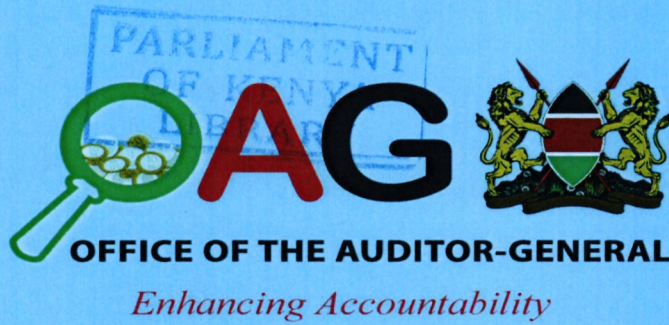


REPUBLIC OF KENYA



**REPORT**


**OF**

**THE AUDITOR-GENERAL**

**ON**

**MATHENGE TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

 THE NATIONAL ASSEMBLY PAPERS L A I D		
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**MATHENGE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2021**

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

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# **MATHENGE TECHNICAL TRAINING INSTITUTE**

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## **I. KEY INFORMATION AND MANAGEMENT OF MATHENGE TECHNICAL TRAINING INSTITUTE**

### **(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 2<sup>nd</sup> 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 Mathenge Technical Training Institute on 6<sup>th</sup> 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 25<sup>th</sup> 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 17<sup>th</sup> 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

## MATHENGE TECHNICAL TRAINING INSTITUTE

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### (b) Management Structure

Mathenge Technical Training institute is managed by the Board of Governors, appointed by The Cabinet Secretary in charge of Education. The B.O.G. provides leadership in; policy direction and ensures that the institutes programmes and activities are in line with its mandate and set objectives. The principal is the secretary to the Board and executes all policies in line with the institute's core mandate. The principal is assisted by one deputy who is Administration and Academics in charge of the day-to-day activities of the school, all the non-teaching staff and implementation of the curriculum. The heads of departments report to the deputy principal.

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

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

### (c) 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.

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Michael G. Njungu
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 Committee of the BOG- General administrative functions, Finance functions	1. CPA Douglas T. Mathenge – BOG Chairman 2.Mr. David N. Oyosi-Member 3.Mrs. Dorcas N. Mungai-Member 4.Eng. Alfred K. Wang'onde-Member 5. Mr. Charles Nyota – CD TVET
Risk, Audit and Compliance Committee	1.Mr. David N. Oyosi-Chairperson 2.Mr. Betty K. Miriti -Member. 3.Mr. Patrick M. Maina -Member

**MATHENGE TECHNICAL TRAINING INSTITUTE****ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Academic and Research	1.Mr. Steve G. Gichuhi-Chairperson 2.Mrs. Betty K. Miriti-Member 3.Mr. Charles Nyota-Member
Finance and Human Resource Committee	1.Mrs. Dorcas N. Mungai -Chairperson 2.Mr. Rufus K. Nyaga-Member. 3.Eng. Alfred K. Wang'onde -Member

**(f) Mathenge Technical Training Institute Headquarters**

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

**(g) Mathenge Technical Training Institute Contacts**

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

**(h) Mathenge Technical Training Institute 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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**II. BOARD OF GOVERNORS**




 Douglas T. Mathenge Chairman	<p><b>Date of Birth:</b> 1958</p> <p><b>Qualifications:</b> Masters in Business Administration CPA (K)</p> <p><b>Work Experience:</b> 39 years</p>
 Ms. Dorcas N. Mungai Vice Chairperson	<p><b>Date of Birth:</b> 02/07/1982</p> <p><b>Qualifications:</b> M.Sc. Entrepreneurship</p> <p><b>Work experience:</b> She has 10 years' experience and currently an ICT Consultant</p>
 Michael G. Njungu Principal/BOG Secretary	<p><b>Year of Birth:</b> 14<sup>th</sup> June 1965</p> <p><b>Qualifications:</b> MBA Finance</p> <p><b>Work Experience:</b> 32 Years</p>
 Eng. Alfred W. Kuria	<p><b>Date of Birth:</b> 1962</p> <p><b>Qualifications:</b> Degree in Electrical Engineering</p> <p><b>Work Experience:</b> 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><b>Date of Birth:</b> 12/10/1960</p> <p><b>Qualifications:</b> Bachelor of Commerce (Marketing option)</p> <p><b>Work Experience:</b> 35 years</p>

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 <p>Mr. Rufus K. Nyaga Member</p>	<p><b>Date of Birth:</b> 27/04/1986</p> <p><b>Qualifications:</b> Bachelor of Business and Information Technology and currently pursuing Master’s Degree in Information Systems Management.</p> <p><b>Work experience:</b> 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><b>Date of Birth:</b> 09/10/1965</p> <p><b>Qualifications:</b> MBA Strategic Management</p> <p><b>Work Experience:</b> He has 32 years’ experience and currently the General Manager, Equity Bank (K) Ltd.</p>
 <p>Mr. David N. Oyosi Member</p>	<p><b>Date of Birth:</b> 15/08/1957</p> <p><b>Qualifications:</b> Masters in Business Administration</p> <p><b>Work experience:</b> 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><b>Date of Birth:</b> 13/12/1967</p> <p><b>Qualifications:</b> Bachelor of Education</p> <p><b>Work experience:</b> He has 25 years, experience. He is currently the Executive Secretary, KUPPET Nyeri County</p>

**III. MANAGEMENT TEAM**

Name of the Staff	Responsibility
 <p><b>Michael G. Njungu</b>  <b>Principal/BOG Secretary</b></p>	<p>Mr. Michael G. Njungu is in charge of day to day running of the Institute. He is the Chief Executive Officer who reports to all stakeholders. He is also the mandatory signatory to all the Institutes bank accounts and Secretary to Board of Governors</p>
 <p><b>John N. Njagi</b>  <b>Deputy principal- Admin</b></p>	<p>Mr. John N. Njagi deputizes the Principal and he is in charge of administration. He attends Board meetings and take minutes as in-attendance member. Ensures academic time tables are made in time. Also ensures that the lessons that appear on the timetable are adequately taught.</p>
 <p><b>Elizabeth Mwangi</b>  <b>Deputy principal- Academics</b></p>	<p>Ms Elizabeth W. Mwangi deputizes the Principal and she is in charge of Academics. Ensures academic time tables are made in time. Also ensures that the lessons that appear on the timetable are adequately taught.</p>

