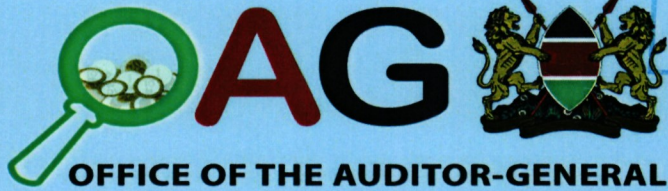



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REPORT

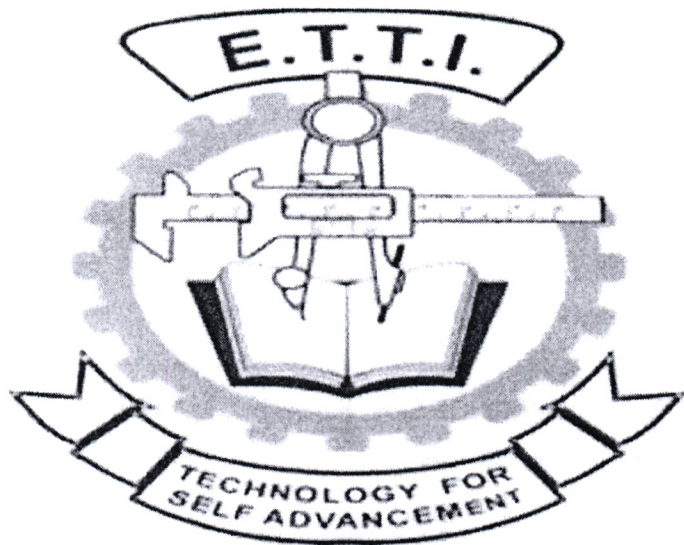
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THE AUDITOR-GENERAL

ON

**EMINING TECHNICAL TRAINING
INSTITUTE**

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



EMINING TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2019

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

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT.....ii

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)..... iii

THE BOARD OF GOVERNORS.....v

MANAGEMENT TEAM.....vii

REPORT OF THE PRINCIPAL.....x

CORPORATE GOVERNANCE STATEMENT.....xii

MANAGEMENT DISCUSSION AND ANALYSIS.....xiii

REPORTING.....xiv

STATEMENT OF BOARD OF GOVERNORS `S RESPONSIBILITIES.....xvii

REPORT OF THE AUDITOR GENERAL ON THE EMINING TECHNICAL TRAINING INSTITUTE..... xviii

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 20192

II. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2019.....3

III. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2019.....4

IV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 20195

V. NOTES TO THE FINANCIAL STATEMENTS6

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....39

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY40

APPENDIX III: INTER-ENTITY TRANSFERS.....41

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....42

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✓ Key figure agreed with ledger/information agreed with ledger
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 ✓ A closing down was confirmed correct
 ✓ A closing down was confirmed incorrect.
 ✓ Statement of Profit and Loss

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Emining Technical Training Institute was incorporated/ established under the TVET Act on **17th February, 2015** with Registration Certificate Number **TVETA/PUBLIC/ TVC/0002/2015**. The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education.

(b) Principal Activities

-The principal activity of Emining Technical Training Institute is to offer quality Education to the trainees.

(i) Vision:

- To be a centre of excellence in Science, Technology and Innovation.

(ii) Mission:

-To produce skilled human capital suitable for the dynamic global economy.

c) Key Management

Emining Technical Training Institute's *day-to-day* management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management

(c) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Jonah Kimengich
2.	Head of Finance	Jecinta Chelelgo
3.	Head of Procurement	Alfred Kosgei
4.	Registrar	Stephen Kiprono
5.	Dean Of Trainees	Kipkorir Changwony

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Entity Headquarters

P.O. Box 208- 20105
MOGOTIO
BARINGO COUNTY
KENYA

(e) Entity Contacts

Telephone: (254) 717 519 980
E-mail: eminingtti@gmail.com.
Website: www.eminingtti.ac.ke

(f) Entity Bankers

1. Kenya Commercial Bank
A/c no: 1175316431
NAKURU
P.O. Box 18
NAKURU 20100
2. Kenya Commercial Bank
A/c no: 1148626859
Nakuru Kenyatta Avenue
P.O Box 18
Nakuru -20100
3. Kenya Commercial Bank
A/c no: 1166509710
Flamingo Nakuru
P.O Box 17755
Nakuru- 20100
4. Skyline Sacco
A/c no: 5651-005-01721
Emining Branch
P.O Box 660
Eldama Ravine -20103

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

(g) Independent Auditors





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

(h) Principal Legal Adviser



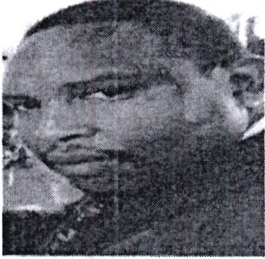


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

THE BOARD OF GOVERNORS





<p>1.  BENJAMIN SOGOMO- CHAIRMAN Date of Birth-27/10/1958</p>	<p>Masters of Education, Bristol University, Bachelor of Education, Nairobi University.</p> <p>Work Experience:-</p> <ul style="list-style-type: none"> - Former PS Ministry of Cooperative Development and Marketing, - Former Secretary/Chief Executive Officer, TSC, <p>Former Managing Director HCDA, -Former Managing Director Sports Stadium Management Board.</p>
<p>2.  BISHOP KIPRONO RAIMOI Date of Birth- 1955</p>	<p>Diploma in Theology</p> <p>Experience:- Retired Bishop of AIC Baringo County</p>
<p>3.  DORCAS KIBET- EXECUTIVE MEMBER Date of Birth - 01/01/1977</p>	<p>B.Ed (Arts) English and Literature, Moi university.</p> <p>-Teaching and administrative duties</p> <p>Experience:-</p> <p>Baringo County Government Sub County Administrator, Governors Representative in BoG.</p>
<p>4.  VIOLA CHEBII -MEMBER Date of Birth 24/6/1978</p>	<p>Bachelor of Commerce , Accounting option (Kenyatta University), CPA II Section III</p> <p>Experience:- Assistant finance Manager, Mogotio Sisal Plantations Limited, Auditor.</p>

