

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID		
DATE:	02 FEB 2022	DAY: Wed
TABLED BY:	LOM	
CLERK-AT-THE-TABLE:	P. Muigya	

THE AUDITOR-GENERAL

ON

**MUKURWEINI TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2018**





MUKURWEINI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2018**

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

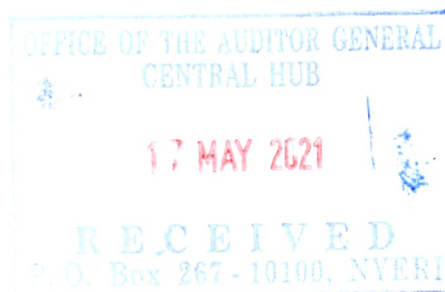


Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT	ii
CHAIRMAN'S STATEMENT	vii
REPORT OF THE PRINCIPAL	ix
CORPORATE GOVERNANCE STATEMENT	xi
MANAGEMENT DISCUSSION AND ANALYSIS	xiii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xvi
REPORT OF THE BOARD OF GOVERNORS	xix
STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES	xxi
REPORT OF THE INDEPENDENT AUDITORS ON THE MUKURWEINI TECHNICAL TRAINING INSTITUTE	xxii
IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018 ..	1
V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018	2
VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2018 ...	3
VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018	4
VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018	5
IX. NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY	17
APPENDIX II: INTER-ENTITY TRANSFERS	18

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Mukurweini TTI was formed on 2014 under the Ministry of education department of vocational training; the Institution is represented by the Cabinet Secretary for education who is responsible for the general policy and strategic direction of the Institution.

(b) Principal Activities

Mukurweini 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.

(a) Entity Contacts

Telephone :(+254) 710440944
E-mail: mukurweinitti@gmail.com
Box: 23-10103
Website: www.mukurweinitechnical.ac.ke

(b) Entity Bankers

1. Equity Bank
Mukurweini Branch
P.O. Box 233-10103
Mukurweini, Kenya
2. Kenya Commercial Bank
Mukurweini Branch
P.O. Box 450-10103
Mukurweini, Kenya

(c) Independent Auditors

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

MUKURWEINI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Our Vision

The **vision** of the institute 'To be a global leader in technical and vocational training, research, innovation and enterprise development'

Our Mission

The **mission** 'To provide quality education and training; undertake research, innovation and enterprise development for sustainable national development.

Our Values



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

(d) Key Management

Mukurweini Technical Training Institute day-to-day management is under the following key organs:

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

THE BOARD OF GOVERNORS

 Peter Kiama Maina,	Date of Birth: August 9 1960 Qualifications: Executive Master of Business and Administration (EMBA), Higher Diploma Mechanic Engineering-Plant option Work Experience: 39 years
 Fr. Peter Githinji	Date of birth: 13/10/1972 Qualification; B.A philosophy and theology. He is a Catholic Priest.

	<p>Date of Birth: 20th April 1965</p> <p>Qualifications: PhD: Social and mobile Media, MSc Computer Based Information Systems, Post Graduate Diploma in Project Planning and Management, BA in Business Studies and English Language</p> <p>Work Experience: 30 years</p>
<p>Macharia Nancy Wambaire</p>	<p>Date of Birth: 18th November 1972</p> <p>Qualifications: PhD. Plant Science (Ecosystem Functions) Jomo Kenyatta University of Agriculture and Technology, 2007 to 2010 Msc. Botany (Plant Ecology: Conservation of Rare Endemic Plant Species), Kenyatta University, 1998 to 2001 Bsc. Botany, Zoology, Chemistry and Education, Kenyatta University, 1992 to 1996</p> <p>Work Experience: He has got experience as Ecology/Environment/Natural Resources Management Expert</p>
	<p>Date of Birth: 1969</p> <p>Qualifications: Msc Building Construction</p> <p>Work Experience: 23 years</p>
<p>DR Rebecca Hugaru Ngumburu Karanja</p>	<p>Date of Birth: 1983</p> <p>Qualifications: Masters of Science in Finance and Investment, Kenya Methodist University, July 2011 Bachelor of Arts, (Economics and Business Administration), 1 st Class honours, Kenyatta University, 2007 o Certified Public Accountant, CPA (K), Pinnacle School of Business o Certified Information Systems Auditor, (CISA) o Certified in Intelligence, Forensic and Criminal Investigation, Distinction, Egerton University o Certificate in Senior Management Course, Distinction, Kenya School of Government o Certified Integrity Assurance Officer, Ethics</p>
<p>Patrick W Muchemi Principal/Secretary BOG</p>	<p>Rephah Mumbua Kitavi</p>

