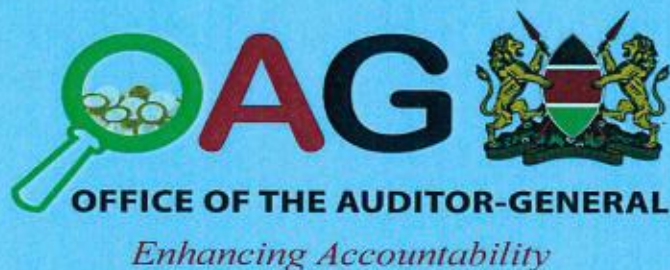


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPER Laid	
REPORT	DATE: 21 FEB 2023 DAY: TUESDAY
TABLED BY:	DEPUTY LEADER OF THE MAJORITY PARTY
CLERK AT THE DESK:	IMZOFU MWALO

**THE AUDITOR-GENERAL**

**ON**

**KOSHIN TECHNICAL TRAINING  
INSTITUTE**

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





OFFICE OF THE AUDITOR -GENERAL  
CENTRAL RIFT REGIONAL OFFICE

19 SEP 2022

**RECEIVED**  
P. O. Box 2774 - 30100, ELDORET



---

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

---

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



KOSHIN TECHNICAL TRAINING INSTITUTE  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**Table of Contents**

1. Key Entity Information And Management .....	iii
4. Chairperson's Statement .....	xi
5. Report Of The Principal .....	xi
6. Review Of Koshin Technical Training Institute Performance For Fy 2020/2021 .....	xii
7. Corporate Governance Statement .....	xv
8. Management Discussion And Analysis .....	xvi
9. Corporate Social Responsibility Statement/Sustainability Reporting .....	xviii
10. Report Of The Board Of Governors .....	xix
11. Statement Of Board Of Governors Members' Responsibilities .....	xx
12. Statement Of Financial Performance For The Year Ended 30 <sup>th</sup> June 2021 .....	1
13. Statement Of Financial Position As At 30 <sup>th</sup> June 2021 .....	2
14. Statement Of Changes In Net Asset For The Year Ended 30 <sup>th</sup> June 2021 .....	3
15. Statement Of Cash Flows For The Year Ended 30 <sup>th</sup> June 2021 .....	4
16. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 <sup>th</sup> June 2021 .....	5
17. Summary Of Significant Accounting Policies .....	6
18. Appendices .....	38
Appendix 1: Progress On Follow Up Of Auditor Recommendations .....	38
Appendix 11: Projects Implemented By The Entity .....	39
Appendix 111: Inter-Entity Transfers .....	40
Ap Pendix IV: Recording Of Transfers From Other Government Entities .....	41



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Koshin Technical Training Institute was originally established as a Youth Polytechnic by Rafiki Ya Maisha, Kenya a community-based organization in collaboration with Rafiki Ya Maisha International in Paris, France. The Institute was registered by the Technical Vocational Education and Training Authority (TVETA) in April 2016 to operate as a Technical and Vocational College in accordance with the TVET ACT, No 29 of 2013. The initial objective was to build a Youth Polytechnic (Vocational Training Centre) to benefit the youths within the community. However, in consultation with the surrounding community, a decision was reached in which the facility was handed over to the government. It was recommended that it becomes a Technical Training Institution resulting to the birth of Koshin Technical Training Institute.

**(i) Principal Activities**

**Vision**

The Vision of Koshin Technical Training Institute is to be a Global centre of excellence in quality technical and entrepreneurship training, research and innovation

**Mission**

Our mission is to provide technical and entrepreneurship skills, research and innovation that meet the human resource needs for industrial and societal sustainable development.

**Mandate**

To offer technical training

To provide and promote lifelong learning.

**Core Values**

At Koshin Technical Training Institute, we are committed to the following core values:

- a) Customer Focus,
- b) Team work,
- c) Integrity,
- d) Competitiveness,
- e) Diversity.

**The following are the strategic objectives;**

1. To offer access to quality technical training in market driven courses;
2. To establish strategic partnerships, collaborations, linkages and networks with research institutions, industry and professional bodies to enhance human and physical capacity for research, training and innovation
3. To enhance integration of ICT in management, training and learning.
4. To promote capacity building for teaching and non-teaching staff for suitable effective service delivery.
5. To develop and encourage a culture of research, creativity and innovation among training staff.
6. To enhance institutional corporate governance image and management of institutional resources for operational efficiency and effectiveness

**(ii) Key Management**

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

- Board of Governors members
- Accounting officer/ Principal
- Management

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**(iii) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Ernest Cheruiyot
2.	Deputy Principal	Sammy Chirchir
3.	Head of Finance	Abraham Kiptoo
4.	Head of Procurement	Hilda Sum
5.	Registrar	Hellen Sang
6.	Dean of students	Robert Kemboi

**(iv) Fiduciary Oversight Arrangements**

**Audit committee activities**

Responsibilities of the audit committee typically include:

- Overseeing the financial reporting and disclosure process.
  - Monitoring choice of accounting policies and principles.
  - Overseeing hiring, performance and independence of the external auditors.
  - Oversight of regulatory compliance, ethics, and whistle blower hotlines.
  - Monitoring the internal control process.
  - Overseeing the performance of the internal audit function.
  - Discussing risk management policies and practices with management.
- Development partner oversight activities  
For the current financial year we did not have any development partner.

**(v) Entity Headquarters**

P.O. Box 4040 code 30100  
Eldoret – Iten Road Of Koshin Road  
Eldoret, Kenya

**(vi) Contacts**

Telephone: (254) 795811170  
E-mail: [koshintti@gmail.com](mailto:koshintti@gmail.com)  
[www.koshintti.ac.ke](http://www.koshintti.ac.ke)

**(vii) Bankers**

Kenya Commercial Bank of Kenya Ltd  
Eldoret Main Branch  
P.O. Box Code 560- 30100  
Eldoret, Kenya

**(viii) Independent Auditors**





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

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021





- (iv) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 City Square 00200  
Nairobi, Kenya



## 2. BOARD MEMBERS

Director's passport-size photo and name, and key profession/academic qualifications	Description of each Director's date of birth, key qualifications and work experience
 <p>Mrs. Leah Kibii Bsc. Food Technology, MBA General.</p>	<p>Mrs. Leah Kibii was born on 10<sup>th</sup> Dec. 1962. She is a holder of Bsc. in Food Technology; She is currently a Director with the Eastern Produce (K) Ltd., with wide experience in Industrial Management and Leadership. She is the Board chairperson.</p>
 <p>Mr. James Chirchir CPA K- Accountant.</p>	<p>Mr. Chirchir was born in 1956. He is a CPA K holder with over 40 yrs experience in Accounting practises. He is the Chairperson of Finance and Infrastructure and Development Committee.</p>
 <p>Mr. Jeremiah Oruko Automotive Engineering.</p>	<p>Mr. Oruko was born on 20<sup>th</sup> Sept. 1956; he holds a Bachelor of Education (Vocational) from university of New Brunswick-Canada. He is a retired civil servant who served with distinguished service in the ministry of Education for 33yrs dealing with technical Education. He is the Chairperson of Education and training Committee.</p>
 <p>Mr. Walter Mhando Bsc. Electrical Engineering</p>	<p>Mr. Mhando was born in 1972. He has a wide experience in Electrical and Electronics Engineering and ICT-Networks and software development; he is currently a technical Director of Dace Solutions Ltd. He is a member of Finance and Infrastructure and Development Committee.</p>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

