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THE AUDITOR-GENERAL

ON

**MATHENGE TECHNICAL TRAINING
INSTITUTE**

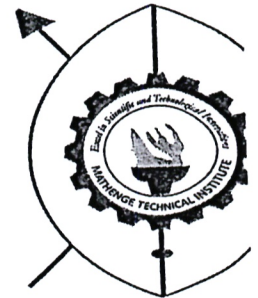
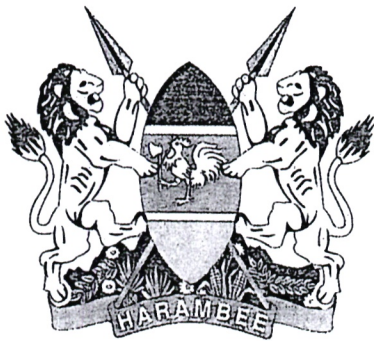
**FOR THE YEAR ENDED
30 JUNE, 2020**

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MATHENGE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2020**

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

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
18 FEB 2021
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P.O. Box 287-10100, Nyeri

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Mathenge Technical Training Institute is Located in Mahiga West Location in Nyeri South Sub-County. The Institute began Operation as a Youth institute in 1960 on a Land donated by the Local Community. The Foundation stone was laid by the late Hon. J. M. Kariuki (the then Assistant Minister for Agriculture) on 2nd August, 1969. Later, in 1981, the area M.P. who was also Vice President of Kenya, His Excellency Hon. Mwai Kibaki encouraged the local leaders to support the growth of the Institute. A steering committee was constituted and completed its work in February, 1984.

The Institute was incorporated as a Legal Entity on 6th April, 1984 under the Companies Act (Cap 486 Laws of Kenya) as a Company limited by Guarantee and without share capital. The Institute officially opened its doors on 25th November, 1984 following a major construction of buildings between 1984 and 1986. Since inception the Institute has experienced progressive growth from a Youth Institute to a Harambee Institute of Science and Technology and later upgraded to a Technical Training Institute in the year 2010.

The Institute achieved ISO 9001:2008 International Standards of Excellence Certification from Kenya Bureau of Standards on 17th July 2011 and successfully transitioned to the revised ISO 9001:2015 Re-certification in September 2018.

Our Vision

To be a Centre of Excellence in Scientific, Technological Training and Innovations

Our Mission

To produce competent graduates capable of integrating the acquired scientific and technological skills in innovative nation building

Our Values

- Integrity
- Innovation
- Competency
- Accountability
- Transparency
- Social Responsibility
- Team Work
- Equity

(b) Principal Activities

Mathenge Technical Training Institute is under the Ministry of Education in the State Department of Technical and Vocational Training and has the mandate to provide quality Technical Vocational Training and Entrepreneurship training for effective and sustainable nation building.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Hannah Njeri Mburu
2.	D /Principal Administration	John Njeru Njagi
3.	D / Principal – Academics	Elizabeth Wangechi Mwangi
4.	Head of Finance	Charles Macharia Mbogo
5.	Head of Procurement	Naomi Wangari King'ori

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members	
Executive/Finance Committee	1. Douglas Mathenge 2. Hannah Mburu 3. Dorcas Mungai 4. Alfred Kuria 5. David N. Oyosi 6. Charles Nyota	
Strategic Plan Committee	1. Alfred Kuria 2. David N. Oyosi Charles Nyota	

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 665 – 10106
Next to Gaturuturu Tea Centre
Kagere –Mahiga - Ndunyu
Othaya

(g) Entity Contacts

Telephone: / (254) 725737174
E-mail: info@mathengetti.ac.ke
Website: www.mathengetti.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Othaya Branch
P.O Box
Othaya

(i) Independent Auditors






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

(j) Principal Legal Adviser





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

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THE COUNCIL/BOARD OF GOVERNORS

 Douglas T. Mathenge Chairman	<p>Date of Birth: 1958</p> <p>Qualifications: Masters in Business Administration CPA (K)</p> <p>Work Experience: 39 years</p>
 Ms. Dorcas N. Mungai Vice Chairperson	<p>Date of Birth: 02/07/1982</p> <p>Qualifications: M.Sc. Entrepreneurship</p> <p>Work experience: She has 10 years' experience and currently an ICT Consultant</p>
 Ms. Hannah N. Mburu Principal/Secretary BOG	<p>Date of Birth: 29/01/1967</p> <p>Qualifications: Masters in Applied Mathematics</p> <p>Work Experience: 29 years</p>
 Eng. Alfred W. Kuria	<p>Date of Birth: 1962</p> <p>Qualifications: Degree in Electrical Engineering</p> <p>Work Experience: He has got 31 years of experience and currently he is a sole proprietor of Power deed Engineering Services.</p>
 Mrs. Betty Miriti Member	<p>Date of Birth: 12/10/1960</p> <p>Qualifications: Bachelor of Commerce (Marketing option)</p> <p>Work Experience: 35 years</p>

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 <p>Mr. Rufus K. Nyaga Member</p>	<p>Date of Birth: 27/04/1986</p> <p>Qualifications: Bachelor of Business and Information Technology and currently pursuing Master's Degree in Information Systems Management.</p> <p>Work experience: He has 11 years' experience. Currently he is the Information Systems Consultant and Project Manager at Association of Public Health Laboratories.</p>
 <p>Mr. Steve Gichohi Gichuhi Member</p>	<p>Date of Birth: 09/10/1965</p> <p>Qualifications: MBA Strategic Management</p> <p>Work Experience: He has 32 years' experience and currently the General Manager, Equity Bank (K) Ltd.</p>
 <p>Mr. David N. Oyosi Member</p>	<p>Date of Birth: 15/08/1957</p> <p>Qualifications: Masters in Business Administration</p> <p>Work experience: He has 35 years' experience. He is a retired Director of Administration at the Ministry of Devolution and Planning.</p>
 <p>Mr. Patrick Mwangi Maina Member</p>	<p>Date of Birth: 13/12/1967</p> <p>Qualifications: Bachelor of Education</p> <p>Work experience: He has 25 years, experience. He is currently the Executive Secretary, KUPPET Nyeri County</p>

