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 THE NATIONAL ASSEMBLY REPORT	
DATE: 21 OCT 2021	
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TABLED BY: OF	LOMP.
CLERK-AT THE-TABLE:	Mr Maira Warjiku

THE AUDITOR-GENERAL

ON

THIKA TECHNICAL TRAINING INSTITUTE

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

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
10 SEP 2020
RECEIVED
P. O. Box 267 - 10100, NYERI



THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2019

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

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II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Thika Technical Training Institute is a Government Technical Training institute established under the Ministry of Higher Education, Science and Technology via certificate number **MOHEST/GC/1459/011A**. It stands at 45 acres of land. Its history dates back to 1949 when it was started as a vocational training centre for former World War II servicemen which was which was then elevated to technical high school where primary graduates admitted for secondary education with a technical bias. The Institute is located in Thika Town along General Kago Road next to Thika Level 5 District Hospital.

(b) Principal Activities

i) Vision

To be the centre of excellence in Technical, Industrial, Vocational and Entrepreneurship Training.

ii) Mission

To provide Training, Research and Outreach Programmes that impart skills and utilize applied knowledge to spur economic growth and solve problems in society.

iii) Core functions

- To give quality training and services
- To mould wholesome individuals
- To uphold teamwork in all our undertakings
- To enhance linkage with industries
- To enhance linkage with other institutions
- To uphold research and development
- To uphold innovation and creativity.

iv) Core values

- Quality training, Ethical practices
- Fairness and equity
- Team work
- Transparency and accountability
- Respect of rule of law
- Cleanliness and orderliness
- Efficiency and efficacy

v) Mandate

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.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**(c) Key Management**

The day – to day management of Thika Technivcal training Institute in under the following key organs

- The Board of Governors
- Accounting Officer
- Management team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Sammy K. Cheruiyot
2.	Deputy Principal(Admin)	Gerald kigia
3.	Deputy Principal (Academics)	Benson Kioko
4.	Registrar	J. Gachau Muchangi
5.	Dean of Students	Franco Mundia
6.	Finance Officer	Stephen N. Wairima
7.	Procurement Officer	Beatrice W. Kariuki

e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance & Audit Committee	1. Julius Musotu 2. Brenda Wambua 3. Rebecca Mpaayei
Academic Committee	1. Brenda Wambua 2. Rebecca Mpaayei 3. George Iraki
Development Committee	1. Eng. ElephasGikungi 2. George Iraki 3. Florence Akumu

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Finance & Audit committee activities

The Committee shall exercise the powers of B.O.G in financial matters as provided in the TVET act 2013, on which the Committee shall advise B.O.G.

Terms of Reference: The role of the Committee will be to coordinate and mobilization of resources on financial status of the institute on behalf of B.O.G. In addition to advising B.O.G on those matters referred to above, the Committee's responsibilities shall include:

- a) To monitor and facilitate the implementation of the institute's strategy with regard to financial matters.
- b) To receive reports from the Principal and the Finance Officer on financial matters. .
- c) To receive reports of the extent and condition of the institute including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- d) To consider the adequacy of the institute and proposals for its maintenance and development, including opportunities to dispose off and acquire new properties.
- e) To determine the fees and charges made for institute services and facilities.
- f) To supervise the financial administration of the institute and make recommendations to B.O.G where appropriate.
- g) To supervise the arrangements for safeguarding the Institute's assets.
- h) To ensure the proper financial evaluation and control of projects.
- i) To supervise arrangements of investing Institute's funds and monitoring of investments performance
- j) To submit an annual statement on its activities to B.O.G.
- k) To keep under review the activities of the Institute's various departments.

Senior Management Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that Thika T.T.I's B.O.G is able to take strategic decisions relating to the institute activities
- 2) Provide leadership in communicating Thika T.T.I's Mission, Values, plans and achievements effectively and consistently to B.O.G Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Being accountable for the development and implementation of Thika T.T.I's strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of Thika T.T.I's activities.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Specifically, the Senior Management Team:

- 1) Makes recommendations to the B.O.G on the implementation and achievement of the B.O. G's Strategic Framework;
- 2) Agrees Thika T.T.I's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the B.O.G as appropriate.
- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of the institute, making recommendations as appropriate to the B.O.G and/or its relevant Committees;
- 5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
- 6) Oversees and monitors Thika T.T.I's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the B.O.G and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing Institute staff to deliver the highest standards of performance and customer service.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations/ Capacitation and Development funds as well as provision of the regulatory framework. The audit of the Institution's activities is undertaken by the Auditor General.