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		and Anti-Corruption Commission o Quality Management Systems, Internal Quality Auditor, Integrated Quality Consultants, March 2009 o Quality Management Systems, Internal Quality Auditor, Alpex Consulting Africa Ltd, May 2013. Work experience: He has 9 years' experience. Currently he is the Ag. Manager Finance & Accounts; The Anti-Counterfeit Agency.
Geoffrey Ngatu		Member
Adelina Mugure		County Director

(e) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Patrick W Muchemi
2.	Deputy Principal	Peter Rubia
3.	Dean of Students	Catherine Gikonyo
4.	Accountant	Benard Ng'ang'a
5.	Head of Procurement	Francis Ngure

(f) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance Committee	1. Nancy Macharia -Chairperson 2. Rephah Mumbua -Member 3. Patrick Muchemi -Member 4. Benard Ng'ang'a -Accountant
Infrastructure Committee	1. Peter Kiama- Chairperson 2. Peter Githinji -Member 3. Rebecca Karanja-Member
Academic and HR Committee	1. Rebecca Karanja - Chairperson 2. Adelina Mugure -Member 3. Geoffrey Ngatu -Member

CHAIRMAN'S STATEMENT

I am pleased to report that Mukurweini Technical Training Institute (MTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Board (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. In the current year the number grew from 399 students in 2016/2017 840 in year 2017/2018.

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.

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 Mukurweini 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.



CHAIRMAN, BOARD OF GOVERNORS

REPORT OF THE PRINCIPAL

Mukurweini 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.

HIGHLIGHTS OF FY 2017/2018 PERFORMANCE

The Financial Year 2017/2018 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/=

Students Enrolment;

During the year 2017/2018, there was increase in student enrolment 316 making the student number to 441

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.

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 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.

PATRICK W. MUCHEMI
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS
Date: 29th June 2018

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 in the financial 2017/2018.

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;
- (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.

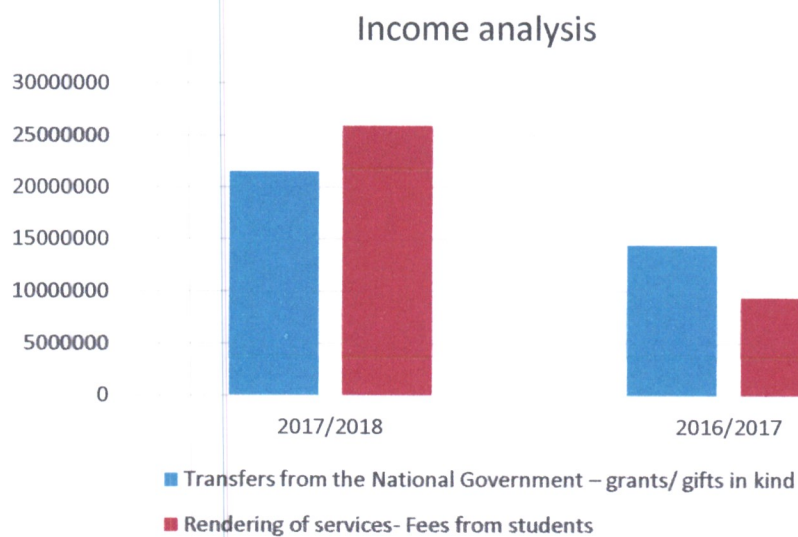
The board in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Mukurweini Technical Training Institute operational and financial performance