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS,
FOR THE YEAR ENDED JUNE 30, 2019





 <p>5. MERCY KAHUKO- MEMBER Date of Birth- 28/05/1977</p>	<p>Private Consultancy -Masters in Business Administration.(Strategic Management)</p>
 <p>6. JONAH KIMENGICH- BOARD SECRETARY Date of Birth – 29/05/1962</p>	<ul style="list-style-type: none"> - Bachelors Degree in Technology, Moi University. - Diploma in Technical Education KTTC Nairobi. - KNEC Craft Certificate Part III in Plumbing, KTTC.
 <p>7. -HILLARY SONGOYO- MEMBER Date of Birth - 1985</p>	<p>LLB Makerere University, Diploma in legal practice, Kenya School of Law, Nairobi</p> <p>Experience, prosecuting council, Chief of staff Baringo County Government.</p>
 <p>8. MARY AKOTH- MEMBER Date of Birth 01/01/1978</p>	<ul style="list-style-type: none"> -BSc in Electrical Engineering (Power Option) - Electrical engineer, Private Consultant
 <p>9. KIRORI MINDI -MEMBER Date of Birth – 21/03/1982</p>	<p>Experience:-</p> <p>Trainer ICT Provider,</p> <p>Consultancy in ICT</p>

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

MANAGEMENT TEAM

 <p>1. JONAH KIMENGICH –PRINCIPAL Date of Birth <i>[Signature]</i> - Bachelors Degree in Technology, Moi University. - Diploma in Technical Education KTTC Nairobi. - KNEC Craft Certificate Part III in Plumbing, KTTC.</p>	<ul style="list-style-type: none"> - Teaching and administering teaching functions. - General Administration. - Human Resource Management. - Financial Management and Control. - Any other relevant Duties as may be assigned by the employer.
 <p>2. SAMSON RUTTO-DEPUTY PRINCIPAL Date of Birth <i>[Signature]</i> -Bachelor of Science in wood science and Technology -Postgraduate Diploma in Education -Higher Diploma in Human Resource Management</p>	<ul style="list-style-type: none"> -Maintaining Trainees Discipline -Supervision and Maintenance of proper inventories of Equipment and supplies in the Institution
 <p>3. STEPHEN KIPRONO –REGISTRAR Date of Birth <i>[Signature]</i> -Bachelor of Science Agricultural Education and Extension.</p>	<ul style="list-style-type: none"> -Coordinate and plan utilization of available facilities such as class rooms workshops and laboratories -Deal with general matters regarding registration of trainees and admission. -Facilitate preparation and distribution of prospectus and organize graduation ceremonies and open days in the Institution.
 <p>4. KIPKORIR CHANGWONY -DEAN OF TRAINEES -Bachelor of Education- Economics and Business Studies</p>	<ul style="list-style-type: none"> -Overall in charge of trainees’ welfare in the institution. -Oversee the organization of trainees’ Clubs and societies, Games and seminars. -Prepare budget related to all co-curricular activities in the institution.

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

<p>5.  DANIEL MIBEI-HOD ENGINEERING DEPARTMENT Date of Birth <i>X</i> -Bachelor's in Education Technology</p>	<p>-Appraise Departmental staff periodically -Maintain proper inventories of equipment and supplies entrusted to their department. -Overall management of engineering department issues</p>
<p>6.  NIXON NYAMBANE -HOD ICT DEPARTMENT Date of Birth <i>X</i> -Bachelor's Degree Technology Education Computer studies Option.</p>	<p>-Appraise ICT Department staff periodically -Maintain proper inventories of equipment and supplies entrusted to their department</p>
<p>7.  LUCY MARIETA- HOD AGRICULTURE DEPARTMENT Date of Birth <i>X</i> -Bachelor of Science in Agricultural Education and Extension</p>	<p>-Appraise Agriculture Department staff periodically -Maintain proper inventories of equipment and supplies entrusted to their department</p>
<p>8.  CHRISTOPHER TONU-EXAMINATIONS OFFICER Date of Birth <i>X</i> -Bachelors in Business Mangement(Accounting option) -CPA Section 4 -Diploma in Technilcal Education</p>	<p>-Overall internal Examination management -Registration of Students for external Examinations</p>

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

CHAIRMAN'S STATEMENT

The highlights of the key activities / Challenges/ prospects during the year are as follows:-

1. RECRUITMENT OF TRAINEES.

We were able to mobilize the community members to bring their children to enrol as Trainees in the institute. This involved sensitizing the Sub- County Commissioner, the Assistant Sub - County Commissioners, all Chiefs and their Assistants. We also sensitized Bishops, Pastors and Reverends of mainstream Churches within Baringo County and some parts of Nakuru, Kericho, Bomet and UasinGishu Counties.

Consequently we recorded a massive increase in enrolment from 464 Trainees to 664 Trainees in the financial year. This has improved the image of the Institute as a growing organization with a bright future.

2. RECRUITMENT OF VOCATIONAL AND TECHNICAL TRAINERS.

The Government, through the Public Service Commission (PSC) allocated the Institute 16 vacancies for Vocational Trainers in two Sets of 6 and 10. The Board was able to shortlist Candidates for the first batch of 6 Trainers. When all the 10 will have reported in the next financial year the staffing situation will improve immensely leading to our ability to recruit more Trainees and increase more market oriented courses. The image of the Institute will be enhanced by this development since prospective Trainees will get to know that the Institute has suitably qualified and sufficient number of staff and that they take courses of their choice.

3. INFRASTRUCTURAL DEVELOPMENT

The Institute has continued to get support from the Government in infrastructural development. This is through quarterly or half year grants. However the amounts disbursed is not sufficient to enable the institute to develop as fast as it is enrolling Trainees. This will soon lead to crowding of Trainees and staff in the few available workshops and classrooms.