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MANAGEMENT TEAM

Insert each key manager's/Principal passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
 <p>Hannah Njeri Mburu</p>	<p>Principal Qualifications: Masters in Applied Mathematics Work Experience: 29 years</p>
 <p>John Njeru Njagi</p>	<p>D /Principal – Administration Qualifications: Dip. Motor Vehicle mechanics Work Experience: 30 years</p>
 <p>Elizabeth Mwangi</p>	<p>D / Principal – Academics Qualifications: Bachelor's Degree Food Production & Nutrition Work Experience: 30 years</p>
 <p>CPA Charles Macharia Mbogo</p>	<p>Head of Finance Qualifications: Bachelor's Degree Commerce Accounting Option CPA K Work Experience: 12 years</p>
 <p>Naomi Wangari</p>	<p>Head of procurement Qualifications: Bachelor's degree Supply Chain Management Work Experience: 4 years</p>

CHAIRMAN'S STATEMENT

I am pleased to report that Mathenge Technical Training Institute (MTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 30% annual growth for 2020, based on the current 2,379 in 2019/2020 from that of 1,794 students in 2018/2019.

We thank the Government of Kenya for providing state-of-the-art training equipment, capitation and employment of Trainers through the devolved system by the Public Service Commission that has greatly contributed towards increased student enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation.

Review of the Sector and Changes

During the year, we have witnessed a positive growth in student enrolment owing to reduction in fees payable as a result of Government Capitation approach to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. MTTI has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

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Operation and Management

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e. food security, affordable housing, universal health and manufacturing). To this end, MTTI has continuously participated in trade fairs (including the Annual Agricultural Show) whereby trainees have exhibited their patentable innovations in all of the Big 4 Agenda that have won them many trophies and meritorious accolades.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at MTTI, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Mathenge TTI is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

Lastly, I would like to whole-heartedly thank my fellow members of the Board of Governors, Management, Trainers, Trainees – and all other stake-holders for their co-operation, collaboration, continued support and commitment during this period under review.



CPA, Douglas T. Mathenge
CHAIRMAN, BOARD OF GOVERNORS
28th Sept, 2020.

REPORT OF THE PRINCIPAL

Mathenge Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Mathenge Technical Training Institute was able to achieve ISO 9001:2008 International Standards of Excellence Certification from Kenya Bureau of Standards on 17th July 2011 and successfully transitioned to the revised ISO 9001:2015 Re-certification in September 2018. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

HIGHLIGHTS OF FY 2019/2020 PERFORMANCE

The Financial Year 2019/2020 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Ksh. 30,000/= p.a to all joining and current students in all Technical Training Institutions. Annual students fee nationally is capped at Ksh. 56,420/= with the Government pledging the above Ksh. 30,000/= capitation, while encouraging the needy students to apply through HELB for the balance of Ksh. 26,420/=

During the year under review, the total capitation received from the government amounted to Kshs. 71,895,000 while an operation grant for the mentored intuition was KShs. 3,000,000.

Income from rendering of services was in the tunes of 92 million despite the disruptions caused by Covid – 19 leading to closure of learning institutions.

Students Enrolment;

During the year 2019/2020, there was increase in student enrolment 585 making the student number to 2379.

During the financial year under review, 2019/2020, the institute developed and delivered on several tangible targets:

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- On population, the institute was able to increase its enrolment from 1794 to 2379
- We also held several co-curricular activities boosting the team work and improved the social aspects of trainers/trainees.
- We were ranked number 3 in the regional ball games as well as athletics
- We also participated in the national innovations/robotics where Mathenge TTI scored several trophies.

Projects Undertaken

During the Financial Year under review, The Board was able to successfully complete and hand over Kieni TTI, Laikipia East TTI and Laikipia North TTI which was under her mentorship.

Our future plans in relation to expansion and well-being of the institutes are as follows;

- To operationalize food processing unit (under value additional equipment).
- Increase student enrolment to 5000 students
- Acquire National Polytechnic status

Under my leadership, we were able to review the strategic plan, update assets register and also to value the assets of the institution which stands at KShs. 467,373,420.

In our contribution to Big 4 Agenda, 29 youths were attached within the Institute, conducted staff training on CBET-CDACC and the Institute participated in the Mt Kenya region Athletics and we attained position number 1 with 17 Gold medals, 5 Silver medals and 4 Bronze medals.

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as

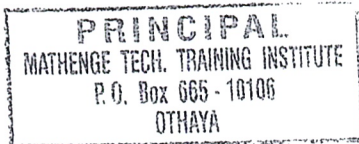
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the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