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 <p>David M. Kariuki Ag. Registrar</p>	<p>Mr. David Kariuki ensures that term programmes, students who apply for courses in the institute meet the relevant requirements for admission. He is also in charge of marketing of institute courses to ensure increase in enrolment..</p>
 <p>Lydia M. Ndirangu Dean of Students</p>	<p>Mrs. Lydia M. Ndirangu is the Dean of Students who is in charge of student affairs i.e., process boarding issues accommodation and disciplinary. She is also in charge of assisting students who apply for HELB loans and other bursary to support payment fees</p>
 <p>Charles M. Mbogo Head of Finance</p>	<p>Mr. Charles Macharia is the Head of Finance and associated functions. Ensures effective systems and procedures for financial planning and budgeting are developed and maintained. Preparing the quarterly and final year books of accounts ready for external audit. Preparation of payroll. Monitoring and controlling expenditure and ensuring institute comply with relevant statutory obligations.</p>
 <p>Naomi W. Mugo Head of Procurement</p>	<p>Mrs. Naomi W. Mugo is the Head of Procurement. She is in charge of carrying out market surveys for purpose of tendering/ Quotation, preparation of LPO's / LSO's Checking and verification of supplies delivered, Managing inventories Receiving and processing requisition from departments, Carry out the purchase functions for approval of orders and enforcing internal controls of materials in store.</p>

#### **IV. 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 past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19. In the semester between September to December 2020 the student enrolment stood at **1389**, semester January to March 2021 the enrolment was **1,118** while for the Semester April to June 2021 the student enrolment grew to **2,179**.

##### **Review of the Sector and Changes**

Though the year was faced with unusual challenge of Covid 19, the government capitation has continued to boost the growth in student enrolment due to reduction in fees payable 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.

##### **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

## MATHENGE TECHNICAL TRAINING INSTITUTE

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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.

#### Key Challenges

As mentioned above, in the last two years the education calendar has been affected by the outbreak of Covid 19 resulting to low rate of enrolment as well as crashing of programs. Again, complying with Ministry of Health Covid – 19 Protocols continue to limit the Institute realize its full potential in terms of revenue collection and coursing delays or postponement of projects implementation process. The institute had to incur heavily, beyond the budget, to meet the Ministry of Health Covid 19 Protocols.

The Institute also has limitation in boarding facilities forcing students to seek accommodation outside the school facilities.

#### Success

**During the year, the board of Governors was able to accomplish various projects as listed below:**

project	Completion rate
Construction of Basketball court	100%
Installation of ERP	75%
Valuation of institute's assets	100%
Construction of Staff houses	100%

#### 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.

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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**  
28<sup>th</sup> Sept, 2021.

**V. 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 17<sup>th</sup> 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 2020/2021 PERFORMANCE**

The Financial Year **2020/2021** started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

During the year under review, the total capitation received from the government amounted to Kshs. 48,975,000.

Income from rendering of services was in the tunes of 96 million compared to 109 million in 2019/2020 due disruptions caused by Covid – 19 leading to closure of learning institutions.

**Students Enrolment;**

During the year **2020/2021**, there was increase in student enrolment 585 making the student number to 2379.

During the financial year under review, 2020/2021, the institute developed and delivered on several tangible targets:

- On population, the institute was able to increase its enrolment from 1794 to 2379

**Projects Undertaken**

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

The Board was also able to undertake the following projects:

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<b>Project</b>	<b>Completion rate</b>
Construction of Basketball court	<b>100%</b>
Installation of ERP	<b>75%</b>
Valuation of institute's assets	<b>100%</b>
Construction of Staff houses	<b>100%</b>

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
- To construct student hostels
- To Acquire an executive vehicle for principal

Under my leadership, we were able to Develop Human resources manual and kick start the process of developing the finance, risk management and procurement manuals which will be completed in the year 2021/2022.

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 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.



Michael G. Njunga  
**PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

Date: 28<sup>th</sup> Sept, 2021

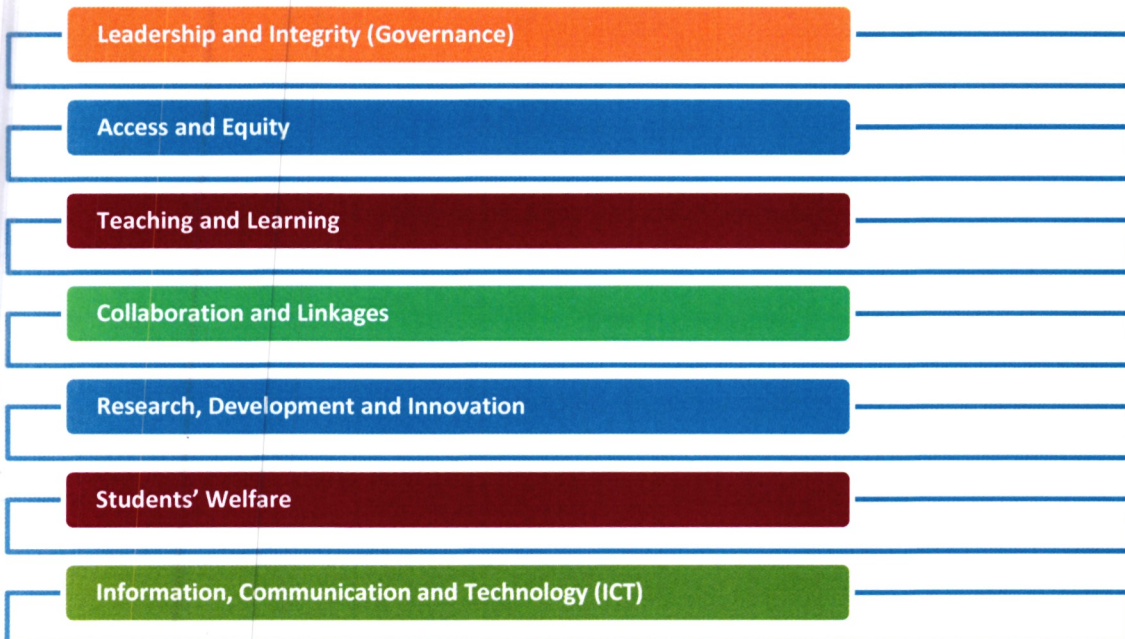


# MATHENGE TECHNICAL TRAINING INSTITUTE

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## VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVE

*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 2020/2021 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/= spent in staff award for good performance in national exams
		Offer governance training to new BOG members	Number of BOG training conducted	Organize for a seminar for new BOG members training	BOG members 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 with	All relevant laws and regulations complied with as per audit report

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		Undertake regular market surveys to inform procurement decisions	Number of market survey undertaken	-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
<b>Pillar 2: Access and Equity</b>	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 staff centre	Number of counselling sessions	IdMathenge Technical Training Institute students in need of counselling	Counselling and guidance department implementing the counselling and guidance activities

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

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

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **VII. 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 4<sup>th</sup> October 2019 and inaugurated on 4<sup>th</sup> November 2019, 2019 for a term of three years ending 5<sup>th</sup> October 2022.

On expiry of the tenure of the current board (5<sup>th</sup> 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;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

**MATHENGE TECHNICAL TRAINING INSTITUTE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- (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.