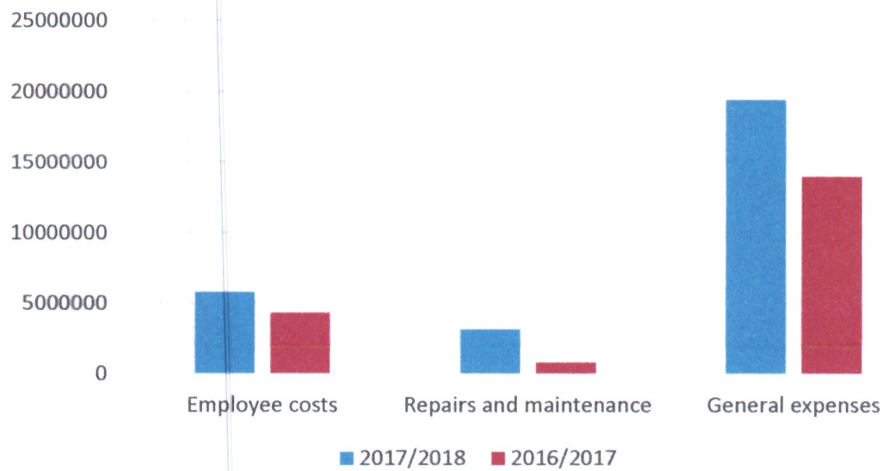
During the year ended June 2018 the Institution had 840 students compared to 399 in year 2016/2017. The increase in the number of students attributed to increase in revenues and operational expenses as demonstrated using graphs below:

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



The above graph shows that rendering of services income increased by over 100% due to increased number of students.

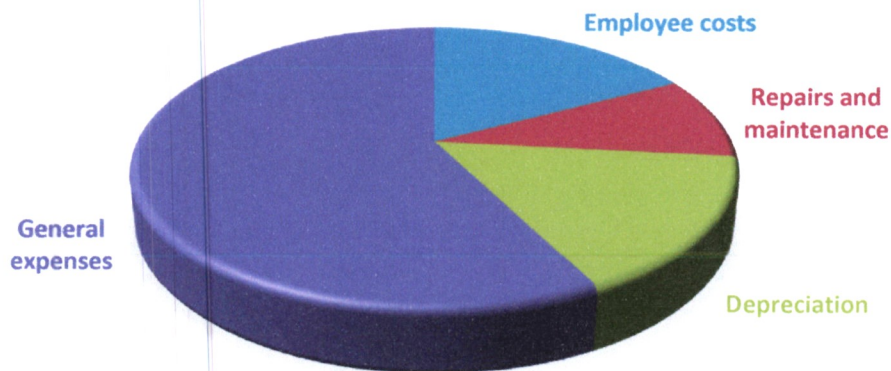
Expenses analysis



The above analysis reviews that all expenses increased drastically due to increased number of students.

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

2017/2018 EXPENSES



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
- v. Staff turnover due to inability to retain them

Mukurweini Technical Training Institute compliance with statutory requirements

Mukurweini 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 2017/2018 are summarised in the table below

S/N	Name of Project	Location	Budget (Kshs)	Key deliverables	Completion rate	Timeline
1	ICT and Library Complex		24,000,000	<ul style="list-style-type: none"> ➤ Practical completion certificate ➤ Handing over certificate and ➤ Certificate of making good defects 	12%	5 years

2	Main Gate			<ul style="list-style-type: none"> ➤ Practical completion certificate ➤ Handing over certificate and Certificate of making good defects 	20%	1 year
----------	------------------	--	--	---	------------	---------------

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

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

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

a) Policies guiding hiring process

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

S/no	Title	Review Period	Remarks
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
5	Gender Mainstreaming	Regularly	Mukurweini TTI observes equal employment opportunities during staff recruitment across all genders
6	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. Mukurweini 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.
- 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.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the *entity's* affairs.

Principal activities

The principal activities of Mukurweini 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 2018 are set out on page 1 to 17

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

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

.....
Corporate Secretary
Nairobi
Date:.....

