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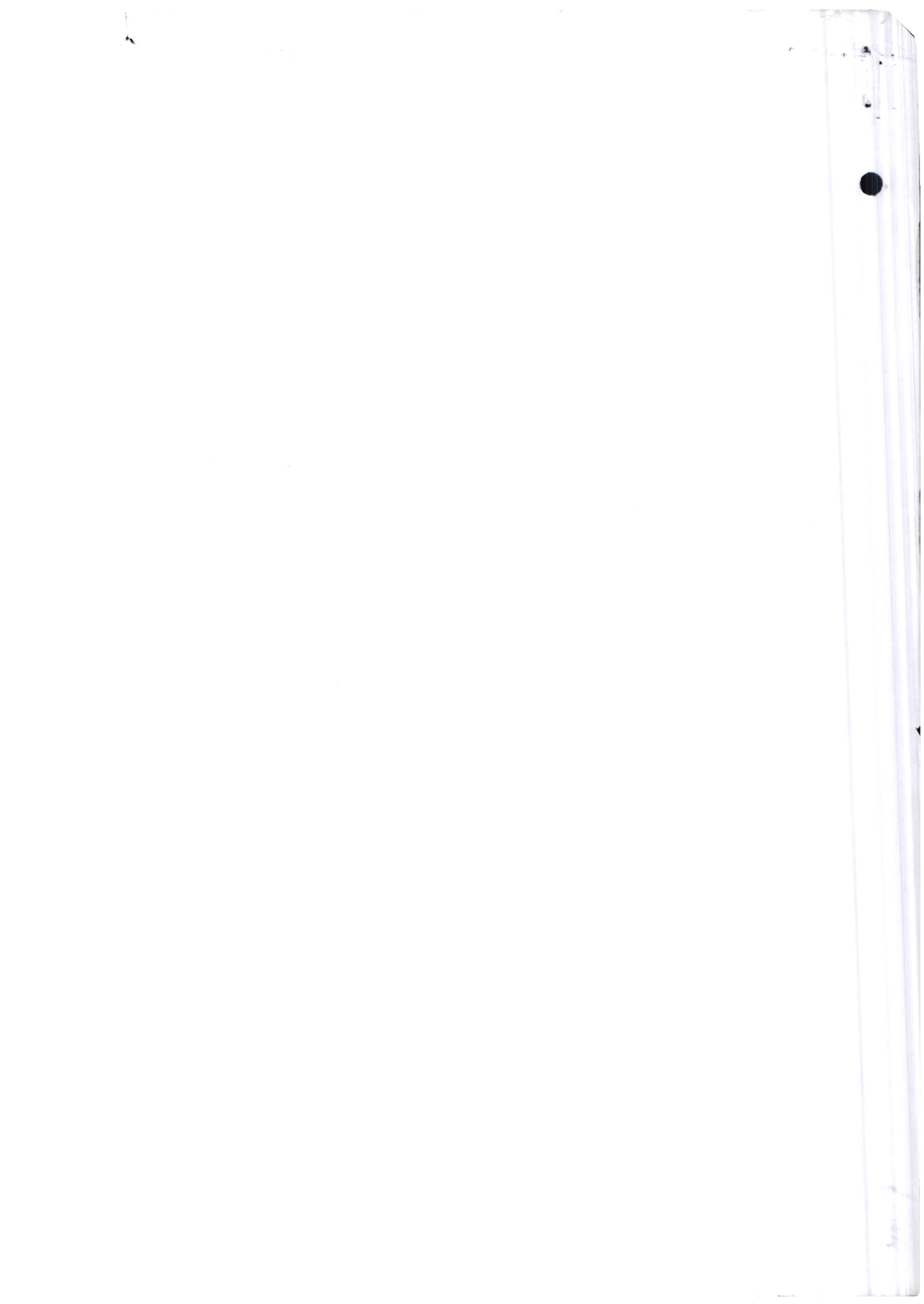
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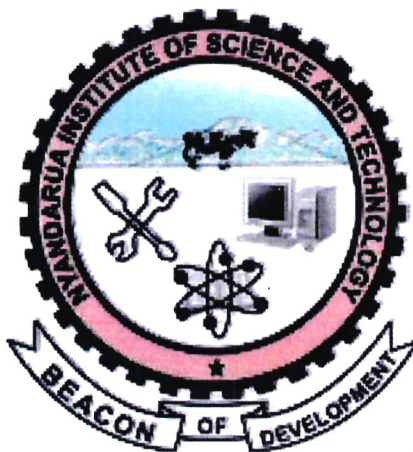
THE AUDITOR-GENERAL

ON

**NYANDARUA INSTITUTE OF SCIENCE
AND TECHNOLOGY**

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





NYANDARUA INSTITUTE OF SCIENCE AND TECHNOLOGY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING JUNE 30, 2020

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



Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements For The Financial Year Ending June 30th, 2020

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1. Key Institute Information and Management

(a) Background Information

The Nyandarua Institute of Science and Technology is established by and derives its authority and accountability from TVET Act 2013. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is Education and Training.

The idea of establishing Nyandarua Institute of Science and Technology (NIST) was to create an institution that could meet the educational and development needs of the Nyandarua Community which was mooted in early 80's by the people of Nyandarua who contributed Kshs five (5) million and construction started in 1996. Among the main contributors in the initial effort were parents of children in schools in then Nyandarua District.

In the year 2005 Constituency Development Fund (CDF) from four constituencies came in and contributed Kshs ten (10) million which was used to complete the first classes and administration block. In March 2006 the first batch of 25 students were admitted and since then the student population has grown steadily up to 1925 students.

NIST is now a recognized public Technical Training Institute that is mandated to offer Technical, Industrial, Vocational and Entrepreneurship Training as spelt out in the Education Act and Science and Technology Act. The long-term Vision at its inception was to develop a strong technological institution to play a leading role in the development of the immense resources and potential of Nyandarua region and in so doing contribute to National Development.

The institute prides itself in having attained the ISO 9001:2015 certification. The road to certification has given us the impetus to develop home grown quality objectives to improve service to our customers. Through the achievement of these objectives, we continuously make progress in contributing to the realization of our strategic plan and the Kenya Vision 2030. The Institute is also in Performance Contracting.

In addition to providing academic and technical skills, we seek to develop, in our students, creativity and innovativeness that enables them to integrate successfully in all areas of management in the public and private sectors.

Thus, it is envisaged that NIST should in due course operate as a TVET of learning. The Members of parliament, and other leaders in the region, have consistently supported the development of the institute.

Location

NIST is built on a 100-acre land donated by KARI and located some 7 kilometres from Nyahururu town along the Nyahururu-Gilgil road in a quiet environment conducive for learning.

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Vision: A centre of excellence in science driven, applied research and innovations for enhanced livelihood of humanity.

Mission: To provide globally competitive Technical and Vocational and Education and Training (TVET) in specialized skills and competences for sustainable development of Kenya and beyond.

(b) Principal Activities

The core mandate and functions of Nyandarua Institute are as outlined in the Strategic Plan as follows:

1. Participating in national curriculum development and curriculum renewal of competence-based programs of study leading to artisan, craft and diploma certification.
2. Pre-employment Training and upgrading of workers for improving quality of outcomes and productivity
3. Preparing trainees to participate in effective application of knowledge and skills into all spheres of life
4. Promoting the concept of human resources development in Kenya through collaborations with relevant institutions, organizations and industries.
5. Undertake directly or in collaboration with other institutions research and innovation in appropriate science and technology
6. Play an effective role in the development of science and technology in conjunction with the industry.