 <p>Mrs. Dorcas Arusei Information Communication Technology</p>	<p>Mrs Dorcas Arusei was born on 10<sup>th</sup> Sept. 1988. She is a holder of Msc. Computer science with experience of 4 yrs in lecturing in the University of Eldoret and Moi university, she practises as an Entrepreneur in Hospitality. She is a member of Finance and Infrastructure and Development Committee.</p>
 <p>Ms. Sotimarie Biwott Industrial Technology</p>	<p>Ms. Sotimarie Biwott was born on 31<sup>st</sup> Jan. 1988 She holds Msc. Oil and Gas Trade management from Regents University London –UK.B. Engineering chemical Engineering with environmental Engineering in McGill University Montreal Canada. She is experienced in design Engineering in Energy/Petroleum and mining system She is a member of Education and training Committee.</p>
 <p>Mr. Geoffrey Gichuru Mutulili Master's in Business Administration (Management Information Systems) and B.Ed. (Arts)</p>	<p>Mr.Gichuru Mutulili was born on 3<sup>rd</sup> Sept.1966; he is the current TVET County Director Uasin Gichu, Nandi and Elgeyo Marakwet counties. He is the Ministry's representative in the Board and provide advice and guidelines on Ministry's strategic goals, mandate and policy direction. HE holds Master's in Business Administration (Management Information Systems) and B.Ed. (Arts) Mathematics &amp; Business Studies. Further ,has wealth of experience in public service particularly in Educational management particularly ISQ Training, Performance management, project management, financial management, procurement management and monitoring and evaluation of programmes and projects having served as a teacher ,education officer in various positions and Counties. He is a member of Education and training Committee.</p>
 <p>Mrs. Claire Roth PhD. Psychology</p>	<p>Mrs. Claire Roth was born in 1962. She is a holder of PhD in Psychology in areas of Human Resource Management, Project management, Psychological counselling and leadership. She is a board member.</p>







Mr. Ernest Cheruiyot  
Msc. Entrepreneurship, BBM, HND-  
Entrepreneurship Development

Mr. Ernest Cheruiyot was born on 10<sup>th</sup> Feb. 1963. He holds Masters of Science in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology, Bachelor of Business management from Moi University, Higher National Diploma in Entrepreneurship Development from KTTC, Diploma in Technical Education from KTTC. He has a wide experience in teaching and training education, General administration, Financial and Human Resource management and control, implementation of curriculum and performance based contracting and strategic planning and management processes. He is the Chief Executive Officer of Koshin Technical Training Institute serving as the Principal and Secretary to the Board of Governors.





Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

### 3. KEY MANAGEMENT

Name of the Staff	Responsibility
 <p>Mr. Ernest Cheruiyot. Msc. Entrepreneurship, BBM, HND-Entrepreneurship Development.</p>	<p>He is the Chief Executive Officer of Koshin Technical Training Institute serving as the Principal and Secretary to the Board of Governors. He is the Accounting Officer.</p>
 <p>Mr Sammy Chirchir Cheruiyot PhD(Cand), Med,MBA</p>	<p>He is the Deputy Principal. He is in charge of Administration and Academic affairs.</p>
 <p>Miss Hellen Sang Msc. in Agricultural Engineering.</p>	<p>She is the Registrar in charge of Student Admissions and Marketing</p>
 <p>Mr. Robert Kemboi HND Electrical Engineering (Power Option)</p>	<p>He is the Dean of Students who is in charge of Student welfare.</p>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

 <p>Miss Hilda Sum BBM Purchasing and Supplies</p>	<p>She is the Procurement officer who is in charge of Advisory service in procurement matters.</p>
 <p>Mr. Abraham Kiptoo BBM Finance and Banking,CPAK-Accountancy</p>	<p>He is the Accountant and the head of Finance he is in charge of; Financial management, budgeting and control and Financial Reporting</p>

#### **4. CHAIRPERSON'S STATEMENT**

The institutes' strategic plan 2017-2022 (Revised December 2018) highlights Key strategic issues namely:

- i. Curriculum implementation
- ii. Physical Infrastructure
- iii. Governance and leadership
- iv. Machines, Equipment and ICT infrastructure
- v. Financial capacity
- vi. Human resource
- vii. Collaboration, partnership and linkages.
- viii. Research and Innovation

These issues were identified through a situation analysis involving internal and external environments that influence the operations of the institute.

The external environment was analysed through the analysis of Political, Economic, Social-cultural, Technological, Environmental and Legal factors.

The internal analysis was conducted through consideration of the strengths, weaknesses, opportunities and threats with a view to uphold or leverage the strengths and opportunities and eliminate or cope up with weaknesses and threats.

From the strategic issues identified, there was need to implement strategies and activities that went along away to provide solutions: for instance, provision of quality and relevant education and training under the Curriculum implementation pillar, construction of electrical workshop for physical infrastructure, employment of qualified and competent trainers and non-trainers, Capacity building, and participating in TVET fairs, research competition and robot

#### **5. REPORT OF THE PRINCIPAL**

As highlighted by the chairperson of the Board of Governors, the main strategic issues considered at Koshin Technical Training Institute were curriculum implementation, Physical infrastructure, Governance and leadership, Machines, Equipment and ICT infrastructure, Financial Capacity, Human Resource, Collaboration, Partnership and Linkages, Research and Innovation.

During the year under consideration the following activities were undertaken:

1. Curriculum implementation:  
Marketing of the institute's courses for increased enrolment.
2. Physical Infrastructure  
Construction of the new Ablution blocks (Staff and Students) and Septic Tank.
3. Governance and leadership  
Training workshop for the Board of governors conducted to enhance the management skills of the members of the board.
4. Machines, Equipment and ICT infrastructure  
Existing machines and equipment well maintained
5. Financial capacity  
Mobilisation of resources and policy implementation.
6. Human resource  
Recruitment of qualified and competent trainers and non-trainers
7. Collaboration, partnership and linkages.  
Consideration of developing networks with industries which would translate to a memorandum.
8. Research and Innovation  
Encouraged the culture of creativity and innovation to both trainers and trainees.



## 6. REVIEW OF KOSHIN TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2020/2021

Two-to-three pages

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.

Koshin Technical Training Institute has 8 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Curriculum and student Enrolment

Pillar 2: Physical Infrastructural Facilities

Pillar 3: Governance and Leadership

Pillar 4: Machine, Equipment and Information Communication technology Infrastructure

Pillar 5: Financial Capacity

Pillar 6: Human Resource (Teaching and Non-Teaching Staff)

Pillar 7: Collaborations, Partnerships and Linkages

Pillar 8: Research and Innovation

Koshin Technical Training Institute develops its annual work plans based on the above 8 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institution achieved its performance targets set for the FY 2020/2021 period for its 8 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: a) Curriculum Implementation b) Student Enrolment	-To provide quality and relevant technical training to trainees -To raise and maintain academic standards in all Koshin TTI course Programmes	-Development and expansion of academic programs  -Increased student enrolment	-Introduction of more courses  -Enhance Marketing	-Increase of academic departments  -Increased enrolment of students.
Pillar 2: Physical Infrastructural Facilities	-To develop and enhance infrastructure for effective delivery of the institutions mandate	Construction of Student ablution block	-To construct Student ablution block	-It has been constructed up to 85% completion
Pillar 3: Governance and Leadership	<ul style="list-style-type: none"> <li>- To develop a management structure that serves the Institution effectively</li> <li>- To establish culture of good governance in management and administration of the institution over the plan period</li> </ul>	<ul style="list-style-type: none"> <li>- Policies implemented</li> <li>- Programmes implemented and reforms implemented</li> <li>- A well working student Organization</li> <li>- Monitoring and evaluation mechanism</li> </ul>	<ul style="list-style-type: none"> <li>- Policies and regulations implemented</li> <li>- Programmes implemented and relevant service reforms implemented</li> <li>- Implementation of the institutional policy framework</li> </ul>	-There were new courses introduced during the year and a well-structured student council.