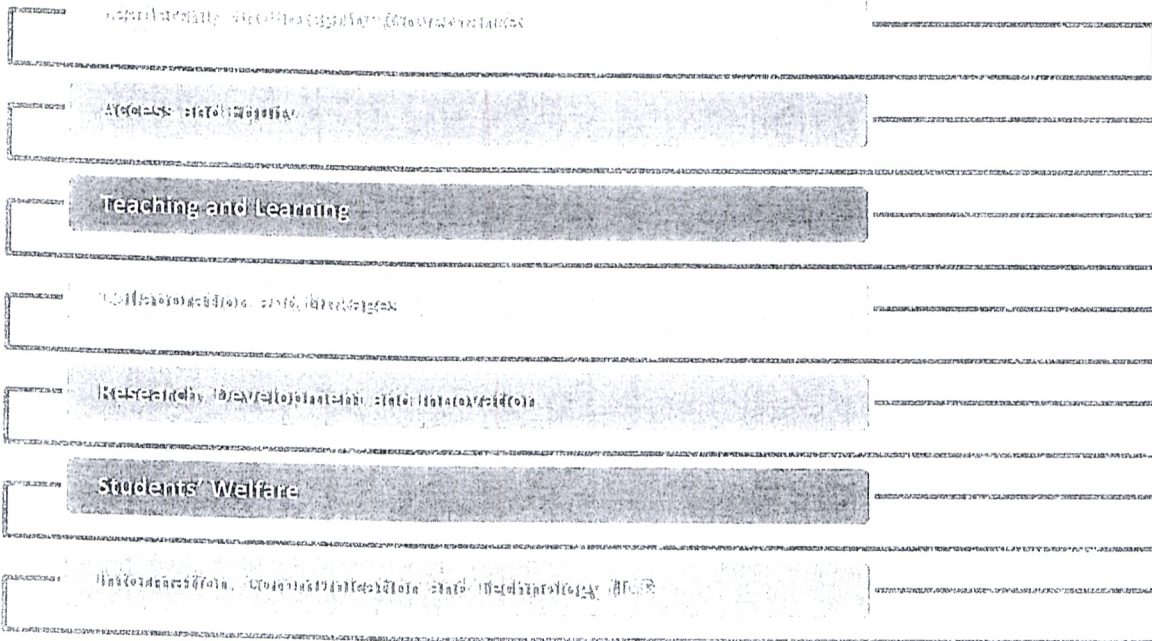
HANNAH N. MBURU
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS
Date: 28th Sept, 2020



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REVIEW OF MATHENGE TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FY 2019/2020

Mathenge Technical Training Institute has 7 strategic pillars and objectives within its Strategic Plan for the 2018/19 – 2022/23. These strategic pillars are as follows:



Mathenge Technical Training Institute develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *institute* achieved its performance targets set for the FY 2019/2020 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objectives	Strategies	Key Performance Indicators	Activities	Achievements
Pillar 1. Leadership and Integrity (Governance)	Attract, develop and retain competent staff	Enhance the existing staff reward scheme	% of budget allocated to staff award	Recognize and reward performance	A total of Ksh 1,500,00/=spen in staff award for good performance in national exam:
		Offer governance training to new BOG members	Number of BOG training conducted	Organize for a seminar for new BOG members training	BOG member were trained
	Ensure the Institute remains solvent and meets its legal obligations	Enforcing compliance to laws and regulations	-Number of relevant laws and regulations -Survey reports	-Identify and enforce compliance with laws and regulations to be complied	All relevant laws and regulations complied with as per audit report

		Undertake regular market surveys to inform procurement decisions	Number of market survey undertaken	with -Planning and implementing market survey design	Two annual market surveys conducted
		Participating in cultural and trade exhibitions at regional and national levels	Number of cultural and trade exhibitions attended	Identify and train teams to participate in cultural and trade exhibitions	Students facilitated to participate in regional and national cultural and trade exhibitions
	Ensure environmental sustainability in project implementation	Enhance the green movement unit	% of total budget allocated to green movement	-Planting of trees and flowers -Landscaping the Institute compound	A total of Ksh. 215,500 spent in green movement activities
		Equip the academic departments	Budget allocation for learning and teaching materials departments	-Procurement of learning and teaching materials	A total budget of ksh. 5,017,000 was allocated to procurement of learning and teaching materials
		Expand administrative offices	Procurement documents	Partitioning of administrative offices	Four offices created and occupied
Pillar 2: Access and Equity	Promote access and equity in training	Enhance digital marketing opportunities	Number of digital marketing platforms in use	-Activating digital marketing platforms	-Institute's Facebook, website page and WhatsApp are in use
		Implement affirmative action for the target groups	Number of policies implemented	Develop Gender and Disability mainstreaming policy	Gender and Disability mainstreaming policy being implemented
		Provide academic and social support for students by establishing students and	Number of counselling sessions	Identify students in need of counselling	Counselling and guidance department implementing the counselling and guidance activities

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		staff center			
Pillar 3: Teaching and Learning	Ensure relevance in the teaching and learning process	Introduce e-learning portal	Number of e-learning portal installed	-Develop and install e-learning portal	Online Learning Information Management System installed
		Equip the library with books	% of budget allocated to purchasing of books	Identify and procure library books	A total budget of Ksh. 1,980,000 was allocated to procurement of library books
Pillar 4 Collaboration and Linkages	Establish and strengthen existing collaborations and linkages	Facilitate students for industrial attachment and internship	Number of students in attachment	-Identify, place and assess students on attachment	92 students placed on attachment
Pillar 5 Research, Development and Innovation	Promote innovation and creativity in the Institute through research and development and innovation	Develop research and development policy	Number of research and development policy	-Development of research and development policy	One research and development policy developed
		Allocate annual budget for research and development	% budget allocation for research and development	Allocate at least 2% of the operational grants budget to research and development	A total budget of Ksh. 2,850,000/ was allocated to research and development
		Participate in regional, national and international research exhibitions	Number of participation in national and international research exhibitions	Develop and rank research projects	Participation in regional and national TVET fair and robotic competition affected by covid-19 pandemic
		Register and patent innovation	Number of patents and copyrights registered	-Register and patent innovation	
		Recognize and reward	% budget allocated to	-Assessing and ranking the	A total budget of ksh. 250,000

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		innovation and creativity	recognize reward innovation and creativity	research projects developed	was allocated to recognizing and awarding highly ranked research projects
Pillar 6: Students' Welfare	Improve and enhance students welfare	Encourage students to register with medical insurance covers	Number of sensitization	-Organize for sensitization of students on available medical insurance covers	-Two sensitization sessions conducted
		Facilitate drama and music activities	% of total budget allocated to Drama and music activities	Prepare and participate in drama and music festivals	A total budget of ksh. 2,200,000 was allocated to Drama and music activities
		Construct a student Centre	Expanded student center facilities	-Construct stall for students	Four business stalls constructed
Pillar 7: Information, Communication and Technology (ICT)	Enhance use of Information Communication Technology in the Institute's operations	Develop adequate ICT capacity for staff	Number of members of staff trained in ICT	-Organize for ICT training for staff	70 members of staff trained on online learning
		Develop ICT infrastructure	% Budget allocated to purchasing of ICT infrastructure	Procure desktops, laptops and printers	A total budget of ksh. 750,000 was allocated to purchasing of ICT infrastructure

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CORPORATE GOVERNANCE STATEMENT

Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The board of governors held Seven Full board meetings and nine executive board meetings in the financial 2019/2020. The current board was appointed on 4th October 2019 and inaugurated on 4th November 2019, 2019 for a term of three years ending 5th October 2022.