(c) Key Management

The day-to-day management of the Institute was under the following key positions:

- The Board of Governors
- The Chief Principal
- The Deputy Principal- Administration
- The Deputy Principal- Academics
- The Registrar
- The Dean of Students
- The Industrial Liaison Officer
- The Guidance and Counselling Officer
- The Academic Heads of departments

(d) Fiduciary Management

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

No.	Designation	Name
1.	The Chief Principal	Hassan Muhammad
2.	Finance Officer	Monica Ndirangu

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No.	Designation	Name
3.	Procurement Officer	Stanley Ndung'u
4	Deputy Principal- Administration	Agnes Gachenge
5	Deputy Principal- Academics	Jacob Mwangi

(e) Fiduciary Oversight Arrangements

The oversight organs that held office during the financial year ended 30th June 2020 were:

Name of the Committee	Duties
Executive committee	<ol style="list-style-type: none"> 1. Developing and implementing strategy, operational plans, policies, procedures and budgets; 2. Driving and monitoring operating and financial performance; 3. Assessing and controlling risk; 4. Prioritising and allocating resources
Finance and Development committee	<ol style="list-style-type: none"> 1. Ensure that accurate and complete financial records are maintained 2. Monitor income and expenditures against projections 3. Review and recommend financial policies to the board, including ensuring adequate internal controls and maintaining financial records in accordance with standard accounting practices 4. Ensure that accurate, timely, and meaningful financial statements are prepared and presented to the board 5. Oversee budget preparation and financial planning 6. Propose for board approval a budget that reflects the organization's goals and board policies 7. Ensure that the budget accurately reflects the needs, expenses, and revenue of the organization Safeguard the organization's assets
Academic/Marketing committee	<ol style="list-style-type: none"> 1. To examine or make decisions on important issues concerning courses, research, academic performance, personnel building and other academic affairs that need the examination of the committee;

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	<p>2. Propose marketing strategies and tools, develop and hone innovative ideas, and provide feedback on marketing activities</p>
<p>Audit and Risk committee</p>	<ol style="list-style-type: none"> 1. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably. 2. Provide an independent review of the polytechnic's reporting functions to ensure the integrity of financial reports. 3. Monitor the effectiveness of the polytechnic's performance management and performance information. 4. Provide strong and effective oversight of the polytechnic's internal audit function. 5. Provide effective liaison and facilitate communication between management and external audit. 6. Provide oversight of the implementation of accepted audit recommendations. 7. Ensure the entity effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

(f) Head-Quarters

Nyandarua Institute of Science and Technology
 Nyahururu town
 P.O. Box 2033- 20300
 Nyahururu

(g) Contacts

Telephone: 0727256001 / 0732335757
 E-mail: nyandaruaainstitute2006@gmail.com, info@nyandaruaainstitute.ac.ke
 Website: www.nyandaruaainstitute.ac.ke

(h) Bankers

1. Equity bank
 - a. P.O Box 75104-00200
 - b. Nairobi.

2. Co-operative Bank
 - a. P.O. Box 48231 - 00100,
 - b. Nairobi.

(i) Independent Auditors

Auditor General
 Office of Auditor General
 Anniversary Towers, Institute Way

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P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

2. The Board of Governors



Chairman Executive committee

Assistant. Professor (Consultant).

PhD in Periodontology from University of Nairobi.

Masters of Science in Periodontology from University of London,
united Medical and Dental schools, Guys Hospital U.K,

Bachelor of Dental Surgery from University of Nairobi

Born in 1958.

Prof E.G Wagaiyu -Chairman BOG



Secretary BOG and all Committees.

Chief Principal, Nyandarua Institute of Science and
Technology.

Masters in Management

Degree in Economics,

Born in 1968.

Hassan Muhammad



**Ex-Officio Member of The Board of Governors representing the
Principal Secretary-TVET.**

Holds a Master's Degree in Business Administration from JKUAT.

Higher Diploma in Electrical engineering. Diploma in Technical
Education.

Certificate in Management and Administration.

Born in 1961

Bonface Milai

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Member of Executive Committee.
Advocate of the High Court of Kenya.
Chairman Finance/Development committee.
Holds a Bachelor of Laws Degree from University of Nairobi.
Born in 1973.

Joel Sigilai-BOG member.



Member of Academic Committee
CEO in computer Supplies.
Holds Bachelor of Business Management Degree -Business Information systems from Moi University.
Born in 1984.

Cossigah Mookua- BOG member.



Member of Academic/ Marketing Committee
He is the Director in the department of education, Culture & social services – County Government of Nyandarua.
Holds Master of Education concentration Degree (curriculum and instruction) from Egerton University.
Bachelor of Education Arts Degree, from Egerton University.
Higher Diploma in Human Resource Management from RVIST.
Born in 1973.

Joseph Njoroge- BOG member.



Member of Finance/Development Committee and Chairman Audit & Risk Committee.
Currently, is the workforce planning Analyst at Safaricom Ltd .
Holds Masters of Arts in Economics (AERC collaborative Master's for Anglophone Africa from university of Nairobi, Bachelor of Arts Economics and Sociology from University of Nairobi.
Born in 1985.

Susan Kabura- BOG member.



Member of Executive Committee and Chairman Academic Committee
Computer engineer and CEO TESCO group.
Holds Masters of Business Administration Degree from Strathmore University.
Bachelor of Science in Electrical & Electronics Engineering from University of Nairobi.
Pan African EMBA Module from Navara University.
Born in 1974.

Eng. Paul Gitiche- BOG member.



Member of Finance/Development Committee and Audit & Risk Committee
Senior Branch Manager Equity Bank
Holds Masters of Business Administration (Strategic Management) from Kenya Methodist University.
Bachelors of Business Management from Kenya Methodist University.
Diploma in Business Management from University of Nairobi.
Born in 1976 .

Simon Munyoike- BOG member.



Member of Finance. Development Committee and Audit & Risk Committee.
Consultant in Network development and implementation.
Holds Masters in Business Administration (strategic Option) from JKUAT.
Bachelor of Science from University of Nairobi
Born in 1964 .

Peter Kipkirui Tonui- BOG member.

3. Management Team



Hassan Muhammad

Principal

Overall In-charge of all activities in the TVET
Holds MBA in Management, Bed Arts.



Mrs Agnes Gachenge

Deputy Principal – Administration

In-charge of administration affairs.
Holds MED in Guidance and Counselling, Bed Arts.



Mr. Jacob Mwangi

Deputy Principal – Academic

In charge of academic affairs and curriculum implementation
Holds MED Educational Administration, BED science, Diploma Education management..



Mr. Elkanah Waithanji

Dean of Students

In-charge of student affairs
Holds B.Sc. in Electrical/Electronic Engineering, Diploma in Technical education.



Mr. James Wanjohi

Registrar

In-charge of the Registry
Holds Msc Chemistry, Bsc Maths/science.



Mrs. Monicah Ndirangu

Finance Officer

In-charge of Finance department
Holds Bachelor of Commerce (Accounting Option), CPAK, and member of ICPAK..



Mr. Stanley Ndung'u

Procurement Officer

In-charge of Procurement department
Holds Diploma in Supply Chain Management, Member of KISM and licensed.

4. Chairman's Statement



It gives me great pleasure to present the Nyandarua Institute of Science and Technology (NIST) annual report and financial statements for the year ended 30th June 2020.

I acknowledge the NIST commitment to producing well equipped graduates in Technical and Vocational Education and Training (TVET). NIST is keen in ensuring that TVET programmes pursued, will enable the trainees acquire the necessary skills, knowledge, experience and confidence to be exemplary leaders in

their professions and to be role models in their communities and become responsible citizens wherever in the world their careers might take them.

TVET provides knowledge, skills and attitudes that have become a key driver of growth and development globally. Production of knowledge intensive, technologically sophisticated, higher value goods and services is not possible without a trained management cadre and labour force with the appropriate mix of technical and vocational skills. In view of this, it is imperative to ensure that there exist enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond. To this end, I am delighted to note that this has been achieved.

It is worthy to note that the Institute's student population has grown tremendously in the recent past due to collaborations with the NYS, KUCCPS and other stakeholders thus exerting pressure on our existing resources and facilities. To this end we continue to appeal for support for the projects in our strategic plan such as a modern automotive garage, classrooms, science laboratory, student hostels among others to enable the Institute achieve its core mandate in the provision of quality teaching and research and collaborations.

Financial Performance

During the year the institute registered a surplus of Kshs.75, 783,641.41 as compared to a surplus of Kshs. 38,826,689.00 during the 2018/19 financial year. This was derived from a total revenue of Kshs. 211,637,078.00 in 2019/20 as compared to total revenue of Kshs. 166,027,397.00 during 2018/19. The increase in revenue is largely attributable to arrears settled by the National Youth Service.

Key activities

The Board of Governors (BOG) is mandated to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. This mandate is enshrined in our Strategic Plan 2016-2021 which we partly reviewed in order to align it with the "Big Four" agenda and the MTP III.

During the year under review, we committed to embracing best practices in the industry and have facilitated various benchmarking exercises as we prepared to launch CBET programs that are skill oriented and more relevant to the industry. To this end, the institute has entered into collaboration agreements with the industry players in an effort to align our programmes with the needs of the industry.

In the area of collaborations and partnerships, the institute commenced negotiations with Colleges and Institutes Canada (CICan) in the area of research in value addition of Irish Potato. We are optimistic that these negotiations

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will bear fruit and an agreement signed in the early stages of the next reporting period. The results of the research are expected to have a tremendous impact on the local community who have always suffered huge losses owing to potato glut in the market. Value addition will increase the shelf life as well as uses of the Irish potato which is one of the major crops in Nyandarua County.