f) Ministry of Education

State department of vocational and Technical training

P.O. Box 9583-00200

Teleposta Tower

Nairobi, KENYA

g) Thika Technical Training Institute

P.O Box 91 - 01000

Telephone :(020) 2044965

E-mail: thikatechnical@gmail.com

Website: www.thikatechnical.ac.ke

h) Thika Technical Training Institute Bankers

1. Barclays Bank of Kenya
P.O Box 219 - 0100
THIKA

2. Equity Bank
P.O.Box 253-01000
Thika

3. NIC Bank
P.O. Box 44599-00100
Nairobi

4. Family Bank
P.O Box 74145-00200,
Nairobi

i) Independent Auditors

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

j) Principal Legal Adviser

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

THE FORMER BOARD OF GOVERNORS – This Board exited in October 2019

Name, and key Academic qualifications	DOB, key qualifications and work experience
 <p>PROF. JERRY MAGUTU (BoG Chairman)</p> <ul style="list-style-type: none"> -Ph.D. in Architecture, -M.Arch. (1985), UC Berkeley -B.Arch. (Hons.) 	<ul style="list-style-type: none"> - Date of Birth: 21st April 1957 - Professor of Architecture & Building Science, University of Nairobi - Registered Architect with BORAQS - Fellow, Architectural Association of Kenya - Principal, ZED - ARCH (K) Architects.
 <p>MS. BRENDA WAMBUA</p> <ul style="list-style-type: none"> -On-going Ph.D. -Masters of arts – KU -B.E.D- Kenyatta University 	<ul style="list-style-type: none"> - Date of Birth: 31st August 1969 - Full Time Lecture Daystar university - Part-time Lecture USIU
 <p>REBECCA R. MPAAYEI</p> <p>Master of Science - B A. Usiu Bachelor of Science - Usiu</p>	<ul style="list-style-type: none"> - Date of Birth: 9th August 1971 - 23 years of experience in management, leadership, capacity building - Manager, Gender Mainstreaming & Women E.Dev,-
 <p>JULIUS MOSOTI</p> <ul style="list-style-type: none"> -MBA degree U.O. Nairobi -B. Com finance & Accounting -CPAK (1991) 	<ul style="list-style-type: none"> - Date of Birth: 19th June 1962 - Internal Auditor Unga Group Ltd as the Group.
 <p>FLORENCE AKUMU</p> <ul style="list-style-type: none"> -Bachelors’ Degree in Public Health -Diploma in Public Health. 	<ul style="list-style-type: none"> - Date of Birth: 4th Dec. 1985
 <p>ENG. ELEPHAS K. GIKUNGI</p> <ul style="list-style-type: none"> -Masters In Energy Management -Masters in B.A CUEA-2018 -B Sc in Mechanical Engineering 	<ul style="list-style-type: none"> - Date of Birth: 5th June 1965. - M& E Consultant Services - Date Skywood Company Limited - Registered Engineer, Engineers Board of Kenya.
 <p>7. GEORGE IRAKI - Bachelor of Science</p>	<ul style="list-style-type: none"> - Date of Birth: 2nd August 1978
 <p>SAMMY K. CHERUIYOT – (Principal/BOG Secretary)</p>	<ul style="list-style-type: none"> - Date of Birth: 12th May 1972 - Masters in Education (M. ED BED ARTS) - One and half years of experience as Principal in Thika TTI.







