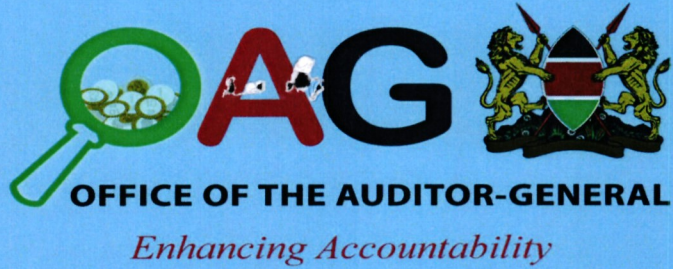


REPUBLIC OF KENYA



# REPORT

OF

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

ON

**MAWEGO TECHNICAL TRAINING  
INSTITUTE**

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

THE NATIONAL ASSEMBLY  
PAPERS T A T D

DATE: 09 FEB 2022

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S. Kalama

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

18 JUN 2020

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**MAWEGO TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Mawego T.T.I was established in 1952 as a trade school by the Utretch Brothers from Netherlands. Located in Rachuonyo North Sub-county of Homa-Bay County, the Institute is accessible through Oyugis Town which is 12 km away. It is also accessible through Kendu-Bay town which is about 17 km away. Mawego TTI operates under the TVET Act on 2013

It became a Technical Secondary School in 1967 under the Ministry of Education. In 1986, it was converted into a Technical Training Institute, a status it retains to date.

Having been founded by the Catholic Church, the institute continues to enjoy the sponsorship of the church to date and falls under Diocese of Homa-Bay.

We pride ourselves in placing more than ordinary interest and effort in creating a positive difference in the whole of the individual trainee.

### **(b) Principal Activities**

The principal activity/mission/ mandate of Mawego TTI is to offer Technical and Business Training.

**Vision:** An Internationally competitive Technical and Business Training Institute.

**Mission:** To provide training, research and outreach programs that impart skills and utilize applied knowledge to spur economic growth and respond to the changing needs of industry and society.

#### **Core Values**

- Integrity
- Professionalism
- Patriotism
- Teamwork and excellence
- Non-discrimination
- Efficiency
- Courtesy
- Continual improvement
- Innovation and creativity

**Mawego Technical Training Institute**  
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For smooth running of the institution, eight academic departments were established. These include;

1. Electrical and electronics
2. Mechanical engineering
3. Building and civil engineering
4. Institutional management
5. Information, communication technology
6. Agriculture
7. Business studies
8. Applied Science

**(c) Key Management**

Mawego TTI day-to-day management is under the following key organs:

- Board of Management
- Principal
- Deputy principal - Administration
- Deputy principal – Academics
- Registrar
- Dean of Students

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	John Akola
2.	Deputy Principal - Administration	Jared Ogot
3.	Deputy Principal - Academics	Asha Kibwana
4.	Registrar	Sylvester Omondi
5.	Dean of Students	Leah Otieno
6.	Procurement Officer	Loice Obengo
7.	Finance Officer	CPA Felix Odera

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**(e) Fiduciary Oversight Arrangements**

The Institute is in the process of instituting audit oversight committee.

The institute board has various sub-committees, which provided oversight; such as:

**i) Finance, Infrastructure and Risk Management Committee**

The committee assists the Board in fulfilling its governance responsibilities by way of ensuring internal controls systems are reliable; provision of general oversight in risk and compliance matters and ensuring integrity, effectiveness and reliability of Institute risk management framework.

**ii) Education and Research committee**

The committee is responsible for review of the Institute Performance contracting report in ensuring compliance and adjusting on the slack, they assess learning environment to determine if it's conducive and analyse the general academic performance of the Institute.

**iii) Ad-hoc committee**

The committee is charged with the responsibility of evaluating Income generating activities in bid of creating self-sustenance in the Institute and they also handle dynamic issues affecting learning Institute.

**KEY ENTITY INFORMATION AND MANAGEMENT**

**(f) Entity Headquarters**

P.O. Box 289-40222,  
Kendu-bay – Kadongo Road  
Oyugis, Kenya

**(g) Entity Contacts**

*Tel: +254 0734156640, +254 020353092,*  
*E-mail: mawegotechnical@gmail.com,*  
*Website: www.mawegotechnical.co.ke*

**(h) Entity Bankers**

1. Kenya Commercial Bank,  
Oyugis Branch,  
P.O Box 170  
Oyugis, Kenya.
  
2. Equity Bank, Oyugis Branch  
P.O Box 514  
Oyugis, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**THE BOARD OF GOVERNORS**



**PHILEMON ORIGA**  
**BOG CHAIRMAN**

Born in 1960, Mr Philemon is the Chairman Board of Governors. He previously worked at Ministry of Roads and Public works for 26 years.

He holds Higher National Diploma in Highway Engineering and Diploma in Civil Engineering



**GRACE PAULINE NYAGAYA**

Ms Grace Nyagaya was born in 1979, is an ICT Team Lead at Kemri/CDC, having served at Computer Helpdesk in the same Organization for over 15 years.

She is the chairperson; Education, Research and Training committee.

Ms Grace, holds BSc. In Computer Science and Diploma in Information Technology.



**WILLIAM ODONGO ATHEMBO**

Born in 1970, Mr William Odongo is an Architecture having worked in Rwanda and Kenya at the Ministry of Public Works for over 23 years.

He holds a Bachelor of Architecture from University of Nairobi.

**Mawego Technical Training Institute**  
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**CPA NELSON OTIENO ALOYS**

Born in 1956, CPA Nelson Otieno is an Auditor and Managing Partner at Otieno & Associates. He previously served as Chief Accountant and Assistant General Manager at MEDS, Chief Accountant at Safari Park Hotel and Senior Accountant at KPLC.

He is the chairman; Finance, Infrastructure and Administration committee.

He holds Masters in Business Administration (MBA), BSc. Business Administration and CPA (K).



**BERYL AWUOR OCHIENG**

Ms Beryl is the Vice-chair Board of Governors. Born in 1993. She is a Legal Research assistant for the last 2 years.

She is the legal representative of the Institute.

She holds a Bachelor of Law from Moi University and a Diploma in Law.



**JULIUS MONARI ORORI**

Born in 1968, Mr Monari is an Electrical Technician. He has served as Senior Factory Electrical Technician for over 15 years.

He holds Higher Diploma in Electrical Engineering from Kenya Polytechnic University College.

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LUCYTGOKI MURIRA

Born in 1972, Ms Lucy is an experienced Manager having served in Managerial position for over 10 years.

Ms. Lucy holds MA Leading Innovation & change, Higher Diploma in Counselling & Psychology and Certificate in Animal Health.



LUCAS OCHARO  
TVET REGIONAL DIRECTOR

Born in 1961, Mr Ocharo is the Regional Tvet Director, an Independent member and a representative of the Permanent Secretary in the Board. He has over 30 years' experience in both Technical and Managerial position.

He holds Bachelor of Education and Post-Graduate Diploma in Education for the knowledge society (Dublin city University)






JOHN OTIENO AKOLA  
PRINCIPAL, MAWEGO TTI, BOG SECRETARY

Mr. Akola was born in 1968, He is the Principal and secretary to the Board. He has over 25 years' experience in the Learning environment.

He holds Bachelor of education in Technology Education and pursuing Masters in Education Technology.