# MATHENGE TECHNICAL TRAINING INSTITUTE

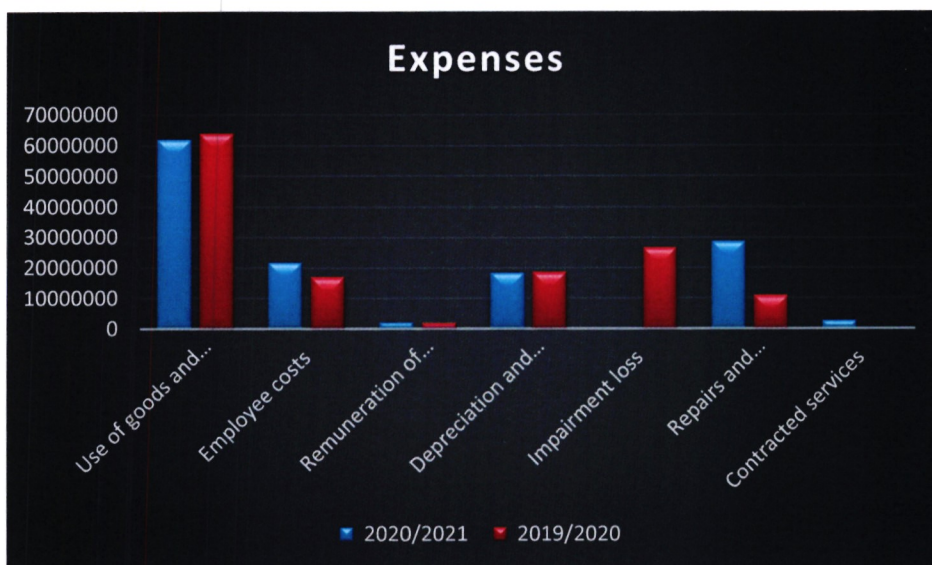
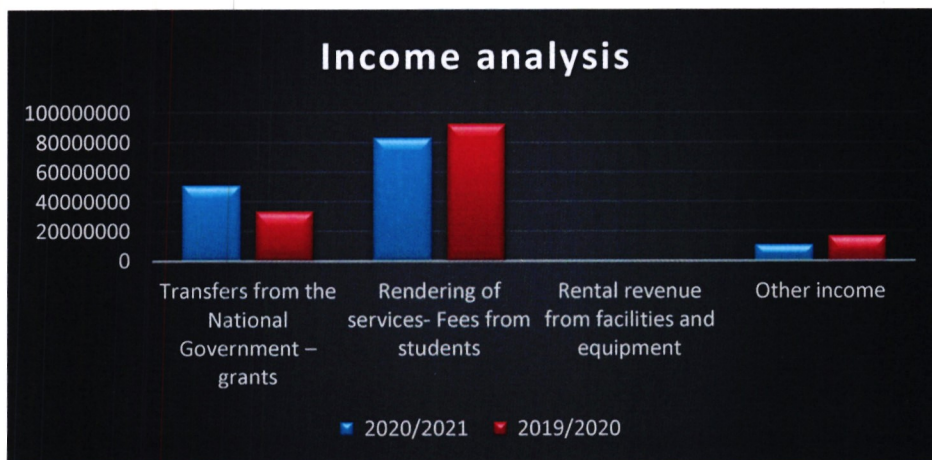
## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### VIII. MANAGEMENT DISCUSSION AND ANALYSIS

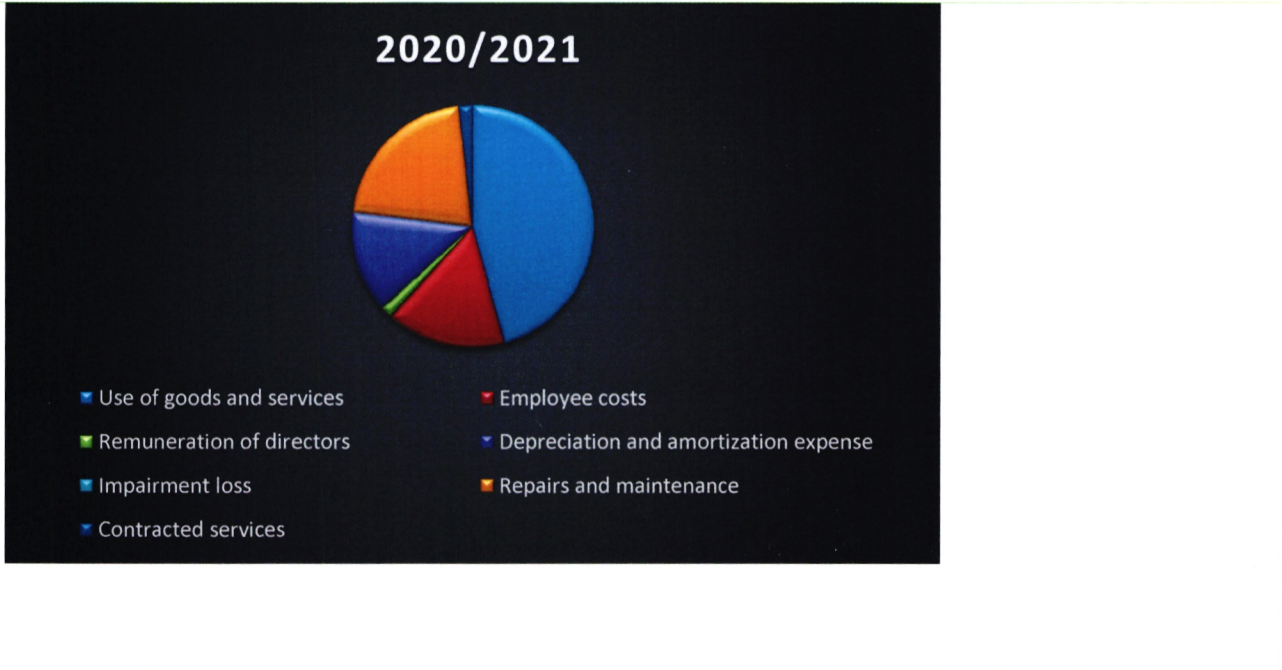
#### Mathenge Technical Training Institute operational and financial performance

During the year ended June 2021, the Institution had lower number of sub-tends as compared to year 2019/2020. Though the education sector was highly affected by the outbreak of Covid 19 in the world, the revenues slightly increased because in the previous year, the institution did not receive quarter four capitation from the government by 2%

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



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.



**Risks and Opportunities facing MTTI**

<b>Opportunities</b>	<b>Threats</b>
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

## MATHENGE TECHNICAL TRAINING INSTITUTE

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 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 2020/2021 are summarised in the table below*

S/N	Name of Project	Location	Cost (Kshs)	Key deliverables	Completion rate	Timeline
1	Basket Ball Pitch	Internal	3,487,967	<ul style="list-style-type: none"><li>➤ Practical completion certificate</li><li>➤ Handing over certificate and</li><li>➤ Certificate of making good defects</li></ul>	100%	1 year
2	Staff Houses	Internal	4,232,827	<ul style="list-style-type: none"><li>➤ Practical completion certificate</li><li>➤ Handing over certificate and</li><li>Certificate of making good defects</li></ul>	100%	3 years
3	New Management Information System (IPSAS Accrual)	Internal	3,963,173	Project was started and completed during the year	75%	1 year
4	Valuation of Institute Assets	Internal	2,560,000	Project is completed	100%	1 year

**IX. 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.

<b>Activity</b>	<b>Description</b>
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.