On expiry of the tenure of the current board (5th October, 2022) the process of appointment of a new board of management is as laid out in the TVET act of 2013 shall be followed

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;

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- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board. This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

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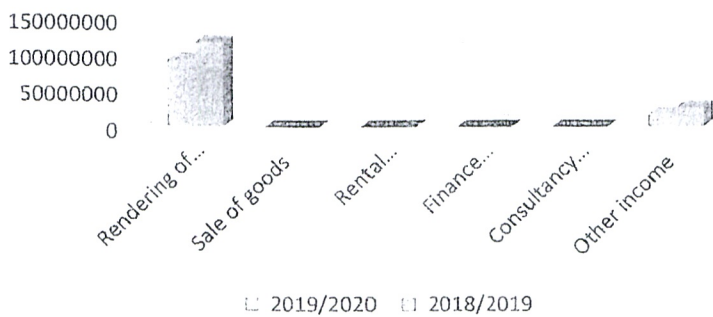
MANAGEMENT DISCUSSION AND ANALYSIS

Mathenge Technical Training Institute operational and financial performance

During the year ended June 2020, the Institution had 2,379 students compared to 1794 in year 2018/2019. Though the education sector was highly affected by the outbreak of Covid 19 in the world, the revenues only decreased by 24% from 150 million to 114 million. This was attributed to increased number of students.

Below are the graphs and pie charts analysing the revenues and expenses of the institution.

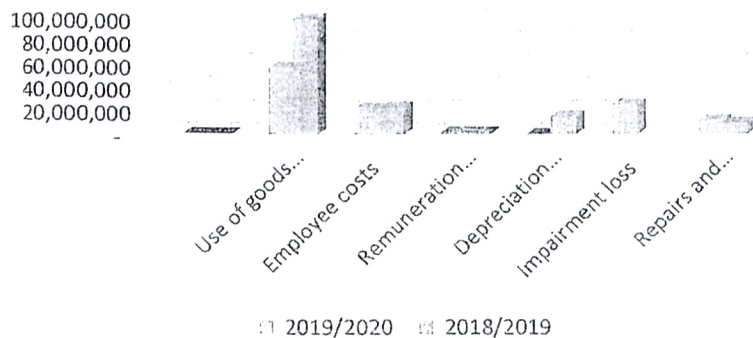
income analysis



The above graph shows that rendering of services income reduced in year 2019/2020 compared to 2018/2019 due to shut down of schools caused by Covid 19 pandemic.

The pandemic also affected other income specifically accommodation and related income.

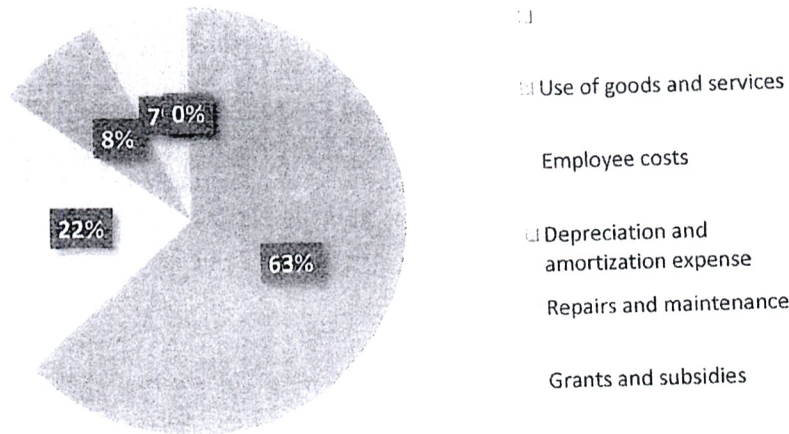
Expenses analysis



The above analysis reviews that all expenses reduced drastically due to shut down of schools.

The contribution of each expense as a percentage of total expenses is as shown below.

2019/2020



Risks and Opportunities facing MTI

Opportunities	Threats
Potential for collaboration & Linkages	Competition from other TVCS
High demand for Technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills
Access to student loans & bursaries from H.E.L.B, county & NGCDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavourable economic changes
	cybercrime
	Political interference
	HIV/ AIDS drugs and substance abuse

Other institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and NYS sponsorship

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v. Staff turnover due to inability to retain them

Mathenge Technical Training Institute compliance with statutory requirements

Mathenge Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Key projects and investment decisions

The projects under consideration in the FY 2019/2020 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Key deliverables	Completion rate	Timeline
1	Laikipia East TVC	Marina	51,252,294	<ul style="list-style-type: none"> ➤ Practical completion certificate ➤ Handing over certificate and ➤ Certificate of making good defects 	100%	4 years
2	Kieni TVC	Karichen	51,443,888	<ul style="list-style-type: none"> ➤ Practical completion certificate ➤ Handing over certificate and Certificate of making good defects 	100%	3 years
3	Food and beverage complex	Internal	89,312,000	Project not yet started only received 13 million from the government as at 30 June 2020.	0	Not started

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

Social: the institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment: The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

2. Employee welfare

At Mathenge 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.

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promoting initiatives that recognize the contribution of the students to the community.

a) Policies guiding hiring process

The following are the Mathenge Technical Training Institute Board policies that guide hiring process;

Sl. No	Title	Frequency	Requirements
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
4	Gender Mainstreaming	Regularly	Mathenge TTI observes equal employment opportunities during staff recruitment across all genders
5	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

3. Market place practices-

Responsible Supply Chain and Supplier relations

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Mathenge Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with preference and reservation requirements.