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 Mukurweini TTI, which give a true and fair view of the state of affairs of Mukurweini TTI at the end of the financial year and the operating results of Mukurweini TTI for that year. The board members are also required to ensure Mukurweini TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of Mukurweini TTI. The board members are also responsible for safeguarding the assets of Mukurweini TTI. The board members are responsible for the preparation and presentation of Mukurweini TTI financial statements, which give a true and fair view of the state of affairs of Mukurweini TTI for and as at the end of the financial year (period) ended on June 30, 2018. 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 Mukurweini TTI(v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Mukurweini 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 Mukurweini TTI financial statements give a true and fair view of the state of Mukurweini TTI transactions during the financial year ended June 30, 2018, and of Mukurweini TTI financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Mukurweini TTI, which have been relied upon in the preparation of Mukurweini TTI financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Mukurweini 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

Mukurewini Technical Training Institute financial statements were approved by the Board on _____ 2020 and signed on its behalf by:



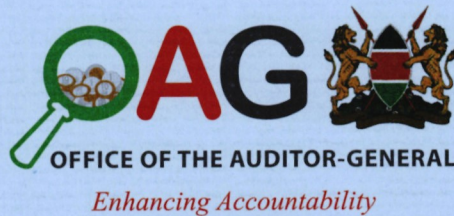
Chairperson of the Board



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 MUKURWEINI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mukurweini Technical Training Institute set out on pages 1 to 16, which comprise the statement of financial position as at 30 June, 2018, 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 a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mukurweini Technical Training Institute as at 30 June, 2018, 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Employee Costs

The statement of financial performance reflects employee costs of Kshs.5,422,321 for the year ended 30 June, 2018. However, a review of expenditure records indicated a figure of Kshs.4,591,936 resulting in unexplained variance of Kshs.830,385.

Consequently, the accuracy and completeness of employees' costs of Kshs.5,422,321 for the year ended 30 June, 2018 could not be confirmed.

2.0 Property, Plant and Equipment

The statement of financial position as at 30 June, 2018 reflects property, plant and equipment balance of Kshs.203,472,663 which as further disclosed in Note 18 to the financial statements. Included in this amount is a parcel of land reflected at Kshs.25,500,000 measuring approximately 61.3 acres. However, the source of the

balance and valuation report on how the value was determined was not presented for audit review. Further, the parcel of land was not captured in fixed assets register while furniture, fittings and equipment were not tagged for identification and tracking.

Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs.203,472,663 as at 30 June, 2018 could not be ascertained.

3.0 Capital and Reserves

The statement of financial position reflects capital and reserves amounting to Kshs.233,971,626 as at 30 June, 2018 which is at variance with a balance of Kshs.30,498,963 reflected in the statement of changes in net assets as at the same date. The resultant difference of Kshs.203,472,663 has not been reconciled or explained.

Consequently, the completeness and accuracy of capital and reserves of Kshs.233,971,626 as at 30 June, 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mukurweini 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 Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Late Submission of Financial Statements to the Auditor-General

The Institute's financial statements for the year ended 30 June, 2018 were submitted to the Office of the Auditor-General on 14 January, 2021, twenty-seven months after the statutory deadline date of 30 September, 2018. This is contrary to provisions of

Section 47(1) of Public Audit Act, 2015 which requires the Board of Governors to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate.

The Management was, therefore, in breach of the law.

2.0 Non-Compliance with Ethnic Diversity

A review of human resource records revealed that during the year under review, the Institute had twenty-five permanent employees, out of which twenty-one or 88% were from the one dominant ethnic Community.

The above contravenes the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008 and Section 65(e) which requires the Institute to ensure that not more than one third of its staff from the same ethnic community.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Lack of Internal Audit Function and Audit Committee

Management of Mukurweini Technical Training Institute has not established an internal audit function and audit committee contrary to Section 155 of the Public Finance Management Act, 2012. As a result, the Institute lacks internal structures which could provide advice and assurance to the management regarding systems of internal control and risk management.

2.0 Lack of Human Resource Policy

A review of the management and governance structure revealed that the Institute had not formulated a human resource policy that would guide on the human resources

management. The Institute did not also have staff establishment and scheme of service, which may lead to inefficient utilization of resources.