## MATHENGE TECHNICAL TRAINING INSTITUTE

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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;

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	Mathenge 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. 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.

**X. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the *Mathenge Technical Training Institute'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 Mathenge Technical Training Institute for the year ended 30<sup>th</sup> June 2021 are set out on page 1 to 28

**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 *Mathenge Technical Training Institute* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



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



**MATHENGE TECHNICAL TRAINING INSTITUTE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**XI. 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, 2021. 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 Mathenge Technical Training Institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of 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 *Mathenge Technical Training Institute's* financial statements were approved by the Board on 28<sup>th</sup> September 2021 and signed on its behalf by:

.....  


Chairperson of the Board

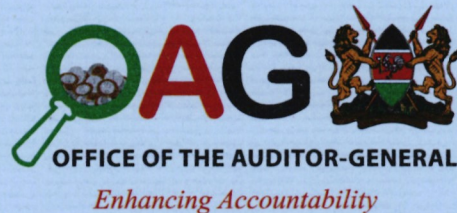
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Accounting officer/Principal



# REPUBLIC OF KENYA

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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, 2021**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **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 31, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 effect of the matters 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, 2021, 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 the Technical and Vocational Education and Training Act, 2013.

## **Basis for Qualified Opinion**

### **1. Receivables from Exchange Transactions**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.49,447,396 which, as disclosed in Note 18(a) to the financial statements, includes student debtors amounting to Kshs.49,055,546. However, supporting schedules for student debtors provided for audit amounted to Kshs.47,131,531 resulting to an unreconciled difference of Kshs.1,924,015.

In the circumstances, the accuracy and completeness of receivables from exchange transaction balance of Kshs.49,447,396 could not be confirmed.

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

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.29,501,531 which, as disclosed in Note 23 to the financial statements includes fees paid in advance of Kshs.28,316,460. However, supporting schedules were not provided for audit verification.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.29,501,531 as at 30 June, 2021 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, I confirm that, nothing 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**

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 its 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 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

20 July, 2022

**MATHENGE TECHNICAL TRAINING INSTITUTE****ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants	6a	48,975,000	33,165,000
<b>Total Revenue from non-exchange transactions</b>		<b>48,975,000</b>	<b>33,165,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	77,937,808	92,047,923
Rental revenue from facilities and equipment	8	103,800	139,000
Other income	9	11,143,845	16,839,953
<b>Revenue from exchange transactions</b>		<b>89,185,453</b>	<b>109,026,876</b>
<b>Total revenue</b>		<b>138,160,453</b>	<b>142,191,876</b>
<b>Expenses</b>			
Use of goods and services	10	62,974,825	63,792,939
Employee costs	11	20,515,857	16,909,792
Remuneration of directors	12	2,147,520	1,767,836
Depreciation and amortization expense	13	18,522,783	18,388,685
Impairment loss	16	-	26,440,821
Repairs and maintenance	14	19,334,198	10,857,703
Contracted services	15	2,560,000	-
<b>Total expenses</b>		<b>126,055,183</b>	<b>138,157,776</b>
<b>Net surplus for the year</b>		<b>12,105,270</b>	<b>4,034,100</b>

The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements.

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	76,469,912	125,101,058
Receivables from exchange transactions	18	49,447,396	35,075,257
Receivables from non-exchange transactions	18 (b)	13,230,000	11,055,000
Receivables from mentored institution	19	5,906,567	5,831,567
Biological assets	20	495,000	
<b>Total Current Assets</b>		<b>145,548,875</b>	<b>177,062,882</b>
<b>Non-current assets</b>			
Property, plant and equipment	21	480,527,229	467,763,935
Intangible assets - WIP	22	3,963,173	-
<b>Total Non-current Assets</b>		<b>484,490,402</b>	<b>467,763,935</b>
<b>Total assets</b>		<b>630,039,277</b>	<b>644,826,817</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	23	29,501,531	63,940,270
Mentoring institution balances	24	1,313,455	1,958,846
Refundable deposits from students	25	1,151,828	590,828
<b>Total Current Liabilities</b>		<b>31,966,814</b>	<b>66,489,944</b>
<b>Non-current liabilities</b>			
Deferred income	26	13,209,710	6,074,390
<b>Total Non-current liabilities</b>		<b>13,209,710</b>	<b>6,074,390</b>
<b>Total liabilities</b>		<b>45,176,524</b>	<b>72,564,334</b>
<b>Reserves</b>			
Accumulated surplus		301,363,166	285,904,214
Revaluation reserve		178,643,303	178,643,303
Capital Grants		104,856,284	107,714,966
<b>Total Reserves</b>		<b>584,862,753</b>	<b>572,262,483</b>
<b>Total Liabilities and Reserves</b>		<b>630,039,277</b>	<b>644,826,817</b>

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Institute Board of Governors by

Chairman of Board of Governors

Date: 13/6/2022

Finance Officer

ICPAK No. 14834

Date: 13/6/2022

Principal

Date: 13/6/2022



**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021**

	Revaluation reserve	Accumulated surpluses	Capital Grants	Total
<b>Balance b/f at July 1, 2018</b>				-
<b>Accumulated surpluses</b>		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
<b>Balance c/d as at June 30, 2019 as stated</b>	-	<b>47,545,276</b>	-	<b>47,545,276</b>
<b>Prior year adjustments:</b>				
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 diffiered income utilized		(3,037,195)		(3,037,195)
iv) Land granted by the community	-	-	53,400,000	53,400,000
v) prior year expense		(275,555)		(275,555)
iii) Caution money recognized as income	-	(13,420)	-	(13,420)
<b>Balance c/d as at June 30, 2019 as restated</b>	-	<b>279,011,432</b>	<b>110,573,648</b>	<b>389,585,080</b>
<b>Balance b/f as at July 1, 2019</b>	-	<b>279,011,432</b>	<b>110,573,648</b>	<b>389,585,080</b>
Revaluation reserve	<b>178,643,303</b>			<b>178,643,303</b>
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)	-
<b>Balance c/d as at June 30, 2020</b>	<b>178,643,303</b>	<b>285,904,214</b>	<b>107,714,966</b>	<b>572,262,483</b>
<b>Balance b/f as at July 1, 2020</b>	<b>178,643,303</b>	<b>285,904,214</b>	<b>107,714,966</b>	<b>572,262,483</b>
<b>Prior year adjustments:</b>				
<b>Cost of biological assets</b>		<b>495,000</b>		<b>495,000</b>
Surplus for the year	-	12,105,270	-	12,105,270
Transfer of depreciation from development grants to retained earnings	-	2,858,682	(2,858,682)	-
<b>Balance c/d as at June 30, 2021</b>	<b>178,643,303</b>	<b>301,363,166</b>	<b>104,856,284</b>	<b>584,862,753</b>