Future outlook

The BOG will continue the implementation of the 2016-2021 Strategic Plan with an emphasis on our long held desire to upgrade to a national polytechnic status. We have commenced negotiations and consultation with the Ministry of Education and the County Government of Nyandarua towards achieving this objective. We have

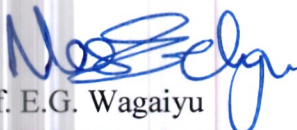
The BOG is pleased with the efforts the Institute Management has continued to undertake to enhance the quality and relevance of Academic programmes offered by the Institute and its commitment to continue to sustain quality standards as evidenced by the transition to ISO 9001: 2015 during the previous reporting period.

Challenges

During the year under review the institute faced various challenges especially the Covid- 19 pandemic which led to closure of the institution in early March 2020. This adversely affected our enrolment numbers as no May intake of new students took place. We were therefore not able to achieve our enrolment projections for the year. With low enrolment, our revenue streams were adversely affected. The institute has over the years also not been able to acquire a title deed for our land. This has been a stumbling block particularly in areas of collaborations and partnership where the document is a requirement.

I wish to thank the Government of Kenya and other stakeholders for their continued financial support.

Finally, I thank all our partners, collaborating institutions, staff and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.



Prof. E.G. Wagaiyu

BOARD CHAIRMAN

5. Report of the Chief Principal



Dear stakeholders!

Am pleased to present the annual report and financial statements for Nyandarua Institute of Science and Technology (NIST) for the year ended 30th June 2020. This year has been a year with new challenges but also many other opportunities to improve and move forward. The staff and the management have risen to the challenges with a great deal of resilience and determination.

Successes

It is important to note that there was a remarkable improvement in enrolment in all courses. This is an indication that the institute has continued to improve its competitiveness in TVET. New courses in Agricultural Engineering and Food and Beverage were also introduced. The year saw the institute take great strides towards the implementation of new CBET curriculum by training our trainers in collaboration with CDACC. This will however require investment in terms of staff, equipment and other infrastructure.

During the year under review, the institute constructed a water pan for conservation of runoff water, acquired a vehicle for the Principal and expanded the grazing unit by adding a cowshed and a farm store.

Towards the realisation of the big four agenda, during the year under review NIST commenced increasing the land under cultivation to at least 15 acres from 4 acres currently. This will be a contribution to food security. We have also signed MOUs with the industry on value addition in potato production. The institute also commenced the production of concrete fencing posts which will eventually be sold at subsidised prices.

Challenges

Despite these successes, we have faced numerous challenges of mobilizing adequate funds to build hostels and developing new infrastructure to cater for the increase in population and also match the industry trends to ensure relevance in training.

The challenge is compounded by the heavy financial burden incurred by the institution as remuneration for trainers hired under the Board of Governors (BOG) terms as the TSC and later PSC has not been able to provide adequate human resource to enable the institute deliver her mandate. It is our hope that the bodies concerned with the hiring the TVET trainers will expedite the process to relieve the institute of the burden and therefore channel the resources to other pressing issues.

We are proud of our trainers and trainees who participated in the regional and robotics trade fairs and innovations contest and scooped awards in chain link making technology and robotics. We are optimistic that the innovations can be incubated and converted into commercial ventures in the near future.

We would like in a special way to thank the Government of Kenya for the renewed commitment to TVET and recognising technical training as a vehicle for achieving the Vision 2030. The funding of trainees through

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capitation and provision of loans and bursaries by HELB is greatly appreciated as is the provision of training equipment and machinery.

We also thank the Ministry of Education, the directorate of vocational and technical training, ADB and our development partners for supporting NIST in its efforts to deliver quality and market driven programmes. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of the Big Four Agenda.

We also greatly appreciate the BOG, staff, students and all stakeholders who have contributed greatly in their own way to make NIST the 'Beacon of Development'



Muhammad Hassan
CHIEF PRINCIPAL

6. Review of Nyandarua Institute of Science and Technology's Performance for FY 2019/2020.

We were tasked to undertake an evaluation and prepare a report on the implementation of the strategic plan's Annual Work Plan for the FY 2019-20(Y4). The report is based on the implementation of the following strategic objectives:

1. To facilitate learning that ensures trainees have the right knowledge, skills and attitudes to succeed in today's global environment
2. To improve the Institute's capacity in readiness to grow into a National Polytechnic.
3. To enhance science, technology and innovation.
4. To attract and retain high calibre staff.

The report is for year ending 30th June, 2020

STRATEGIC OBJECTIVE ONE:				
STRATEGIC OBJECTIVE	KEY ACTIVITIES	PERFORMANCE INDICATORS	Achievement	% of completion
To facilitate Learning that ensures trainees have the right knowledge, skills and attitudes to succeed in today's global environment	Acquire modern and adequate equipment for teaching, learning, research and innovation	No. of equipment	Agriculture equipment was received from MOE	60%
	Provide Academic programmes that meet world class standards	No. of Programmes that meet international standards	CDACC has developed Occupational Standards for various CBET courses. Our staff participated at the national level	96%
	Enhance the quality of teaching and learning;	Modern methods of content delivery Programs in place Number of facilities	Collaboration with COL, Wadwani, KENET Foundation on digital content	60%
	Facilitate the use of technology in teaching and learning	No. of Trainers sensitized on ICT integration guidelines % of Digitalized content	-A smart board already installed. -Training of all trainers done on new equipment already acquired of the same.	68%

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STRATEGIC TWO:				
STRATEGIC OBJECTIVE	KEY ACTIVITIES	PERFORMANCE INDICATOR	Achievement	%
Improve Institute capacity in readiness to grow to a National Polytechnic	Provide budgetary support to programmes to meet the set standards.	%of budget allocated	-The driving school operational with collaboration of ADB and other partners -Zero Grazing unit operational with 4 cows	5
	Strengthen the Human Resource capacity	Number of staff sponsored for training	Mr. Mugendi ,Mr. Waithanje, Mr. Mwangi, Mr. Muhia and Mr. Karuri undertaking courses in the TUK/Kimathi University	60
STRATEGIC THREE:				
STRATEGIC OBJECTIVE	KEY ACTIVITIES	PERFORMANCE INDICATOR	Achievement	%
To enhance Science, Technology and Innovation	Review and implement Research Policy	Reviewed R&D policy	The policy developed and was reviewed in October last 2018	1
	Increase Research and development activities in NIST	No. of R&D activities	Surveys -Four academic papers presented in external forums - Research on making NIST a training hub, establishment of incubators	6
	Incubation of innovative ideas	No. of innovations incubated	Chain link making machine was not fully funded for commercialisation	50

STRATEGIC FOUR

STRATEGIC OBJECTIVE	KEY ACTIVITIES	PERFORMANCE INDICATOR	Achievement	% of completion
To attract and retain high calibre staff	Review the HR manual	Review the HR manual	HR officer not appointed	10%
	Utilize non-traditional work schedules	Flexible time tables introduced	MIS upgraded to facilitate flex timetables.	40%

POSITIVES:

It is worthy to note that approximately 70% of the planned activities have already commenced though not completed. However, there is concern especially on the implementation of objective No.6 on Environmental Sustainability. The institute has not put in place a substantive committee in place to ensure the achievement of this critical objective. Research and Development which is a core mandate of the institute also needs to be revamped.

CHALLENGES:

The committee found that the biggest challenge to the implementation of the strategic plan and the work plan is lack of funding for infrastructure and equipment needed for effective implementation of various programmes.

7. Corporate Governance Statement

The corporate governance structure ensures that we act with high standards of corporate behaviour and in the best interest of our stakeholders. The Board has the authority to perform the functions and determine the policies that control the TVET's activities.

The Board is responsible for our overall corporate governance and approves strategic directions and budgets. On the other hand, the management ensures that all statutory requirements are complied with, internal control systems are in place and operate effectively; in addition to ensuring that Board decisions are fully implemented.

The Board comprises 9 members appointed by the Cabinet Secretary for Education. The Principal sits in the Board as a full-time member and as a secretary to the Board.

The Board members are appointed for a term of three years and are eligible for re- appointment for another final term of three years.

The Board members have broad range of professions, skills and experience.

The Board has four committees namely; Finance and Development, Executive Committee, Academic and Marketing and Audit and Risk.

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The Board of Governors' remuneration structure and number of meetings held are as follows.