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

Pillar 4: Machine, Equipment and Information Communication technology Infrastructure	<ul style="list-style-type: none"> <li>- To build ICT capacity in curriculum delivery, service delivery and institutional management.</li> <li>- To build ICT capacity in curriculum delivery.</li> </ul>	<ul style="list-style-type: none"> <li>- Use of ICTs in instruction</li> <li>- Inter-connectivity of departments through viable means of communication</li> </ul>	<ul style="list-style-type: none"> <li>- Develop an ICT framework</li> <li>- Interaction of ICT in teaching and learning</li> <li>- Develop and maintain fully functional networked and wireless internet facilities</li> </ul>	<ul style="list-style-type: none"> <li>- Trainers are accessed to Projectors and computers to use in training students</li> <li>- Heads of Department are connected to internet for ease of communication</li> </ul>
Pillar 5: Financial Capacity	<ul style="list-style-type: none"> <li>- Improve financial sustainability through effective and efficient financial and procurement systems</li> </ul>	<ul style="list-style-type: none"> <li>- Implemented financial policies in daily operations</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce fees defaults</li> <li>- Cost reductions and savings</li> <li>- Develop funding to the GOK</li> <li>- Develop funding to donors and income generating activities</li> </ul>	<ul style="list-style-type: none"> <li>- All transactions of fees payment are verified through bank and Pay-bill statements before receipting is done.</li> <li>- Proposals to donors on funding was done</li> </ul>
Pillar 6: Human Resource (Teaching and Non-Teaching Staff)	<ul style="list-style-type: none"> <li>- To attract, upgrade and maintain qualified staff</li> <li>- To provide an enabling environment for teaching and non-teaching staff to develop themselves</li> </ul>	<ul style="list-style-type: none"> <li>- Creation of staff welfare</li> <li>- Good rapport and working relationship between the administration and the staff</li> </ul>	<ul style="list-style-type: none"> <li>- Develop and implement policies</li> <li>- Create and support the welfare support program</li> </ul>	<ul style="list-style-type: none"> <li>- A good working relationship between the administration and staff has been created through welfare creation</li> </ul>
Pillar 7: Collaborations, Partnerships and Linkages	<ul style="list-style-type: none"> <li>- To establish collaborations and partnerships with industry, development partners, institutions of higher learning government and professional bodies and community to ensure relevance of our graduates to</li> </ul>	<ul style="list-style-type: none"> <li>- Established exchange programmes</li> </ul>	<ul style="list-style-type: none"> <li>- Improve the Institute community collaboration for effective contribution to socio-economic development through active participation in corporate</li> </ul>	<ul style="list-style-type: none"> <li>- There was increased partnership between the Institution and private firms offering attachment opportunities to our students.</li> </ul>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

	the market		social responsibilit y activities	
Pillar8: Research and Innovation	<ul style="list-style-type: none"> <li>- To enhance research and development in the institution.</li> <li>- To enhance research and innovations over the planned period</li> </ul>	<ul style="list-style-type: none"> <li>- Research and development infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Undertake value-added research and innovation for supporting agriculture, science and technology development</li> </ul>	<ul style="list-style-type: none"> <li>- There were programmes developed and agriculture courses undertaken to improve and support agriculture</li> </ul>



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**7. CORPORATE GOVERNANCE STATEMENT**

Koshin Technical Training Institute is organised under the category of Technical and Vocational Colleges to offer programmes up to Diploma level, in accordance with the TVET Act No. 29 of 2013. The institute is governed by the Board of Governors (BOG). The membership of the BOG comprises the Chairperson, representative of the Principal Secretary, State Department of Vocational and Technical Training, Ministry of Education, representative of the Governor of Uasin Gishu within which the institute is located, Six other persons appointed on the basis of their knowledge and experience in leadership and management, financial management, technology, industry, engineering and Information Communication Technology. The Principal/Accounting Officer/Executive officer being the secretary to the BOG.

In appointing and reappointing of board members, commencement dates of some members are staggered to maintain continuity in the affairs of the board.

The appointment of a member to the BOG may be revoked if the member resigns, becomes insolvent, imprisoned for a term of six months or more, incapacitated by physical or mental illness, absent from three consecutive meetings of the board without leave, inability to discharge his/her function or appointment revoked by the appointing authority.

The BOG meets at least once every four months. Quorum for the conduct of business at a meeting of the BOG is two-thirds of the total number of members of the Board.

During the financial year an induction of the board members was conducted in Kitale National Polytechnic facilitated by officials from the State Department of Vocational and Technical Training.

**The functions of the Board Include:**

- Overseeing the conduct of education and Training in the institute
- Promoting and maintaining quality standards and relevance in education and Training
- Administering and managing the institutes property
- Preparing annual estimates of revenue and expenditure as well as incurring expenditure
- Receiving fees, grants, subscriptions, donations and other moneys and making disbursements
- Mobilising resources for the institute
- Developing and reviewing training programmes
- Regulating admissions subject to the Act
- Approving collaborations or associations with other institutions and industries
- Recruiting trainers from among qualified professionals
- Determining suitable terms and conditions of service for support staff and trainers and remunerating them in consultation with the Authority.
- Making regulations governing the institute, conduct and discipline of staff and students.
- Preparing annual reports in areas of their mandate
- Providing for the welfare of staff and students
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institute.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

### **SECTION A**

Koshin Technical Training Institute operational and financial performance

During the financial year the institute realized Appropriation in Aid revenue of **Ksh.9,007,240** and Government grants of **Ksh. 9,560,000** and recurrent expenditure stood at **Ksh.15, 442,558**.

Although the Institute has been receiving support from the State Department of Vocational and Technical Training on projects through the Development grants, we have not received development grants for the budgeted infrastructure projects which we intended to in the Financial Year.

### **SECTION B**

Koshin Technical Training Institute compliance with statutory requirements

Koshin Technical Training Institute has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE, HELB and Withholding Taxes.

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

### SECTION C

**Key projects Koshin Technical Training Institute is implementing.**

The following are the ongoing projects at Koshin Technical Training Institute funded using grants from the State Department and Donor.

ON-GOING PROJECTS						CONTRACTORS PAID	Balance due
Project Title	Funding	Contract Sum	Status	Amount spent to date	% status	Tenderi Talent	
1. Ablution block	G.O.K Grants	2,940,835	On going	2,497,425.00	85%	2,497,425.00	443,410.00
2. Septic tank	G.O.K Grants	2,146,117	On going	1,640,190.95	76%	1,640,190.95	544,726.05
<b>TOTAL</b>		<b>5,086,952</b>		<b>4,137,615.95</b>		<b>4,137,615.95</b>	<b>988,136.05</b>

### SECTION D

**Major risks facing Koshin Technical Training Institute**

Koshin Technical Training Institute desires to enhance its performance and competitiveness in the tertiary education sector in the face of competition of already established institutions and private colleges/institutions. However, to succeed in competitive environment the Institute requires a lot of support from the Government and other stakeholders in terms of funding and other development projects because there is lack of; hostels for students and staff, inadequate classroom infrastructure, inadequate land for expansion, insufficient funds, inadequate library space and books and means of transport-utility vehicles.

The challenges include Inadequate Development and Recurrent grants that reduces implementation of procurement plan activities and Untimely disbursement of student Capitation.

### SECTION E

**Material arrears in statutory/financial obligations**

Koshin Technical Training Institute is law abiding Institution and is committed to its core mandate hence it has no Statutory or tax default to date.

### SECTION F

**The entity's financial probity and serious governance issues**

The Institute has no governance issues among the Board of Governors members or the top management in so far as conflict of interest is concerned.