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

**MANAGEMENT TEAM**

 <p>Mr. John Akola</p>	<p>He is the Principal and secretary to the Board.</p> <p>He holds BED in Technology Education and pursuing Masters in Education Technology.</p> <p>Responsibilities: Prudent management of resources; implementation of the Boards resolutions; provision of visionary leadership and formulation of strategic plans.</p>
 <p>Mr. Jared Odhiambo Ogot</p>	<p>Mr. Jared is the Deputy Principal in charge of Administration.</p> <p>He holds Bachelor of Education Science.</p> <p>Responsibilities: Student discipline, oversee departmental functionalities and procuring of items in the Institute.</p>
 <p>Mrs. Asha Bakari Kibwana</p>	<p>She is the Deputy Principal in charge of Academics.</p> <p>She holds Masters in Counselling Psychology, BSc. Agriculture and Home Economics.</p> <p>Responsibilities: In-charge of academic and quality Assurance; curriculum implementation and implementation of performance contracting targets.</p>

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019



He is the Registrar.

He holds Higher Diploma in Automotive Engineering.

Responsibilities: Admission of students; prudent management of student records and marketing of the Institute.

Mr. Sylvester Omondi



She is the Dean of Students.

She holds BSc. Hospitality Management, Diploma in Catering and Accommodation and Diploma in Technical Education.

Responsibilities: In-charge of student hostel allocation and sanitation; oversees the operations at the catering department.

Mrs. Leah-Ajwang' Otieno



CPA Felix is the Institute Finance Officer.

He holds Bachelor of Commerce (Finance) and CPA (K).

Responsibilities: Co-ordinating preparation of Annual budgets, preparation of Financial reports, oversee receivables and payables and advice the management on Institute Finances.

CPA Felix Otieno Odera

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019



Mrs. Rose Loice Obengo

She is the Institute Procurement Officer.

She holds a Bachelor of Commerce (Supply chain Management) and a member of KISM and CIPS.

Responsibilities: Purchases for the Institute; Advice on matters related to Procurement; Control of materials and assets procured; oversee the work of storekeeper and spearhead the tendering process.

## CHAIRMAN'S STATEMENT



I am pleased to unveil 2018/2019 financial report of Mawego Technical Training Institute which is one of the oldest Technical Institution in Kenya. This is a catholic sponsored Institution. I take this opportunity to share my views on the operations, challenges and performance.

### Review of the Institution and key changes

During this financial year, we had a positive growth in number of students due to Kuccps placement and Government sponsorship through Capitation which subsidizes the fee. This in turn increased dependence on limited resources and old classrooms, which forced creation of tent classes thus creating an urgent need to put up more classes for learning activities.

### Institutions Economic Focus

The Institution works with strategic plan which offers a forecast over a period of five (5) years, cascaded down to yearly. This is in line with the vision 2030 and the Big four agenda.

In view of effectiveness and efficiency, we formed an ad-hoc committee to look into contingencies and Income Generating Activities in bid to be self-reliant and for creation of multiple streams of income for growth.

### Financial performance

The Institute is financially sound and we have been able to meet our commitments as per our charter due to planning and adhering to budget. Capitation and Helb have contributed significantly towards ensuring fees which is a major source of revenue is collected. Since Institution prepares a balanced budget we normally have fixed items to finance and non-collection of fee at the right time means key projects are delayed pending availability of funds.

We acknowledge having the right staff occupying right places to deliver the required targets in ensuring quality practical education to our students. This has made the Board of Management to recruit more Bog teachers to meet the need of the increased student population giving rise to increased wage payments.

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

**Future Development**

We will further on mentorship and outreach programs within and outside the county in order to attain student numbers as per the strategic plan as we gear towards transfer of skills and technology across the country.

As we aim to grow to Polytechnic, we have put in place structures to enhance effective interaction as we liaise with the county government (on security), Constituency (provision of security lights), faith based organisation and parent ministry as part of growth strategy.

**Outlook**

I have the responsibility of providing a comprehensive support system to complement on the roles of making progressive transformation to this Institute. This is an assurance of producing an all-round skilled trainees that will bridge the Country's demand of technicians.

We will enhance the capability of our facilities and technology in order to attract the best personnel to build the vision of the Institute. I would like to take this opportunity to thank the Board of Governors, the Principal and all the staff members for tireless work in order to achieve our core mandate.



Mr. Philemon Jos Origa  
Chairman, Board of Governors

## REPORT OF THE PRINCIPAL



It is with great pleasure to present the 2018/2019 financial report which is an effort by different officers working towards a common goal of building the Institution.

We have experienced continuous gradual growth in students enrolment as one of the key elements aligned to the strategic plan. This has exposed us to challenges of accommodation and other social amenities like provision of clean water.

### Institution's performance

Student population has grown from 2,748 to 3,465 in this financial year, with a satellite campus having a growth of 130 from 112 due to marketing the Institution and availability of diverse means of paying fees.

The construction of Institutional Management block which is a government sponsored project is complete, this will act as a tuition block and production unit. Current library is under construction to expand the carrying capacity. These will enhance learning through practical knowledge as well as create more space for learning. Stalled 16 classroom block re-enforcement for completion has been cleared by Government structural engineer at a cost of Kshs. 19.5Million; this will provide for more rooms for classes.

### Research and Innovation

During the financial year the Institute participated in regional research and robotics where five (5) innovations were selected for National Tvet fair competition held in Mombasa from where a further three (3) categories emerged among the best and also participated at NACOSTI in August, 2019.

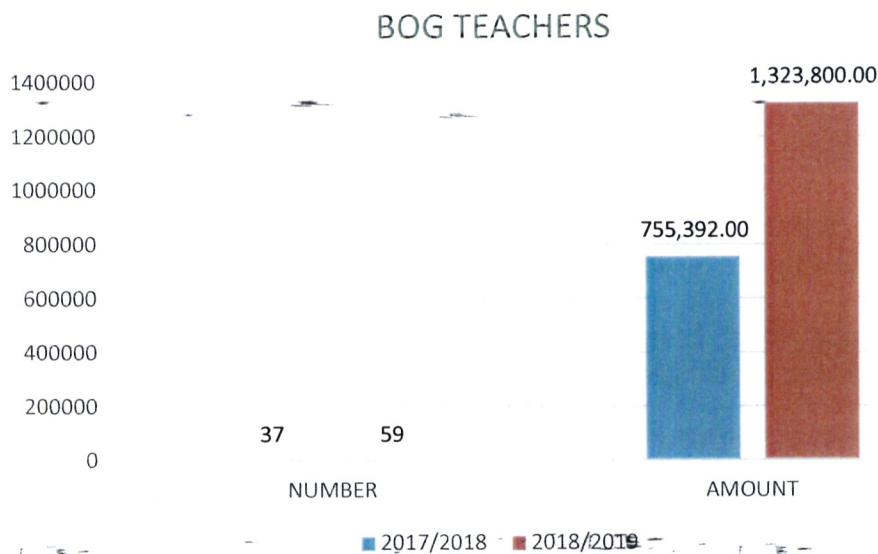
We hosted regional ball games for technical institutes as well as National polytechnics which is part of co-curricular activity and as a way of promoting integration amongst technical institutions.

The board held a meeting in Diani, Mombasa in December, 2018 in order to align the strategic plan to the President's big four agenda and assigning of key issues depending on the immediate needs. As part of performance contracting signing and the help of Ad-hoc committee of the board; the institute has leased land from Homa hills community for cultivation of maize which were be harvested in August, 2019 and a fish pond at Awach water site as a production unit.

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

On finances, the Institute has remained financially sound by managing to collect more revenue in this financial year as compared to the previous year due to diverse revenue sources (capitation and helb). Significantly, National Youth Service has not fully paid fees for their sponsored students and capitation money has been paid only half to beneficiaries, this in turn has delayed projects due unavailability of funds to kick-start the projects hence interfering with budget consumption level.