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- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

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REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *entity's* affairs.

Principal activities

The principal activities of Mathenge Technical Training Institute is to provide quality Technical Vocational Training and Entrepreneurship training for effective and sustainable nation building.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 23

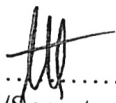
BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board



.....
Principal/Secretary, BOG
Mathenge Technical Training Institute
Date: 28th September, 2020



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

STATEMENT OF BOARD OF GOVERNORS' 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 Mathenge TTI, which give a true and fair view of the state of affairs of Mathenge TTI at the end of the financial year and the operating results of Mathenge TTI for that year. The board members are also required to ensure Mathenge TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of Mathenge TTI. The council members are also responsible for safeguarding the assets of Mathenge TTI

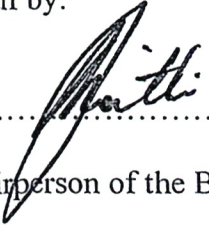
The council members are responsible for the preparation and presentation of Mathenge TTI financial statements, which give a true and fair view of the state of affairs of Mathenge TTI for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Mathenge TTI(v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The council members accept responsibility for Mathenge TTI 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 of 2013*). The board of governors are of the opinion that Mathenge TTI financial statements give a true and fair view of the state of Mathenge TTI transactions during the financial year ended June 30, 2020, and of Mathenge TTI financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Mathenge TTI, which have been relied upon in the preparation of Mathenge TTI financial statements as well as the adequacy of the systems of internal financial control.

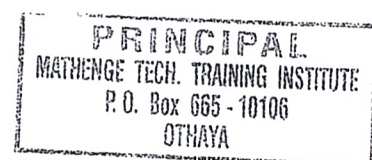
Nothing has come to the attention of the council members to indicate that Mathenge TTI will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *entity's* financial statements were approved by the Board on 30th Sept 2020 and signed on its behalf by:

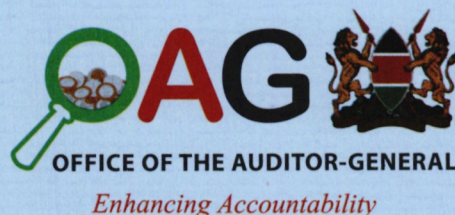

.....
Chairperson of the Board


.....
Accounting officer/Principal



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MATHENGE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mathenge Technical Training Institute set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the financial position of the Mathenge Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012, and Technical and Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1. Opening Balances and Comparative Figures

The comparative figures for the financial year 2018/2019 were derived from financial statements audited by the Schools Audit Department at the Ministry of Education. Consequently, the validity, completeness and accuracy of the comparative figures for 2018/2019 financial year reflected in the financial statements for the year ended 30 June, 2020 could not be confirmed.

2. Receivables

The statement of financial position and as disclosed under Note 18 to the financial statements reflects receivables from exchange transactions and receivables from non-exchange transactions balances of Kshs.35,075,257 and Kshs.11,055,000 as at 30 June, 2020 respectively. However, debtors ageing analysis was not provided for audit

review. Further, provision for bad and doubtful debts was not made in the financial statements under review.

Consequently, the accuracy and completeness of the Kshs.35,075,257 and Kshs.11,055,000 for receivables from exchange transactions and receivables from non-exchange transactions respectively as at 30 June, 2020 could not be ascertained.

3. Current Liabilities

The statement of financial position as at 30 June, 2020 reflects current liabilities balance of Kshs.66,489,944. However, review of ledger and supporting schedules for liabilities indicated variances as shown below:

Item	Balance as per Financial Statements (Kshs.)	Balance as per Ledger/Schedule (Kshs.)	Variance (Kshs.)
Trade Payables	8,440,477	6,909,146	1,531,331
Fees Paid in Advance	55,499,793	4,014,920	51,484,873

Further, the liabilities include balances described as payable to mentored institutions and refundable deposits amounting to Kshs.1,958,846 and Kshs.590,828 which were not supported.

Consequently, as accuracy and completeness of current liabilities total balance of Kshs.66,489,944 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Receivables from Mentored Institutions

The statement of financial position as at 30 June, 2020 reflects receivables from mentored institutions of Kshs.5,831,567. The balance includes outstanding imprests of Kshs.1,012,200 comprising Kshs.831,000 and Kshs.181,200 issued for operations in Laikipia North Technical & Vocational Training College and Laikipia East Technical & Vocational Training College respectively which the Institute is mentoring but had not been surrendered as at 30 June, 2020. No explanation has been provided for the failure to have the imprests accounted for. This was contrary to Section 93(5) of the Public Finance Management (National Governments) Regulations, 2015 which requires a holder of a temporary imprest to surrender imprest within seven (7) working days after returning to duty station.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Risk Management Policy

A review of the Institutes policies revealed that the Institute does not have an approved risk management policy strategies and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This is in contravention of Regulation 165 (1)(a and b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that national government entity develops risk management strategies, which include fraud prevention mechanism; and the national government entity develops a system of risk management and internal control that builds robust business operations.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

15 November, 2021

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

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

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants	6	33,165,000	37,740,000
Total Revenue from non-exchange transactions		33,165,000	37,740,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	92,047,923	116,925,388
Rental revenue from facilities and equipment	8	139,000	475,755
Finance income - external investments	9	-	213,914
Other income	10	16,839,953	26,104,546
Revenue from exchange transactions		109,026,876	143,719,603
Total revenue		142,191,876	181,459,603
Expenses			
Use of goods and services	11	63,792,939	109,105,956
Employee costs	12	16,909,792	13,577,007
Remuneration of directors	13	1,767,836	1,500,000
Depreciation and amortization expense	14	18,388,685	15,430,445
Repairs and maintenance	15	10,857,703	9,121,986
Impairment loss	16	26,440,821	
Grants and subsidies		-	16,620,000
Total expenses		138,157,776	165,355,394
Net deficit for the year		4,034,100	16,104,209

The notes set out on pages 6 to 23 form an integral part of the Annual Financial Statements.