THE CURRENT BOARD OF GOVERNORS – This Board took over in October 2019

Name, and key Academic qualifications	DOB, key qualifications and work experience
 <p>DR. JOSEPH MUGUTHU (BOG Chairman) -Ph.D. in Mech manufacture & Automation -Master of Philosophy in Technological Education -BED – Technology Education</p>	<ul style="list-style-type: none"> - Date of Birth: Date of Birth 14th Dec 1972 - Lecturer Kenyatta university 6 years - Assistant Lecturer Thika T.T.I – 9 years - Assistant Lecturer Mombasa Poly – 2 years - Maths Physic teacher – Hekima Girls - 2 years - Has published many peer reviewed journals and papers
 <p>PERIS MUNIAFU - Date of Birth ... 1967 - MBA-Strategic Management - BSC – Strategic Management</p>	<ul style="list-style-type: none"> - Certified Custodian from IFF (UK) - Bank Manager - NBK - Trustee NBK Staff Pension Fund - Executive Career coach and RMT chairperson
 <p>STEPHEN CHONGOTI - Date of Birth 16th Dec 1963 - BSc - (Maths) –B.University Canada - Diploma – Farm Machinery Mechanics Canada</p>	<ul style="list-style-type: none"> - Director & Founder – Contour Construction & Engineering Ltd - Director & Founder -Mtandao ltd - Manager/Systems administration – Telkom Kenya - Deputy Chief Information Technology Officer
 <p>GEORGE M.K MATOKE - Date of Birth ... 7th July 1959 - Pursuing PHD - Renewal energy - MSc– Engineering systems & management - Bachelor of Industrial Technology</p>	<ul style="list-style-type: none"> - Long serving Engineering Assistant in public service - Strategic Development programme - Performance management - Project implementation programme
 <p>DAN OCHIENG OGOLA - Date of Birth 6th April 1967 - Masters –Community health & development - BSc – (Hons) KU</p>	<ul style="list-style-type: none"> - Project technical advisor – HIV/AIDS program - Consultancy – National Agriculture Sector Growth and Transformation Strategy (ASGTS) - Project officer – Skilled care initiative (SCI) project.
 <p>ALEX MWANIKI - Date of Birth 12th Sept 1972 - BSC Computer Science</p>	<ul style="list-style-type: none"> - Management courses – British Council - Microsoft Certified professional – Data Canter - Project management - Senior data analyst
 <p>REBECCA RAYON MPAAYEI - Date of Birth 9th August 1971 - Master of Science – Usiu - Bachelor of Science - Usiu</p>	<ul style="list-style-type: none"> - 23 years of experience in management, leadership, capacity building and exporting - Manager, Gender Mainstreaming & Women E-Dev,- EXPORT PROMOTION COUNCIL
 <p>SAMMY K. CHERUIYOT – (Principal/BoG Secretary) - Date of Birth: 12th May 1972 - Masters in Education (M.ED BED ARTS)</p>	<ul style="list-style-type: none"> - Masters in Education (M. ED BED ARTS) - One and half years of experience as Principal in Thika TTI

MANAGEMENT TEAM

THIKA TECHNICAL TRAINING INSTITUTE

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Name of the Staff	Responsibility
 <p>SAMMY K. CHERUIYOT - Date of Birth: 12th May 1972 - Masters in Education (M. ED BED ARTS)</p>	<p>Principal/BoG Secretary - One and half years of experience as Principal in Thika TTI</p>
 <p>GERALD KIGIA - Date of birth: 9th July 1966 - Degree in Mechanical Engineering</p>	<p>Deputy Principal – Administration - Eleven years of experience</p>
 <p>BENSON KIOKO -Date of birth: 9th April 1965 -Master in Business Administration</p>	<p>Deputy Principal – Academics Affairs - One and half years of experience as deputy</p>
 <p>J. GACHAU MUCHANGI - Date of birth: 7th Sept 1964 - Degree in Mechanical Engineering</p>	<p>Registrar - Thirteen years of experience as Registrar</p>
 <p>FRANCO MUNDIA - Date of birth: 22nd Nov 1959 - Diploma in Automotive /Mechanical Engineering</p>	<p>Dean of Students - Four years of experience as Dean of students</p>
 <p>STEPHEN N. WAIRIMA - Date of Birth: 28th Aug 1979 - MBA (Finance) - B.com (Finance) - CPA Final - Certificate in Forensic Audit – Contract and Procurement Fraud (ICPAK)</p>	<p>Finance Officer - Four years as Accountant - Five years as Bursar - Two years as finance Officer</p>

III. CHAIRMAN'S STATEMENT

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

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 30% annual growth for 2020, based on the current 6,800 in 2019 from that of 5,000 students in 2018.

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

Review of the Sector and Changes

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

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. TTTI 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 health and manufacturing). To this end, TTTI has continuously participated in trade fairs (including the Annual Agricultural Show) whereby trainees have exhibited their patentable innovations in all of the Big 4 Agenda that have won them many trophies and meritorious accolades.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at TTTI, 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 TTTI is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

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



Dr Joseph Muguthu

CHAIRMAN, BOARD OF GOVERNORS

8th Sept, 2020.

IV. REPORT OF THE PRINCIPAL

Thika 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. We were able to transition from ISO 9001-2008 to ISO 9001:2015 certification during the year. 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 2018/2019 PERFORMANCE

The Financial Year 2018/2019 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

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

Other notable observation includes:

Students Enrolment;

FY 2018/19 enrolment was encouraging closing the year at 6,800 students which was a record breaking compared to previous year of <5,500 students.