Number of trainers are limited as compared to student numbers which has necessitated employment of 59 trainers to bridge the gap and this has increased wages paid to Bog trainers per month as shown below;



**John Otieno-Akola**  
Principal/ Secretary Bog





## CORPORATE GOVERNANCE STATEMENT

### The board consists of the following sub-committees and their mandate;

- Finance, Infrastructure and Risk management committee  
The committee is responsible for;
  - Resources management.
  - Review financial operations and reports
  - Review challenges experience by the Institute on implementation of strategic plan.
  - Oversee the implementation of annual budgets.
  
- Education and Research committee  
This consists of Board members undertaking;
  - Review of quarterly Performance contract.
  - Analyse academic performance of the Institute.
  
- Ad-hoc committee  
This committee derives its membership from Board of Governors. They are charged with;
  - Evaluation of Income Generating activities.
  - Handle dynamic issues arising from learning environment.

### Meetings attendance by the Board

#### Full Board Meeting

Name	06/07/2018	25/10/2018	16/12/2018	08/03/2019	16/04/2019	13/05/2019
1.Philemon origa		✓	✓	✓	✓	
2.Beryl Awuor	✓	✓	✓	✓	✓	✓
3.Grace Nyagaya	✓	✓	✓	✓	✓	✓
4.William Odongo	✓	✓	✓	✓	✓	✓
5.Nelson Otieno	✓	✓	✓	✓	✓	✓
6.Lucy Murira	✓	✓	✓	✓	✓	✓
7.Julius Monari	✓	✓	✓	✓	✓	
8.Lucas Ocharo	✓	✓	✓	✓	✓	✓
9.John Akola	✓	✓	✓	✓	✓	✓

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

Education, Research and Training committee meetings

Name	08/10/2018	01/03/2019
1. Grace Nyagaya	✓	✓
2. Lucy Murira	✓	✓
3. Julius Monari	✓	✓
4. Lucas Ocharo	✓	✓
5. John Akola	✓	✓

Finance, Administration and Infrastructure

Name	19/10/2018	24/01/2019	31/01/2019	05/04/2019	28/06/2019
1. Nelson Otieno	✓	✓	✓	✓	✓
2. Beryl Awuor	✓	✓	✓	✓	✓
3. William Odongo	✓	✓	✓	✓	✓
4. Lucas Ocharo	✓		✓	✓	✓
5. John Akola	✓	✓	✓	✓	✓

Special Board meeting on student unrest

Name	11/04/2019	13/05/2019	13/05/2019
1. Nelson Otieno	✓	✓	✓
2. Beryl Awuor	✓	✓	✓
3. Grace Nyagaya	✓	✓	✓
4. Lucas Ocharo	✓	✓	✓
5. John Akola	✓	✓	✓
6. William Odongo		✓	
7. Julius Monari		✓	
8. Lucy Murira		✓	

Ad-hoc committee meeting

Name	25/01/2019
1. Nelson Otieno	✓
2. Beryl Awuor	✓
3. Lucy Murira	✓
4. Julius Monari	✓
5. John Akola	✓

The Institute uses Mwongozo- code of governance for state corporations for board member appointments as well as its composition and size. Board members serve for three (3) years which can be renewed once.

Board training was done in April, 2019 at Tom Mboya College in Kisumu.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A: The Institute's Operational and Financial Performance

- i. There is increase in gross enrolment of students due to the information that Technical Education is free. This has led to high transition of students from Secondary Education to Technical Institutes.
- ii. Improvement in collection of A-in-A as the fee payment obligation is guaranteed by HELB, which has been disbursed, Government capitation for this financial year was paid but only half of it and NYS balance obligation is yet to be honoured.
- iii. The Institute has been able to meet its operations smoothly except for key projects that lag behind due to delay in fee collection to necessitate their commencement

### SECTION B: The Institute's Compliance with Statutory Requirements

Institute has met all its statutory requirements (NHIF, NSSF, and P.A.Y.E & HELB REMITTANCES) in compliance with the laws governing them. The institute is therefore not exposed to any potential contingent liability.

### SECTION C: The Institute's Key Projects

Key projects and Investment decisions the institute is planning / implementing

SN	PROJECT	NATIONAL GOVT. OBJECTIVES	DELIVERY OF MANDATE	FINANCIER	SUSTAINABILITY/ VIABILITY
1.	Institutional Management block	Increase access to training	Increase tuition infrastructural capacity and capability	Grant from Government	The project is 100% complete.
2.	Mentoring Siruti TTI	Increase access to training	Increase access to training	Grant from Government	The institute is 95% complete.
3.	Construction Tuition Block (16 classrooms)	Increase access to training	Increase tuition infrastructural capacity and capability	Internally generated revenue	By the end of the year, structural reinforcement and fixing of windows were to be done but this did not kick off due to delay in Ministry procurement report
4.	Construction of Library	Increase access to training	Increase tuition infrastructural capacity and capability	Internally generated revenue	Long term project to be done in phases. By the end of the year; Ground floor casting has been done and it is now a work in progress
5.	Develop Institutional Farm	Food Security	Increase access to practicals	Internally generated revenue	This will reduce the boarding expenditure on cereals (Maize).The Institute hired farms at Homa hills, Maize have been harvested.
6.	Complete and operationalize Fish pond	Food Security	Increase access to practicals	Internally generated revenue	This will also be an income generating unit apart from being used for training. Fish pond is operational with the harvest scheduled for December 2019.

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

**SECTION D**

**Major risk(s) facing the Institute**

- i. **Liquidity risk:** Inability to collect full fees, which can impact negatively on budget implementation.
- ii. **Litigation risk:** The Institute has a court case involving staff members which is pending due to computer loss at Rangwe tti which was our mentored Institution.

**SECTION E: Material arrears in statutory/ financial obligations**

The institute has the following material arrears in financial obligations;

- i. Pending bills

<b>SN</b>	<b>SUPPLIER</b>	<b>AMOUNT</b>	<b>REASON</b>
1.	Rachuonyo Electrical & Electronics	280,150	Incomplete documentation
	<b>TOTAL</b>	<b>280,150</b>	

**SECTION F: The Institute's financial probity and governance issues**

In the financial year the Institute did not experience any governance issues in the Board and top management.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY  
REPORTING**

1. The institute participated in world environmental conservation day by planting trees and cleaning major markets around the Institute like Lida and Kendu-bay as part of environment conservation.



Students getting instruction on how tree planting will be conducted from the Principal and County Commander.



County commander planting a tree next to Institutional management block within the Institute.

**Mawego Technical Training Institute**  
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Mawego students holding trees to be part of tree planting day.

2. Hosting of Rachuonyo North secondary schools ball games, Fr. Nyarombo tournament and Mango tree tournament as part of integrating with the community.





3. The institute also provides piped water to the locals.

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

**REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of Mawego TTI affairs.

**Principal activities**

The principal activities of Mawego tti is training

**Results**

The results of Mawego tti for the year ended June 30 are set out on page 1- 9

**BOARD OF GOVERNORS**

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

**Auditors**

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

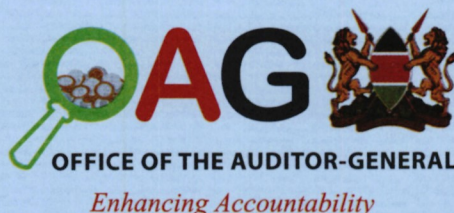
By Order of the Board

Principal  
Date:



# REPUBLIC OF KENYA

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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 MAWEGO TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019**

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

#### **Adverse Opinion**

I have audited the accompanying financial statements of Mawego Technical Training Institute set out on pages 1 to 48, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Mawego Technical Training Institute as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

#### **Basis for Adverse Opinion**

##### **1. Opening Balances and Comparatives Figures**

Management did not submit financial statements for the 2017/2018 financial year to the Auditor General for audit contrary to the provision of Section 47 of the Public Audit Act, 2015.