Board Of Governors Structure

S/No	Nature Of Committee	Sitting Allowance	Accommodation Allowance
Full Board			
1	Pro E. G Wagaiyu	20,000	20,000
2	Bonface Milai	15,000	15,000
3	Joel Sigilai	15,000	15,000
4	Cossigah Mokuu	15,000	15,000
5	Joseph Njoroge	15,000	15,000
6	Susan Kabura	15,000	15,000
7	Eng Paul Gitiche	15,000	15,000
8	Simon Munyoike	15,000	15,000
Executive			
1	Pro E. G Wagaiyu	20,000	20,000
3	CD, TVET	15,000	15,000
2	Eng Paul Gitiche	15,000	15,000
3	Joel Sigilai	15,000	15,000
Finance & Development			
1	Joel Sigilai	15,000	15,000
2	CD, TVET	15,000	15,000
3	Peter Tonui	15,000	15,000
4	Susan Ngigi	15,000	15,000
5	Simon Munyoike	15,000	15,000
Academic/Marketing			
1	Eng Paul Gitiche	15,000	15,000
2	Joseph Njoroge	15,000	15,000
3	Cossigah Mokuu	15,000	15,000
4	CD, TVET	15,000	15,000
Audit & Risk			
1	Eng Paul Gitiche	15,000	15,000
2	Susan Ngigi	15,000	15,000
3	Simon Munyoike	15,000	15,000

Summary of Board of Governors Meeting

Nature of the meeting	Number of meeting	No. of members	Date
Academic board	3	12	11/10/19, 7/2/20, 5/6/20
Finance subcommittee	2	10	5/10/20, 18/10/19
Executive Board	2	8	14/2/20, 19/6/20
Full Board	3	27	28/11/19, 21/2/20, 26/6/20
Audit & Risk	1	3	11/2/2020

The Board, in consultation with management, develops strategic direction for the annual and long-term period. The Board also prepares for the Annual General Meeting and determines the agenda in which annual audited accounts are presented.

At its regular meetings, the Board considerations include:

- Quarterly Financial Statements
- Annual Financial Statements

The Board held induction and corporate governance training for all the members during the year under review.

Composition of the Board

The Board of Governors is chaired by Prof. Evelyn Wagaiyu who is also the Chair of the Executive. She chairs the Board meetings providing direction during Board meetings.

The committees of the Board are as shown below:

Executive committee

1. Prof E. G Wagaiyu
2. CD, TVET
3. Eng Paul Gitiche
4. Joel Sigilai
5. Hassan Muhammad

Academic and marketing Committee

1. Eng. Paul Gitiche
2. Joseph Njoroge
3. Cossigah Mokuia
4. CD, TVET
5. Hassan Muhammad

Finance and development Committee

1. Joel Sigilai
2. Peter Tonui
3. Susan Ngigi
4. Simon Munyoike
5. CD, TVET
6. Hassan Muhammad

Audit and Risk Management Committee

1. Susan Ngigi
2. Eng. Paul Gitiche
3. Simon Munyoike

8. Management Discussion and Analysis

Compliance with statutory requirements

The institute did not have any compliance issues relating to its statutory requirements.

Key projects and Investment Decisions

The Institute implemented a number of development and improvement projects funded by Development Fees Levy. As at the end of this Financial Year, the total expenditure incurred on acquisitions was **Kshs 11,684,538** which was within the estimated expenditure voted for the year. The projects were completed within schedule as planned.

Major Risks

The institute does not foresee any major risks in its financial operations. The Board of Governors has been able to mitigate risk especially in the key areas of Operation, Credit, Liquidity and Capital to minimal levels. The BOG has put in place strong financial management policies and these have been customised by the management into equally strong internal controls that give assurance on the propriety of the institution's systems of control. This position is supported greatly by the significant investment in strong internal controls that safeguard the institute's assets and liabilities. The institute's credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Equity and Cooperative Bank. The institute holds high quality fees debts that are continuously being monitored with a major portion being Receivables underwritten by GOK institutions - NYS and HELB. The Institute's capital risk was minimal since at the end of this year the institute had no external borrowing. The same applies to liquidity risk where the total Current Liabilities at **Kshs. 75,783,641.41** was 39% of Current Assets holding which was standing at **Kshs. 192,264,789**.

Material arrears in Statutory/Financial Obligations

The institute complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The institute has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

Governance

The Board of Governors notes that the institute has complied with all Financial and Governance Polices and Laws as stipulated by the Constitution of Kenya, 2010. Provisions of chapter 12 on Principles of Public Finance have been followed both in letter and spirit on all the financial management decisions of the institute. The management has also complied with the Provisions of Chapter 6 of the Constitution in defining its Governance Structures as well as the Provisions of the Public Procurement and Asset Disposal Act, 2015 that preclude any instances of conflict of interest.

9. Corporate Social Responsibility Statement/Sustainability Reporting

NIST recognizes the need for Corporate Social Responsibility (CSR) and engages in various activities. In the year under review, we engaged in a community health services where we had screening for various ailments e.g., HIV, Prostate Cancer, Cervical Cancer, Breast Cancer, Hypertension etc. We also attended public forums and visited secondary schools to offer career guidance.

Human Resource

NIST recognizes that health, safety and training, play a key in ensuring our employees commitment to responsibility in the workplace and a working environment in which personal and employment rights are upheld. Effective policies and procedures are aligned with the Institute's needs and the promotion of good communication processes, to assist timely and consistent delivery of relevant information to employees.

We provide equal opportunity for all employees and job applicants. We have in place policies covering issues such as performance management, training and family friendly policies e.g. compassionate leave, paternity leave among others.

Stakeholders

NIST actively encourages open communication with stakeholders. Principally through the board members, NIST endeavours to establish and maintain healthy relationships with its institutional stakeholders by holding regular consultations on issues requiring stakeholder participation as enshrined in the Constitution of Kenya 2010.

10. Report Of The Board Of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of Nyandarua Institute of Science and Technology affairs.

Principal activities

The principal activity of Nyandarua Institute of Science and Technology is Training

Results

The results of Nyandarua Institute of Science and Technology for the year ended June 30th, 2020 are set out on page.1-32.

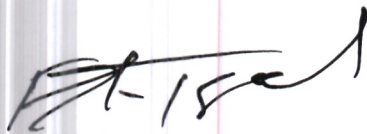
Board of Governors

The members of the Board who served during the year are shown on pages vii and ix above. During the year no Governor retired/ resigned and hence no new appointments were made during the year.

Auditors

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

By Order of the Board



Hassan Muhammad
B.O.G Secretary
Nyahururu.

Date07.4.2021.....

11. Statement of The Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the TVET Act, 2013 (Section 29) require the Board to prepare financial statements in respect of Nyandarua Institute of Science and Technology, which give a true and fair view of the state of affairs of the institute at the end of the financial year/period and the operating results of the institute for that year/period. The Board is also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board is also responsible for safeguarding the assets of the institute.

The Board is responsible for the preparation and presentation of the 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 30th, 2020. This responsibility includes:

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

The Board 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. The Board is of the opinion that the institute financial statements give a true and fair view of the state of the institute transactions during the financial year ended June 30th, 2020, and of the TVET financial position as at that date. The Board further confirms the completeness of the accounting records maintained by the TVET, 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 to indicate that the institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Institute's Financial Statements were approved by the Board on.....07-04-2021..... and signed on its behalf by:



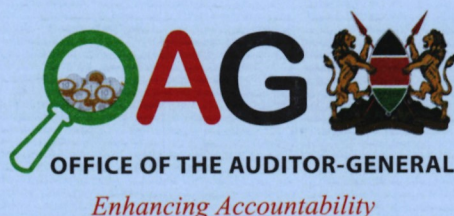
Chairman Board



Chief Principal

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 NYANDARUA INSTITUTE OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified of Opinion

I have audited the accompanying financial statements of Nyandarua Institute of Science and Technology set out on pages 1 to 36, which comprise the Nyandarua statement of financial position as at 30 June, 2020, and statement of financial performance, statement of changes in equity, 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.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Nyandarua Institute of Science and Technology as at 30 June, 2020 and of its financial performance and its cash flows for the year ended, in accordance with International Financial public Sector Accounting Standards (IPSAS) and comply with the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified of Opinion

1. Errors in the Annual Reports and Financial Statements

The financial statements for the Nyandarua Institute of Science and Technology for the year ended 30 June, 2020 as presented have the following errors:

- 1.1 The report of the chief principal at page xii under paragraph on successes discloses projects implemented during the year whereas **Appendix II** to the financial statements indicate that no projects were implemented.
- 1.2 Management discussion and analysis at page xix indicate Kshs.11,684,538 was incurred on development and improvement of projects funded by development fees levy which are not annexed to the financial statements.