Students Enrolment was as follows:

- | | |
|----------------------------------------------------------------------|----------------------|
| ➤ Kenya Universities & Colleges Central Placement Service | 2316 students |
| ➤ Regular students | 334 students |

N/B. Due to high number of students, the Institute had to result to converting hostels to class rooms. This led to students renting accommodation outside the compound and hence enabled the Institute embark on Social & Sustainability objectives through economic benefits to the Local communities who are putting up hostels to provide accommodation to growing number of students.

Projects Undertaken

During the Financial Year under review, The Board was able to successfully complete and hand over Mwea TVC which was under her mentorship and continues to mentor other institutions namely; Gichugu TVC and Maragwa TVC.

Departmental Equipment:

Thika T.T.I is sincerely grateful to the Government for considering our institute through equipping our B.C.E, Mechanical and Automotive department with State of the Art Training equipment.

Contribution to the Big 4 Agenda

During the Financial Year 2018 / 2019, a total of 1,800 students were released to the market having successfully completed their courses and attained relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that the graduates 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.



SAMMY K. CHERUIYOT

PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

Date: 8th Sept, 2020

V. 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 has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the Institute and the Institute's public policy engagement and technological contributions policy.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

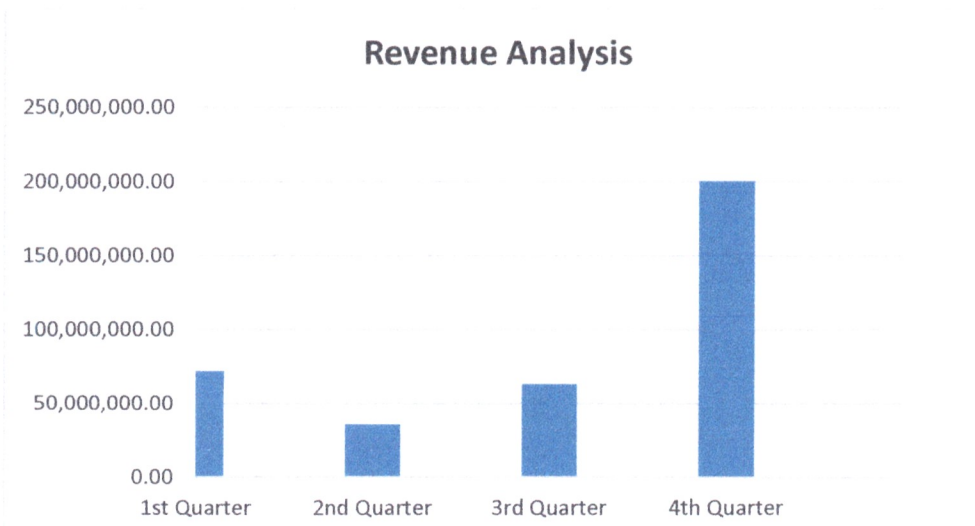
Thika Technical Training Institute being a Key driver to the attainment of the BIG 4 agenda ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally, regionally and globally.

The Institution has unrelenting focus on improving and maintaining excellent Technical and Vocational Training across her specialties.

Operational and financial Performance

During the financial year 2018/2019, the operations of the institution both current and development were affected by delay in receipt of the capitation that was received at the end of the fourth quarter. This delayed the implementation of the budget per quarter.

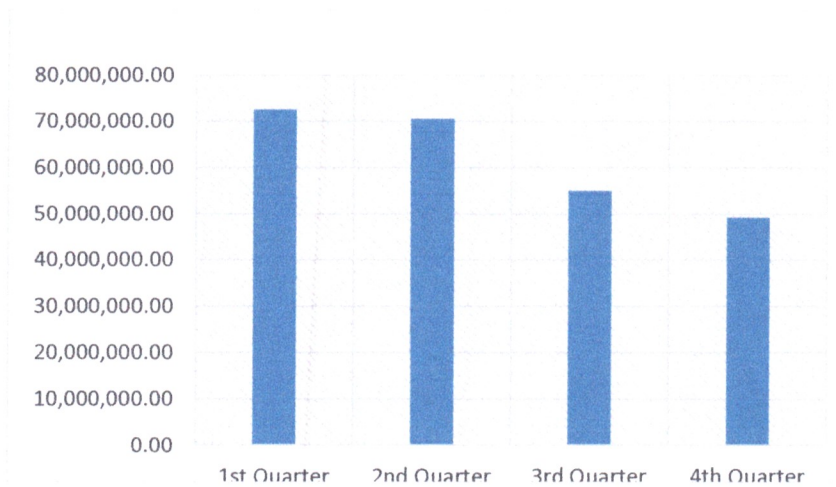
The revenue collected per quarter was as follows:



The institution could not undertake new development projects due to financial performance. However, an existing project was sustained during the year. The New tuition block was on completion stage hence was managed with the available finances. Major repairs, maintenance and improvements were done on existing assets costing a total of Kshs 8,641,675

The general expenses incurred KShs 39,569,517 of the total revenue while cost on good and services was KSh 41,636,567.