Consequently, the validity, completeness and accuracy of all the opening balances in the financial statements for the year ended 30 June, 2019 could not be confirmed.

##### **2. Revenue from Non-Exchange Transactions**

As disclosed in Note 6 to the financial statements, the statement of financial performance reflects Kshs.36,316,550 in respect to transfers from the National Government-grant/gifts in kind for the year ended 30 June, 2019 whose income ledger was not provided for audit.

In the circumstances, the accuracy and completeness of the Kshs.36,316,550 could not be confirmed.

### **3. Revenue from Exchange Transactions**

As disclosed in Note 10 to the financial statements, the statement of financial performance reflects Kshs.154,115,042 in respect to rendering of services-fees from students for the year ended 30 June, 2019. However, the income ledger for the Kshs.154,115,042 was not provided for audit.

Further, the following additional anomalies were noted:

- i. The Institute issued receipts to students against among other documents, bank deposit slips whose bank transaction reference numbers was entered in the cash book. However, a comparison of the cash book and bank statements revealed one hundred and two (102) transaction reference numbers amounting to Kshs.1,035,290 which were entered in the cash book but could not be traced in the bank statements thereby casting doubt on the genuineness of the deposit slips.
- ii. Twenty-one (21) receipts serial numbers 13756, 14210, 14211, 14212, 14213, 15117,16148,16224,16308,17432,18268, 18470, 18863, 18977, 19037, 19038, 19039,19232,20496,20698 and 22130.of unknown value were not entered in the cash book and could also not be tracked back to the receipt books as voided with approval.

In the circumstances, the accuracy and completeness of revenue from exchange transactions of Kshs.154,115,042 could not be confirmed.

### **4. Receivables from Exchange Transactions**

As disclosed in Note 29 to the financial statements, the statement of financial position reflects Kshs.32,023,578 on receivables from exchange transactions which relates to student and rent debtors as at 30 June, 2019. However, supporting documents including debtors listing, rental fees structure and ageing analysis were provided for audit.

In the circumstances, the accuracy, validity, and completeness of the Kshs.32,023,578 could not be confirmed.

### **5. Cash and Cash Equivalentents**

As disclosed in Note 28 to the financial statements, the statement of financial position reflects cash and cash equivalentents balance of Kshs.108,551,056 as at 30 June, 2019. However, the following anomalies were noted during the audit:

- i. Included in the Kshs.108,551,056 is Kshs.67,745,716 which was not supported with bank balance confirmation certificates and bank statements.
- ii. The cash book reflects a balance of Kshs.221,989,622 while the financial statements reflects Kshs.108,551,056, resulting to an unreconciled variance of Kshs.113,438,566.
- iii. A comparison of bank statements and cash book revealed payments in the bank statements but not in the cash books totaling Kshs.32,160,675 and thus understating the cash and cash bank balance by the same amount.
- iv. Cash books and bank reconciliation statements for nine (9) bank accounts with balances amounting to Kshs.37,260,882 were not provided for audit:

Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.108,551,056 as at 30 June, 2019 could not be confirmed.

## **6. Non-Current Assets**

### **6.1. Property, Plant and Equipment**

As disclosed in Note 33 to the financial statements, the statement of financial position reflects Kshs.438,285,293 in respect to property, plant and equipment as at 30 June, 2019. However, the following anomalies were noted during the audit:

- i. Assets Register in support of the balances was not provided for audit.
- ii. The Institute did not have an approved depreciation policy for property, plant and equipment.
- iii. Tractors of unknown value which were donated to the Institute by the Parent Ministry were not included in the Kshs.438,285,293.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.438,285,293 as at 30 June, 2019 could not be confirmed.

### **6.2. Intangible Assets-Software**

As disclosed in Note 34 to the financial statements, the statement of financial position reflects Kshs.889,719 in respect to intangible assets as at 30 June, 2019. However, the asset register and an approved amortization policy were not provided for audit.

Consequently, the completeness and accuracy of the intangible assets balance of Kshs.889,719 could not be confirmed.

### **6.3. Biological Assets**

Documents provided for audit including the farm ledgers and physical verification revealed that the Institute had in its possession ten (10) cows. However, the cows had not been valued and disclosed under total non-current assets balance of Kshs.439,175,012 in the financial statements as at 30 June, 2019.

Consequently, the accuracy and completeness of the total non-current assets balance of Kshs.439,175,012 as at 30 June, 2019 could not be ascertained.

## **7. Current Liabilities**

### **7.1. Trade and Other Payables from Exchange Transactions**

As disclosed in Note 36 to the financial statements, the statement of financial position as at 30 June, 2019 reflects Kshs.19,319,148 in respect to trade and other payables from exchange transactions. However, supporting invoices for the Kshs.19,319,148 were not provided for audit.

Further, as disclosed in Note 42 to the financial statements, the statement of financial position reflects Kshs.9,262,466 in respect to payments received in advance relating to fees paid in advance. However, supporting students listing was not provided for audit.

In the circumstances, the completeness and accuracy of the Kshs.19,319,148 and Kshs.9,262,466 could not be confirmed.

## **7.2. Deferred Income**

As disclosed in Note 40 to the financial statements, the statement of financial position reflects Kshs.30,360,000 on deferred income which Management explained as relating to capitation funds receivable from the Government for the year under review. However, the Kshs.30,360,000 did not therefore qualify to be a deferred income since it was not funds received in advance for future utilization.

No explanation was given for the anomalous treatment of capitation funds receivable in the financial statements.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mawego Technical Training Institute 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 adverse opinion.

### **Key Audit Matters**

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

## **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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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 of Conclusion**

#### **Loan Repayments**

Documents provided for audit revealed the Institute had paid Kshs.863,838 on two equal instalments of Kshs.431,919 which Management explained to be a loan repayment to a bank in respect of an asset financing loan for the purchase of Institute's thirty-three-seater bus. However, the details of the financing agreement were not provided for audit.

Consequently, the validity and regularity of the Kshs.431,919 could not be confirmed.

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

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

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Risk Management Policy Framework**

Documents provided for audit revealed that the Institute did not have a Risk Management Policy contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the Institute's risk management strategies including risk identification, prioritization and mitigation mechanisms for the year under review could not be confirmed.

### **2. Failure to Establish an Internal Audit Function**

Documents provided for audit revealed that the Institute did not have an internal audit function in place contrary to Section 73(1)(a) of Public Finance Management Act, 2012.

In the circumstances, the Institute internal control for the year under review could not be ascertained.

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis)] and for 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 governance.