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

V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	125,101,058	16,887,688
Receivables from exchange transactions	18	35,075,257	45,206,771
Receivables from non-exchange transactions	18 (b)	11,055,000	16,620,000
Receivable from mentored institutions	19	5,831,567	4,931,593
Total Current Assets		177,062,882	83,646,052
Non-current assets			
Property, plant and equipment	20	467,763,935	329,935,529
Total Non-current Assets		467,763,935	329,935,529
Total assets		644,826,817	413,581,581
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	63,940,270	14,048,626
Mentoring institution balances	22	1,958,846	6,897,260
Refundable deposits from students	23	590,828	13,420
Total Current Liabilities		66,489,944	20,959,306
Non-current liabilities			
Deferred income	24	6,074,390	3,037,195
Total Non-current liabilities		6,074,390	3,037,195.00
Total liabilities		72,564,334	23,996,501.00
Reserves			
Reserves			
Accumulated surplus		285,904,214	279,011,432
Revaluation reserve	26	178,643,303	-
Capital Grants		107,714,966	110,573,648
Total Reserves		572,262,483	389,585,080
Total Liabilities and Reserves		644,826,817	413,581,581

The Financial Statements set out on pages 1 to 23 were signed on behalf of the Institute Board of Governors by:

Chairman of Board of Governors

Date: 28/9/2020

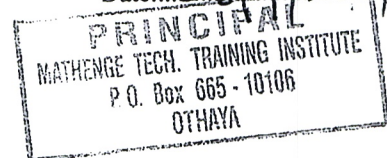
Finance Officer

ICPAK No. 14834

Date: 28/9/2020

Principal

Date: 28/9/2020



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

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

	Revaluation reserve	Accumulated surpluses	Capital Grants	Total
Balance b/f at July 1, 2018				-
Accumulated surpluses		24,828,089	-	24,828,089
Adjustment for prior year payables settled in the current year		(8,053,422)		(8,053,422)
Adjustment for NYS income earned in the previous year		14,666,400		14,666,400
Surplus for the year		16,104,209		16,104,209
Balance c/d as at June 30, 2019 as stated	-	47,545,276	-	47,545,276
Prior year adjustments:				
i) Cost of fixed assets purchased in prior years		234,792,326		234,792,326
ii) Cost of equipment donated by government	-	-	57,173,648	57,173,648
iii) Transfer of deferred income utilised		(3,037,195)		
iv) Land granted by the community	-	-	53,400,000	53,400,000
v) prior year expenses omitted		(275,555)		
iii) Caution money recognised as income	-	(13,420)	-	(13,420)
Balance c/d as at June 30, 2019 as restated	-	279,011,432	110,573,648	392,897,830
Balance b/f as at July 1, 2019	-	279,011,432	110,573,648	389,585,080
Revaluation reserve	178,643,303			178,643,303
Surplus for the year	-	4,034,100	-	4,034,100
Transfer of depreciation from development grants to retained earnings	-	2,858,682	(2,858,682)	-
Balance c/d as at June 30, 2020	178,643,303	285,904,214	107,714,966	572,262,483

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

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

		2019/2020	2018/2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Net cash flows from/(used in) operating activities	25	109,190,785	(7,664,846)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	20	(4,014,610)	(3,312,750)
Net cash flows used in investing activities		(4,014,610)	(3,312,750)
Cash flows from financing activities			
Deferred income		3,037,195	3,037,195
Net cash flows used in financing activities		3,037,195	3,037,195
Net increase/(decrease) in cash and cash equivalents		108,213,370	(7,940,401)
Cash and cash equivalents at 1 July		16,887,688	24,828,089
Cash and cash equivalents at 30 June	17	125,101,058	16,887,688

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

	Original budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020
	Kshs	Kshs	Kshs
Revenue			
Transfers from other Govt entities Govt grants		30,127,805	(30,127,805)
Rendering of services- Fees from students	180,404,020	92,047,923	88,356,097
Gains on disposal, rental income and agency fees	212,000	139,000	73,000
Other income	14,720,000	16,839,953	(2,119,953)
Development Govt. Funded	9,000,000	3,037,195	5,962,805
Total income	204,336,020	142,191,876	62,144,144
Expenses			
Compensation of employees	34,063,000	16,909,792	17,153,208
Use of Goods and services	144,378,820	63,792,939	80,585,881
Depreciation and amortization expense	-	18,388,685	(18,388,685)
Repairs and maintenance	13,457,200	10,857,703	2,599,497
Remuneration of directors		1,767,836	(1,767,836)
Impairment loss		26,440,821	(26,440,821)
Total expenditure	191,899,020	138,157,776	53,741,244
Surplus for the period	12,437,000	4,034,100	8,402,900
Capital expenses			
Departmental Equipment	6,522,000	617,700	5,904,300
Development expenditure	5,915,000	1,953,915	3,961,085
Total capital expenditure	12,437,000	2,571,615	9,865,385

Budget notes

1. The variance in Government capitation is as a result of delayed capitation for quarter 4 which has not been received to-date.
2. The shortage in rendering of services is due to the effect of Covid – 19 pandemic which saw all schools close in March 2020. This resulted in loss of revenue expected from students for quarter 4.
3. The increase of other income is due to increased number of NYS sponsored students which resulted in increase in income from boarding facilities.
4. The shortage in employment cost is due to redundancy of BOG trainers due to Covid 19 pandemic.
5. The shortage in use of goods and services is as a result of institution shut down caused by outbreak of Covid 19. Most of the staff were forced to work from home.
6. Shortage in repairs and maintenance, Board allowances, Development expenditure and departmental equipment were all affected by shut down of the institution caused by the outbreak of Covid 19.
7. Shortage in Development funds is due to delayed receipts from the government

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mathenge Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number **MOHEST/GC/1296/010**.