Expenditure Analysis per quarter



Several Challenges were faced by the institution during the year as follows:

1. Delayed / Failure to honour financial obligations as and when they fall due. This was necessitated by delay in capitation
2. Failure to collect fees as projected. The budgeted A.I.A was affected by introduction of capitation that reduced the fee payable by students. This also
3. Failure to absorb 100% of revenue collected as budgeted (FY 2018/2019 Budget) . This was due to unable to finance budgeted expenditure.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Technical Training Institute's strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

- **Socially responsible graduates**

Our graduates are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities.

- **Responsible processes**

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

- **Environmental sustainability**

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

VIII. REPORT OF BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of Thika Technical Training Institute's affairs.

Principal activities

The principal activities of Thika Technical Training Institute are;

- Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
- Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development;
- Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
- Examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation;
- Promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students;
- Develop an institution with excellence in training, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within the country, regionally and globally.
- provide a multi-level system of post-secondary school education and training programs relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programs;
- Provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
- Advance knowledge and its practical application by research and other means, the dissemination of outcomes of research by various means, and the commercial exploitation of search results;
- Promote critical enquiry within the Institute and in the general community;
- Participate in commercial ventures and activities;
- Foster the general welfare of all staff and students;
- Provide opportunities for development and further training for staff of the National Institute;
- Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;

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- Facilitate student mobility between different programs at different technical training institutions and other National Institutes;
- Conduct examinations for and grant such academic awards as provided under this Order;

Results

The results of Thika Technical Training Institute for the year ended June 30, 2019 are set out on page 1 to 24

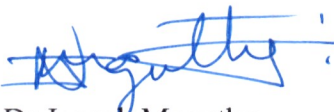
Governing Board

The members of the Board who served during the year are shown on page vii in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education. This Board exited on October 2019 and a new board was constituted as shown on page viii. The new Board approved the financial statements.

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the constitution of Kenya and the public Audit Act 2015.

By Order of the Board of Governors



Dr Joseph Muguthu
CHAIRMAN, BOARD OF GOVERNORS
8th Sept, 2020.

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

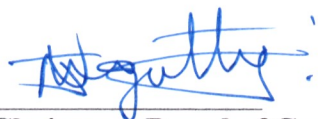

The Board members are responsible for the preparation and presentation of Thika Technical Training Institute's financial statements, which give a true and fair view of the state of affairs of Thika Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2019.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

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

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

Approval of the financial statements

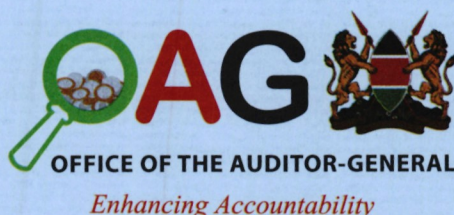
Thika Technical Training Institute's financial statements were approved by the Board on 7th Sept 2020 and signed on its behalf by:

**Chairman, Board of Governors****BoG Member****Principal/BoG Secretary**

X. REPORT OF THE INDEPENDENT AUDITOR ON THE THIKA TECHNICAL TRAINING INSTITUTE

REPUBLIC OF KENYA

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



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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Thika Technical Training Institute set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Adverse Opinion

1. Unsupported Opening Balances and Comparative Figures

The Management did not submit financial statements for the 2017/2018 financial year to the Auditor General for audit. This is contrary to the requirements under Section 47 (1) of the Public Audit Act, 2015 which requires the financial statements to be submitted to the Auditor General within three months after the end of the fiscal year.

Consequently, the validity, completeness and accuracy of the opening balances of total assets, total liabilities and, total capital and reserves of Kshs.63,119,903, Kshs.15,000,000 and Kshs.48,119,903, respectively and the comparative figures for 2017/2018 financial year reflected in these financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Misclassified Development Fund

The statement of changes in net assets and statement of financial position reflects a development fund balance of Kshs.10,472,525 as at 30 June, 2019. The balance comprised brought forward amount of Kshs.8,434,725 and development grants received during the year of Kshs.2,037,800. According to Note 23 to the financial statements, the latter amount of Kshs.2,037,800 is in respect of deferred income. However, deferred income is not a long-term liability and was therefore inappropriately reported under capital and reserves.