In preparing the financial statements, Management is responsible for assessing the ability of Mawego Technical Training Institute to sustain services, disclosing, as applicable, matters related to sustainability of services and using the International Public Sector Accounting Standards (Accrual Basis) basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

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

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

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

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

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

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

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

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

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

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

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

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

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**18 November, 2021**

**STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES**

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


The council members are responsible for the preparation and presentation of Mawego tti's financial statements, which give a true and fair view of the state of affairs of Mawego tti for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Mawego tti; (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 Mawego tti; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The council members accept responsibility for Mawego tti's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The council members are of the opinion that Mawego tti's financial statements give a true and fair view of the state of Mawego tti's transactions during the financial year ended June 30, 2019, and of Mawego tti's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Mawego tti, which have been relied upon in the preparation of Mawego tti's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

Mawego tti's financial statements were approved by the Board on 28/09/2019 and signed on its behalf by:

  
\_\_\_\_\_  
Board chairman

  
\_\_\_\_\_  
Principal



\_\_\_\_\_  
Board Member

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

**IV. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	36,316,550.00	28,500,000.00
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
<b>Total Revenue from non-exchange transactions</b>		<b>36,316,550.00</b>	<b>28,500,000.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	10	154,115,042.00	124,985,450.00
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Consultancy fees	14	-	-
Other income	15	42,000.00	-
<b>Revenue from exchange transactions</b>		<b>154,157,042.00</b>	<b>124,985,450.00</b>
<b>Total Revenue</b>		<b>190,473,592.00</b>	<b>153,485,450.00</b>
<b>Expenses</b>			
Use of goods and services	16	18,040,904.00	16,738,811.00
Employee costs	17	27,494,674.00	19,153,261.00
Remuneration of directors	18	4,143,959.00	-
Depreciation and amortization expense	19	8,397,838.00	2,413,354.00
Repairs and maintenance	20	6,145,323.00	5,525,478.00
Contracted services	21	-	-
Grants and subsidies	22	-	-
General expenses	23	56,191,282.00	45,190,376.00
Finance costs	24	1,295,757.00	1,295,757.00
<b>Total expenses</b>		<b>121,709,737.00</b>	<b>90,317,037.00</b>

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

<b>Other gains/(losses)</b>			
Gain on sale of assets	25	-	-
Unrealized gain on fair value of investments	26	-	-
Impairment loss	27	-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus for the year</b>		<b>68,763,855.00</b>	<b>63,168,413.00</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on pages 8 to 42 form an integral part of the Annual Financial Statements.

**Mawego Technical Training Institute**  
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**V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2019**

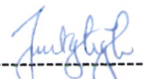
	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	28	108,551,056.00	66,650,193.00
Receivables from exchange transactions	29	32,023,578.00	12,123,231.00
Receivables from non-exchange transactions	30	30,360,000.00	-
Inventories	31	1,610,171.00	-
Investments	32	-	-
<b>Total Current Assets</b>		<b>172,544,805.00</b>	<b>78,773,424.00</b>
<b>Non-current assets</b>			
Property, plant and equipment	33	438,285,293.20	343,127,860.00
Intangible assets	34	889,719.00	1,186,292.00
Investment property	35	-	-
Long term receivables from exchange transactions	29	-	-
<b>Total Non-current Assets</b>		<b>439,175,012.20</b>	<b>344,314,152.00</b>
<b>Total assets</b>		<b>611,719,817.20</b>	<b>423,087,576.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	36	19,319,148.00	13,470,231.00
Conditional grants		4,414,031.00	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of borrowings	44	1,295,757.00	-
Deferred income	40	30,360,000.00	-
Employee benefit obligation	41	-	-
Payments received in advance	42	9,262,466.00	-
<b>Total Current Liabilities</b>		<b>64,651,402.00</b>	<b>13,470,231.00</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	41	-	-

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

Non-current provisions	43	2,529,403.00	-
Borrowings	44	-	-
<b>Total Non-current liabilities</b>		<b>2,529,403.00</b>	-
<b>Total liabilities</b>		<b>67,180,805.00</b>	<b>13,470,231.00</b>
<b>Capital and Reserves</b>			
Reserves		384,334,430.00	-
Accumulated surplus		131,932,268.00	66,650,193.00
Capital Fund		28,272,314.00	342,967,152.00
<b>Total Capital and Reserves</b>		<b>544,539,012.00</b>	<b>409,617,345.00</b>
<b>Total Liabilities and capital &amp; Reserves</b>		<b>611,719,817.00</b>	<b>423,087,576.00</b>

The Financial Statements set out on pages 3 to 4 were signed on behalf of the Institute Board of Governors by:

  
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**Chairman of Board of Governors**  
Date.....15/06/20

  
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**Finance Officer**  
ICPAK No 1433  
Date 15/6/2020

  
-----  
**Principal**  
Date.....  


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

	Reserve	Fair value adjustment reserve	Accumulated surplus	Capital/Development Grants/Fund	Total
<b>Balance b/f at July 1, 2017</b>	384,334,430.00	0	66,650,193.00		409,617,345.00
Revaluation gain					-
Fair value adjustment on quoted investments					-
Total comprehensive income					-
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to Accumulated surplus					-
<b>Balance c/d as at June 30, 2018</b>	384,334,430.00	0	63,168,413.00	13,267,974.00	427,482,817.00
<b>Balance b/f as at July 1, 2018</b>	384,334,430.00	0	63,168,413.00	13,267,974.00	427,482,817.00
Revaluation gain					-
Fair value adjustment on quoted investments					-
Surplus for the year			68,763,855.00		102,051,855.00
Capital/Development grants received during the year				15,004,340.00	15,004,340.00
Transfer of depreciation/amortisation from capital fund to Accumulated surplus					-
<b>Balance c/d as at June 30, 2019</b>	384,334,430.00	0	131,932,268.00	28,272,314.00	544,539,012.00

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended 30 June 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	51,320,890.00	36,000,000.00
Public contributions and donations		-	-
Rendering of services- Fees from students	10	154,115,042.00	124,985,450.00
Sale of goods		-	3,203,320.00
Rental revenue from facilities and equipment		-	
Finance income		-	320,000.00
Consultancy income		-	-
Other income, rentals and agency fees	15	42,000.00	-
<b>Total Receipts</b>		<b>205,477,932.00</b>	<b>164,508,770.00</b>
<b>Payments</b>			
Compensation of employees	17	27,494,674.00	19,153,261.00
Use of goods and services	16	18,040,904.00	3,475,274.00
Finance cost		-	1,295,757.00
Board remuneration	18	4,143,959.00	-
Depreciation	19	8,397,838.00	-
General expenses	23	56,191,282.00	68,408,807.00
Repairs and maintenance	20	6,145,323.00	5,525,478.00
Grants and subsidies paid		-	
<b>Total Payments</b>		<b>120,413,980.00</b>	<b>97,858,577.00</b>
<b>Net cash flows from operating activities</b>		<b>85,063,952.00</b>	<b>66,650,193.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	33	33,021,817.00	
Proceeds from sale of property, plant and Equipment		-	
Decrease in non-current receivables	36	5,848,917.00	

**Mawego Technical Training Institute**  
Annual Report And Financial Statements For The Year Ended June 30, 2019

Increase in investments			
<b>Net cash flows used in investing activities</b>		<b>- 38,870,734.00</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	43	-2,529,403.00	
Repayment of borrowings	24	-	
		1,295,757.00	
Increase in deposits			
<b>Net cash outflows used in financing activities</b>		<b>- 3,825,160.00</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>42,068,058.00</b>	<b>66,650,193.00</b>
Cash and cash equivalents at 1 July 2018		66,650,193.00	
<b>Cash and cash equivalents at 30 June 2019</b>		<b>108,551,056.00</b>	<b>66,650,193.00</b>

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs
<b>Revenue</b>										
Government grants- Capitation		0		0		-		36,316,550.00		36,316,550.00
Tuition and other fees	174,452,791			0	174,452,791.00		154,115,042.00		20,337,749.00	
Other income		0		0		-	42,000.00		42,000.00	
<b>Total income</b>	<b>174,452,791</b>		<b>0</b>	<b>0</b>	<b>180,953,591.00</b>		<b>190,473,592.00</b>		<b>56,696,299.00</b>	
<b>Expenses</b>										
Compensation of employees	36,896,000				36,896,000.00		27,494,674.00		9,401,326.00	
Use of Goods and services/Academic cost	50,769,898				50,769,898.00		18,040,904.00		32,728,994.00	
Finance costs	1,295,757			0	1,295,757.00		1,295,757.00		-	
Remuneration of Board of governors		0				-	4,143,959.00		4,143,959.00	
Repairs and Maintenance	8,062,958				8,062,958.00		6,145,323.00		1,917,635.00	
General expenses	77,428,178				77,428,178.00		56,191,282.00		21,236,896.00	
Depreciation		0				-	8,397,838.00		-8,397,838.00	
<b>Total expenditure</b>	<b>180,953,591</b>		<b>0</b>	<b>0</b>	<b>180,953,591.00</b>		<b>121,709,737.00</b>		<b>52,743,054.00</b>	
<b>Surplus for the period</b>		<b>0</b>		<b>0</b>		<b>-</b>	<b>69,243,854.00</b>		<b>3,953,245.00</b>	

**Budget notes**

1. Government grants is accounted for as a non-exchange transaction as opposed to exchange as per the budget used in the year under preview
2. Development grants is a prerogative of the Ministry of education hence the Institute cannot determine accurately how much will be availed thus causing the difference.
3. Compensation to employees was budgeted with the anticipation that collective bargain agreement with Kudheiha will be effected but this never materialised.
4. On academic cost, their was slow uptake of budget due to uncertainty in fee collection especially delay in capitation.
5. General expenses includes Development project that were supposed to be financed internally but were never done and some started late in the year like library expansion and CCTV installation.