4. WATER CHALLENGE

The Institute is situated in a water deficit area. The Trainees, Trainers and the neighbouring community have to make do with this challenge. However, the National Government, through the Rift Valley water services Board is working on distribution of water from the Chemususu dam in Eldama Ravine. This when completed, will enhance the quality of life in the Institute and the surrounding areas through supply of clean water.

5. CHALLENGES OF BOARDING FACILITIES

The Institute does not have a single boarding facility. The Trainees have to rent houses outside the Institute. This to some extent discourages prospective Trainees from enrolling in this Institute. This is a challenge that will need to be solved in one way or another in due course.

6. FUTURE OUTLOOK

The attitude of Kenyans at large and that of the community around the Institute is changing for the better. Wananchi are beginning to appreciate the importance of Technical Education and Enrolment is increasing steadily. The future outlook is bright.

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

REPORT OF THE PRINCIPAL

1. INTRODUCTION

The purpose of this report is to provide information on progress, opportunities and Challenges that Emining Technical Training Institute face, lessons learnt and accomplishments over the reporting period.

2. HISTORY

Emining Technical Training Institute is a relatively new TVET institution situated in Emining, Mogotio Sub County Baringo County off Nakuru – Marigat highway and about 60 kilometres to the Northern side of Nakuru Town.

The institute stands on a 13 acre piece of land initially donated by both Emining Primary School and Emining Boys’ High School. The proximity of the two institutions and the Emining Trading Centre makes the college a resource centre in the provision of Technical and Vocational Skills and creation and expansion small Businesses by the community.

The Ministry of Education, on approving the building of the institution at Emining, channelled the funds through Rift Valley Technical Training Institute (RVTTI). The foundation stone was laid on 7th October 2011. The construction commenced immediately and a year later, the facility was completed and was officially opened on 13th December 2012 as a constituent college of RVTTI– Eldoret.

The Principal was posted to the institution in January 2013, to oversee the full completion of the twin workshops 4 classrooms, two offices, staff room and a library space.

The first students were enrolled in May 2013 to pursue Craft certificate in Mechanical engineering, and Motor vehicle mechanics.

In January 2014, the first Board of Governors was constituted and inaugurated and now a second Board is in force.

3. RESOURCES

The institute is endowed with automotive engineering equipment sourced by the Government of Kenya in the 2014. With the equipment, the automotive section has realized the largest number of Trainees compared to other sections. These Trainees include 126 sponsored by the National Youth Service. During the same year 2014, Emining Technical received a donation of 2 Lathe machines and a drilling machine among others from KTTC, Nairobi.

In pursuit of increasing Enrolments, we introduced Craft in Electrical engineering, Craft in Plumbing, and Craft and Diploma in General Agriculture, Craft and Diploma in ICT among others.

We have achieved increase in Enrolment, however, the purchase of training facilities like tools, materials, and equipment normally consume a large amount of GK grants.

4. DEVELOPMENT OF INFRASTRUCTURE

Currently, the institute has two ongoing Government funded projects namely, Tuition Block and ICT Laboratory and Automotive Garage/Agricultural Engineering Workshop/Electrical and Electronics Workshops. Completion of the two projects within the contract period has been a challenge. If completed, these two projects will boost Training in a great way.

On completion of the two projects, the institute will be in a position to receive modern equipment in following area, Mechanical engineering, Electrical Engineering, and Agriculture.

The institute has received a 500 KVA standby generator and a smart board for training in ICT Laboratory.

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

5. TRANSPORT

The institute is in dire need of a College Bus and an Institute Van, during the FY 2019/2020, The Board has committed finances to purchase a van and also now making logistical plans to obtain a Bus. The institute incurs a lot in hiring School Buses for academic trips, travelling for games, drama and similar trips for trainees. If all trainees could receive capitation and HELB loans and Bursaries to clear full fees, this is likely to be achieved.

6. FEES COLLECTION

Before capitation, Trainees have had a challenge in fees payment.

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

CORPORATE GOVERNANCE STATEMENT

I. THE NUMBER OF BOARD MEETINGS HELD IN THE FY 2018/2019

S/N	DATE OF BOARD MEETING	ATTENDANCE
1.	11/8/2018	1. Mr. Benjamin Sogomo. 2. Bishop Kiprono Raimoi. 3. Mercy Kahuko. 4. Viola Chebii. 5. Francis Macharia – Regional Director of TVET. 6. Mary Akoth. 7. Hillary Songoyo.
2.	19/10/2018	1. Bishop Kiprono Raimoi. 2. Kirori Mindo. 3. Mercy Kahuko 4. Dorcas Kibet. 5. Benjamin Sogomo. 6. Francis Macharia - Regional Director of TVET. 7. Mary Akoth. 8. Hillary Songoyo.
3.	21/12/2018	1. Bishop Kiprono Raimoi. (Executive Committee meeting) 4. Dorcas Kibet. 5. Benjamin Sogomo. 6. Francis Macharia - Regional Director of TVET.
4.	22/3/2019	DURING SITE MEETING CHEPSIREI TVC KEIYO SOUTH. 1. Kirori Mindo. 2. Benjamin Sogomo. 3. Lenard Kabaki - Regional Director of TVET. 4. Mary Akoth. 5. Hillary Songoyo 6. Viola Chebii.
5.	12/4/2019	1. Bishop Kiprono Raimoi. 2. Kirori Mindo. 3. Mercy Kahuko 4. Dorcas Kibet. 5. Benjamin Sogomo. 6. Lenard Kabaki - Regional Director of TVET. 7. Mary Akoth.