The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act , TSC Act, KIE Act KASNEB Act and others.

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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

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3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
<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><i>(There is no impact of the standard to the entity)</i></p>
<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. <p><i>(There is no impact of the standard to the entity)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted

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Standard	Effective date and impact:
	<p>when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

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

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a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

Mathenge TTI recognizes capitation from government when the transfer of funds is done.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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.

b) Budget information

The original budget for FY 2019-2020 was approved by the Board of Governors on 17th July 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Mathenge TTI 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Budget information (continued)

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.

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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 13 of Financial Provisions of TVET ACT No. 29 OF 2013 of these financial statements.

c) 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
Plant and machinery	5
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30
Office Equipment	20
Loose tools	33.3

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 are transferred to retained earnings in the statement of changes in equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) 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.

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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.

e) Nature and purpose of reserves

a. Accumulated surpluses

This relates to surpluses brought forward and the one for the current year.

b. Capital reserves

This relates to fixed assets granted by the government or any other donor.

f) Changes in accounting policies and estimates

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

The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurate and fairly state the position and performance than the cash basis.

g) Employee benefits

Retirement benefit plans

The institution and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

h) Related parties

Mathenge TTI regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the ministry of education is also related party to the Mathenge TTI.

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

j) Comparative figures

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

k) Subsequent events

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There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

The board of Governance made only one significant judgement in preparing these financial statements.

Useful lives and residual values

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

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

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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant -	-	4,500,000
Other grants - Capitation	33,165,000	33,240,000
	33,165,000	37,740,000

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	2018-2019
			KShs	KShs	KShs
Education Ministry/State Department	33,165,000	3,037,195	-	25,147,195	40,777,195
Total	33,165,000	3,037,195	-	25,147,195	40,777,195

Note that government capitation amounting to 11,055,000 which is capitation for quarter 3 was received after the year end and accrued as receivable from non-exchange transactions. This amount is part of balances **recognized to Statement of Comprehensive Income**

7 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	65,847,460	100,757,629
Activity fees	5,661,632	3,546,134
Examination fees	19,152,390	11,100,393
Students attachment	1,386,441	1,521,232
Total Rendering of Services	92,047,923	116,925,388

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
House rent	51,000	69,000
Hire Of Facilities	88,000	406,755
Total rentals	139,000	475,755

9 FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	-	213,914
Total Finance Income	-	213,914

10 OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Students ID Cards & Deposits	498,531	485,965
Accommodation & Pay As You Eat	14,749,979	24,829,937
Income from Farm	386,596	788,644
Production unit	1,204,847	
Total other income	16,839,953	26,104,546

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity	3,545,006	3,617,689
Accommodation and Pay As You Eat	12,800,088	33,333,600
Activity and sports	3,242,998	3,396,828
Caution money refunds	34,500	273,500
Students welfare	393,063	163,270
Students attachment	679,442	588,800
Contingencies	2,309,588	1,028,141
Training and practical's materials	11,044,102	13,652,314
Examination	11,571,800	16,854,420
Tvet Fair/robotics and research	1,047,515	1,728,210
Development	-	10,462,545
Graduation	-	1,141,275
Accommodation/FAB Hall	-	1,488,638
Staff Uniform	30,750	25,049
Library books upgrading	41,690	1,011,105
Advertising	744,820	453,520
Audit fees		-
Entertainment	1,759,229	253,747
Conferences and delegations	2,480,362	2,654,358
Farm	268,195	233,210
Performance Contract/ISO	1,002,750	1,931,144
Newspapers	80,520	103,850
Students deposits	520,755	130,030
Strategic plan	314,360	940,115
Insurance	446,176	584,057
Postage	1,128,836	1,396,373
Stationery equipment and stores	2,181,860	2,417,334
Travel and accommodation cost	4,784,606	8,315,760
Staff meals	1,339,928	927,074
Total good and services	63,792,939	109,105,956

12 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	16,909,792	13,577,007
Total Employee costs	16,909,792	13,577,007

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 REMUNERATION OF DIRECTORS

Description	2019-2020		2018-2019	
	KShs		KShs	
Chairman's Honoraria	446,426		300,000	
Other allowances	1,321,410		1,200,000	
Total director emoluments	1,767,836		1,500,000	

14 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020		2018-2019	
	KShs		KShs	
Property, plant and equipment	18,388,685		15,430,445	
Total depreciation and amortization	18,388,685		15,430,445	

15 REPAIRS AND MAINTENANCE

Description	2019-2020		2018-2019	
	KShs		KShs	
Other	10,857,703		9,121,986	
Total repairs and maintenance	10,857,703		9,121,986	

16 IMPAIRMENT LOSS

Description	2019-2020		2018-2019	
	KShs		KShs	
Furniture and fittings				
Cost of furniture	39,624,109			
Less: value after revaluation	(9,616,500)			
Reversal of depreciation	(4,560,849)			
Impairment loss on furniture		25,446,760		-
Machinery				
Cost of machinery	68,871,491			
Less: value after revaluation	(65,872,400)			
Reversal of depreciation	(2,050,970)			
Impairment loss on furniture		948,121		-
Office equipment				
Cost of office equipment	789,300			
Less: value after revaluation	(585,500)			
Reversal of depreciation	(157,860)			
Impairment loss on furniture		45,940		-
Total impairment loss		26,440,821		-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 CASH AND CASH EQUIVALENTS

Description	2019-2020 KShs	2018-2019 KShs
Current account	109,399,859	3,705,753
Mentees bank accounts	1,958,847	10,092,301
Development account	13,211,966	10,389,374
Cash on hand	530,386	700,260
Total cash and cash equivalents	125,101,058	24,887,688