**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Mawego tti is established by and derives its authority and accountability from PFM Act. Mawego tti is wholly owned by the Government of Kenya and is domiciled in Kenya. Mawego tti'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 Mawego tti's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements

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

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 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by Mawego tti;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on Mawego tti's financial performance, financial position and cash flows.</li> </ol>

iii. Early adoption of standards

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### Transfers from other government entities

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

##### ii) Revenue from exchange transactions

###### Rendering of services

Mawego tti 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 Mawego tti.

###### 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 Mawego tti's right to receive payments is established.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

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

**b) Budget information**

The original budget for FY 2018/2019 was approved by the Board on *06/07/2018*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Mawego tti upon receiving the respective approvals in order to conclude the final budget. Accordingly, Mawego tti recorded additional appropriations of *19/10/2018* on the FY 2018/2019 budget following the Board's approval.

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

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

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

**c) Taxes**

***Current income tax***

Mawego tti is not exempt from paying taxes.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (continued)**

*Sales tax/ Value Added Tax*

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

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

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

**d) Investment property**

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

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

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

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

**e) Property, plant and equipment**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Leases**

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

Mawego tti expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Mawego tti 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. Mawego tti 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 Mawego tti 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*

Mawego tti 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 an 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 Mawego tti of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial instruments (Continued)**

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Mawego tti determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Loans and borrowing*

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

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

**i) Inventories**

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

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Inventories (Continued)**

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

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

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

**j) Provisions**

Provisions are recognized when Mawego tti 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 Mawego tti 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***

Mawego tti 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***

Mawego tti 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 Mawego tti in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Nature and purpose of reserves**

Mawego tti creates and maintains reserves in terms of specific requirements.

**l) Changes in accounting policies and estimates**

Mawego tti 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**

Mawego tti provides retirement benefits for its employees. 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**

Mawego tti 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 Mawego tti, or vice versa. Members of key management are regarded as related parties and comprise the board of governors, principal and deputy principals.

**q) Service concession arrangements**

Mawego tti 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, Mawego tti 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, Mawego tti 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, 2019.

## 5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Mawego tti'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. Mawego tti 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 Mawego tti. 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 Mawego tti
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### Provisions

Provisions were raised and management determined an estimate based on the information available.

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

**6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	-	24,000,000
Capitation	36,316,550	-
<b>Total</b>	36,316,550	
<b>Conditional grants</b>		
Institutional management grant	3,820,875	
Siruti TTI Construction grant	11,183,465	4,500,000
Administration block grant		
Laboratory grant		
Learning facilities grant		
Other organizational grants		
<b>Total Government grants and subsidies</b>	51,320,890	28,500,000

**6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Refer to appendix iv in the notes

Name of Entity sending the grant	Amount recognized to Statement of Financial Performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
Ministry of Education					
<b>Total</b>					

**7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS**

Description	2018-2019	2017-2018
	KShs	KShs
Donor A	0	0
Donor B	0	0

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**Reconciliations of grants from donors and development partners**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Balance unspent at beginning of year</b>	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
<b>Conditions to be met - remain liabilities</b>	<b>0</b>	<b>0</b>

**8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT**

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from County A	0	0
Transfer from University B	0	0
Transfer from Institute C		
<b>Total transfers from other levels of Government</b>	-	-

**9 PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2018-2019	2017-2018
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
<b>Total Public Contributions and Donations</b>	-	-

**10 RENDERING OF SERVICES**

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	127,075,357	119,382,180
Development fund	4,581,388	-
Examination fees	14,521,896	4,685,770
Bus fund	2,413,460	436,900
Fines and Damages		

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	991,750	-
Rent	264,435	240,000
PU	1,245,456	-
PU- accommodation (Activity)	2,640,600	-
Registration fees	380,700	240,600
<b>Total Rendering of Services</b>	<b>154,115,042</b>	<b>124,985,450</b>

(This is fee paid by students as part of parental obligation, damages collected in the aftermath of unrest and PU collected on hosting regional ball games)

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

**11 SALE OF GOODS**

Description	2018-2019	2017-2018
	KShs	KShs
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	-	-
Other( include in line with your organisation)	-	-
<b>Total Sale of goods</b>	<b>-</b>	<b>-</b>

**12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

Description	2018-2019	2017-2018
	KShs	KShs
Straight-lined operating lease receipts	0	0
Contingent rentals	0	0
<b>Total rentals</b>	<b>0</b>	<b>0</b>

**13 FINANCE INCOME**

Description	2018-2019	2017-2018
	KShs	KShs
Cash investments and fixed deposits	0	320,000
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>320,000</b>

**14 CONSULTANCY FEES**

Description	2018-2019	2017-2018
Consultancy	0	0

**15 OTHER INCOME**

Description	2018-2019	2017-2018
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	42,000	0
Services concession income	0	0
Skills development levy	0	0
Income from disposal of assets	0	0
<b>Total other income</b>	<b>42,000</b>	<b>0</b>

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

**16 USE OF GOODS AND SERVICES**

Description	2018-2019	2017-2018
	KShs	KShs
Attachment	1,255,060	1,037,389
Electricity, water & conservancy	3,232,242	-
Research and Development	2,798,670	2,061,270
Tuition	10,754,932	13,640,152
Professional services		
Subscriptions		
<b>Total good and services</b>	<b>18,040,904</b>	<b>16,738,811</b>

**17 EMPLOYEE COSTS**

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	26,466,586	17,418,175
Employee related costs - contributions to pensions and medical aids	863,488	1,469,936
Social contributions	164,600	265,150
<b>Total Employee costs</b>	<b>27,494,674</b>	<b>19,153,261</b>

**18 REMUNERATION OF BOARD OF GOVERNORS**

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	-	-
Board allowances	4,143,959	-
<b>Total director emoluments</b>	<b>4,143,959</b>	-

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**19 DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	8,397,838	2,176,096
Intangible assets		237,258
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>8,397,838</b>	<b>2,413,354</b>

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

**20 REPAIRS AND MAINTENANCE**

Description	2018-2019	2017-2018
	KShs	KShs
Property	6,145,323	5,525,478
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories		
Other		
<b>Total Repairs and Maintenance</b>	<b>6,145,323</b>	<b>5,525,478</b>

**21 CONTRACTED SERVICES**

Description	2018-2019	2017-2018
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
<b>Total contracted services</b>	<b>0</b>	<b>0</b>