- 1.3 Review of the institution's performance during the year at page xiv does not indicate Section 81 of the Public Finance Management Act, 2012 as the legislative requirement under introduction paragraph.
- 1.4 Report of the Board of Governors at page xxi indicate that notes to the financial statements are set out on pages 1 to 32 instead of pages 6 to 32.
- 1.5 The flow of notes in the financial statements is inconsistent as Notes 14 and 22 both refer to cash and cash equivalents

Consequently, the financial statements as presented do not comply with International Public Sector Accounting Standard No.1 on presentation of financial statements and the Public Sector Accounting Standards Board Kenya guidelines and format.

2. Inaccuracies in the Financial Statements

Review of financial statements for the Nyandarua Institute of Science and Technology for the year ended 30 June, 2020 presented for audit revealed the following inaccuracies:

- 2.1 Management discussion and analysis at page xix indicate current liabilities balance of Kshs.75,783,641.41 as at 30 June, 2020 whereas the statement of financial position reflects balance of Kshs.34,404,946 resulting to an unexplained variance of Kshs.41,378,695.41.
- 2.2 The statement of cashflows indicates net cashflows from operating activities of Kshs.182,551,849.04 whereas Note 23 to the financial statements reports Kshs.179,445,551.04 resulting to unreconciled variance of Kshs.3,106,298.

Consequently, the accuracy and completeness of the above balances included in these financial statements for the year ended 30 June, 2020 could not be confirmed.

3. Inaccurate Comparative Financial Information

The comparative figures in the financial statements differed from the previous year' audited figures resulting to a variance of Kshs.8,547,252 as detailed below: -

Particulars	Note to the Financial Statements	Financial Statements Kshs.	Audit Certificate Kshs.	Variance Kshs.
Transfers from the National Government -Capitation Grants	1	10,230,175	5,956,550	4,273,625
Grant Expenses	12	4,273,626	0	4,273,626
Total		14,503,801	5,956,550	8,547,252

Consequently, the accuracy and completeness of the above comparative figures to the financial statements for the year ended 30 June, 2020 could not be confirmed.

4. Variances between the Financial Statements Figures and Ledgers

The figures reported in these financial statements differed with the supporting ledgers availed for audit resulting to a variance of Kshs.11,447,681 as detailed below: -

Component	Note	Amount as Per the Financial Statements Kshs.	Amount as Per the Ledgers Kshs.	Variance Kshs.
Use of Goods and Services	6	95,365,332.14	94,438,517.14	926,815.00
Other Expenses	13	5,956,113.70	0	5,956,113.70
Deferred income	21	30,697,774.00	35,262,527.00	4,564,753.00
Total		132,019,219.84	94,438,517.14	11,447,681.70

In the circumstances, the accuracy and completeness of the above payments and income totaling Kshs.132,019,219.84 for the year ended 30 June, 2020 could not be confirmed.

5. Unsupported Other Expenses

The statement of financial performance for the year ended 30 June, 2020 reflects other expenses amount of Kshs.5,956,113.70 and as disclosed under Note 13 to the financial statements. However, the expenditure has not been supported by procurement documents or schedules indicating actual goods purchased or services rendered to the institution.

In the circumstances, the accuracy, and completeness of the expenditure of Kshs.5,956,113.70 on other expenses for the year ended 30 June, 2020 could not be confirmed.

6. Performance Contract Expenses

The statement of financial performance for the year ended 30 June, 2020 reflects use of goods and services amount of Kshs.95,365,332.14 and as disclosed under Note 6 to the financial statements. The amount includes Kshs.11,249,010 incurred on performance contract. However, the expenditure has not been supported by way of documentary evidence in form of quarterly or annual performance evaluation reports. In the circumstances, the accuracy, and completeness of the expenditure of Kshs.11,249,010 on performance contract for the year ended 30 June, 2020 could not be confirmed.

7. Misclassification of Income from Hire of Facilities

The statement of financial performance for the year ended 30 June, 2020 reflects Income from rental of facilities and equipment amount of Kshs.5,931,671 and as disclosed under Note 4 to the financial statements. However, this amount includes payments totaling Kshs.183,600 in respect of financial transactions wrongly charged to rental Income.

In the circumstances, the accuracy of the balance of Income from rental of Kshs.183,600 as at 30 June, 2020 could not be ascertained.

8. Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.12,819,238 as at 30 June, 2020 and as disclosed under Note 29(b) to the financial statements. Included in the balance is Kshs.12,534,238 that relates to student debtors' fees. However, the balance was not supported by analysis showing student names, admission numbers and amount receivable as school fees.

Consequently, the accuracy and completeness of the current receivables from exchange transactions balance of Kshs.12,819,238 as at 30 June, 2020 could not be confirmed.

9. Property Plant and Equipment

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.344,248,621 and as disclosed under Note 16 to the financial statements. The following issues were noted;

9.1 Missing Valuation Report

Included in the property, plant and equipment balance are buildings valued at Kshs.119,244,234 that are unsupported by way of valuation reports by a professional valuer or engineers' certificates of completion.

Further, the balance of Kshs.344,248,621 includes land value of Kshs.200,000,000 whose ownership and valuation could not be established as the title deed and valuation report were not made available for audit review.

In the circumstances, the accuracy and completeness of the reported property, plant and equipment balance of Kshs.344,248,621 as at 30 June, 2020 could not be confirmed.

9.2 Undisclosed Assets Received from Ministry of Education

Excluded in the property, plant and equipment balance are assorted equipment donated by the Ministry of Education through China bilateral contract agreement dated

19 March, 2018. Physical verification done in the month of March, 2020 confirmed that Nyandarua Institute of Science and Technology received the following equipment: five (5) tractors 40HP, three (3) 80HP and 120HP, Corn harvester, 4 No. Potato excavator, 2 No. Maize planter, 4 No. Ditching machine, 2 No. Subsoiler, 2 No. Disc plough, 2 No. Medium Harrow, 2 No. Lawn mower and 2 No. Rotary tiller, whose value could not be determined as no cost had been indicated in the asset register.

Further, the equipment was delivered without any proof of ownership, registration or delivery documents and no reason was given to confirm delayed registration and valuation of the equipment.

In the circumstance, the accuracy and completeness of the reported property, plant and equipment balance of Kshs.344,248,621 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0. Budget Control and Performance

During the year under review, Nyandarua Institute of Science and Technology had a final revenue budget of Kshs.190,811,400 against actual realization of Kshs.211,637,078 resulting to an over collection of Kshs.20,825,678 or 11% of the budgeted amount.

The Fund therefore received 111% of its budget and this may imply underbudgeting for revenue by the management.

Further, the institution had a final expenditure budget of Kshs.190,811,400 against actual expenditure of Kshs.122,712,693.04 resulting to an overall under-expenditure of Kshs.68,098,706.96 or 36% of the budgeted amount as summarized below:

Component	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Under Expenditure Kshs.	% of Under Expenditure
Compensation of employees	22,085,000.00	19,181,774.20	2,903,225.80	13.15%
Use of Goods and services	115,558,100.00	93,968,553.14	21,589,546.86	18.68%
Remuneration of directors	4,000,000.00	1,645,000.00	2,355,000.00	58.88%
Repair and Maintenance	4,761,000.00	2,599,252.00	2,161,748.00	45.41%
Development Expense	44,407,300.00	5,318,113.70	39,089,186.30	88.02%
Total	190,811,400.00	122,712,693.04	68,098,706.96	35.69%

The management has explained that the under expenditure of Kshs.68,098,706.96 or 36% is attributed to effect of COVID-19 pandemic and this has resulted to delayed benefits to be derived from the services by stakeholders of the Nyandarua Institute of Science and Technology.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Qualified Opinion section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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 Qualified

Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Weak Information Technology (IT) Internal Controls

There is no IT strategy in place which could provide guidance to IT-related decision-making processes, with IT task prioritized and implemented using the plan as a framework. The Institute did not produce the minutes of the strategic committee meetings. In addition, the management has no back-up data stored in an off-site location and therefore the Institute might not recover from an interruption and this may affect the business-continuity and recovery plan.

No explanation has been provided for failure to have an IT Strategic plan and back-up data in an off-site location.

2.0 Lack of Risk Management and Fraud Policies

The Institute does not have a risk management and fraud policies in place. This is contrary to the provisions of Section 165(1) of the Public Finance Management (National Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the national government entity develops - (a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.

No satisfactory explanation was given for failure to have a risk management policy in place and consequently, the Institute is exposed to the risks.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of intention to liquidate 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 financial reporting process, reviewing the effectiveness of how the Institute monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 of Kenya. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In 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 overall 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 policies and procedures may deteriorate.