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		<b>2020/2021</b>	<b>2019/2020</b>
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Net cash flows from operating activities</b>	<b>28</b>	<b>(13,381,896)</b>	<b>109,190,785</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	<b>21</b>	(31,286,077)	(4,014,610)
Purchase of intangible assets		(3,963,173)	
<b>Net cash flows used in investing activities</b>		<b>(35,249,250)</b>	<b>(4,014,610)</b>
<b>Cash flows from financing activities</b>			
Deferred income			
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>3,037,195</b>
		<b>-</b>	<b>3,037,195</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(48,631,146)</b>	<b>108,213,370</b>
Cash and cash equivalents at 1 July		125,101,058	16,887,688
<b>Cash and cash equivalents at 30 June</b>	<b>17</b>	<b>76,469,912</b>	<b>125,101,058</b>

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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Over/(under) utilization		Over/(under) utilization percentages		Explanation
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	
<b>Revenue</b>													
Transfers from other Govt entities Govt grants	60,000,000		-		60,000,000		48,975,000	(11,025,000)				-18%	
Public contributions and donations	-				-		-						
Rendering of services- Fees from students	140,805,313		(68,553,861)		72,251,452		77,937,808	5,686,356				8%	
Other income	12,270,000		(1,020,468)		11,249,532		11,143,845	(105,687)				-1%	
Gains on disposal, rental income and agency fees	200,000		(43,700)		156,300		103,800	(52,500)				-34% (i)	
Development Govt. Funded	3,000,000		-		3,000,000		-	(3,000,000)				-100% (ii)	
<b>Total income</b>	<b>216,275,313</b>		<b>- 69,618,029</b>		<b>146,657,284</b>		<b>138,160,453</b>	<b>(8,496,831)</b>				<b>-6%</b>	
<b>Expenses</b>													
Compensation of employees	20,203,700		(922,349)		21,126,049		20,515,857	(610,192)				-3%	
Use of Goods and services	103,488,263		(41,725,736)		61,762,527		62,974,825	1,212,298				2%	
Repairs and maintenance	14,101,350		6,584,956		20,686,306		19,334,198	(1,352,108)				-7%	
Remuneration of directors	2,000,000		-		2,000,000		2,147,520	147,520				7%	
<b>Total expenditure</b>	<b>139,793,313</b>		<b>(36,063,129)</b>		<b>103,730,184</b>		<b>104,972,400</b>	<b>(602,482)</b>					
<b>Surplus for the period before depreciation</b>	<b>76,482,000</b>		<b>- 33,554,900</b>		<b>42,927,384</b>		<b>33,188,053</b>	<b>(7,894,349)</b>					
Depreciation and amortization expense	-		-		-		18,522,783	18,522,783					
<b>Surplus for the period after depreciation</b>	<b>76,482,000</b>		<b>- 33,554,900</b>		<b>42,927,384</b>		<b>14,665,270</b>						
<b>Capital expenses</b>													
Development expenditure	76,482,000		(35,399,598)		41,082,402		31,286,077	9,796,325				31%	(iii)
<b>Surplus for the period after depreciation and capital expenditure</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>(16,620,807)</b>						

- i. Due to gathering and common transport restrictions during the covid 19 season, the institute was not able to achieve the budget hire and rental income.
- ii. The government did not release any development funds during the year as budgeted
- iii. Due to insufficient revenue, the institution was not able to purchase all the assets that were budgeted for.

## **XVIII. 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 Mathenge Technical Training Institute 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 Mathenge Technical Training Institute'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 *Mathenge Technical Training Institute'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 *Mathenge Technical Training Institute*.

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. 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 2021**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Mathenge Technical Training Institute’s future cash flows.                      IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Mathenge Technical Training Institute’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(There is no impact of the standard to the Mathenge Technical Training Institute)</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Mathenge Technical Training Institute 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> <p>(a) The nature of such social benefits provided by the Mathenge Technical Training Institute;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Mathenge Technical Training Institute’s financial performance, financial position and cash flows.</p> <p><i>(There is no impact of the standard to the Mathenge Technical Training Institute)</i></p>
<p>Amendments to Other IPSAS resulting from</p>	<p><b>Applicable: 1st January 2022:</b></p>

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<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 41, Financial Instruments	<ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>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.</li> </ul>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>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.</li> <li>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.</li> </ul>

**iii. Early adoption of standards**

The Mathenge Technical Training Institute did not early – adopt any new or amended standards in year 2021.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

##### **b) Budget information**

The original budget for FY 2020-2021 was approved by the Board of Governors on 3rd July 2020. 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 Mathenge Technical Training Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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The revised budget was approved by the Board of Governors on 19th March 2021.  
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 Mathenge Technical Training Institute 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

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

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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 Mathenge Technical Training Institute 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**

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, 2021.

**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 Mathenge Technical Training Institute
- 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(a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Other grants - Capitation	48,975,000	33,165,000
	<b>48,975,000</b>	<b>33,165,000</b>

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

<b>Name of the entity sending the grant</b>	<b>Amount recognized to Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>2019-2020</b>
			<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Ministry of Education State department of Vocational and Training	48,975,000	-	-	48,975,000	33,165,000
<b>Total</b>	<b>48,975,000</b>	<b>-</b>	<b>-</b>	<b>48,975,000</b>	<b>33,165,000</b>

Note that government capitation amounting to 13,230,000 which is capitation for quarter 4 was received after the year end and accrued as receivable from non-exchange transactions. This amount is part of balances **recognized in Statement of financial performance**.