**22 GRANTS AND SUBSIDIES**

Description	2018-2019	2017-2018
	KShs	KShs
Siruti tti	20,047,222	295,168
Institutional Management	10,462,750	12,103,760
Rangwe tti	1,296,510	2,850,553
Siala tti	-	1,676,624
Sporting bodies		
<b>Total grants and subsidies</b>	<b>31,806,482</b>	<b>16,926,105</b>

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

**23 RECURRENT EXPENSES**

Description	2018-2019 KShs	2017-2018 KShs
Boarding expense	1,860,962	
Admin fees	10,169,330	7,547,154
Bus fund	251,150	1,295,757
Bus hire	116,520	128,316
Local transport and travelling	6,491,470	6,382,420
Medical	217,265	162,755
Misu	908,550	686,825
PC/ISO	429,200	291,600
PU - Catering	14,647,613	15,865,650
Activity	4,484,753	2,861,870
Refund	362,296	29,050
PU	655,361	444,396
Examinations	15,195,385	7,125,070
Tender	38,250	72,650
Other (advance, appl. Fee, caution money)	363,177	2,296,863
<b>Total general expenses</b>	<b>56,191,282</b>	<b>45,190,376</b>

**24 FINANCE COSTS**

Description	2018-2019 KShs	2017-2018 KShs
Borrowings (amortized cost)*	1,295,757	863,838
Finance leases (amortized cost)	-	
Unwinding of discount	-	
Interest on Bank overdrafts		

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	-	
Interest on loans from commercial banks		431,919
<b>Total finance costs</b>	<b>1,295,757</b>	<b>1,295,757</b>

**25 GAIN ON SALE OF ASSETS**

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

**26 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

**27 IMPAIRMENT LOSS**

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

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

**28 CASH AND CASH EQUIVALENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Current account	108,551,056	66,650,193
On - call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
<b>Total cash and cash equivalents</b>	<b>108,551,056</b>	<b>66,650,193</b>

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

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1106779630	67,745,716	29,254,942
	1106780612	8,581,433	2,506,826
	1104936054	20,992,330	19,017,871
	1104936399	383,808	363,883
	1104093936	4,414,031	7,333,472
	1124881085	385	5,934,502
	1202156649	94,855	797,925
	1202157165	2,405,556	1,061,015
	1202156975	25,442	20,772
Equity Bank		320,000	320,000
<b>Sub- total</b>		<b>104,963,556</b>	<b>66,611,208</b>
<b>b) Staff car loan/ mortgage</b>			
Kenya Commercial bank		0	0
Bank B		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>c) Others(specify)</b>			
Cheques		44,000	
Money order		2,643,500	
cash in hand		900,000	38,985
M pesa		0	
<b>Sub- total</b>		<b>3,587,500</b>	
<b>Grand total</b>		<b>108,551,056</b>	<b>66,650,193</b>

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

**29 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Current receivables</b>		
Student debtors	31,999,078	13,470,231
Rent debtors	24,500	
Consultancy debtors	-	
Other exchange debtors	-	
Less: impairment allowance	-	1,347,000
<b>Total current receivables</b>	<b>32,023,578</b>	<b>12,123,231</b>
<b>Non-current receivables</b>		
Refundable deposits		
Advance payments		
Public organizations		
Less: impairment allowance		
<b>Total non-current receivables</b>	<b>-</b>	<b>-</b>
<b>Total receivables</b>	<b>32,023,578</b>	<b>12,123,231</b>

**30 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Current receivables</b>		
Transfers from other govt. entities	30,360,000	-
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
<b>Total current receivables</b>	<b>30,360,000</b>	<b>-</b>

**31 INVENTORIES**

Description	2018-2019	2017-2018
	KShs	KShs
Consumable stores	225,447	5,392,941
Maintenance stores	571,387	
Health Unit stores		

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Electrical stores	116,440	
Cleaning materials stores	150,247	52,625
Catering stores	546,650	
<b>Total Inventories</b>	<b>1,610,171</b>	<b>-</b>

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

**32 INVESTMENTS**

Description	2018-2019 KShs	2017-2018 KShs
<b>a) Investment in Treasury bills and bonds</b>		
<b>Financial institution</b>		
Financial institution	-	-
CBK	-	-
<b>Sub- total</b>	-	-
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank x		
Bank y		
<b>Sub- total</b>	-	-
<b>c) Equity investments (specify)</b>		
Equity/ shares in company xxx		
<b>Sub- total</b>	-	-
<b>Total Investments</b>	-	-

**d) Shareholding in other entities**

For investments in equity share listed under note 31 (c) above, list down the equity investments under the following categories:

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

**33 PROPERTY, PLANT AND EQUIPMENT**

	Land		Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Specify)		Plant and equipment		Capital Work in progress		Total		
	Shs	0%	Shs	2%	Shs	25%	Shs	10%	Shs	30%	Shs	10%	Shs	10%	Shs	Shs	Shs	Shs	
<b>Cost</b>																			
<b>Depreciation rates</b>																			
At 1 July 2017	50,000,000		289,956,000.00		9,080,000.00		1,293,886.00		428,736.00		1,074,071.00		2,612,899.00		59,016,837.00		413,462,429		
Additions																			
Disposals																			
Transfers/adjustments																			
At 30 <sup>th</sup> June 2018	50,000,000		289,956,000.00		9,080,000.00		1,293,886.00		428,736.00		1,074,071.00		2,612,899.00		59,016,837.00		413,462,429.00		
Additions							441,815.00		773,520.00						31,806,482.00		33,021,817.00		
Capitalisation															(24,500,680)				
Disposals																			
Transfer/adjustments																			
At 30 <sup>th</sup> June 2019	50,000,000		314,456,680.00		9,080,000.00		1,735,701.00		1,202,256.00		1,074,071.00		2,612,899.00		66,322,639.00		446,484,246.00		
<b>Depreciation and impairment</b>																			
At 1 July																			
Depreciation							129,388.60		85,747.20		107,407.10		261,289.90				8,198,952.80		
Impairment																			
At 30 June 2017	0		5,799,120.00		1,816,000.00		129,388.60		85,747.20		107,407.10		261,289.90				8,198,952.80		
Depreciation																			



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

**34 INTANGIBLE ASSETS-SOFTWARE**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Cost</b>		
At beginning of the year	1,186,292	1,482,866
Additions	-	
<b>Cost end of the year</b>	<b>1,186,292</b>	<b>1,482,866</b>
<b>Amortization and impairment</b>		
At beginning of the year		
Amortization	296,573	296,574
<b>Amortization at end of the year</b>	<b>296,573</b>	<b>296,574</b>
Less :Impairment loss		
<b>At end of the year</b>	<b>-</b>	<b>-</b>
<b>NBV</b>	<b>889,719</b>	<b>1,186,292</b>

**35 INVESTMENT PROPERTY**

Description	2018-2019	2017-2018
	KShs	KShs
<b>At beginning of the year</b>	<b>0</b>	<b>0</b>
Additions	-	-
Fair value gain	-	-
Depreciation(where investment property is at cost)	-	-
<b>At end of the year</b>	<b>-</b>	<b>-</b>

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

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	19,319,148	13,470,231
Fees paid in advance		
Employee advances		
Third-party payments		
Other payables		
<b>Total trade and other payables</b>	<b>19,319,148</b>	<b>13,470,231</b>

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

**37 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Consumer deposits	0	0
Caution money	0	0
Other refundable deposits	0	0
<b>Total deposits</b>	<b>0</b>	<b>0</b>

**38 CURRENT PROVISIONS**

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

**39 FINANCE LEASE OBLIGATION**

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2018-2019
	KShs	KShs	KShs	KShs
Within current year	-	-	-	0
Long term portion of lease payments	-	-	-	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**40 DEFERRED INCOME**

Description	2018-2019	2017-2018
	KShs	KShs
National government	30,360,000	0
International funders	0	0
Public contributions and donations	0	0
<b>Total deferred income</b>	<b>30,360,000</b>	<b>0</b>

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

The deferred income movement is as follows:

	National government	International funders/donors	Public contributions and donations	Total
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to income statement	(0)	(0)	(0)	(0)
Other transfers	(0)	(0)	(0)	(0)
Balance carried forward	0	0	0	0

**41 EMPLOYEE BENEFIT OBLIGATIONS**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2018-2019	2017-2018
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	250,171	0
Non-current benefit obligation	0	0	0	0	0
<b>Total employee benefits obligation</b>	0	0	0	250,171	0

Mawego operates a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is based on a percentage of salary of an employee at the time of retirement. During the year, 2019 actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	2018-2019	2017-2018
	KShs	KShs
Valuation at the beginning of the year	0	0
Changes in valuation during the year	0	0
Valuation at end of the year	0	0

The Institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.2160 per employee per month.