## **9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Koshin Technical Training Institute exists to offer quality training services. Our purpose is to provide quality technical and entrepreneurship skills, research and innovation that meet the human resource needs for industrial, societal and industrial development. It's what guides us to deliver our strategy, which is founded on 8 pillars:

1. Curriculum implementation
2. Physical Infrastructure
3. Governance and leadership
4. Machines, Equipment and ICT infrastructure
5. Financial capacity
6. Human resource
7. Collaboration, partnership and linkages.
8. Research and Innovation

Below is a brief highlight of our achievements in each pillar:

### **Curriculum implementation**

In the implementation of the curriculum the management ensured that the training offered was of high quality. Instructional training, continuous assessment and evaluation conducted in line with the academic policy. External examinations were conducted.

### **Physical Infrastructure**

During the period the construction of additional workshop was under taken.

### **Governance and leadership**

Reviewed an organogram exists for clear identification of reporting mechanisms among various positions.

### **Machines, Equipment and ICT infrastructure**

Maintenance of the existing machines, equipment and renovations of structures was enhanced,

### **Financial capacity**

Mobilisation of resources through cost cutting measures, policy implementation regarding daily operations

### **Human resource**

Persons with the right qualifications and competence were hired following established process of advertising existing posts, receiving applications, shortlisting of qualified candidates and inviting for an interview conducted based on established criteria that include gender consideration, experiences and relevant qualifications.

### **Collaboration, Partnership and Linkages.**

Partnered with the community in tree planting to increase the Kenya's forest cover.

### **Research and Innovation**

During the year under review, Trainers and Trainees did not participate in TVET fairs for presentations in research writing competitions, robotics and innovations.

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**10. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the financial statements for the year ended June 30<sup>th</sup>, 2021 which show the state of the entity's affairs.

**Principal activities**

The principal activities of the entity are;

- To offer technical training
- To provide and promote life-long learning

**BOARD OF GOVERNORS**

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

**Auditors**

The Auditor General is responsible for the statutory audit of Koshin TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board of Governors

Principal/BOG Secretary

Date:.....

16-09-2022





Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**11. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES**

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

The Board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on June 30<sup>th</sup>, 2021.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 the Institute;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances;

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

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

**Approval of the financial s. Institute statements**

The Institute's financial statements were approved by the Board on 21/09/2022 and signed on its behalf by:



Chairperson of the Board





# REPUBLIC OF KENYA

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



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

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

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Koshin Technical Training Institute set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes



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

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

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 25 to the financial statements reflects property, plant and equipment comparative balances that were not in agreement with the closing balances in the audited financial statements for the financial year 2019/2020 as shown below:

<b>Item</b>	<b>Comparative Balance in 2020/2021 (Kshs.)</b>	<b>Audited Closing Balance in 2019/2020 (Kshs.)</b>	<b>Variance (Kshs.)</b>
Land and Buildings	5,137,040	37,627,040	(32,490,000)
Furniture and Fittings	2,474,679	2,472,532	2,147
Computers	1,972,550	1,604,885	367,665
Other Assets	1,277,642	1,139,636	138,006
Capital Works in Progress	0	5,137,040	(5,137,040)

Further, the statement reflects property, plant and equipment balance of Kshs.15,405,725 as at 30 June, 2021. However, Note 25 to the financial statements reflects total net book value of Kshs.11,662,324 resulting to an unexplained variance of Kshs.3,743,401.

In addition, the statement includes land net book value of Kshs.4,623,336. However, as previously reported, the Institute stands on land in Uasin Gishu County which has not been included in property, plant and equipment balance. A copy of the title deed provided for audit review indicated that the land is reserved for Sergoek Youth Polytechnic Vocational Training Centre which was handed over to the State Department for Vocational and Technical Training for the establishment of Koshin Technical Training Institute. Although Management explained that the processing of the title deed is ongoing, it was not possible to confirm the status of the process.



Further, as reported in the previous year, six buildings handed over to the Institute by the community were excluded from the statement.

In the circumstances, the accuracy, completeness, ownership and valuation of property, plant and equipment balance of Kshs.15,405,725 could not be confirmed.

## **2. Inaccuracies in Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,492,251 and as disclosed in Note 21 to the financial statements. However, the balance differs with the recalculated cash and cash equivalents balance in the statement of cash flows balance of Kshs.12,271,353 resulting to an unexplained variance of Kshs.7,779,102. Further, the balance excludes amounts in mobile money account of Kshs.63,024 and the mobile money account cashbook, bank reconciliation statement, balance confirmation certificate and statements for the months of March, 2021, April, 2021, May, 2021, and June, 2021 were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.4,492,251 could not be confirmed.

## **3. Unsupported Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 22(a) to the financial statements reflects current receivables from exchange transactions balance of Kshs.514,319 in relation to student debtors. However, Management did not have an approved debtor's policy and student debtors aging analysis. Further, no evidence was provided of any efforts put in place by Management to ensure that the debts are recovered.

In the circumstances, the accuracy and completeness of the receivables balance of Kshs.514,319 could not be confirmed.

## **4. Unsupported Revenue from Non-Exchange Transactions**

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects a balance of Kshs.9,007,240 for rendering of services – fees from students. However, schedules were not provided to support the amount.

In the circumstances, the completeness and accuracy of rendering of services balance of Kshs.9,007,240 could not be confirmed.

## **5. Inaccuracies in Use of Goods and Services**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amounting to Kshs.4,912,557. However, the supporting schedules provided reflected an amount of Kshs.4,372,657 resulting to an unexplained variance of Kshs.539,900.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.4,912,557 could not be confirmed.

## **6. Inaccuracies in the Statement of Cash Flows**

The statement of cash flows reflects total payments of Kshs.12,646,535, however, the recalculated total payments amounts to Kshs.12,163,035 resulting to an unexplained variance of Kshs.483,500. Further, the statement reflects a net decrease in cash and cash equivalents of Kshs.1,781,097 whereas the recalculated amount is Kshs.5,998,005, resulting to an unexplained variance of Kshs.7,779,102.

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

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.45,136,000 and Kshs.18,567,240 respectively, resulting to an under-funding of Kshs.26,568,760 or 59% of the budget. Similarly, the Institute expended Kshs.11,646,535 against an approved budget of Kshs.45,136,000 resulting to an under-expenditure of Kshs.33,489,465 or 74% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

#### **2. Unresolved Prior Year Matters**

In the audit report of the previous year, a number of paragraphs were raised. However, Management has not resolved and disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board templates. Management has not provided satisfactory explanation for the delay in resolving the issues.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness



and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Proposed Construction of Staff and Students Ablution Block**

The Institute entered a contract for the construction of staff and students' ablution blocks at a contract price of Kshs.2,940,835 and construction of 90,000 liters septic tank at a total addendum contract sum of Kshs.2,184,917 on 28 May, 2020. The duration of the project was 22 weeks from 28 May, 2020 to 14 October, 2020. Payments were made for certificate 1 of Kshs.1,731,455 and certificate 2 of Kshs.765,970 for staff and students' ablution blocks all totalling to Kshs.2,497,425. A total amount of Kshs.1,640,191 (certificate 1 of Kshs.941,050, certificate 2 of 570,511 and certificate 3 of Kshs.128,608) has been incurred on 90,000 liters capacity septic tank. A total of Kshs.4,137,616 has been incurred on the project which is 81% of the contract price.

Project verification on 8 April, 2022 revealed that the staff and students' ablution had been done up to structure level but electrical works, plumber works, plaster, floor screed and paint works had not been done. The 90,000 liters capacity septic tank structure had also been done awaiting electrical and mechanical works. The project was behind schedule by 23 months and the contractor was not on site.