**7 RENDERING OF SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Tuition fees	55,521,476	65,847,460
Activity fees	6,629,140	5,661,632
Examination fees	12,461,922	19,152,390
Students attachment	3,325,270	1,386,441
<b>Total Rendering of Services</b>	<b>77,937,808</b>	<b>92,047,923</b>

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

**8 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
House rent	30,000	51,000
Hire Of Facilities	73,800	88,000
<b>Total rentals</b>	<b>103,800</b>	<b>139,000</b>

**9 OTHER INCOME**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Students ID Cards & Deposits	391,800	498,531
Accommodation & Pay As You Eat	10,552,950	14,749,979
Income from Farm	145,990	386,596
Other income	14,070	-
Production unit	39,035	1,204,847
<b>Total other income</b>	<b>11,143,845</b>	<b>16,839,953</b>

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

**10 USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Electricity	3,173,422	3,545,006
Accommodation and Pay As You Eat	12,791,315	12,800,088
Activity and sports	914,358	3,242,998
Caution money refunds	-	34,500
Students welfare	154,400	393,063
Students attachment	346,600	679,442
Contingencies	1,964,008	2,309,588
Training and practical materials	7,662,169	11,044,102
Examination	13,378,720	11,571,800
Tvet Fair/robotics and research	2,200	1,047,515
Research and Development	1,125	-
Accommodation/FAB Hall	218,497	-
Staff Uniform	143,329	30,750
Library books upgrading	64,900	41,690
Advertising	333,880	744,820
Entertainment	355,574	1,759,229
Conferences, delegations, seminars and workshops	1,918,815	2,480,362
Farm	517,119	268,195
Performance Contract/ISO	1,072,017	1,002,750
Newspapers	99,750	80,520
Students deposits	88,462	520,755
Strategic plan	-	314,360
Insurance	269,313	446,176
Postage	1,960,944	1,128,836
Stationery equipment and stores	2,082,613	2,181,860
Security expense	1,162,800	-
Travel and accommodation cost	5,065,552	4,784,606
Teaching Materials	3,468,267	-
Staff Motivation	631,275	-
PAYE & Boarding	1,970,585	-
Hire Of Facilities Expense	179,860	-
Generator-project expense	43,846	-
Boarding Equipment	93,400	-
Production Units	54,720	-
School Equipment & Stores	501,382	-
Bank charges	36,816	-
Staff meals	252,431	1,339,928
<b>Total good and services</b>	<b>62,974,464</b>	<b>63,792,939</b>

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

**11 EMPLOYEE COSTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	20,515,857	16,909,792
<b>Total Employee costs</b>	<b>20,515,857</b>	<b>16,909,792</b>

**12 REMUNERATION OF DIRECTORS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	582,187	446,426
Other allowances	1,565,333	1,321,410
<b>Total director emoluments</b>	<b>2,147,520</b>	<b>1,767,836</b>

**13 DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	18,522,783	18,388,685
<b>Total depreciation and amortization</b>	<b>18,522,783</b>	<b>18,388,685</b>

**14 REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Repairs and maintenance of buildings and equipment	19,334,198	10,857,703
<b>Total repairs and maintenance</b>	<b>19,334,198</b>	<b>10,857,703</b>

Repairs and maintenance expense relates to expenses incurred in improving the general assets of the institute to ensure smooth running of the operations.

In the year 2020/2021, the expense drastically increased mainly due to improvement required to adhere to covid 19 precautions including but not limited to the following items:

- Installation of numerous water points and piping works,
- Converting six decker rooms to four decker rooms to creating sufficient accommodation space.
- Tiling of hostels
- Creating more ventilation at the kitchen and tuition facilities

**15 CONTRACTED SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Assets valuation	2,560,000	-
<b>Total</b>	<b>2,560,000</b>	<b>-</b>

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

**16 IMPAIRMENT LOSS**

Description	2020-2021	2019-2020
	KShs	KShs
<b>Furniture and fittings</b>		
Cost of furniture	-	39,624,109
Less: value after revaluation	-	(9,616,500)
Reversal of depreciation	-	(4,560,849)
Impairment loss on furniture	-	<b>25,446,760</b>
<b>Machinery</b>		
Cost of machinery	-	68,871,491
Less: value after revaluation	-	(65,872,400)
Reversal of depreciation	-	(2,050,970)
Impairment loss on furniture	-	<b>948,121</b>
<b>Office equipment</b>		
Cost of office equipment	-	789,300
Less: value after revaluation	-	(585,500)
Reversal of depreciation	-	(157,860)
Impairment loss on furniture	-	<b>45,940</b>
	-	<b>26,440,822</b>

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

**17 (a) CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Current account	61,796,207	109,399,859
Mentees bank accounts	1,313,455	1,958,847
Development account	13,209,710	13,211,966
Cash on hand	150,540	530,386
<b>Total cash and cash equivalents</b>	<b>76,469,912</b>	<b>125,101,058</b>

**(b) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

<b>Financial institution</b>	<b>Account number</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank - Main	1101539992	61,796,207	109,399,859
<b>Sub- total</b>		<b>61,796,207</b>	<b>109,399,859</b>
<b>b) Development account</b>			
Kenya Commercial bank	1103196731	13,209,710	13,211,966
<b>Sub- total</b>		<b>13,209,710</b>	<b>13,211,966</b>
<b>c) Mentees bank accounts</b>			
Kieni TTI -Kenya Commercial bank	1175681075	468,155	961,291
Laikipia East TTI --Kenya Commercial bank	1153091712	845,300	997,556
<b>Sub- total</b>		<b>1,313,455</b>	<b>1,958,847</b>
<b>d) Others</b>			
cash in hand		150,540	530,386
<b>Sub- total</b>		<b>150,540</b>	<b>530,386</b>
<b>Grand total</b>		<b>76,469,912</b>	<b>125,101,058</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 (a) RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Student debtors	49,055,546	35,068,257
Rent debtors	-	7,000
Staff advances	215,000	-
Staff imprest	176,850	-
<b>Total current receivables</b>	<b>49,447,396</b>	<b>35,075,257</b>

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 seven years are provided for.

18 b) RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Capitation receivable from the ministry	13,230,000	11,055,000
<b>Total receivables from Non-exchange Transactions</b>	<b>13,230,000</b>	<b>11,055,000</b>

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	2020-2021	2019-2020
	KShs	KShs
At start of the year	5,831,567	4,931,593
Advances during the year	75,000	899,974
<b>At close of year</b>	<b>5,906,567</b>	<b>5,831,567</b>

20 BIOLOGICAL ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
Four Friesian cows	495,000	-
<b>At close of year</b>	<b>495,000</b>	<b>-</b>

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

**21 PROPERTY, PLANT AND EQUIPMENT**

Fixed assets were revalued 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.