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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 ability of Mukurweini Technical Training Institute to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease sustaining its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 January, 2022

IV. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2018

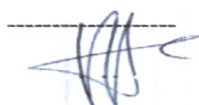
	Note	2017/2018
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	6 (a)	17,000,000
Transfers from other level of government	6 (b)	4,380,000
Total Revenue from non-exchange transactions		21,380,000
Revenue from exchange transactions		
Rendering of services- Fees from students	7	37,013,634
Revenue from exchange transactions		37,013,634
Total revenue		58,393,634
Expenses		
Employee costs	8	5,422,321
Repairs and maintenance	9	5,543,979
Depreciation	10	10,642,507
General expenses	11	23,186,033
Total expenses		44,794,840
Net Surplus for the year		13,598,794

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

V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2017/2018 Kshs
Assets		
Current assets		
Cash and cash equivalents	12	12,289,606
Receivables from exchange transactions	13	18,993,255
Total Current Assets		31,282,861
Non-current assets		
Property, plant and equipment	18	203,472,663
Total Non-current Assets		203,472,663
Total assets		234,755,524
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	15	363,898
Refundable deposits from customers	16	420,000
Deferred income - Development	17	-
Total Current Liabilities		783,898
Total liabilities		783,898
Capital and Reserves		
Reserves		203,472,663
Accumulated surplus		30,498,963
Capital grants		0
Total Reserves		233,971,626
Total Liabilities and Reserves		234,755,524

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: 17/05/2021



Finance Officer
ICPAK No. 16834

Date: 17/05/2021



Principal

Date: 17/05/2021

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Accumulated surplus	Total
Balance brought forward as at 1 July, 2017	18	16,900,169	16,900,169
Surplus for the year	18	13,598,794	13,598,794
Balance c/d as at June 30, 2018	18	30,498,963	30,498,963

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		FY 2017-2018
	Note	Kshs
Cash flows from operating activities		
Surplus for the year		13,598,794
Adjusted for:		
Depreciation and amortization		10,642,507
Working Capital adjustments		
(Increase) in receivables		(6,713,079)
Increase in payables		783,898
Net cash flow from operating activities		18,312,120
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(25,153,834)
Proceeds from sale of property, plant and Equipment		-
Decrease in non-current receivables		-
Increase in non-current payables		-
Net cash flows used in investing activities		(25,153,834)
Cash flows from financing activities		
Proceeds from borrowings		-
Repayment of borrowings		-
Interbank transfers		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		(6,841,714)
Cash and cash equivalents at start of year		19,131,320
Cash and cash equivalents at end of year	12	<u>12,289,606</u>

VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from other Government entities Government grants	24,973,210		24,973,210	21,380,000	3,593,210
Rendering of services- Fees from students	20,744,956		20,744,956	37,013,634	(16,268,678)
Total income	45,718,166	-	45,718,166	58,393,634	(12,675,468)
Expenses					
Compensation of employees	6,336,944		6,336,944	5,422,321	914,623
Repairs and maintenance	4,700,000		4,700,000	5,543,979	(843,979)
General expenses	20,191,725		20,191,725	23,186,033	(2,994,308)
Capital expenditure	14,489,497		14,489,497	25,153,834	(10,664,337)
Total expenditure	45,718,166	-	45,718,166	59,306,167	(13,588,001)
Surplus for the period	-	-	-	(912,533)	912,533

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mukurweini 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 TVETA/PUBLIC/RC/0008/2014

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.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

Mukurweini 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 2017-2018 was approved by the Board of Governors on 23rd June 2017. 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 Mukurweini 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.

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

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.

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:

	Rate %
Buildings	2
Plant and machinery	12.5%
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

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

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

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

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

Mukurweini 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

Mukurweini 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 Mukurweini TTI.

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

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

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, 2018.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Mukurweini 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

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Transfers from National Government Ministries	
Unconditional grants	
Operational grant	17,000,000
Total Government grants and subsidies	17,000,000

6 (b) FROM OTHER LEVELS OF GOVERNMENT AGENCIES

Other transfers	
NYS	4,380,000
Total transfers from other levels of government agencies	4,380,000

7. RENDERING OF SERVICES

Rendering of Services	
Tuition fees	34,871,920
Examination fees	2,141,714
Total Rendering of Services	37,013,634

8. EMPLOYEE COSTS

Employment Cost	
Salaries and wages	5,422,321
Total Employee costs	5,422,321

9. REPAIRS AND MAINTENANCE

Property repairs and maintenance	5,543,979
----------------------------------	-----------