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

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

17 March, 2022

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements For The Financial Year Ending June 30th, 2020

13. Statement of Financial Performance For The Year Ended 30th June 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Capitation grants	1	31,657,250.00	10,230,175.00
Revenue from exchange transactions	1(a)	31,657,250.00	10,230,175.00
Rendering of services- Fees from students	2	170,423,832.00	153,306,838.00
Other Income	3	-	1,403,337.00
Sale of goods	4	3,624,325.00	-
Rental revenue from facilities and equipment	5	5,931,671.00	1,087,047.00
Revenue from exchange transactions		179,979,828.00	155,797,222.00
Total revenue		211,637,078.00	166,027,397.00
Expenses			
Use of goods and services	6	95,365,332.14	-
General Expenses	7	-	95,890,946.00
Employee costs	8	19,181,774.20	17,325,365.00
Remuneration of directors	9	1,645,000.00	-
Depreciation and amortization expense	10	11,105,964.55	8,459,310.00
Repairs and maintenance	11	2,599,252.00	1,251,462.00
Grant Expense	12	0	4,273,626.00
Other Expenses	13	5,956,113.70	-
Total expenses		135,853,436.59	127,200,709.00
Net Surplus for the year		75,783,641.41	38,826,688.00

The notes set out on pages 1 to 21 form an integral part of the Annual Finance Statement.

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements For The Financial Year Ending June 30th, 2020

14. Statement Of Financial Position As At 30th June 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents at the end of the period	14	179,445,551.00	8,578,240.00
Receivables from exchange transactions	15	12,819,238.00	94,380,281.00
Inventories		-	-
Total Current Assets		192,264,789.00	102,958,521.00
Non-current assets			
Property, plant and equipment	16	344,248,621.46	346,939,536.00
Biological Asset	17	370,000.00	-
Intangible assets	18	1,809,589.95	-
Total Non-Current Assets		346,428,211.41	346,939,536.00
Total assets		538,693,000.41	449,898,057.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	2,034,779.00	14,300,999.00
Refundable deposits from customers	20	1,672,393.00	1,527,893.00
Deferred income	21	30,697,774.00	5,564,753.00
		34,404,946.00	21,393,645.00
Non-current liabilities			
Non-current Liabilities		-	-
Total Non-Current Liabilities		-	-
Total liabilities		34,404,946.00	21,393,645.00
Net assets		504,288,054.41	428,504,412.00
Accumulated surplus		504,288,054.41	428,504,412.00
Total net assets and liabilities		538,693,000.41	449,898,057.00

The Annual Financial Statements set out on pages 1 to 32 were signed on behalf of the Institute Board of Governors by:


 Chairman Board of Governors

Date.....07/04/2021.....


 Finance Officer

ICPAK No.20670

Date.....07/04/2021.....


 Chief Principal

Date.....07/04/2021.....

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements For The Financial Year Ending June 30th, 2020

15. Statement Of Changes In Net Asset For The Year Ended 30th June 2020

	Revaluation reserve	Retained earnings	Total
Balance b/f as at July 1st,2018	-	389,677,725.00	389,677,725.00
Total comprehensive income	-	38,826,688.00	38,826,688.00
Capital/Development grants received during the year	-	-	-
As At June 30, 2019		428,504,413.00	428,504,413.00
At July 1, 2019			
Balance b/f as at July 1st,2019	-	428,504,413.00	428,504,413.00
Revaluation gain	-	-	0
Total comprehensive income	-	75,783,641.41	75,783,641.41
Transfer of surplus to capital Development		0	0
Transfer of depreciation amortisation from capital fund to retained earnings		0	0
At June 30, 2020	-	504,288,054.41	504,288,054.41

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements For The Financial Year Ending June 30th, 2020

16. Statement Of Cash Flows For The Year Ended 30th June 2020

		2019/2020	2018/2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		31,657,250.00	5,956,550.00
Rendering of services- Fees from students		157,604,594.04	153,306,838.00
Revenue from Sundry Debtors		77,748,928.04	
Prepaid fees		30,697,774.00	
Sale of goods		3,624,325.00	-
Rental revenue from facilities and equipment		5,931,671.00	1,087,047.00
Total Receipts		307,264,542.08	161,753,772.00
Payments			
Compensation of employees		19,181,774.20	17,325,365.00
Use of goods and services		93,968,553.14	-
Remuneration of Directors		1,645,000.00	-
Repair and Maintenance		2,599,252.00	1,251,462.00
Other Expenses		5,318,113.70	2,608,516.00
Transfer to Kinangop TVC		2,000,000.00	3,273,625.00
Total Payments		124,712,693.04	107,510,619.00
Net cash flows from operating activities		182,551,849.04	54,243,153.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-11,684,538.00	-10,230,779.00
Net cash flows used in financing activities			-10,230,779.00
Net increase/(decrease) in cash and cash equivalents		170,867,311.04	44,012,374.00
Cash and cash equivalents at the beginning of the Year	22(b)	8,578,240.00	46,340,244.00
Cash and cash equivalents as at 30th June 2020	22(b)	179,445,551.04	8,578,240.00

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17. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 June 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019/2020	Kshs
Revenue										
Govt Operation Grants-Capitation	48,000,000.00		-		48,000,000.00		30,657,250.00		17,342,750.00	
Govt Operation Grants-Recurrent	24,000,000.00		-		24,000,000.00		-		24,000,000.00	
Govt Operation Grants-Recurrent (Kinangop TVC)	-		-		-		1,000,000.00		-1,000,000.00	
Government Development Grants	36,000,000.00				36,000,000.00		-		36,000,000.00	
Rendering of services- Fees from students	45,052,000.00		-		45,052,000.00		170,423,832.00		67,413,070.00	
Sale of goods	37,549,400.00		-		37,549,400.00		3,624,325.00		14,257,945.00	
Other Income-Rental Revenue	210,000.00		-		210,000.00		5,931,671.00		-5,721,671.00	
Total income	190,811,400.00		-		190,811,400.00		211,637,078.00			
Expenses										
Compensation of employees	22,085,000.00		-		22,085,000.00		19,181,774.20		2,903,225.00	
Use of Goods and services	115,558,100.00		-		115,558,100.00		93,968,553.14		21,273,281.86	
Remuneration of directors	4,000,000.00		-		4,000,000.00		1,645,000.00		2,355,000.00	
Repair and Maintenance	4,761,000.00		-		4,761,000.00		2,599,252.00		2,161,748.00	
Development Expense	44,407,300.00		-		44,407,300.00		5,318,113.70		19,939,092.00	
Total expenditure	190,811,400.00		-		190,811,400.00		122,712,693.04		48,632,347.66	
Surplus for the period	-		-		-		88,924,384.96			

Budget notes

1. The decrease in Government grants was due to reduction of grants as expected.
2. The increase in income was as a result of enrolment of more NYS students than budgeted.
3. The expenditure was not fully met due to COVID -19 pandemic.

18. Notes To The Financial Statements

1. General Information

Nyandarua Institute of Science and Technology is established by and derives its authority and accountability from the TVET Act 2013 Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute's principal activity is training.

2. Statement Of Compliance And Basis Of Preparation

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

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

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

3. Adoption Of New And Revised Standards

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

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

ii. Early adoption of standards

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

3 Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Council or Board on **18th June 2019**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

c) Taxes

Current income tax

The Institute pays statutory tax deductions.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic

benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, plant and equipment

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

Summary rates of depreciation and amortization used a plant property and equipment is as follows:

A.

Item	Depreciation Rate
Building	4%
Plant	8%
Motor vehicle	25%
Computers /ICT	33.5%
Office Equipment	8%
Furniture & Fittings	8%
Other Equipment	8%

B Summary of rates of amortization for intangible 10%

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

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

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

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

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and

the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

Notes to The Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

There were no Provisions during the financial year.

1. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019/2020	2018/2019
	KShs	KShs
Unconditional grants		
GOK Operational grant	30,657,250	10,230,175
Total unconditioal government grants	30,657,250	10,230,175
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	1,000,000.00	-
Total government grants and subsidies	31,657,250.00	10,230,175.00

1(a) 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	2018-2019 KShs
MOEST-Grants	30,657,250.00	-	-	30,657,250.00	10,230,175.00
MOEST-Kinangop TVC Grants	1,000,000.00	-	-	1,000,000.00	-
Total	31,657,250.00	-	-	31,657,250.00	10,230,175.00

The details of the reconciliation have been included under (Appendix iii)

2. RENDERING OF SERVICES

Description	2019/2020	2018/2019
	KShs	KShs
Tuition fees/S.E.S	39,523,738.00	61,866,255.00
Activity fees	5,102,398.00	7,167,079.00
Examination fees	26,162,268.00	16,715,787.00
Electricity, water & Conservancy	4,413,208.00	6,187,735.00
Repairs Maintenance & improvements	4,137,109.00	2,766,069.00
Development-Students	210,220.00	13,080,411.00
Personal emoluments	13,053,642.00	21,287,288.00
Local travel & Transport	4,822,899.00	4,553,840.00
Students Welfare	1,593,170.00	1,527,390.00
Contingencies	7,357,972.00	5,606,825.00
Industrial Attachment	617,400.00	2,466,424.00
Medical	1,590,650.00	1,123,284.00
Boarding, Equipment & Stores	47,957,370.00	6,285,282.00
Registration fees-Students	692,400.00	2,215,669.00
Driving	225,650.00	457,500.00
Caution	144,500.00	
Sundry Debtors	12,819,238.00	
Total revenue from the rendering of services	170,423,832.00	153,306,838.00

3. OTHER INCOME

Description	2019/2020	2018/2019
	KShs	KShs
Farm	-	1,403,337.00
Total revenue from other Income	-	1,403,337.00

4. SALE OF GOODS

Description	2019/2020	2018/2019
	KShs	KShs
Sale of goods		
Farm Income	3,624,325.00	
Total revenue from the sale of goods	3,624,325.00	-

Notes to The Financial Statements

5.RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019/2020	2018/2019
	KShs	KShs
Hire of Facilities	5,931,671.00	1,087,047.00
Total rentals	5,931,671.00	1,087,047.00

6.USE OF GOODS AND SERVICES

Description	2019/2020	2018/2019
	KShs	KShs
Electricity, Water & Conservancy	3,886,435.00	
Security Services	800,000.00	
Advertising	333,080.00	
Admin fees	1,108,380.00	
Contingencies	-	
Training Materials	3,036,342.00	
Local Travelling & Transport	3,475,055.00	
Fuel and oil	1,198,250.00	
Subscriptions	182,500.00	
Performance Contract	11,249,010.00	
Service Charter	154,500.00	
Insurance-WIBA	577,815.00	
Hire of Facilities	4,551,357.00	
Boarding, Equipment & Stores	19,143,462.00	
Activity Expense	2,019,275.00	
Students Welfare	1,083,350.00	
Medical Expense	277,067.00	
Industrial Attachment	1,161,502.00	
Telecommunication	1,352,120.00	
Stationery, Equipment & Stores.	19,680,197.14	
Examination	17,920,290.00	
Driving School Expense	86,775.00	
Farm-Expense	2,088,570.00	
Total good and services	95,365,332.14	

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7. GENERAL EXPENSES

Description	2019/2020	2018/2019
	KShs	KShs
Electricity, Water & Conservancy	-	4,726,066.00
Security Services	-	-
Advertising	-	-
Admin fees	-	-
Contingencies	-	2,073,066.00
Training Materials	-	-
Local Travelling & Transport	-	3,186,771.00
Fuel and oil	-	-
Subscriptions	-	-
Performance Contract	-	10,243,895.00
Hire of Facilities	-	-
Boarding, Equipment & Stores	-	17,086,215.00
Activity Expense	-	4,628,731.00
Students Welfare	-	589,120.00
Medical Expense	-	452,086.00
Industrial Attachment	-	996,657.00
Telecommunication	-	-
Stationery, Equipment & Stores.	-	16,471,833.00
Examination	-	12,986,230.00
Development	-	12,839,295.00
Driving School Expense	-	404,411.00
Farm-Expense	-	800,320.00
Grant Expense	-	5,956,550.00
BOG	-	2,449,700.00
Total good and services	-	95,890,946.00

8. EMPLOYEE COSTS

	2019/2020	2018/2019
	KShs	KShs
Basic pay	8,592,158.00	8,332,328.00
Housing benefit/Allowance	1,217,850.00	1,253,850.00
Medical/NHIF	319,650.00	323,300.00
Commuter Allowance	673,500.00	699,750.00
Responsibility Allowance	82,622.00	87,352.00
Employer NSSF	436,680.00	463,953.00
Contractual Employees	6,072,161.00	4,539,372.00
Casual Workers	1,787,153.20	1,625,460.00
Total Employee costs	19,181,774.20	17,325,365.00

9. REMUNERATION OF DIRECTORS

Description	2019/2020	2018/2019
	KShs	KShs
Chairman's Honoraria	-	-
Directors Sitting Allowances	1,140,000.00	-
Other allowances-Accommodation	505,000.00	-
Total director emoluments	1,645,000.00	-

10. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	10,904,899.00	8,459,310.00
Intangible Assets	201,065.55	-
Total depreciation and amortization	11,105,964.55	8,459,310.00

11. REPAIRS AND MAINTENANCE

Description	2019/2020	2018/2019
	KShs	KShs
Vehicles Repairs	786,712.00	-
Property, Plant & Equipments	1,812,540.00	1,251,462.00
Total repairs and maintenance	2,599,252.00	1,251,462.00

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020
Notes to The Financial Statements (Continued)

12. GRANT EXPENSES

Description	2019/2020	2018/2019
	KShs	KShs
Grant Expenses	-	4,273,626.00
Total Development Expense	-	4,273,626.00

13. OTHER EXPENSES

Description	2019/2020	2018/2019
	KShs	KShs
Other Expenses	5,956,113.70	-
Total Development Expense	5,956,113.70	-

14. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Description	2019/2020	2018/2019
	KShs	KShs
Cash	209.00	218.00
Current account	179,445,342.00	8,578,022.00
Total cash and cash equivalents	179,445,551.00	8,578,240.00

14 (A) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

		20xx-20xx	20xx-20xx
Financial institution	Account number	KShs	KShs
a) Current account			
Equity Bank, Nyahururu	160296471157	12,602,137.00	2,238,220.00
CO-OP Bank, Nyahururu	1129038043701	160,981,117.00	2,116,677.00
CO-OP Bank, Nyahururu	1129038043702	5,862,089.00	4,223,124.00
Sub- total		179,445,343.00	8,578,021.00
cash in hand		209.00	218.00
M pesa		-	-
Sub- total		209.00	218.00
Grand total		179,445,552.00	8,578,239.00

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020	2018/2019
	KShs	KShs
Current receivables		
Student debtors-Fees	12,534,238.00	94,380,281.00
Salary Advances	285,000.00	-
Total current receivables	12,819,238.00	94,380,281.00

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020

Notes to the Financial Statements (Continued)

16. PROPERTY, PLANT AND EQUIPMENT

Details	Land	Buildings	Machine ry	Motor Vehicles	Comp. Equip	Office Equip	Furniture & Fittings	Other Loose	Caterin g	Books & Reading	Other Equip	Sports Eqipt &	Total
	Kshs	Kshs.	Kshs	Kshs	Kshs	Kshs	Kshs	Tools	equipme nt	Materials	Kshs	Curtains	Kshs
Depreciation rate	-	4%	8%	25%	33.00%	20%	8%	20%	20%	20%	20%	20%	-
As at 30June, 2018	200,000,000	127,318,641	2,755,437	7,397,625	2,094,430	387,339	8,411,421	110,276	458,764	967,507	534,912	786,620	351,222,972
Depreciation for the year		3,182,966	551,087	1,849,406	697,445	77,468	1,051,428	22,055	91,753	193,501	106,982	157,324	7,981,416
NBV as at 30June, 2018	200,000,000	124,135,675	2,204,350	5,548,219	1,396,985	309,871	7,359,993	88,221	367,011	774,006	427,930	629,296	343,241,556
As at 1July, 2018	200,000,000	124,135,675	2,204,350	5,548,219	1,396,985	309,871	7,359,993	88,221	367,011	774,006	427,930	629,296	343,241,556
Additions during the year	-	2,332,580	929,000	-	1,112,190	104,445	1,374,700	93,860	512,325	286,648	1,574,550	54,480	8,374,778
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30June, 2019	200,000,000	126,468,255.00	3,133,350.00	5,548,219.00	2,509,175.00	414,316.20	8,734,693.00	182,080.80	879,336.20	1,060,653.60	2,002,479.60	683,776.00	351,616,334