Cost	Land	Buildings	Basket ball	Shed	Tennis	Machinery	Motor Vehicles	Computer equipment	Office Equipment	Furniture and Fixings	Other loose assets	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Depreciation rates</b>		0.02	0.2	0.3	0.5	0.05	0.25	0.3	0.2	0.125	0.333	
<b>At 1 July 2019</b>	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
<b>Additions</b>	-	511,335	-	-	-	1,442,995	-	617,700	-	1,442,580	-	4,014,610
<b>Valuation</b>	-	162,592,701	-	-	-	(2,999,091)	1,410,000	2,998,700	(203,800)	(30,007,609)	2,981,135	136,772,036
<b>As at 30 June 2020</b>	<b>53,400,000</b>	<b>331,200,000</b>	-	-	-	<b>65,872,400</b>	<b>13,800,000</b>	<b>5,665,000</b>	<b>585,500</b>	<b>9,616,500</b>	<b>6,013,220</b>	<b>486,152,620</b>
<b>At 1 July 2020</b>	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
<b>Additions</b>	-	17,594,376	3,487,967	201,224	590,989	4,879,859	-	2,447,393	-	2,084,269	-	31,286,077
<b>As at 30 June 2021</b>	<b>53,400,000</b>	<b>348,794,376</b>	<b>3,487,967</b>	<b>201,224</b>	<b>590,989</b>	<b>70,752,259</b>	<b>13,800,000</b>	<b>8,112,393</b>	<b>585,500</b>	<b>11,700,769</b>	<b>6,013,220</b>	<b>517,438,697</b>
<b>Depreciation</b>												
<b>At 1 July 2019</b>	-	4,161,949	-	-	-	2,050,970	3,097,500	682,184	157,860	4,560,849	719,135	15,430,445
<b>Reversal on revaluation</b>	-	(4,161,949)	-	-	-	(2,050,970)	(3,097,500)	(682,184)	(157,860)	(4,560,849)	(719,135)	(15,430,445)
<b>Depreciation</b>	-	6,624,000	-	-	-	3,293,620	3,450,000	1,699,500	117,100	1,202,063	2,002,402	18,388,685
<b>30-Jun-20</b>	-	6,624,000	-	-	-	3,293,620	3,450,000	1,699,500	117,100	1,202,063	2,002,402	18,388,685
<b>Depreciation</b>	-	6,843,408	697,593	60,367	295,495	3,372,932	2,587,500	1,923,868	93,680	1,312,338	1,335,602	18,522,783
<b>30-Jun-21</b>	-	<b>13,467,408</b>	<b>697,593</b>	<b>60,367</b>	<b>295,495</b>	<b>6,666,552</b>	<b>6,037,500</b>	<b>3,623,368</b>	<b>210,780</b>	<b>2,514,401</b>	<b>3,338,004</b>	<b>36,911,468</b>
<b>Net book value</b>												
<b>30-Jun-21</b>	53,400,000	335,326,968	2,790,374	140,857	295,494	64,085,707	7,762,500	4,489,025	374,720	9,186,368	2,675,216	480,527,229
<b>30-Jun-20</b>	<b>53,400,000</b>	<b>324,576,000</b>	-	-	-	<b>62,578,780</b>	<b>10,350,000</b>	<b>3,965,500</b>	<b>468,400</b>	<b>8,414,437</b>	<b>4,010,818</b>	<b>467,763,935</b>
<b>30-Jun-19</b>	<b>53,400,000</b>	<b>163,934,015</b>	-	-	-	<b>65,377,526</b>	<b>9,292,500</b>	<b>1,366,416</b>	<b>631,440</b>	<b>33,620,680</b>	<b>2,312,950</b>	<b>329,935,529</b>

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**22 INTANGIBLE ASSETS – Work-In-Progress**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
At beginning of the year	-	-
Additions	3,963,173	
<b>Cost end of the year</b>	<b>3,963,173</b>	<b>-</b>
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	
<b>Amortization at end of the year</b>	<b>-</b>	<b>-</b>
Less :Impairment loss		
<b>At end of the year</b>	<b>-</b>	<b>-</b>
<b>NBV</b>	<b>3,963,173</b>	<b>-</b>

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

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	1,144,725	8,440,477
Other payables	40,346	-
Fees paid in advance	28,316,460	55,499,793
<b>Total trade and other payables</b>	<b>29,501,531</b>	<b>63,940,270</b>

**24 PAYABLE TO MENTORED INSTITUTIONS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Opening balance	1,958,846	6,897,260
Less: Payments during the year	(645,391)	(4,938,414)
Closing balance	1,313,455	1,958,846

**25 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
At start of year	590,828	13,420.0
Caution money received during the year	566,500	577,408
Caution money refunded during the year	(5,500)	-
<b>Total deposits</b>	<b>1,151,828</b>	<b>590,828</b>

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

**26 DEFERRED INCOME**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
At start of year	6,074,390	3,037,195
Development funds received during the year	-	3,037,195
Development funds received in previous year but recognized as income	7,137,576	-
Bank charges	(2,256)	-
<b>At end of year</b>	<b>13,209,710</b>	<b>6,074,390</b>

**27 PRIOR YEAR ADJUSTMENT**

Prior year adjustment relates to funds received from the government for the construction of food and Beverage block that is yet to commence. The funds are held in a development account and the project will comment when the budgeted amount is achieved.

The amounts received in year 2016 to 2018, were recognised as income those years because the institution was using cash basis of accounting. The prior year adjustment is for reversing the amount received in those years from accumulated surplus to deferred income liability account.

The table below analysis the receipts from Government for this development project:

<b>Description</b>	<b>Amount received</b>	
	<b>KShs</b>	<b>KShs</b>
Amount received 2016/2017	4,158,826	
Amount received 2017/2018	2,978,752	
Total recognised as income on cash basis accounting		7,137,576
Amount received 2018/2019	3,037,194	
Amount received 2019/2020	3,037,194	
		6,074,388
Total receipts as at 30 <sup>th</sup> June 2021		<b>13,211,966</b>
Less bank charges		(2,256)
Total deferred income as at 30 <sup>th</sup> June 2021		<b>13,209,710</b>
Amount recognised in the books before adjustment		6,074,388
Prior year adjustment total amount		<b>7,137,576</b>

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**28 CASH GENERATED FROM OPERATIONS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Surplus for the year	12,105,270	4,034,100
Adjusted for:		
Depreciation and amortisation	18,522,783	18,388,685
Impairment loss	-	26,440,821
Working Capital adjustments		
(Increase) in receivables	(16,622,139)	14,796,541
Decrease in payables	(27,387,810)	45,530,638
<b>Net cash flow from operating activities</b>	<b>(13,381,896)</b>	<b>109,190,785</b>

**29 REVALUATION RESERVE**

	<b>Buildings</b>	<b>Loose tools</b>	<b>Motor vehicles</b>	<b>Computers</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
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	<b>166,754,650</b>	<b>3,700,270</b>	<b>4,507,500</b>	<b>3,680,884</b>	<b>178,643,303</b>

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**30 FINANCIAL RISK MANAGEMENT**

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

The Mathenge Technical Training Institute's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>
<b>At 30 June 2021</b>		
Cash and cash equivalents	76,469,912	76,469,912
Receivables from exchange transactions	49,447,396	49,447,396
Receivables from non-exchange transactions	13,230,000	13,230,000
Receivables from non-exchange transactions	5,906,567	5,906,567
<b>Total</b>	<b>145,053,875</b>	<b>145,053,875</b>
<b>At 30 June 2020</b>		
Cash and cash equivalents	125,101,058	125,101,058
Receivables from exchange transactions	35,075,257	35,075,257
Receivables from non-exchange transactions	11,055,000	11,055,000
Receivables from non-exchange transactions	5,831,567	5,831,567
<b>Total</b>	<b>177,062,882</b>	<b>177,062,882</b>

