the year	0.00	0.00
Balance at end of the period	0.00	0.00

43 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018-2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	0.00	0.00
Sterling Pound denominated loan from 'yyy organisation'	0.00	0.00
Euro denominated loan from zzz organisation'	0.00	0.00
Domestic Borrowings	0.00	0.00
Kenya Shilling loan from KCB	0.00	0.00
Kenya Shilling loan from Barclays Bank	0.00	0.00
Kenya Shilling loan from Consolidated Bank	0.00	0.00
Total balance at end of the year	0.00	0.00

The organisation has no internal or external borrowing.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	0.00	0.00
Long term borrowings	0.00	0.00
Total	0.00	0.00

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

NB:The institute has no long or short term borrowing.

44. SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	0.00	0.00
Accumulated depreciation to date	0.00	0.00
Net carrying amount	0.00	0.00
Service concession liability at beginning of the year	0.00	0.00
Service concession revenue recognized	0.00	0.00
Service concession liability at end of the year	0.00	0.00

45. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	0.00	0.00
Non-cash grants received	0.00	0.00
Contributed assets	0.00	0.00
Impairment	0.00	0.00
Gains and losses on disposal of assets	0.00	0.00
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	0.00	0.00
Finance income	0.00	0.00
Finance cost	0.00	0.00
Working Capital adjustments	0.00	0.00
Increase in inventory	0.00	0.00
Increase in receivables	0.00	0.00
Increase in deferred income	0.00	0.00
Increase in payables	0.00	0.00
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	0.00	0.00

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. 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

NKABUNE TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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 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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2020	0.00	0.00	0.00	0.00
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**46. 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.

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(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.

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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2020	0.00	0.00	0.00	0.00
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

The company'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:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 201xx			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2019			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2020			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

b) 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.

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 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 (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2012 – KShs xxx)

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	0.00	0.00
Gearing	xx%	xx%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;
- v) Staff

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx	0.00	0.00
Sales of services xxx	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from National Govt	0.00	0.00
Grants from County Government	0.00	0.00
Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0.00	0.00
Payments for goods and services for xxx	0.00	0.00
Total	0.00	0.00
d) Key management compensation		
Directors' emoluments	0.00	0.00
Compensation to the CEO	0.00	0.00
Compensation to key management	0.00	0.00
Total	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48. SEGMENT INFORMATION

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

49. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Bank guarantees in favour of subsidiary	0.00	0.00
Total	0.00	0.00

Ongoing court case between the Institute and Will Developers (Contractor) on a class that was constructed in the institute the matter is awaiting settlement.

50. CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	0.00	0.00
Authorised and contracted for	0.00	0.00
Total	0.00	0.00

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

51. EVENTS AFTER THE REPORTING PERIOD

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

52. ULTIMATE AND HOLDING ENTITY

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

53. Currency

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

NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

NB: The Institute has not received any audited report from office Of the Auditor General.

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.



Mr. Celestino Marete
Chairman of the Board

Date.....1/02/2021.....

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

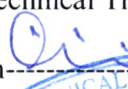
	ENTITY NAME:			
	Break down of Transfers from the State Department of TVET			
	FY 19/20			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10/7/2019	12,840,000	FY2018/2019
	MASINGA TVC	10/07/2019	1,470,000	FY2018/2019
		18/10/2019	7,552,500	FY 2019/20
		18/10/2019	675,000	
		10/05/2020	892,500	FY 2019/20
	MASINGA TVC	10/05/2020	945,000	FY 2019/2020
	MASINGA TVC	27/04/2020	1,000,000	FY2019/2020
	KAELO TVC	27/04/2020	1,000,000	FY2019/2020
		Total	26,375,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
		Total	0.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
		Total	0.00	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
		Total	0.00	

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

Finance Manager
Nkabune TTI

Sign 

Head of Accounting Unit
Nkabune Technical Training Institute

Sign 



NKABUNE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Direct Payment	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	xxx	Recurrent	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ministry of Education	xxx	Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
USAID	xxx	Donor Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ministry of Education	xxx	Direct Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			0.00	0.00	0.00	0.00	0.00	0.00	0.00