According to Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works correspondences, financial appraisal of the project had been done for mechanical and electrical works which had been under provided in the contract. As a result, the total appraised amount for the staff and students' ablution blocks amounted to Kshs.5,387,092 an increase of an amount of Kshs.2,446,257 (83%) over contract amount of Kshs.2,940,835 which is beyond the allowed price variation limit of 25% as per the Public Procurement and Assets Disposal Act, 2015.

It is not clear why the Public Works Officials under provided mechanical and electrical works in the original bills of quantities' contract.

This is contrary to Public Finance Management Act 2012 Section 72(1) which states that the accounting officer for a national government entity shall be responsible for the management of the entity's assets and liabilities and manage those assets in a way which ensures that the national government entity achieves value for money in acquiring, using and disposal of those assets.

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

### **2. Lack of an approved Staff Establishment**

Review of records revealed that the Institute did not have an approved Staff Establishment contrary to part 2 of the Koshin Technical Training Human Resource Management Manual 2020-2024, that provides for the establishment of employees other

than temporary or casual employees in each job category and which shall be approved periodically by the Board of Governors.

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

### **3. Non-compliance with Law on Staff Ethnic Composition**

Review of ethnic composition from staff biodata/master data and human resource records indicates that out of the eight (8) Board Members who served during the year under review, four (4) were from the dominant ethnic community which translate to 50% of the total number of Board Members. The senior management had four (4) staff of which three (3) were from the dominant ethnic community which translate to 75% of the total number of senior managements. Further, other staff were sixty (60) out of which fifty-five (55) were from the dominant community which translate to 92 % of the total number of other employees. This is contrary to Section 7 of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and an Audit Committee**

The Institute has not established an Internal Audit Function and an Audit Committee of the Board. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such the Institute did not benefit from the assurance and advisory services from the Internal Audit Function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

## **2. Lack of Approved Information Communication Technology (ICT) Security Policy**

Review of the Institute's ICT systems revealed that there was no approved ICT policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the Institute to realize long-term ICT strategic goals. Lack of an approved ICT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Institute's ICT assets.

In the circumstances, existence of effective ICT controls could not be confirmed.

## **3. Lack of Inventory Control**

The statement of financial position and as disclosed in Note 23 to the financial statements reflects inventory balance of Kshs.183,997. However, it was noted that the Institute has not developed a policy on stock management. A manual stock management system is still in use which is prone to basic human errors.

In the circumstances, existence of effective internal controls on inventory control could not be confirmed.

## **4. Lack of Risk Management Policy**

The Management had not put in place Risk Management Policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the Management manages risk exposures. This is in contravention of Section 165 of the Public Finance Management (National Government) Regulations 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, existence of effective risk management measures could not be confirmed.

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

## **Responsibilities of Management and 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 controls, 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.

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit



the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.



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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 September, 2022

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government-grants/ gifts in kind	1	9,560,000	8,228,350
Grants from donors and development partners	2	0	0
Transfers from other levels of government	3	0	0
Public contributions and donations	4	0	0
		<b>9,560,000</b>	<b>8,228,350</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	5	9,007,240	9,345,600
Sale of goods	6	-	0
Rental revenue from facilities and equipment	7	-	0
Finance income-external investments	8	-	0
Other income/Tender Registration	9	-	0
<b>Revenue from exchange transactions</b>		<b>9,007,240</b>	<b>9,345,600</b>
<b>Total revenue</b>		<b>18,567,240</b>	<b>17,573,950</b>
<b>Expenses</b>			
Use of goods and services	10	4,912,557	3,514,645
Employee costs	11	6,178,178	6,905,135
Remuneration of Directors	12	937,300	957,300
Depreciation and amortization expense	13	1,521,320	3,593,200
Repairs and maintenance	14	135,000	418,190
Contracted services	15	-	0
Grants and subsidies	16	-	0
Finance costs	17	-	0
<b>Total expenses</b>		<b>13,684,355</b>	<b>15,388,470</b>
Other gains/(losses)			
Gain on sale of assets	18	0	0
Unrealized gain on fair value of investments	19	0	0
Impairment loss	20	0	0
Total other gains/(losses)		0	0
<b>Net Surplus for the year</b>		<b>4,882,885</b>	<b>2,185,480</b>

The notes set out on pages 17 to 41 form an integral part of the Annual Financial Statements.



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**13. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2021**

		Kshs	Kshs
<b>Assets</b>			
Current assets	21	4,492,251	6,273,348
Cash and cash equivalents	22 (a)	514,319	6,359,523
Current portion of receivables from exchange transactions	22 (c)	0	1,582,500
Receivables from non-exchange transactions	23	183,997	202,127
Inventories	24	0	0
Investments		5,190,567	14,417,498
<b>Non-current assets</b>			
Property, plant and equipment	25	15,405,725	40,337,238
Intangible assets	26	0	0
Investment property	27	0	0
Long term receivables from exchange transactions	22 (b)	0	0
		15,405,725	40,337,238
		20,596,292	54,754,736
<b>Total assets</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	28	288,746	512,882
Refundable deposits-caution money	29	19,870	0
Provisions	30	0	0
Finance lease obligation	31	0	0
Current portion of borrowings	35	0	0
Deferred income	32	0	0
Employee benefit obligation	33	0	0
		308,616	512,882
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	33	0	0
Non-current provisions	34	0	0
Borrowings	35	0	0
Service concession liability	36	0	0
		308,616	512,882
<b>Total liabilities</b>		20,287,676	54,241,854
<b>Net assets</b>			
Reserves		2,199,832	8,126,768
Accumulated surplus		20,776,728	(6,754,938)
Capital Fund		(2,380,268)	(858,948)
<b>Total net assets and liabilities</b>		20,596,292	54,754,736

The Financial Statements set out on pages 01 to 05 were signed on behalf of the Institute  
Board of Governors by:

*[Signature]*  
Chairperson Board of Governors

Date: 16/09/22

*[Signature]*  
Principal  
KOSHIN TECHNICAL TRAINING INSTITUTE  
Date: 16 SEP 2022  
P. O. Box 4040 - 30100,  
ELDORET

*[Signature]*  
Accountant  
ICPAK No. Assoc/3127  
Date: 16/09/2022  
KOSHIN TECHNICAL TRAINING INSTITUTE  
16 SEP 2022  
P. O. BOX 4040-30100,  
ELDORET

**14. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	Donated assets	Development fund	Retained earnings	Capital/ Development Grants/Fund	Total
<b>At July 1, 2019</b>	-	-	<b>8,593,843</b>	<b>1,205,902</b>	<b>9,799,745</b>
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	2,185,480	-	2,185,480
Capital/Development grants received during the year	-	-	-	1,528,350	1,528,350
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	3,593,200	(3,593,200)	-
<b>At June 30, 2020</b>	-	-	<b>14,372,523</b>	<b>-858,948</b>	<b>13,513,575</b>
<b>At July 1, 2020</b>	-	-	<b>14,372,523</b>	<b>-858,948</b>	<b>13,513,575</b>
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	4,882,885	-	4,882,885
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	1,521,320	(1,521,320)	-
<b>At June 30, 2021</b>	-	-	<b>20,776,728</b>	<b>-2,380,268</b>	<b>18,396,460</b>