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Depreciation for the year	-	3,161,706	626,670	1,387,055	835,555	82,863	1,091,837	36,416	175,867	212,131	400,496	136,755	8,147,351
NBV as at 30 June, 2019	200,000,000.00	123,306,549	2,506,680	4,161,164	1,673,620	331,453	7,642,856	145,665	703,469	848,523	1,601,984	547,021	343,468,983
NBV as at 1st July, 2019	200,000,000.00	123,306,549.00	2,506,680.00	4,161,164.00	1,673,620.00	331,452.96	7,642,856.00	145,664.64	703,468.96	848,522.88	1,601,983.68	547,020.80	343,468,983
Additions during the year	-	571,578	-	7,877,250	1,265,900	-	675,990	-	-	-	1,293,820	-	11,684,538
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June, 2020	200,000,000.00	123,878,127.00	2,506,680.00	12,038,414.00	2,939,520.00	331,452.96	8,318,846.00	145,664.64	703,468.96	848,522.88	2,895,803.68	547,020.80	355,153,520.92
Depreciation for the Year	-	4,955,125	200,534	3,009,604	979,742	66,291	665,508	29,133	140,694	169,705	579,161	109,404	10,904,899
NBV as at 30th June, 2020	200,000,000.00	118,923,002	2,306,146	9,028,811	1,959,778	265,162	7,653,338	116,532	562,775	678,818	2,316,643	437,617	344,248,621

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020
Summary of the additional in the Fixed Asset Register

S/N	ITEM	AMOUNT
1.	Motor vehicles	7,680,750
2.	Motorbikes	196,500
3.	Cowshed and farm house	571,578
4.	Waterpan	718,180
5.	Computer equipments	1,265,900
6.	Furnitures	675,990
7.	Other equipments	575,640
	TOTAL	11,684,538

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020
Notes To The Financial Statements (Continued)

17. BIOLOGICAL ASSETS

Description	2019/2020	2018/2019
	KShs	KShs
At beginning of the year	280,000.00	-
Additions	90,000.00	-
At end of the year	370,000.00	
NBV	370,000.00	-

18. INTANGIBLE ASSETS-SOFTWARE

Description	2019/2020	2018/2019
	KShs	KShs
Cost	2,010,655.50	-
At beginning of the year	-	-
Additions	-	-
At end of the year	2,010,655.50	-
Amortization and impairment	201,065.55	-
NBV	1,809,589.95	-

19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	2,034,779.00	14,300,999.00
Total trade and other payables	2,034,779.00	14,300,999.00

20. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019/2020	2018/2019
	KShs	KShs
Non-current receivables		
Refundable deposits-Caution Money	1,672,393.00	1,527,893.00
Total refundable Deposits from Customers/Students	1,672,393.00	1,527,893.00

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020
Notes To The Financial Statements (Continued)

21 DEFERRED INCOME

Description	2019/2020	2018/2019
	KShs	KShs
National government(KINANGOP TVC)	-	1,000,000.00
Prepaid Fees	30,697,774.00	4,564,753.00
Total deferred income	30,697,774.00	5,564,753.00

21 (A) .The deferred income movement is as follows:

	National government		Total
	Kinangop TVC	Prepaid Fees	
Balance brought forward	1,000,000.00	4,564,753.00	5,564,753.00
Additions during the year		30,697,774.00	30,697,774.00
Transfers to Capital fund	-	-	-
Transfers to income statement	-	(4,564,753.00)	(5,564,753.00)
Other transfers	1,000,000.00	-	
Balance carried forward	-	30,697,774.00	30,697,774.00

22(a).CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Description	2019/2020	2018/2019
	KShs	KShs
Cash	209.00	218.00
Current account	179,445,342.00	8,578,022.00
Total cash and cash equivalents	179,445,551.00	8,578,240.00

22(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

		20xx-20xx	20xx-20xx
Financial institution	Account number	KShs	KShs
a) Current account			
Equity Bank, Nyahururu	160296471157	12,602,137.00	2,238,220.00
CO-OP Bank, Nyahururu	1129038043701	160,981,117.00	2,116,677.00
CO-OP Bank, Nyahururu	1129038043702	5,862,089.00	4,223,124.00
Sub- total		179,445,343.00	8,578,021.00
cash in hand		209.00	218.00
M pesa		-	-
Sub- total		209.00	218.00
Grand total		179,445,552.00	8,578,239.00

23. CASH GENERATED FROM OPERATIONS.

1

	2019-2020	2018-2019
Details	KShs	KShs
Surplus for the year before tax	75,783,641.41	38,826,688.00
Adjusted for:		
Depreciation	11,105,964.55	8,459,310.00
Impairment	-	-
Working Capital adjustments		
Increase in inventory	-	-
Decrease in receivables	81,561,043	93,360,768.00
Increase in deferred income	25,085,041.00	5,564,753.00
Decrease in payables	(12,266,220.00)	12,676,249.00
Increase in payments received in advance	144,500.00	302,543.00
Net cash flow from operating activities	179,445,551.04	(27,531,225.00)

16. Financial Risk Management

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	12,819,238.00	12,819,238.00	-	-
Bank balances	179,445,551.00	179,445,551.00	-	-
Total	192,264,789.00	192,264,789.00	-	-

Notes to the Financial Statements (Continued)

46. Financial Risk Management (Continued)

(i) Credit risk (continued)

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

The 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 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	
	Kshs	Kshs	Kshs	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20				
Trade payables	-	2,034,779.00	-	2,034,779.00
Deferred income	-	30,697,774.00	-	30,697,774.00
Refundable deposits from customers	-	-	1,672,393.00	1,672,393.00
Total		32,732,553.00	1,672,393.00	34,404,946.00

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020
Notes to the Financial Statements (Continued)

46. Financial Risk Management (Continued)
iv) Capital Risk Management

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

DESCRIPTION	2019/2020	2018/2019
	Kshs	Kshs
Retained earnings	504,288,054.41	428,504,412.00
Total funds	504,288,054.41	428,504,412.00
Total borrowings	-	-
Less: cash and bank balances	179,445,551.00	8,578,240.00
Excess cash and cash equivalents	179,445,551.00	8,578,240.00
Gearing		NIL

Notes to the Financial Statements (Continued)

47. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

	2019/2020	2018/2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	30,657,250.00	10,230,175.00
Kinangop TVC Grants Government	1,000,000.00	-
Donations in kind	-	-
Total	31,657,250.00	10,230,175.00

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020
Notes to The Financial Statements (Continued)

19. Appendices

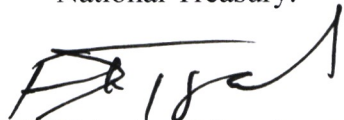
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		We have not yet received the audit certificate for financial year 2018/2019.			

Guidance Notes:

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


 Chief Principal (Nyandarua Institute of Science and Technology)
 Secretary of the Board

Date..... 07/04/2021

Nyandarua Institute Of Science And Technology
Annual Report And Financial Statements for The Financial Year Ending June 30th, 2020

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by Nyandarua Institute of Science and Technology funded by Development partners

Project Title	Project Number	Donor	Period/ Duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
N/A	N/A	N/A	N/A	N/A	NO	NO

Status of Projects completion

Project	Total Project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Nyandarua Institute Of Science And Technology
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Appendix III: Inter-Entity Transfers

	ENTITY NAME:	NYANDARUA INSTITUTE OF SCIENCE AND TECHNOLOGY		
	Break down of Transfers from the State Department of Technical and Vocational Training			
	FY 2019/2020			
a.	Government Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	MOE	08/07/2019	2,547,250.00	2019/2020
	MOE	10/07/2019	12,900,000.00	2019/2020
	MOE	18/10/2019	6,127,500.00	2019/2020
	MOE	10/06/2020	9,082,500.00	2019/2020
		Total	30,657,250	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Kinangop TVC	28/04/2020	1,000,000.00	2019/2020
		Total	1,000,000.00	

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

Finance Officer.....*MONICA NDIRANGI*

Chief Principal.....*Muhammas*

Sign *[Signature]*

Sign *[Signature]*

Appendix IV: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	10/07/2019	Government Grants	12,900,000.00	12,900,000.00	-	-	-	-	12,900,000.00
Ministry of Education	18/10/2019	Government Grants	6,127,500.00	6,127,500.00	-	-	-	-	6,127,500.00
Ministry of Education	10/06/2020	Government Grants	9,082,500.00	9,082,500.00	-	-	-	-	9,082,500.00
Ministry of Education Dept of TVET	08/07/2019	Government Grants	2,547,250.00	2,547,250.00	-	-	-	-	2,547,250.00
Ministry of Education Dept of TVET	28/04/2020	Kinangop TVC	1,000,000.00	1,000,000.00	-	-	-	-	1,000,000.00
Total			31,657,250.00	31,657,250.00	-	-	-	-	31,657,250.00