In addition, the opening balance of Kshs.8,434,725 in respect of development fund should have been classified and reported as part of capital fund instead of disclosing it as a separate line item in both the statement of changes in net assets and statement of financial position.

Consequently, the accuracy and completeness of the development fund balance of Kshs.10,472,525 as at 30 June, 2019 could not be confirmed.

3. Overstated Accumulated Surplus

Disclosed in the statement of changes in net assets is accumulated surplus balance of Kshs.249,569,787. However, the balance includes an amount of Kshs.48,326,359 described as "transfer of depreciation from retained earnings to capital fund" which ordinarily is included and expensed through the statement of financial performance for the year.

The amount was therefore double counted as an expenditure and reversed in the statement of changes in net assets thus overstating the accumulated surplus for the year. Consequently, the completeness and accuracy of accumulated surplus of Kshs.249,569,787 as at 30 June, 2019 could not be confirmed.

4. Inaccuracy of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total final expenditure budget of Kshs.309,999,000 while re-casted balance amounts to Kshs.311,799,000, resulting to unexplained nor reconciled variance of Kshs.1,800,000.

As a result, the accuracy of the statement of comparison of budget and actual amounts for the year ended 30 June, 2019, could not be ascertained.

5. Understated Revenue

The statement of financial performance reflects total revenue of Kshs.391,172,127 for the financial year ended 30 June, 2019. However, the re-casted balance is Kshs.392,172,127 resulting to an unexplained and unreconciled variance of Kshs.1,000,000.

Consequently, the accuracy and completeness of the reported total revenue of Kshs.391,172,127 for the financial year ended 30 June, 2019 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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.

Other Matter

Budget Control

The statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure of Kshs.309,999,000 against actual revenue and expenditure of Kshs.190,307,818 and Kshs.172,960,403, indicating budget and expenditure performance of 61% and 56%, respectively.

Further, the Institute incurred over expenditure on compensation of employees and remuneration of directors amounting to Kshs.42,099,655 and Kshs.540,104, respectively. However, no evidence was provided to show that the budget variations or the over expenditure was approved by the Board of Governors.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Contractual Employees

Records presented for audit revealed that Thika Technical Training Institute had a total of ninety employees on contractual terms as at 30 June, 2019. However, there was no evidence indicating that the contracts were discussed and approved by the Board of Governors contrary to the provisions of paragraph 3.5.2 of the Institute's Human Resource Policies Manual, which requires the Board's approval for all contractual engagements.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Corporate Governance

A review of records of the Institute revealed that some Members of the Board of Governors were signatories to the Institute's bank accounts and were therefore involved in day to day management of the affairs of the institution. This is contrary to the provisions of Paragraph 22(6) of the second schedule to the Technical and Vocational Education and Training Act, 2013 which authorizes only the Principal, as a Member of the Board to be involved in day to day management of the affairs of the institution. In addition, it would be impractical for the Board to oversight over the same activities they manage.

2. Internal Audit Function

During the year under review, the Institute operated without an internal audit function and audit committee pointing at a weak governance structure. Although as at the time of audit in August, 2020, Management had established an internal audit function and put in place an audit committee, the internal audit function had only one staff member. Further, there is no internal audit charter detailing audit work plan, scope, responsibilities and purpose of the internal audit to effectively promote transparency and accountability in the management of resources of the Institute.

3. Weaknesses in IT Controls

A review of Information Technology (IT) control environment revealed lack of an ICT policy, ICT strategic plan and IT steering committee in place. Absence of the policy and strategic plan may lead to inconsistent approach towards addressing ICT issues and data confidentiality, accuracy, reliability, integrity and availability may be compromised.

Further, an inspection carried out during the audit revealed that some desktop computers lacked antivirus which could expose the institution to loss of data. In addition, computer server room lacked temperature regulation system thus exposing the hardware to possible damages.

4. Weaknesses in Revenue Collection

The statement of financial performance reflects revenue from exchange transactions totaling Kshs.236,132,127 consisting of fees from students, rental income revenue and other income streams. A review of Thika Technical Training Institute's Enterprise Resource Planning (ERP), management system and finance module together with academic policy revealed that the institution issues acknowledgment receipts to students upon presentation of bank slips at the finance department.

However, the finance department relies entirely on hard copies of bank slips as primary evidence of fees payment without integration or online bank account confirmations on whether the fees had actually been credited into the account. Thus, fictitious deposit slips could be presented and issued with acknowledgment receipts leading to loss of revenue.