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

		2020-2021	2019-2020
	Note	Kshs	Kshs
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	1 (a)	9,560,000	8,228,350
Publiccontributionsanddonations	4	0	0
Renderingofservices- Fees from students	5	9,007,240	9,345,600
Saleofgoods	6	0	0
Rental revenue from facilities and equipment.	7	0	0
Financeincome	8	0	0
Otherincome	9	0	0
<b>Total Receipts</b>		<b>18,567,240</b>	<b>17,573,950</b>
<b>Payments</b>			
Use of goods and services	10	4,912,557	3,514,645
Employee costs	11	6,178,178	6,905,135
Remuneration of Directors	12	937,300	957,300
Repairs and maintenance	14	135,000	418,190
Contracted services	15	0	0
Grants and subsidies	16	0	0
Finance costs	17	0	0
<b>Total payments</b>		<b>12,646,535</b>	<b>11,795,270</b>
<b>Net cash flows from operating activities</b>	<b>37</b>	<b>6,920,705</b>	<b>(1,967,181)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(406,200)	(3,134,582)
Proceeds from sale of property, plant and equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		0	0
<b>Net cash flows used in investing activities</b>		<b>(406,200)</b>	<b>(1,987,933)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Increase in deposits		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>(1,781,097)</b>	<b>(8,527,493)</b>
<b>Cashandcashequivalentsat1JULY</b>	<b>21</b>	<b>6,273,348</b>	<b>6,833,752</b>
<b>Cashandcashequivalentsat30 JUNE</b>	<b>21</b>	<b>4,492,251</b>	<b>6,273,348</b>

**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
<b>Revenue</b>					
Transfers from other Govt entities Govt grants	24,000,000	-	24,000,000	9,560,000	14,440,000
Public contributions and donations	-	-	-	-	-
Rendering of services- Fees from students	21,136,000	-	21,136,000	9,007,240	12,128,760
Sale of goods	-	-	-	-	-
Finance In come	-	-	-	-	-
Other Income	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-
<b>Total income</b>	<b>45,136,000</b>	-	<b>45,136,000</b>	<b>18,567,240</b>	<b>26,568,760</b>
<b>Expenses</b>					
Use of goods and services	29,015,040	-	29,015,040	4,372,657	24,462,383
Employee costs	12,800,000	-	12,800,000	6,201,578	6,598,422
Remuneration of Directors	1,800,960	-	1,800,960	937,300	863,660
Repairs and maintenance	1,520,000	-	1,520,000	135,000	1,387,000
<b>Total expenditure</b>	<b>45,136,000</b>	-	<b>45,136,000</b>	<b>11,646,535</b>	<b>33,489,465</b>
<b>Surplus for the period</b>	<b>0</b>	-	<b>0</b>	<b>4,807,105</b>	<b>-6,920,705</b>

**Budget notes**

1. The high-performance differences resulted from low revenue collection due to unmet student enrolment target.

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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 entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 32

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

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

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

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1 <sup>st</sup> 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.



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30<sup>th</sup> June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1<sup>st</sup> January 2022:</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
IPSAS 42: Social Benefits	<p>Applicable: 1<sup>st</sup> January 2022</p> <p>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:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were</li> </ul>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

Standard	Effective date and impact:
Other Improvements to IPSAS	<p>inadvertently omitted when IPSAS 41 was issued.</p> <p>Applicable: 1<sup>st</sup> January 2021:</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>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.</li> <li>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.</li> </ul>

**iii. Early adoption of standards**

The entity adopted new standards in year 2019.

**3 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



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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.

**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.

#### **4 BUDGET INFORMATION**

The original budget for FY 2020/2021 was approved by the Board in 07 July 2020. 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.

The entity's budget is prepared and the financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. 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 of budget comparison of this financial statements.

#### **5 TAXES**

**Current income tax**

The entity is not exempt from paying taxes since it is acting as a VAT agent as well as deducting PAYE and remits for its employees.

**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.

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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.

## **6 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 when the asset is useful.

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.

## **7 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.

## **8 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.

## **9 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

## **10 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.

## **11 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

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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:

- The 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.



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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.

### **12 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

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.

### **13 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.

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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.

**14 NATURE AND PURPOSE OF RESERVES**

The Entity does not maintain reserves in terms of specific requirements.

**15 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.

**16 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.

## **17 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.

## **18 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.

## **19 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 Board members, the CEO/Principal and senior managers.

## **20 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.

## **21 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

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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

## **22 COMPARATIVE FIGURES**

Comparative figures for the previous financial year conforms to the Financial Reporting template issued by the Public Sector Accounting Standards Board.

## **23 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<sup>th</sup>, 2021.

## **24 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

The Institution presented the estimated costs of Land and Buildings.

### **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**



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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.

**NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	2020-2021	2019-2020
	KShs	KShs
Un conditional grants		
Operational grant	9,560,000	6,700,000
Other grants	-	-
Conditional grants		
Development grant	0	1,528,350
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
<b>Total government grants and subsidies</b>	<b>9,560,000</b>	<b>8,228,350</b>

**b) 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. KShs	Total grant income during the year KShs	2020-2021 KShs
State Department of Vocational & Technical Training	0	0	0	9,560,000	9,560,000
Ministry	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,560,000</b>	<b>9,560,000</b>

**2 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS**

Description	2020-2021	2019-2020
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
Other grants	0	0
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

We did not receive any income from donors or development partner

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

Reconciliations of grants from donors and development partners

Description	2020-2021	2019-2020
	KShs	KShs
	0	0
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

We did not receive any income from donors or development partners during the year 2020/2021

**3 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT**

Description	2020-2021	2019-2020
	KShs	KShs
Transfer from County	0	0
Transfer from University	0	0
Transfer from institute	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

**4 PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2020-2021	2019-2020
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	0	0

There was neither public contribution nor donations during the year

**5 RENDERING OF SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	1,304,625	1,768,660
Activity fees	294,845	399,717
Examination fees	295,050	400,000
Library fees	391,380	530,598
Facilities and materials	218,400	296,200
Registration fees	52,000	70,600
Others	6,450,940	5,879,825
<b>Total revenue from the rendering of services</b>	<b>9,007,240</b>	<b>9,345,600</b>

The institution received income only from the collection of fees from students

**6 SALE OF GOODS**

Description	2020-2021	2019-2020
-------------	-----------	-----------



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

	KShs	KShs
Sale of goods	0	0
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Other(include in line with your organisation)	0	0
<b>Total revenue from the sale of goods</b>	<b>0</b>	<b>0</b>

There were no goods sold since we did not have any production unit in place during the year 2020/2021

#### 7 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Straight-line operating lease receipts	0	0
Contingent rentals	0	0
<b>Total rentals</b>	<b>0</b>	<b>0</b>

The institution does not have hostels hence it does not receive any income

#### 8 FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

There were no funds invested or interest charged to debtors during the year hence no income received

#### 9 OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Skills development levy	0	0
Income from disposal of assets	0	0
<b>Total other income</b>	<b>0</b>	<b>0</b>

We did not receive any other income apart from rendering of training service.