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

- During the FY 2018/19 the population nearly doubled from a population of 370 in FY 2017 /18 to 664 this was as a result of capitation and HELB loans which brought in more students to the institution. The enrolment in September 2018 was 211 students, January 2019 was 239 and in May 2019 were 3 students. May 2019 population was low due to the fact that we only admit artisan courses during this period and the number of artisan courses is few compared to Craft and Diploma.
- During the FY we advertised for 3 CBET Courses of which the turnout was very poor which made us to merge them with Artisan courses and introduced more artisan courses. The population of ICT students drastically improved from one student to 35 students and we expect it to improve in the coming years.
- During the year we introduced three CBET courses Agri - preneurship, Plumbing and Electrical Insulations. We also introduced Diploma and Craft in Cooperative Management and Social Work and Community Development of which the turnout was poor as more students who enrolled were opting to undertake Technical courses rather than business courses.
- During the year the agriculture Department moved from a facility we had borrowed from Youth Empowerment Centre Emining (YEC) to the main institution which brought in congestion. The congestion eased latter when we put in place some basic safety structures to the Tuition Block and ICT Lab structure, which allowed us to utilise the first floor of the building this provided us with 9 extra spacious lecture rooms. Due to the increase in the population of Electrical and Plumbing students we relocated electrical workshop to tuition block and plumbing workshop to agricultural workshop under construction. During the year we also shifted the library to increase the sitting capacity from 15 students to 40 students and added more books and shelves.
- During the financial year we procured more teaching and learning resources due to increased population especially in technical departments. Some of our lecturers got promoted and some transferred there services to other institutions which necessitated us to hire more lecturers to replace them.
- Transporting of trainees for academic trips and curriculum activities at times was challenging due to clash of programs which required us to outsource transport from institutions quite far from our institution therefore making transport costs expensive and sometime postponed some scheduled events.
- During the FY 2018/2019 the institution participated in KATTI Sports up to Regional level in ball games and up to National Level, this led to increase in number of students.
- During FY 2018/2019 most of the suppliers were not paid because of the delay of capitation disbursement.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The essential characteristic of social responsibility is the willingness of an organisation to incorporate social and environmental considerations in its decision making and be accountable for all impacts of its decisions and activities on society and the environment. This implies both transparent and ethical behavior that contributes to sustainable development of the institute.

At Emining Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	Optimizing training operations to meet ongoing social and sustainability objectives. Providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	Promoting initiatives that support staff and their families, beyond the provision of employment. Promoting initiatives that recognize the contribution of the students to the community.

Corporate responsibility and sustainability (CR&S) is inherent in every aspect of Institute's operations. We strive to go beyond our statutory obligations to be a good neighbor, care for our stakeholders and minimize our impact on the environment.

Emining Technical Training Institute is developing a Strategic Plan, a visual representation of the Institute's long-term goals and planned actions up to 2023. The Strategic Plan incorporate all the Institution's activities as link the plan to the Kenya's Vision 2030 and MoE's Strategic Plan (2013-2017)

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Emining Technical Training Institute is committed to promoting sustainability in all areas of our Institute by;

- i) Undertaking risks assessments, reacting and adapting to climate change, minimizing the environmental impact of all aspects of our Institute's operations.
- ii) Recycling office and project waste materials where practicable and cost-effective.
- iii) Minimizing business-related travel and promoting the use of public transport and shared travel/commuting wherever practicable and cost-effective.
- iv) Communicating the requirements and needs of our environmental management system.
- v) Rendering ourselves accountable to all our stakeholders through annual sustainability reports documenting our most important environmental, social and economic impacts.
- vi) Supporting the communities in which we operate through charitable donations and environmental education.
- vii) Using local suppliers.

The Board of Management will at least annually,

- i) Review this policy to ensure it is effective.
- ii) Review responsibilities and procedures for CR&S management
- iii) Set clear objectives and targets, monitor and measure performance and communicate the results of the Corporate Social Responsibility and Sustainability.
- iv) Ensure adequate resources are made available to implement the policy.

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS 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 Eming Technical Training Institute affairs.

Principal activities

- The principal activities of the entity are (continue to be) training and assessment of trainees.

Results

- The results of the entity for the year ended June 30 are set out on page 1 - 5.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page (V) to (VI).

Auditors

The Auditor General is responsible for the statutory audit of Eming Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Jonah Kimengich,
Board Secretary
Eming TTI

Date ...31/8/2020...

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

STATEMENT OF BOARD OF GOVERNORS 'S RESPONSIBILITIES

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

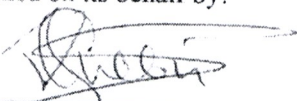
The Board members are responsible for the preparation and presentation of the Emining Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Emining Technical Training Institute for and as at the end of the financial year (period) ended on June 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 the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Emining Technical Training Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

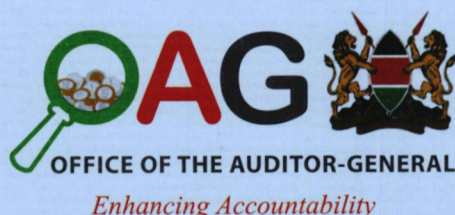
Emining Technical Training Institute's financial statements were approved by the Board on ^{31/8/2020}~~03/07/2020~~ and signed on its behalf by:


Board Member.


Board Member.


Board Chair.

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON EMINING TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Emining Technical Training Institute set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

Basis for Disclaimer of Opinion

1. Errors in Annual Reports and Financial Statements

The annual reports and the financial statements prepared and presented for audit had the following errors: -

- i. The Corporate Governance Statement at page xii indicates the names of the board members and the meetings held instead of a statement,
- ii. The statement of comparison of budget and actuals amounts has alterations made by hand,
- iii. The statement of financial performance footnote reads the notes set out on pages 17 to 33 forms an integral part of the financial statements instead of pages 6 to 39,
- iv. The figures in the statement of cash flow have not been referenced to the corresponding disclosure notes to the financial statements,

- v. Note 45 at page 34 on financial risk management reflects the financial year as 20xx instead of 2019;
- vi. Appendix I at page 39 is unsigned; and
- vii. Appendix III on Inter-entity transfers has been signed off by the board chairman and the accounting officer instead of the finance manager and the head of accounting unit of the Ministry of Education.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) and as per Section 194(1)(d) of the Public Finance Management Act, 2012.