(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020 KShs	2018-2019 KShs
a) Current account			
Kenya Commercial bank - Main	1101539992	109,399,859	3,705,753
Sub- total		109,399,859	3,705,753
b) Development account			
Kenya Commercial bank	1103196731	13,211,966	10,389,374
Sub- total		13,211,966	10,389,374
c) Mentees bank accounts			
Kieni TTI -Kenya Commercial bank	1175681075	961,291	3,151,490
Laikipia East TTI --Kenya Commercial bank	1153091712	997,556	6,854,667
Laikipia North TTI --Kenya Commercial bank	1158626231	-	86,144
Sub- total		1,958,847	10,092,301
d) Others			
cash in hand		530,386	700,260
Sub- total		530,386	700,260
Grand total		125,101,058	24,887,688

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Student debtors	35,068,257	45,199,771
Rent debtors	7,000	7,000
Total current receivables	35,075,257	45,206,771

Receivables from exchange transactions are majorly from students. The management has a policy of writing off debtors from students who are deceased or from students who have been away from the institution for a period of over 7 years. Debtors over three years are provided for.

18. b) RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Capitation receivable from the ministry	11,055,000	16,620,000
Total receivables from Non-exchange Transactions	11,055,000	16,620,000

Receivable from non-exchange transactions are not provided for since they are purely capitation from government which we only recognise after year end when there is reasonable evidence that funds will be disbursed.

19 RECEIVABLES FROM MENTORED INSTITUTION

Description	2019-2020	2018-2019
	KShs	KShs
At start of the year	4,931,593	-
Advances during the year	899,974	4,931,593
At close of year	5,831,567	4,931,593

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 PROPERTY, PLANT AND EQUIPMENT

Fixed assets were revalued just after the year end by a professional valuer and given that the books of accounts had not been prepared by then, the institution adopted the values after the revaluation. There is no significant change in market values between 30 June 2020 and the date of valuation.

	LAND	BUILDINGS	MACHINE RY	MOTOR VEHICLE S	COMP EQUIP	OFFICE EQUIP	FURNITUR E & FITTINGS	OTHER LOOSE TOOLS	TOTAL
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019	53,400,000	168,095,964	67,428,496	12,390,000	2,048,600	789,300	38,181,529	3,032,085	345,365,974
Additions	-	511,335	1,442,995	-	617,700	-	1,442,580	-	4,014,610
Valuation	-	162,592,701	(2,999,091)	1,410,000	2,998,700	(203,800)	(30,007,609)	2,981,135	136,772,036
As at 30 June 2020	53,400,000	331,200,000	65,872,400	13,800,000	5,665,000	585,500	9,616,500	6,013,220	486,152,620
Depreciation									
At 1 July 2019		4,161,949	2,050,970	3,097,500	682,184	157,860	4,560,849	719,135	15,430,445
Reversal on revaluation		(4,161,949)	(2,050,970)	(3,097,500)	682,184	(157,860)	(4,560,849)	(719,135)	(15,430,445)
Depreciation		6,624,000	3,293,620	3,450,000	1,699,500	117,100	1,202,063	2,002,402	18,388,685
30-Jun-20		6,624,000	3,293,620	3,450,000	1,699,500	117,100	1,202,063	2,002,402	18,388,685
Net book value									
30-Jun-20	53,400,000	324,576,000	62,578,780	10,350,000	3,965,500	468,400	8,414,437	4,010,818	467,763,935
30-Jun-19	53,400,000	163,934,015	65,377,526	9,292,500	1,366,416	631,440	33,620,680	2,312,950	329,935,529

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	8,440,477	2,596,179
Examination fee	-	7,539,940
Fees paid in advance	55,499,793	3,912,507
Total trade and other payables	63,940,270	14,048,626

22 PAYABLE TO MENTORED INSTITUTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Opening balance	6,897,260	16,185,528
Add: Receipts during the year	-	15,029,979
Less: Payments during the year	(4,938,414)	(24,318,247)
Closing balance	1,958,846	6,897,260

23 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
At start of year	13,420	-
Caution money received during the year	577,408	13,420
Total deposits	590,828	13,420

24 DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
<i>National government</i>		
At start of year	3,037,195	-
Additions during the year	3,037,195	3,037,195
Transferred to p&l	-	-
At end of year	6,074,390	3,037,195

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25 CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year	4,034,100	16,104,209
Adjusted for:		
Depreciation and amortisation	18,388,685	15,430,445
Impairment loss	26,440,821	-
Working Capital adjustments		
(Increase) in receivables	14,796,541	(52,091,964)
Decrease in payables	45,530,638	12,892,464
Net cash flow from operating activities	109,190,785	(7,664,846)

26 REVALUATION RESERVE

	Buildings	Loose tools	Motor vehicles	Computers	Total
	KShs	KShs	KShs	KShs	KShs
Cost before revaluation	168,607,299	3,032,085	12,390,000	2,666,300	186,695,684
Market values at revaluation	331,200,000	6,013,220	13,800,000	5,665,000	356,678,220
Gain in value	162,592,701	2,981,135	1,410,000	2,998,700	169,982,536
Brought forward depreciation reversed	4,161,949	719,135	3,097,500	682,184	8,660,767
Revaluation reserve	166,754,650	3,700,270	4,507,500	3,680,884	178,643,303

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 EVENTS AFTER THE REPORTING PERIOD

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

28 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.

29 Currency

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

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APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Laikipia North TVC			100%			
2	Laikipia East TVC			100%			
3	Kieni TTI			100%			

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Mathenge Technical Institute				
FY 2019/2020				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	17 July 2019	16,620,000	2018/2019
	Capitation	25 October 2019	11,175,000	2019/2020
	Capitation	19 June 2020	10,935,000	2019/2020
		Total	38,730,000	
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Development	25 July 2019	3,037,195	2018/2019
		Total	3,037,195	

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

Finance Manager
 Mathenge Technical Training Institute

Head of Accounting Unit
 Ministry of Education

Sign




Sign-----

MATHENGE TECHNICAL TRAINING INSTITUTE
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