10. DEPRECIATION

Depreciation	
Property and equipment	10,642,507
	10,642,507

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. GENERAL EXPENSES

General Expenses	
Admin fees	3,548,047
Activities	4,474,155
Electricity and water	560,350
Student welfare	230,000
Teaching materials	2,153,690
Industrial attachment	47,216
Insurance	279,517
Exams	2,318,400
ICT integration	2,071,803
Medication	122,741
IGA - Income Generating Activities	2,298,754
SES	2,077,308
Registration	70,400
HELB	417,286
Local travel	2,380,336
Student ID	89,750
Bank charges	46,280
Total general expenses	23,186,033

12. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	
Current account	12,251,956
Cash on hand	37,650
Total cash and cash equivalents	12,289,606

(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2017-2018 KShs
a) Current account		
Kenya Commercial bank - Operations		2,790,926
Equity bank - Tuition	0830263740353	6,183,045
Equity bank - exam	0830268993601	490,313
Sub- total		9,464,284
b) Development account		
Kenya Commercial bank		2,787,672
Sub- total		12,251,956
c) Others		
cash in hand		37,650
Sub- total		37,650
Grand total		12,289,606

13. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Receivables from Exchange Transactions	
Current receivables	
Student debtors	18,993,255
Total current receivables	18,993,255

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	WIP ICT Complex	WIP Gate	Abduction block	Furniture and fittings and other office equipment	Computers	Machinery and generators	Other equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 June 2017											
Balance as at 30 June 2017	25,500,000	90,000,000	-	5,342,913	-	4,505,624	4,097,500	163,280	68,553,670	120,000	198,282,987
Additions		2,053,086	6,360,000	11,246,063	1,497,698	501,118	1,627,200	292,399	178,000	1,398,270	25,153,834
At 30th June 2018	25,500,000	92,053,086	6,360,000	16,588,976	1,497,698	5,006,742	5,724,700	455,679	68,731,670	1,518,270	223,436,821
Depreciation and impairment											
At 1 July 2017											
Balance as 1 July 2017	-	1,800,000	-	-	-	90,112	512,188	48,984	6,855,367	15,000	9,321,651
Charge for the year	-	1,805,062	1,590,000	-	-	98,333	651,564	122,009	6,187,630	187,909	10,642,507
At 30 June 2018	-	3,605,062	1,590,000	-	-	188,445	1,163,752	170,993	13,042,997	202,909	19,964,158
Net book values											
At 30th June 2018	25,500,000	88,448,024	4,770,000	16,588,976	1,497,698	4,818,297	4,560,948	284,686	55,688,673	1,315,361	203,472,663
At 30th June 2017											

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other Payables from Exchange Transactions	
Trade payables	363,898
Fees paid in advance	-
Total trade and other payables	363,898

16. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Refundable deposits from customers/students	
Balance as at start of year	355,074
Add: collections	64,926
Balance at end of year	420,000

17. DEFERRED INCOME

Deferred income - Development	
Balance as at start of year	13,153,690
Add: Additions during the year	-
Less: Refunds to students.	-
Adjustments	(13,153,690)
Balance at end of year	-

18. ACCUMULATED SURPLUSES

	FY/2017/2018	FY/2016/2017
Accumulated surpluses		
Balance as at 1 July 2017	16,900,169	8,379,386
Surplus for the year	13,598,794	8,520,783
Balance at end of year	30,498,963	16,900,169

19. EVENTS AFTER THE REPORTING PERIOD

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

20. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Ministry of education. Its ultimate parent is the Government of Kenya.

21. Currency

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

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				100%			
2				100%			
3				100%			

MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Mukurweini Technical Institute				
FY 2017/2018				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent Grants	13 th October 2017	3,500,000.00	2017/2018
	Recurrent Grants	4 th December 2017	3,500,000.00	2017/2018
	Recurrent Grants	27 th March 2018	3,500,000.00	2017/2018
	Recurrent Grants	26 th April 2018	3,000,000.00	2017/2018
		Total	13,500,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent Grants	8 th December 2017	3,500,000.00	2017/2018
		Total	3,500,000.00	

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

Accountant
Mukurweini Technical Training Institute

Head of Accounting Unit
Ministry of Education

Sign



Sign-----