Consequently, the presentation and disclosure of the annual report and the financial statements as prepared and presented are not compliant with the prescribed format.

2. Inaccuracies and Errors in the Financial Statements

2.1 Variances Between Financial Statements and Supporting Schedules

The financial statements prepared and presented for audit and the support schedules had variances resulting to unexplained variance amounting to Kshs.4,502,177 as detailed below;

Component	Note	Financial Statements (Kshs.)	Supporting Schedule (Kshs.)	Variance (Kshs.)
Government Grants	6	11,595,000	15,595,000	4,000,000
Cash and Cash Equivalents	27	3,900,076	4,400,286	500,210
Trade and Other Payables	35	7,293,928	7,295,895	1,967
Total		22,789,004	27,291,181	4,502,177

Further, the statement of comparison of budget and actual amounts had an over casting error on actual expenditure amounting to Kshs.2,681,908. The reported expenditure of Kshs.36,852,173 should have been Kshs.34,170,265. In addition, Note 27(a) to the financial statements had casting error amounting to Kshs.1,104,010 on current accounts balances reported as Kshs.4,394,388 instead of Kshs.3,290,378 resulting to a casting error amounting to Kshs.1,104,010.

2.2 Inaccurate Statement of Cash Flows

The statement of cashflows has inconsistencies and inaccurate presentation and disclosure as detailed below:-

- i. The statement of cash flows reflects transfers from other government entities of Kshs.18,487,795 with no corresponding disclosure Note, which differs with the statements of financial performance amount of Kshs.11,595,000 resulting to an unexplained and unreconciled variance amounting to Kshs.7,252,795,
- ii. The statement of changes in net assets reflects capital grants amounting to Kshs.3,252,795 which has been omitted in the statement of cashflows.

- iii. The statement of cash flows reflects an opening cash and cash equivalents balance of Kshs.9,357,971 which differs from the audited closing balance for the prior year of Kshs.8,632,045 resulting to an unexplained and unreconciled variance amounting to Kshs.725,926,
- iv. The statement of cash flows reflects prior year net increase or decrease in cash and cash equivalents balance of Kshs.6,512,982 which differs with the prior year audited negative balance of Kshs.5,043,801 resulting to an unexplained and unreconciled variance amounting to Kshs.11,556,783,
- v. The statement of cash flows reflects examination fees and general expenses amounting to Kshs.2,694,520 and 12,969,520, respectively which differs with the prior year audited amount of Nil and Kshs.13,549,212, respectively resulting to an unexplained and unreconciled variance amounting to Kshs.2,694,520 and Kshs.579,692.

Consequently, the accuracy, completeness, presentation and disclosure of the financial statements could not be confirmed.

3. Unconfirmed Salaries and Wages

The statement of financial performance reflects expenditure on employee costs amounting to Kshs.5,464,092. However, there were no payrolls nor master rolls in support of the expenditure.

Consequently, the completeness and validity of the employee costs amounting to Kshs.5,464,092 could not be confirmed.

4. Deposits Held in a Non-Financial Institution

As previously reported, the cash and cash equivalents in the statement of financial position reflects a balance of Kshs.3,900,076 and as disclosed in Note 27 to the financial statements which includes a balance of Kshs.556,093 held in a Sacco. However, no authority has been sought from The National Treasury to operate the account in a non-financial institution.

Consequently, the Institute is in breach of the Law.

5. Property Plant and Equipment

5.1 Lack of Land Ownership Documents

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.94,939,368 which includes value of land amounting to Kshs.15,000,000. However, there are no ownership documents to the land parcels. In addition, the basis for the land value of Kshs.15,000,000 could not be established as this was neither based on historical cost nor valuation.

5.2 Unaccounted for Donated Equipment

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.94,939,368 which excludes equipment donated in the asset

register comprising of equipment, furniture and computers as the value has not been determined.

Consequently, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.94,939,368 could not be confirmed.

6. Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.90,828,500 and Kshs.43,113,395, respectively resulting to an under-funding of Kshs.47,715,105 or 53% of the budget. Similarly, the Institute expended Kshs.34,170,265 against an approved budget of Kshs.90,828,500 resulting to an under-expenditure of Kshs.8,943,130 or 21% of the budget.

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

7. Lack of Risk Management Policy

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

Consequently, the Management was in breach of law.

8. Lack of Information Technology Strategy

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

Consequently, the Institute might not recover from an interruption and this may affect the business-continuity and recovery plan.

9. Lack of Internal Audit Function and Audit Committee

The Institute does not have in place a functional internal audit department and neither did it have an audit committee. This results in an inability to detect inefficiencies or deficiencies. In view of the above, the Management may lack complete and objective insight into the effectiveness of their risk management, internal control and overall governance processes as well as their evaluation and improvement thereof. This was contrary to Section 73 (4)(5) of the Public Finance Management Act, 2012 which requires entities to establish an Internal audit function and an Audit Committee of the board.

Consequently, the Institute's risk management, internal control and overall governance processes as well as their evaluation and improvement could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

II STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions		11,595,000	13,500,000
Transfers from the National Government-grants/ gifts in kind	6	11,595,000	13,500,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		11,595,000	13,500,000
Revenue from exchange transactions		27,936,276	10,535,450
Rendering of services- Fees from students	10	27,936,276	10,535,450
Sale of goods	11	329,324	6,340
Rental revenue from facilities and equipment	12	-	-
Finance income-external investments	13	-	-
Consultancy fees	14	-	-
Other income		-	-
Revenue from exchange transactions		28,265,600	10,541,790
Total revenue		39,860,600	24,041,790
Expenses		17,658,438	13,549,212
Use of goods and services	15	-	-
Employee costs	16	5,464,092	3,626,500
Remuneration of directors	17	-	-
Depreciation and amortization expense	18	2,681,908	1,961,555
Repairs and maintenance	19	1,543,390	960,354
Contracted services	20	-	-
Grants and subsidies	21	-	-
General expenses	22	17,658,438	13,549,212
Finance costs	23	-	-
Total expenses		27,347,828	20,097,621
Other gains/(losses)		-	-
Gain on sale of assets	24	-	-
Gain on foreign exchange transactions		-	-
Unrealized gain on fair value of investments	25	-	-
Impairment loss	26	-	-
Total other gains/(losses)		-	-
Net Surplus for the year		12,512,772	3,944,169
Attributable to:		-	-
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-


The notes set out on pages 17 to 33 form an integral part of the Annual Financial Statements.


EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019


STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	27	3,900,076	8,632,045
Receivables from exchange transactions	28	25,926,556	5,867,310
Receivables from non-exchange transactions	29	-	-
Current portion of long-term receivables from exchange transactions		-	-
Inventories	30	-	-
Investments	31	-	-
		29,826,632	14,499,355
Non-current assets			
Property, plant and equipment	32	94,939,368	87,979,432
Investments		-	-
Intangible assets	33	412,500	-
Investment property	34	-	-
Long term receivables from exchange transactions		-	-
		95,351,868	87,979,432
Total assets		125,178,500	102,478,787
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	35	7,293,928	617,182
Refundable deposits from customers	36	582,100	324,700
Provisions	37	-	-
Finance lease obligation	38	-	-
Current portion of borrowings		-	-
Deferred income	39	-	-
Employee benefit obligation	40	-	-
Payments received in advance		-	-
		7,876,028	941,882
Non-current liabilities			
Non-current employee benefit obligation		-	-
Non-current provisions		-	-
Borrowings		-	-
Service concession liability		-	-
Deferred tax liabilities		-	-
		-	-
Total liabilities		7,876,028	941,882
Net assets			
Reserves		-	-
Accumulated surplus		19,315,985	6,803,213
Capital Fund		97,986,487	94,733,692
Total net assets and liabilities		125,178,500	102,478,787

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


 Chairman Board of Governors
 Date 31/08/2020


 Finance Officer
 ICPAK No
 Date 17.01.19 31/08/2020


 Principal
 Date 31/8/2020

EMERGING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2017	-	-	-	91,538,692	91,538,692
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	6,803,213	-	6,803,213
Capital/Development grants received during the year	-	-	-	3,195,000	3,195,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2018	-	-	6,803,213	94,733,692	101,536,905
At July 1, 2018	-	-	6,803,213	94,733,692	101,536,905
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	12,512,772	-	12,512,772
Capital/Development grants received during the year	-	-	-	3,252,795	3,252,795
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2019	-	-	19,315,985	97,986,487	117,302,472

No entries to support the opening Balance from 2016/2017

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

III. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	f	18,847,795	25,534,413
Public contributions and donations		-	-
Rendering of services- Fees from students		-	-
Sale of goods	f	329,324	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Consultancy income		-	-
Other income, rentals and agency fees		-	-
Total Receipts		19,177,119	25,534,413
Payments			
Employee Cost	f	5,464,092	3,626,500
Repairs and Maintenance	f	1,581,280	960,382
Examination Fees	f	3,283,860	2,694,520
Transfer to Chepsirei TVC		-	8,839,413
General Expenses	f	17,658,438	12,969,520
Other payments	f	719,918	-
Grants and subsidies paid		-	-
Total Payments		25,665,920	26,975,479
Net cash flows from operating activities		(6,488,801)	(1,441,066)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	f	9,504,345	10,115,717
Proceeds from sale of property, plant and Equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		-	-
Net cash flows used in investing activities		9,504,345	10,115,717
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits	f	10,535,250	6,512,982
Net cash flows used in financing activities		-	-
Net increase /(decrease)in cash and cash equivalents		(5,457,896)	6,512,982
Cash and cash equivalents at July 2018	27	9,357,971	13,675,846
Cash and cash equivalents at 30 JUNE	27	3,900,075	8,632,045

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

UNIVERSITY OF JERUSALEM - RAAMAT HANAN CAMPUS
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

IV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 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
Revenue										
Transfers from other Govt entities										
Govt grants	66,900,000		-		66,900,000		11,595,000		55,305,000	
Public contributions and donations - Donor approved	-		-		-		3,257,95		-	
Rendering of services- Fees from students	23,928,500		-		23,928,500		28,265,600		4,337,100	
Sale of goods	-		-		-		-		-	
Finance In come	-		-		-		-		-	
Consultancy Income	-		-		-		-		-	
Gains on disposal, rental income and agency fees	-		-		-		-		-	
Total income	90,828,500		-		90,828,500		39,860,600		50,967,900	
Expenses										
Employee Costs	8,104,200		-		8,104,200		5,464,092		2,640,108	
Repairs and Maintenance	5,010,100		-		5,010,100		1,543,390		3,466,710	
Capital Expenditure	45,582,625		-		45,582,625		9,504,345		36,078,280	
Depreciation and Amortization	-		-		-		-		-	
Remuneration of directors	-		-		-		-		-2,819,409	
General expenses	32,131,575		-		32,131,575		17,658,438		14,473,137	
Grants and subsidies paid	-		-		-		-		-	
Total expenditure	90,828,500		-		90,828,500		36,852,173		53,976,327	
Surplus for the period	-		-		-		3,008,427		3,008,427	

N/B: The Difference between the actuals and the budgeted is because the income from the government was less than the budgeted.

Handwritten signature

V. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
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 Financial Year 2018/2019 was approved by the Board on 28th June 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 the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per CAP 470 of the income tax Act.

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
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. The entity is exempted from paying taxes as per CAP 470.

d) Property, plant and equipment

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

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2.5
Plant and machinery	12.5
Library books	25
Furniture and fittings	25
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the Asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating Profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset is transferred to retained earnings in the statement of changes in equity.