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**10 USE OF GOODS AND SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Electricity, water and conservancy	291,650	221,500
Medical fees	2,980	-
Tuition expenses	1,649,040	-
Local Transport & Travel	916,790	382,378
Student Union Expenses	13,190	-
Administration fees	430,686	482,822
Audit fees	-	-
Ict charges and subscriptions	245,471	-
Industrial attachment charges	87,000	-
Knec Examinations	1,168,250	200,786
KATTI subscriptions and fees	107,500	-
Telecommunication	-	391,607
Training expenses	-	1,001,000
Other	-	834,552
<b>Total good and services</b>	<b>4,912,557</b>	<b>3,514,645</b>

**11 EMPLOYEE COSTS**

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	6,178,178	6,905,135
Employee related costs-contribution to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
<b>Employee costs</b>	<b>6,178,178</b>	<b>6,905,135</b>

**12 REMUNERATION OF DIRECTORS**

Description	2020-2021	2019-2020
	KShs	KShs
BOG expenses	937,300	957,300
Director's emoluments	-	-
Other allowances	-	-
<b>Total director emoluments</b>	<b>937,300</b>	<b>957,300</b>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**13 DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	1,521,320	3,593,200
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>1,521,320</b>	<b>3,593,200</b>

Buildings were depreciated from the estimated costs carried down from the Financial Year 2019/2020

**14 REPAIRS AND MAINTENANCE**

Description	2020-2021	2019-2020
	KShs	KShs
Property	135,000	418,190
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Other	-	-
<b>Total repairs and maintenance</b>	<b>135,000</b>	<b>418,190</b>

**15 CONTRACTED SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
<b>Total contracted services</b>	<b>0</b>	<b>0</b>

**16 GRANTS AND SUBSIDIES**

Description	2020-2021	2019-2020
	KShs	KShs
Community development	0	0
Education initiatives and programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
<b>Total grants and subsidies</b>	<b>0</b>	<b>0</b>

**17 FINANCE COSTS**

**Koshin Technical Training Institute**  
**Annual Reports and Financial Statements**  
**For The Year Ended 30<sup>th</sup> June 2021**

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings(amortizedcost)	0	0
Financereleases(amortizedcost)	0	0
Unwindingofdiscount	0	0
Interest on Bankoverdrafts	0	0
Interest on loans from commercial banks	0	0
<b>Totalfinancecosts</b>	<b>0</b>	<b>0</b>

We did not undertake any borrowing during the financial year

**18 GAIN ON SALE OF ASSETS**

Description	2020-2021	2019-2020
	KShs	KShs
	0	0
Property,plantandequipment	0	0
Intangible assets	0	0
Otherassets not capitalised	0	0
<b>Totalgainonsaleofassets</b>	<b>0</b>	<b>0</b>

**19 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Investmentsatfairvalue	0	0
<b>Totalgain</b>	<b>0</b>	<b>0</b>

**20 IMPAIRMENT LOSS**

Description	2020-2021	2019-2020
	KShs	KShs
Property,plantandequipment	0	0
Intangibleassets	0	0
<b>Totalimpairmentloss</b>	<b>0</b>	<b>0</b>

**21 CASH AND CASH EQUIVALENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Current account	3,157,805	870,728
On - call deposits	0	0
Fixed deposits account	0	0
Staff car loan/ mortgage	0	0

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

Others(Development account and cash in hand)	1,241,642	5,402,620
<b>Total cash and cash equivalents</b>	<b>4,399,447</b>	<b>6,273,348</b>

**DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2020-2021 KShs	2019-2020 KShs
a) Current account			
Kenya Commercial bank	1203016522	3,157,805	870,728
			870,728
Sub- total			
b) Development account			
Kenya Commercial bank	12030116565	1,241,642	5,382,523
<b>Sub- total</b>			<b>5,382,523</b>
c) Others(specify)			
Cash in transit			
Cash in hand		92,804	20,097
M pesa			
<b>Sub- total</b>		<b>92,804</b>	<b>20,097</b>
<b>Grand total</b>		<b>4,492,251</b>	<b>6,273,348</b>

**22 a) RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2020-2021 KShs	2019-2020 KShs
Current receivables		
Student	514,319	6,359,523
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>514,319</b>	<b>6,359,523</b>

**b) NON-CURRENT RECEIVABLES**

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



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

<b>Total non-current receivables</b>	-	-
<b>Total receivables</b>	<b>514,319</b>	<b>6,359,523</b>

**c) RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Undisbursed student capitation	0	1,582,500
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>0</b>	<b>1,582,500</b>

**23 INVENTORIES**

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	183,997	202,127
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>183,997</b>	<b>202,127</b>

**24 INVESTMENTS**

Description	2020-2021	2019-2020
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b) Investment with Financial Institution		
Bank	0	0
Bank	0	0
Sub- total	0	0
c) Equity investments (specify)		
Equity/ shares in company	0	0
Sub- total	0	0
<b>Grand total</b>	<b>0</b>	<b>0</b>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

Koshin Technical training Institute has not invested any money to any financial institution during the year ended 30<sup>th</sup> June 2021.

**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	Current year	Prior year
					Shs	Shs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	0	0	0	0	0

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**25 PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets (Specify) Shs	Plant and Equipment Shs	Capital Work in progress Shs	Total Shs
<b>At 1 July 2020</b>	<b>5,137,040</b>	<b>0</b>	<b>2,474,679</b>	<b>1,972,550</b>	<b>1,277,642</b>	<b>0</b>	<b>0</b>	<b>10,861,911</b>
Additions	0	0	406,200	0	0	0	4,137,614	4,543,814
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2021</b>	<b>5,137,040</b>	<b>0</b>	<b>2,880,879</b>	<b>1,972,550</b>	<b>1,277,642</b>	<b>0</b>	<b>4,137,614</b>	<b>15,405,725</b>
Depreciation and impairment								
At 1 July 2020								0
Depreciation	0	0	(783,023)	(1,183,530)	(255,528)	0	0	(2,222,081)
Impairment	0	0	0	0	0	0	0	0
At 30 June 2021								
Depreciation	(513,704)	0	(288,087)	(591,765)	(127,764)	0	0	(1,521,320)
Impairment	0	0	0	0	0	0	0	0
<b>NBV At 30<sup>th</sup> June 2021</b>	<b>4,623,336</b>	<b>0</b>	<b>1,809,769</b>	<b>197,255</b>	<b>894,350</b>	<b>0</b>	<b>4,137,614</b>	<b>11,662,324</b>
1. WIP arises from the extension of 2NO Electrical and Electronics Engineering workshop and addition for the current financial year belongs to Septic Tank and Ablution Blocks.								
2. The cost of Land has not been included in the statements								
3. Depreciation rates for Buildings and Other assets 10%, Furniture and fittings 10% and computers 30%								

**26 INTANGIBLE ASSETS-SOFTWARE**

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions—internal development	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

**27 INVESTMENT PROPERTY**

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Fair value gain	0	0
Depreciation(where investment property is at cost)	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>

**28 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2020-2021	2019-2020
	KShs	KShs
Tradepayables	253,150	209,373
Fees paid in advance	35,596	276,509
Employeeadvances/Obligation	-	27,000
Third-partypayments	-	-
Otherpayables	-	-
<b>Totaltradeandotherpayables</b>	<b>288,746</b>	<b>512,882</b>



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**29 REFUNDABLE DEPOSITS FROM STUDENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits		0
Caution money		27,900
Other refundable deposits	19,870	0
<b>Total deposits</b>	<b>19,870</b>	<b>27,900</b>

**30 CURRENT PROVISIONS**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Transfers from non -current provisions	0	0	0	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**31 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	0	0	0
Long term portion of lease payments	0	0	0	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**32 DEFERRED INCOME**

Description	2020-2021	2019-2020
	KShs	KShs
National government	0	0
International funders	0	0
Public contributions and donations	0	0
<b>Total deferred income</b>	<b>0</b>	<b>0</b>

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

The deferred income movement is as follows:

	National govern ment	International fun ders/ donors	Public contributions and do nations	Total
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to income statement	0	0	0	0
Other transfers	0	0	0	0
Balance carried forward	0	0	0	0

### 33 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

The entity operates a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is based on salary of an employee multiplied by the number of years worked. During the year we did not engage any valuer for the scheme of service

	2020-2021	2019-2020
	KShs	KShs
Valuation at the beginning of the year	0	0
Changes in valuation during the year	0	0
Valuation at end of the year	0	0

The Institute also contributes to the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

### 34 NON-CURRENT PROVISIONS

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Less: Current portion	0	0	0	0
<b>Totaldeferredincome</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 35 BORROWINGS