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

**FINANCIAL RISK MANAGEMENT (Continued)**

**(i) Credit risk (continued)**

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

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

**(ii) Liquidity risk management**

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

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

	<b>Less than 1 month Kshs</b>	<b>Between 1-3 months Kshs</b>	<b>Over 5 months Kshs</b>	<b>Total Kshs</b>
<b>At 30 June 2021</b>				
Trade and other payables from exchange transactions	111,846	29,389,685	-	29,501,531
Mentoring institution balances		1,313,094		1,313,094
Refundable deposits from students		-	1,151,828	1,151,828
<b>Total</b>	<b>111,846</b>	<b>30,702,779</b>	<b>1,151,828</b>	<b>31,966,453</b>
<b>At 30 June 2020</b>				
Trade and other payables from exchange transactions		639,402,270	-	63,940,270
Mentoring institution balances		1,958,846		1,958,846
Refundable deposits from students			590,828	<b>590,828</b>
Deferred income		6,074,390		6,074,390
<b>Total</b>	<b>-</b>	<b>71,973,506</b>	<b>590,828</b>	<b>72,564,334</b>

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

**FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

**31 RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

The transactions and balances with related parties during the year are as

	2020-2021	2019-2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Government	48,975,000	33,165,000
<b>Total</b>	<b>48,975,000</b>	<b>33,165,000</b>

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

**32 CAPITAL COMMITMENTS**

<b>Capital commitments</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	96,203,120	-
<b>Total</b>	<b>96,203,120</b>	<b>-</b>

**33 EVENTS AFTER THE REPORTING PERIOD**

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

**34 ULTIMATE AND HOLDING MATHENGE TECHNICAL TRAINING INSTITUTE**

The Mathenge Technical Training Institute is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**35 Currency**

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

**MATHENGE TECHNICAL TRAINING INSTITUTE**  
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**APPENDIX I: PROJECTS IMPLEMENTED BY THE MATHENGE TECHNICAL TRAINING INSTITUTE**

**Status of Projects completion**

S/No	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Basketball court	3,487,967	3,487,967	100%	3,500,000	3,487,967	Tuition fees (Internal)
2	Installation of ERP	3,963,173	3,963,173	75%	6,042,000	3,963,173	Tuition fees (Internal)
3	Valuation of institute's assets	2,560,000	2,560,000	100%	3,000,000	2,560,000	Tuition fees (Internal)
4	Construction of Staff houses	4,232,827	4,232,827	100%	4,800,000	4,232,827	Tuition fees (Internal)

**APPENDIX II: INTER-ENTITY TRANSFERS**

<b>NAME: MATHENGE TECHNICAL TRAINING INSTITUTE</b>				
<b>Break down of Transfers from the State department of Vocational and Training</b>				
<b>FY 2020/2021</b>				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
Recurrent Grants				
4 <sup>th</sup> Quarter 2019/2020 capitation		1 July 2020	11,055,000	2019/2020
Total capitation for 2019/2020 received in 2020/2021			<b>11,055,000</b>	
<b>2020/2021 capitation</b>				
Capitation				
Capitation		6 <sup>th</sup> Nov 2020	13,582,500	2020/2021
Capitation		1 <sup>st</sup> March 2021	8,332,500	2020/2021
Capitation		31 <sup>st</sup> March 2021	13,830,000	2020/2021
Capitation		7 <sup>th</sup> July 2021	13,230,000	2020/2021
<b>Total capitation for 2020/2021</b>			<b>48,975,000</b>	

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

Finance Manager  
 Mathenge Technical Training Institute

Sign 

Head of Accounting Unit  
 Ministry of Education

Sign 

**MATHENGE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**APPENDIX III: PROGRESS ON FOLLOW-UP OF PRIOR YEAR AUDIT ISSUES**

<b>Prior year issue</b>	<b>Management comment</b>
<p>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 comparatives figures for 2018/2019 financial year reflected in the financial statements for the year ended 30 June, 2020 could not be confirmed.</p>	<p>During the 2019/2020 audit, we managed to pass prior year adjustments to recognise assets and liabilities not captured in the opening balances due to the basis of accounting that was in use in year 2018/2019, thus correcting opening balances to conform to the accrual basis of accounting.</p>
<p>Accuracy and completeness of non-exchange debtors amounting to KES 11,055,000 and exchange debtors amounting to KES 35,075,257 could not be confirmed since there was no age listing provided and no provisioning of debtors.</p>	<p>IN the year 2019/2020 there was no policy in place to guide the management of the provisioning of debtors but in the current year, the management has developed a finance policy manual that has clearly stated the policy for debtors provisioning. This policy is awaiting the Board of Governors approval.</p> <p>Also in the year 2019/2020, the Institute operated mainly on manual system but in the year 2020/2021, the management installed an ERP that is capable of producing both debtors and creditors age listing. We have also kick-started the exercise of student debtors clean-up to ensure all student debtors transferred in the system are accurate.</p>
<p>Accuracy and completeness of current liabilities total balance of Kshs.66,489,944 as at 30 June, 2020 could not be confirmed.</p>	<p>The variances were due to use on a manual system but after the installation of an ERP, gradually the finance team is able to generating listings to support the liabilities. The clean-up exercise currently ongoing is also meant to establish the most accurate prepaid student fees at the end of the financial period.</p>
<p>Lack of IT continuity plan and disaster recovery plan</p>	<p>We are in the process of developing an IT disaster recovery plan and a draft policy is already in place awaiting Board of Governance approval</p>
<p>Lack of policy documents</p>	<p>We have now prepared various policy documents including Risk management policy, finance policy, HR policy and IT policy amongst others</p>

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Weaknesses in financial statements review	We have ensured that the ledgers are in agreement with the trial balance in the current year
Non-disclosure of Inventory	The stores department has been guided on how to carryout periodic stock takes to ensure that the inventory balances are included in the financial statements
Un-analysed Revenue schedules	We have now ensured that all revenue schedules are well analysed and in agreement with the trial balance
Use of Goods and Services – Over-expenditure	In the current year, most of the budgeted items were not achieved due to effects of Covid 19 pandemic
Variances between Ledger and Financial Statements	These have now been resolved due to installation of the ERP.
Failure to Adhere to One-Third Rule in Staff Establishment	Our Institute has adopted the policy of encouraging applications from all ethnics backgrounds within Kenya when vacancies arises.
Employee costs - Variances between Financial Statements and Schedules	In prior year the system was still under trial and such issues we experienced. In the current year, all ledgers are in agreement with the Trial Balance.
Motor vehicle repairs without drivers' defect reports	Our drivers have been instructed to initiate in writing all defects requiring repair and obtain approval before the vehicle is taken to garage for repair. These reports are to accompany the invoice.
Receivables from exchange transactions - Variance in opening balance	The opening balance variance was resolved.
Assets register	We have now developed an assets register for all the institutes assets
Lack of creditors aging Analysis and creditors policy document	In the current year we are able to analyse all creditors balances in an aging form.