Further, a review of the Institutes' ERP revealed a lack of segregation of duties as some officers with administrator rights had access to database and complete data processing including initiation of deletion of data. The system security and data integrity are therefore compromised or unreliable.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the ability of Thika Technical Training Institute to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

08 October, 2021

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Capitation and Operation grants	6	155,440,000	22,296,225
Total Revenue from non-exchange transactions		155,440,000	22,296,225
Revenue from exchange transactions			
Rendering of services- Fees from students	7	222,737,821	189,290,963
Rental revenue from facilities and equipment	8	11,603,396	12,568,512
Other income	9	2,390,910	1,079,025
Revenue from exchange transactions		236,732,127	202,938,500
Total revenue		391,172,127	225,234,725
Expenses			
Use of goods and services	10	41,636,567	78,135,665
Employee costs	11	90,099,655	63,366,703
General expenses	12	39,569,517	21,616,269
Depreciation	25	48,326,359	-
Remuneration of directors	13	2,340,104	4,531,554
Repairs and maintenance	14	8,641,675	9,464,631
Total expenses		230,613,877	177,114,822
Net Surplus for the year		161,558,250	48,119,903

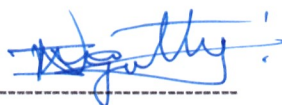
The notes set out on pages 6 to 24 form an integral part of the Annual Financial Statements.

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

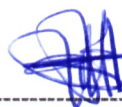
	Notes	2018/2019	2017/2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	82,637,086	63,119,903
Receivables from exchange transactions	16 (a)	53,424,309	-
Receivables from Non-exchange transactions	16 (b)	148,440,000	-
Total Current Assets		284,501,395	63,119,903
Non-current assets			
Property, plant and equipment	22	1,223,525,163	-
Total Non-current Assets		1,223,525,163	
Total assets		1,508,026,559	63,119,903
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	8,454,115	15,000,000
Refundable deposits from customers	18	873,000	-
Payable to mentored institutions	19	35,462,787	-
Total Current Liabilities		44,789,902	15,000,000
Total liabilities		44,789,902	15,000,000
Reserves			
Accumulated surplus		249,569,787	39,685,178
Development Fund		10,472,525	8,434,725
Capital Fund		1,203,194,345	-
Total Capital and Reserves		1,463,236,657	48,119,903
Total Liabilities and Capital & Reserves		1,508,026,559	63,119,903

The Financial Statements set out on pages 1 to 24 were signed on behalf of the Institute Board of Governors by:

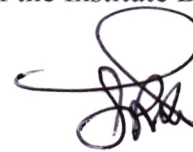


Chairman of the Board of Governors

Date. 8th Sept, 2020.



Finance Officer
ICPAK No: 21023
Date. 8th Sept, 2020.



Principal

Date. 8th Sept, 2020.

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

	Accumulated Surplus	Development Fund	Capital Fund	Total
Balance b/f at July 1, 2017				
Total comprehensive income				-
Balance c/d as at June 30, 2018	39,685,178	8,434,725	1,251,520,704	1,299,640,607
Balance b/f as at July 1, 2018	39,685,178	8,434,725	1,251,520,704	1,299,640,607
Utilization during the year	-	-		-
Total comprehensive income	161,558,250			161,558,250
Transfer of depreciation from retained earnings to capital fund	48,326,359		(48,326,359)	-
Development grants received during the year		2,037,800		2,037,800
Balance c/d as at June 30, 2019	249,569,787	10,472,525	1,203,194,345	1,463,236,657

XIV. STATEMENT OF CASHFLOWS AS AT 30/06/2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
Operating activities			
Cash generated by operations	24	37,810,202	48,119,903
Net cash from operating activities		37,810,202	48,119,903
Investing activities			
Cash paid for purchase of property, plant and equipment	22	(20,330,819)	-
Net cash (used in) investing activities		(20,330,819)	-
Financing activities			
Development funds from the government	23	2,037,800	-
Net cash from financing activities		2,037,800	-
Increase in cash and cash equivalents		19,517,183	48,119,903
Movement in cash and cash equivalents			
At start of year		63,119,903	-
Increase in cash and cash equivalents		19,517,183	63,119,903
At end of year	15	82,637,086	63,119,903