Description	2020-2021 KShs	2019-2020 KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
<b>Balance at end of the period</b>	<b>0</b>	<b>0</b>

### 36 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021 KShs	2019-2020 KShs
External Borrowings		
Dollar denominated loan from organization	0	0
Sterling Pound denominated loan from organization	0	0
Euro denominated loan from organization	0	0
Domestic Borrowings	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
<b>Total balance at end of the year</b>	<b>0</b>	<b>0</b>

### b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2020-2021 KShs	2019-2020 KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 36 SERVICE CONCESSION ARRANGEMENTS



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

Description	2020-2021	2019-2020
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Serviceconcessionliabilityat beginning of the year	0	0
Serviceconcessionrevenue recognized	0	0
<b>Serviceconcessionliabilityat end of the year</b>	<b>0</b>	<b>0</b>

### 37 CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	2,609,093	3,593,200
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	0	0
Finance cost	0	0
Working Capital adjustments		
Increase in inventory	18,130	(202,127)
Increase in receivables	4,172,874	(4,687,193)
Increase in deferred income	0	0
Increase in payables	138,738	(671,061)
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>6,920,705</b>	<b>-1,967,181</b>

### 38 FINANCIAL RISK MANAGEMENT

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

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

#### (i) Credit risk

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



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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 20				
Receivables from exchange transactions	6,359,523	0	0	0
Receivables from non-exchange transactions	1,582,500	1,582,500	0	0
Bank balances	6,273,348	6,273,348	0	0
<b>Total</b>	<b>14,215,371</b>	<b>7,855,848</b>	<b>0</b>	<b>0</b>
At 30 <sup>th</sup> June 2021				
Receivables from exchange transactions	514,319	514,319	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	4,399,447	4,399,447	0	0
<b>Total</b>	<b>4,913,766</b>	<b>4,913,766</b>	<b>0</b>	<b>0</b>

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 suppliers.

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

**(ii) Liquidity risk management**

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

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

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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 2020				
Trade payables	0	0	512,882	512,882
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>512,882</b>	<b>512,882</b>
At 30 <sup>th</sup> June 2021				
Trade payables	0	0	308,616	651,620
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>308,616</b>	<b>651,620</b>

**(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.

**Koshin Technical Training Institute**  
**Annual Reports and Financial Statements**  
**For The Year Ended 30<sup>th</sup> June 2021**

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 <sup>th</sup> June 2020			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

**a) Foreign currency risk**

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**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
2020			
Euro	10%	0	0
USD	10%	0	0
2021			
Euro	10%	0	0
USD	10%	0	0



**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.

**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.

**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:

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	2,199,832	8,126,768
Retained earnings	20,776,728	2,185,480
Capital reserve	(2,380,268)	4,877,702
Total funds	20,596,292	15,189,950
Total borrowings	0	0
Less: cash and bank balances	(4,492,251)	(6,273,348)
Net debt/(excess cash and cash equivalents)	16,104,041	8,916,602
Gearing	0%	0%



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**Nature of related party relationships**

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

**Government of Kenya**

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

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	0	0
Sales of services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
b) Grants from the Government		
Grants from National Govt	9,560,000	8,228,350
Grants from County Government	0	0
Donations in kind	0	0
<b>Total</b>	<b>9,560,000</b>	<b>8,228,350</b>
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	656,502	612,000
Payments for goods and services	0	0
<b>Total</b>	<b>656,502</b>	<b>612,000</b>
d) Key management compensation		
Directors' emoluments	937,300	957,300
Compensation to the CEO	0	0
Compensation to key management	0	0
<b>Total</b>	<b>937,300</b>	<b>957,300</b>

### 39 SEGMENT INFORMATION

The entity does not have branches

### 40 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2020-2021	2019-2020
	Kshs	Kshs
Court case against the Institution		
- Septic tank		
- Stolen Institution property	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 41 CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 42 EVENTS AFTER THE REPORTING PERIOD

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

### 43 ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Ministry of Education (State Department of Vocational and Technical Training). Its ultimate parent is the Government of Kenya.

### 44 Currency

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

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**17. APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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)
2020-2021-1-01-1046-23-kosstti-02	- Presentation, accuracy and Disclosure of financial statements	Variances in the Financial statements has been amended	Abraham Kiptoo -Accountant	Resolved	Immediately
	-Receivable from exchange Transaction	The institution is in the process of developing and adopting a policy on debt collection	Zipporah Kutoh -Principal	Not Resolved	By 30 <sup>th</sup> June 2023
	-Revenue from exchange Transaction	Supporting schedules has been provided	Abraham Kiptoo -Accountant	Resolved	Immediately
	-Property plant and equipment a) Ownership	The process of acquiring the title deed for Koshin TTI is in the pipeline	Zipporah Kutoh -Principal	Not Resolved	By 30 <sup>th</sup> June 2023
	-Property plant and equipment b) Building valuation	The institution is planning to conduct valuation of its assets, land and buildings.	Zipporah Kutoh -Principal	Not Resolved	By 30 <sup>th</sup> June 2023
	-M-pesapaybill account balances	The statement has been availed for Audit.	Abraham Kiptoo -Accountant	Resolved	Immediately
	-Failure to Establish an Audit Committee	The institute has established an audit and Risk management committee in place	Zipporah Kutoh -Principal	Resolved	Immediately

Principal

Date...

**PRINCIPAL**  
KOSHIN TECHNICAL TRAINING INSTITUTE  
*[Signature]*  
16 SEP 2022  
P. O. BOX 4040-30100,  
ELDORET

## APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

### Projects

Projects implemented by KOSHIN TTI 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	Staff and student's ablution block	n/a	1 year	n/a	No	No
2	Septic tank	n/a	1 year	n/a	No	No

### Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Staff and student's ablution block	2,940,835	2,497,425.00	85%	2,940,835	2,940,835	GoK
2	Septic tank	2,184,917	1,640,190.95	75%	2,184,917	2,184,917	GoK



Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

**APPENDIX III: INTER-ENTITY TRANSFERS**

	ENTITY NAME:			
	Break down of Transfers from the State Department of Technical and Vocational Training			
	FY 2020/2021			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		20/11/2020	2,302,500	2020/2021
		18/02/2021	2,302,500	2020/2021
		13/04/2021	1,957,500	2020/2021
		30/06/2021	2,497,500	2020/2021
		07/07/2021	500,000	
		<b>Total</b>	<b>9,560,000</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	<b>0</b>	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	<b>0</b>	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
		<b>Total</b>	<b>0</b>	

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

Principal/BOG Secretary  
Koshin TTI

Sign

*[Signature]*



Head of Accounting Unit  
Education Ministry

Sign-----

Koshin Technical Training Institute  
Annual Reports and Financial Statements  
For The Year Ended 30<sup>th</sup> June 2021

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

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Education	20/11/2020	Recurrent	2,302,500	2,302,500	0	0	0	0	2,302,500	
Ministry of Education	18/02/2021	Recurrent	2,302,500	2,302,500	0	0	0	0	2,302,500	
Ministry of Education	13/04/2021	Recurrent	1,957,500	1,957,500	0	0	0	0	1,957,500	
Ministry of Education	30/06/2021	Recurrent	2,497,500	2,497,500	0	0	0	0	2,497,500	
Ministry of Education	07/07/2021	Recurrent	500,000	500,000	0	0	0	0	500,000	
Ministry of Education	n/a	Development	0	0	0	0	0	0	0	
USAID	n/a	Donor Fund	0	0	0	0	0	0	0	
Ministry of Education	n/a	Direct Payment	0	0	0	0	0	0	0	
			0	0	0	0	0	0	0	
<b>Total</b>			<b>9,560,000</b>	<b>9,560,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,560,000</b>	