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

**42 NON-CURRENT PROVISIONS**

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	0
Additional Provisions	-	-	-	0
Provision utilised	(-)	(-)	(-)	(0)
Change due to discount and time value for money	-	-	-	0
Less: Current portion	(-)	(-)	(-)	(0)
<b>Total deferred income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**43 BORROWINGS**

Description	2018-2019	2017-2018
	KShs	KShs
Balance at beginning of the period	3,374,882.10	4,108,727.40
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(1,295,757)	(1,295,757)
Repayments of domestic borrowings during the year	(0)	(0)
Balance at end of the period	<b>2,529,403.60</b>	<b>3,374,882.10</b>

**42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS**

Description	2018-2019	2017-2018
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from	-	-
Sterling Pound denominated loan	-	-
Euro denominated loan	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
<b>Total balance at end of the year</b>	<b>0</b>	<b>0</b>

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

**42 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS**

Description	2018-2019	2017-2018
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	1,295,757	1,295,757
<b>Total</b>	<b>1,295,757</b>	<b>1,295,757</b>

**44 SERVICE CONCESSION ARRANGEMENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

**45 CASH GENERATED FROM OPERATIONS**

	2017-2018	2016-2017
Surplus for the year before tax	KShs	KShs
<b>Adjusted for:</b>		
Depreciation		

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

**46 FINANCIAL RISK MANAGEMENT**

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

Mawego tti's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

Mawego tti 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 Institute's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing Mawego tti'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
<b>At 30 June 2018</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**45. 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 Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>				
Trade payables	0	5,719,850	280,150	6,000,000
Current portion of borrowings	0	-	-	-
Provisions	-	-	-	-
<b>Total</b>	<b>0</b>	<b>5,719,850</b>	<b>280,150</b>	<b>6,000,000</b>
<b>At 30 June 2019</b>				
Trade payables	5,325,996	12,564,189	1,428,963	19,319,148
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
<b>Total</b>	<b>5,325,996</b>	<b>12,564,189</b>	<b>1,428,963</b>	<b>19,319,148</b>

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

**45. FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

The Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to Mawego tti's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

Mawego tti has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

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

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

**45. FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20xx</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20xx</b>			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that Mawego tti's financial condition may be adversely affected as a result of changes in interest rate levels. The Institute's interest rate risk arises from bank deposits. This exposes The Institute to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on The Institute's deposits.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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

**45 FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

b) Interest rate risk(continued)

*Sensitivity analysis*

Mawego tti analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) **Capital Risk Management**

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

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Reserve	0	0
Accumulated surplus	102,051,855	0
Capital reserve	0	0
<b>Total funds</b>	<b>102,051,855</b>	<b>0</b>
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

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

**47 RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to Mawego tti 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 Mawego tti, holding 100% of Mawego equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Mawego tti, both domestic and external. Other related parties include:

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

	2018-2019	2017-2018
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of water	3,000	0
Sales of services	0	0
<b>Total</b>	<b>3,000</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from National Govt	80,591,400	24,000,000
Grants from County Government	0	0
Donations in kind	0	0
<b>Total</b>	<b>80,591,400</b>	<b>24,000,000</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Board emoluments	4,143,959	0
Principal Compensation	1,936,804	587,570
Compensation to key management	0	0
	6,080,763	587,570
<b>Total</b>	<b>57,404,653</b>	<b>24,587,570</b>

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

**48 SEGMENT INFORMATION – IPSAS 18**

**No segmental reporting**

**49 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

<b>Contingent liabilities</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Court case Mawego	230,000	870,000
<b>Total</b>	<b>230,000</b>	<b>870,000</b>

*(IM tender award contested by number two and a petition filed in High court in Kisumu)*

**50 CAPITAL COMMITMENTS –IPSAS 17**

<b>Capital commitments</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for Library expansion	3,850,000	0
Authorised Cctv connection	1,200,000	0
<b>Total</b>	<b>5,050,000</b>	<b>0</b>

**51 EVENTS AFTER THE REPORTING PERIOD**

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

**52 ULTIMATE AND HOLDING ENTITY**

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

**53 Currency**

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

**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)

**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.

Principal




Date.....

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**APPENDIX II: PROJECTS IMPLEMENTED BY MAWEGO TTI**

**Projects**

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. IM		MOE	1 Year	24,500,680	No	yes
2. Siruti TTI		MOE	3 years	64,477,473	no	yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Institutional management block	24,500,680	24,500,680	99%			MoE
2	Siruti TTI	64,477,473	57,287,340	95%			MoE
3							

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**APPENDIX III: INTER-ENTITY TRANSFERS**

	<b>ENTITY NAME:</b>	Mawego Technical Training Institute		
	<b>Break down of Transfers from the State Department of Education</b>			
	<b>FY 18/19</b>			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8/10/2018	5,956,550	2018/2019
		18/02/2019	30,360,000	"
		27/06/2019	1,000,000	"
		27/06/2019	1,000,000	"
		10/07/2019	36,360,000	2019/2020
		<b>Total</b>	<b>74,676,550.00</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8/10/2018	2,431,188	2018/2019
		8/10/2018	1,910,437.50	"
		28/11/2018	6,226,694.20	"
		25/01/2019	8,752,277	"
		21/02/2019	7,915,401	"
		11/03/2019	1,910,437	
		27/06/2019	13,428,416	
		08/07/2019	3,820,875	2019/2020
		<b>Total</b>	<b>46,095,725.70</b>	

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

Finance Officer  
Mawego TTI

Sign -----

Head of Accounting Unit  
Ministry of Education

Sign-----

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**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/Other	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	08/10/2018	Recurrent	5,956,550	5,956,550	5,956,550	0	0	0	5,956,550
Ministry of Education	08/10/2018	Development-Siruti tti	2,431,188	2,431,188	2,431,188	0	0	0	2,431,188
Ministry of Education	08/10/2018	Development-IM	1,910,437.50	1,910,437.50	1,910,437.50	0	0	0	1,910,437.50
National youth service	19/11/2018	fees	49,576,476	49,576,476	0	0	0	0	0
Ministry of Education	28/11/2018	Development - siruti tti	6,226,694.20	6,226,694.20	6,226,694				
Ministry of Education	25/01/2019	Development-siruti tti	8,752,277						
Ministry of Education	18/02/2019	Recurrent	30,360,000	30,360,000			30,360,000		
Ministry of Education	21/02/2019	Development-siruti tti	7,915,401	7,915,401					
Ministry of Education	11/03/2019	Development-IM	1,910,437	1,910,437					
Ministry of Education	27/06/2019	Rangwe tti	1,000,000	0					
	27/06/2019	Mabera tti	1,000,000	0					
	27/06/2019	Siruti tti	13,128,416	0					
<b>Total</b>			130,678,876.7	40,185,838					