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

f) Research and development costs

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

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

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

Where Emining 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

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

Contingent assets

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

Emining creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

emining 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

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

Emining 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, Emining 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, Emining 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.

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
Un conditional grants		
Operational grant	3,000,000	13,500,000
Capitation grants	8,595,000	-
Development Grants	3,252,795	3,195,000
Conditional grants	14,847,795	16,695,000

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	11,595,000	16,695,000

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
Education Ministry	11,595,000	-	3,252,795	14,847,795	16,695,000
	-	-	-	-	-
Total	-	-	-	-	-

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2018-2019	2017-2018
	KShs	KShs
JICA- Research grant	-	-
World Bank grants	-	-
Other grants	-	-
Total grants from development partners	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Reconciliations of grants from donors and development partners

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

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from County	-	-
Transfer from xxx University	-	-
Transfer from xxx institute	-	-
Total Transfers	-	-

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	-	-
Total donations and sponsorships	-	-

10 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	21,182,496	9,014,700
Activity fees	-	-
Boarding fees	6,043,500	1,364,500
Computer Packages	56,000	14,500
Facilities and materials	3,280	-
Admission fees	651,000	141,750
Total revenue from the rendering of services	27,936,276	10,535,450

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS

Description	2018-2019 KShs	2017-2018 KShs
Sale of goods		
Sale of books	-	-
Sale of Tender	-	3,000
Sale of farm produce	329,324	3,340
Other(include in line with your organisation)		
Total revenue from the sale of goods	329,324	6,340

-This income includes sale of milk and Bull

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019 KShs	2017-2018 KShs
Straight-lined operating lease receipts	-	-
Contingent rentals	-	-
Total rentals	-	-

-None

13 FINANCE INCOME

Description	2018-2019 KShs	20xx-20xx KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

- None

14 OTHER INCOME

Description	2018-2019 KShs	2017-2018 KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Income from disposal of assets	-	-
Total other income	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Electricity	-	-
Water	-	-
Security	-	-
Professional services	-	-
Subscriptions	-	-
Total good and services	-	-

16 EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	5,464,092	3,626,500
Employee related costs-contributions to pensions and medical aids	-	-
Travel, motorcar ,accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Employee costs	5,464,092	3,626,500

17 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	-	-
Other allowances	-	-
Total director emoluments	-	-

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	20xx-20xx
	KShs	KShs
Property, plant and equipment	2,544,408	1,961,555
Intangible assets	137,500	-
Investment property carried at cost	-	-
Total depreciation and amortization	2,681,908	1,961,555

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Property	1,543,390	960,354
Investment property—earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Other	-	-
Total repairs and maintenance	1,543,390	960,354

20 CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	-	-

21 GRANTS AND SUBSIDIES

Description	2018-2019	2017-2018
	KShs	KShs
Community development	-	-
Education initiatives and programs	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertising	380,800	-
Admin fees	2,929,293	3,712,628
Travelling Fees	1,991,680	2,566,770
Conferences and delegations	72,800	626,844
Subscriptions	240,000	-
Farm Expenses	243,000	-
Electricity , Water and Conservation	599,468	585,026
Medical Expenses	21,260	31,550
Activity Expenses	698,479	237,530
Performance Contractor	216,400	287,500
Fuel and oil	12,200	-
Insurance	123,091	-
Board Sitting Allowances	695,500	865,000
Training Materials	3,185,380	2,155,610
Internet Services	188,700	-
Printing and Stationery	181,640	-
Boarding Expenses	5,006,487	2,318,296
Cleaning and Development	209,200	162,458
Skills Development	120,000	-
Library Expenses	53,400	-
Telephone Expenses	291,000	-
Bank Charges and Commission	920	-
Other	197,740	-
Total general expenses	17,658,438	13,549,212

23 FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 GAIN ON SALE OF ASSETS

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

25 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

26 IMPAIRMENT LOSS

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Current account	3,900,076	8,632,045
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	3,900,076	8,632,045

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

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
a) Current account			
Kenya Commercial bank-Operation	1148626859	1,785,963	5,579,930
Kenya Commercial bank-Fee Collection	1175316431	91,547	439,037
Kenya Commercial bank-Development	1166509710	856,775	2,017,377
Sky line Sacco Limited	5651-005-01721	556,093	595,701
Sub- total		4,394,388	8,632,045
b) On - call deposits			
Kenya Commercial bank		3,250,378	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Cash in transit		-	-
cash in hand		609,898	-
M pesa		-	-
Sub- total		-	-
Grand total		3,900,076	8,632,045

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019 KShs	2017-2018 KShs
Current receivables		-
Student debtors	25,926,556	5,867,310
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	25,926,556	5,867,310
Total current receivables		-
Non-current receivables		-
Refundable deposits	25,926,556	5,867,310
Advance payments	0	-
Public organizations	0	-
Less :impairment allowance	0	-
Total	25,926,556	5,867,310
Current portion transferred to current receivables	0	-
Total non-current receivables	0	-
Total receivables	25,926,556	5,867,310

29 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019 KShs	2017-2018 KShs
Current receivables		-
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors(non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	-	-

30 INVENTORIES

Description	2018-2019 KShs	2018-2018 KShs
Consumable stores	-	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 INVESTMENTS

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

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:

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Text Books	Biological Assets	Furniture and fittings	Computers	Other Assets (Soft Ware)	Plant and equipment	Capital Work in progress	Total
Rate	0%	Shs	Shs		Shs	Shs	Shs	Shs	Shs	Shs
At July	15,000,000	36,780,286	450,829	0	918,628	534,044	0	796,837	25,344,646	79,825,300
Additions		0	534,821	640,000	1,014,884	42,000	0	318,720	7,565,293	9,475,718
Disposals		0	0		-	-	0	-	0	0
Transfers/adjustments		0	0		0	0	0	-	0	0
At 30 th June 2018	15,000,000	36,870,286	985,650	640,000	1,933,512	576,044	0	1,115,557	33,742,939	89,941,018
Additions		0	57,466	410,000	1,602,236	1,191,500	550,000	681,500	5,561,643	9,504,345
Disposals		0	-		-	-	-	-	-	-
Transfer/adjustments		0	-		-	-	-	-	-	-
At 30 th June 2019	15,000,000	35,860,779	796,703	1,050,000	3,052,379	1,594,731	550,000	1,657,612	38,471,582	97,483,777
Depreciation and impairment										
At July 2017	0		0		483,378	-	0	0	0	1,961,555.48
Depreciation	0	919,507.15	246,412.5		483,378	172,813.32	0	139,444.6	0	
Impairment		0	-		-	-	0	-	-	0
At 30 th June 2017	0	919,507.15	246,412.5		483,378	172,813.2	0	139,444.6	0	1,961,555.48
Depreciation	0	896,519.48	199,175.75		763,094.75	478,419	137,500	207,201.5	0	2,544,408.48
Disposals		0	-		-	-	0	-	0	
Impairment	0	0	0		0	0	0	0	0	0
Transfer/adjustment	0	0	0		0	0	0	0	0	0
At 30 th June 2018	0	181,602.6	445,588.25		1,246,472.75	651,232.2	137,500	346,646.1	0	4,505,971.45
Net book values										
At 30 th June 2019	15,000,000	34,964,260	597,527.25	1,050,000	2,289,284.25	1,116,312	412,500	1,450,411	38,471,582	94,939,368
At 30 th June 2018	15,000,000	35,860,779	739,237.5	640,000	1,450,134	403,230.80	0	976,112.4	32,909,939	87,979,455

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 INTANGIBLE ASSETS-SOFTWARE

Description	2018-2019	2017-2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	550,000	-
At end of the year	550,000	-
Additions-internal development	-	-
At end of the year	550,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	137,500	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	412,500	-

34 INVESTMENT PROPERTY

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

35 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	3,744,625	567,202
Fees paid in advance	549,303	49,980
Employee advances	-	-
Third-party payments	3,000,000	-
Other payables	-	-
Total trade and other payables	7,293,928	617,182

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018-2019 KShs	2017-2018 KShs
Consumer deposits	-	-
Caution money	582,100	324,700
Other refundable deposits	-	-
Total deposits	582,100	324,700

37 CURRENT PROVISIONS

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

38 FINANCE LEASE OBLIGATION

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

39 DEFERRED INCOME

Description	2018-2019 KShs	2017-2018 KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

40 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	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

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

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 NON-CURRENT PROVISIONS

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

42 BORROWINGS

Description	2018-2019 KShs	2017-2018 KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2018-2019 KShs	2017-2018 KShs
External Borrowings		
Dollar denominated loan from organization'	-	-
Sterling Pound denominated loan from 'yorganisation'	-	-
Euro denominated loan from organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
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)	-	-
Long term borrowings	-	-
Total	-	-

43 SERVICE CONCESSION ARRANGEMENTS

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

44 CASH GENERATED FROM OPERATIONS

Description	2018-2019	2017-2018
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 FINANCIAL RISK MANAGEMENT

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

45. FINANCIAL RISK MANAGEMENT (Continued)

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2019				
Trade payables	3,744,625	-	-	3,744,625
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 20xx	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	3,744,625	-	-	3,744,625

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
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 the entity on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

a) Foreign currency risk

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

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

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

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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
At 30 June 2019			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	11,595,000	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	-	-

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 SEGMENT INFORMATION

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

48 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2018-2019	2017-2018
	Kshs	Kshs
Court case against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

49 CAPITAL COMMITMENTS

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

50 EVENTS AFTER THE REPORTING PERIOD

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

51 ULTIMATE AND HOLDING ENTITY

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

52 Currency

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

**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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)

Director General/C.E.O/M.D (enter title of head of entity)
Chairman of the Board

Date.....



**EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of -Ministry of Education				
Financial Year 2018/2019				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent		3,000,000	2018/2019
	Capitation		8,595,000	2018/2019
		Total	11,595,000	
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		08/10/2018	1,626,397.5	2018/2019
		11/03/2019	1,626,397.5	2018/2019
		Total	3,252,795	
c. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
d. Donor Receipts				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

Board Chair
 Emining T T I

Sign 

Accounting Officer
 Emining TTI

Sign 

EMINING TECHNICAL TRAINING INSTITUTE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	=Where Recorded/recognized					Total Transfers during the Year
						Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Education	18/2/2019	5/10/2018	Recurrent	3,000,000	3,000,000	-	-	-	-	3,000,000	
Ministry of Education	8/10/2018	8/10/2018	Recurrent	8,595,000	8,595,000	-	-	-	-	8,595,000	
Ministry of Education	11/3/2019	11/3/2019	Development	1,626,397.5	-	1,626,397.5	-	-	-	1,626,397.5	
Ministry of Education	-	-	Development	1,626,397.5	-	1,626,397.5	-	-	-	1,626,397.5	
Ministry of Education	-	-	Direct Payment	-	-	-	-	-	-	-	
Chepsirei Account-Development	8/10/2018	8/10/2018	Chepsirei Technical and Vocational	1,000,000	-	-	-	-	-	1,000,000	
Chepsirei Account-Operation Activities	27/6/2019	27/6/2019	Chepsirei Technical and Vocational	1,000,000	-	-	-	-	-	1,000,000	
Kipsoen Account-Operation Activities	27/06/2019	27/06/2019	Kipsoen Technical and Vocational	1,000,000	-	-	-	-	-	1,000,000	
Eldama Ravine Account-Operation Activities	27/06/2019	27/06/2019	Eldama Ravine Technical and Vocational	1,000,000	-	-	-	-	-	1,000,000	
Total				18,847,795	11,595,000	3,252,795	-	-	-	18,847,795	

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