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30/06/2019

	Original budget 2018-2019	Adjustments 2018-2019	Final budget 2018-2019	Actual on comparable basis 2018-2019	Performance difference 2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from Government entities - grants	30,000,000		30,000,000	7,000,000	23,000,000
Rendering of services- Fees from students	263,099,000		263,099,000	169,313,512	93,785,488
Gains on disposal, rental income and agency fees	16,900,000		16,900,000	13,994,306	2,905,694
Total income	309,999,000	-	309,999,000	190,307,818	119,691,182
Expenses					
Compensation of employees	48,000,000		48,000,000	90,099,655	(42,099,655)
Use of Goods and services	186,842,000		197,042,000	32,309,452	154,958,403
Repairs, maintenance & Improvements	9,600,000		1,200,000	8,641,675	958,325
Remuneration of directors	1,800,000		1,800,000	2,340,104	(540,104)
General expenses	63,757,000		63,757,000	39,569,517	24,187,483
Total expenditure	309,999,000	-	309,999,000	172,960,403	137,038,597
Surplus for the period	-	-	-	17,347,415	(17,347,415)

THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note:

1. The variance of 77% on transfer from Government was due to the change of funding from Operation grant to capitation.
2. The variance of 36% on revenue from rendering of service was due reduced fees per year as per GoK regulation
3. The variance of 17% on rental income was due to reduced hire of facilities during the holiday
4. The variance of (88%) on employee cost is due to the CBA that was negotiated after the budget and also production unit amount paid to trainers for teaching pararell students, this was captured as employee cost.
5. The variance of 83% on use of goods & services as well as general expenses 38% was due to reduction in revenue and delayed funding.
6. Total Revenue as per statement of Financial Performance is KShs 392,172,127 if we less receivables of KShs 201,864,309 we get the total revenue as per the budget which is KShs 190,307,818. Total payments as per statement of Financial Performance of KShs 182,287,518 excluding depreciation charge if we less the payables from exchange transactions of Kshs 9,327,115 we get the total expenditure as per the budget which is Kshs 172,960,403

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Thika Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number **MOHEST/GC/1459/011A**. The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act , TSC Act, KIE Act KASNEB Act and others.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li data-bbox="655 241 1390 360">• 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 data-bbox="655 405 1390 524">• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and <li data-bbox="655 568 1390 757">• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

ii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

Thika Technical Training Institute recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. 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 Thika Technical Training Institute and the fair value of the asset can be measured

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on **3rd July 2018**.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes – IAS 12

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where Thika Technical Training Institute operates and generates taxable income.

Sales tax/ Value Added Tax

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

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

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

d) Property, plant and equipment – IPSAS 16

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

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

g) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Thika Technical Training Institute determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories – IPSAS 12

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of Thika Technical Training Institute.

j) Provisions – IPSAS 19

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

Where Thika Technical Training Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent assets

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

In this light then, the institute is a defendant in various legal actions. As per the notice of the judgement that was entered against the institution on 19th day of July 2019 (case no. 345 of 2019), the outcome of such actions will give rise to loss amounting to Shs. 9,463,028.

k) Nature and purpose of reserves

Thika Technical Training Institute creates and maintains reserves in terms of specific requirements. These reserves include:

- Accumulated surpluses
- Development funds

l) Changes in accounting policies and estimates - IPSAS 3

Thika Technical Training Institute recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits - IPSAS 25

Retirement benefit plans

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

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

n) Related parties - IPSAS 20

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

o) Service concession arrangements – IPSAS 32

Thika Technical Training Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, Thika Technical Training Institute recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, Thika Technical Training Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

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

r) Subsequent events

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

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY -
IPSAS 1**

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

Estimates and assumptions

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by Thika 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

Provisions

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

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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Operational grant	7,000,000	22,296,225
Capitation – (Receivable)	148,440,000	-
Total Government grants and subsidies	155,440,000	22,296,225

b) Transfers from Ministries, Departments and Agencies

The transfers from the ministry of Education relates to amount for other Training Institutes being mentored by Thika Technical Training Institute. The amounts are transferred directly to Thika TTI main bank account in Barclays bank by the ministry and subsequently transferred to **specific** bank accounts opened by Thika TTI for each mentee institution.

The balances held in the bank accounts on-behalf of the mentored Tsvets as at end of the year are recognised as current liabilities in the statement of financial position.

The movement schedule for the amount transferred is as follows:

Name of the Entity sending the grant	Institution's name	Brought forward balances for mentored institutions	Amount received from the ministry during the year	Date received	Amount utilised by the mentored institution	Statement of financial position as payables/liabilities	Statement of financial performance
Ministry of education	Mwea TVC	462,320	6,872,290	8 th Oct 2018		7,909,735	-
Ministry of education			1,000,000	27 th June 2019	(424,876)		
Ministry of education	Gichugu TVC	12,309,158	1,717,409	8 th Oct 2018	(4,356,801)	14,885,805	-
Ministry of education			5,216,041	27 th June 2019			
Ministry of education	Maragwa TVC	16,309,654	13,939,000	8 th Oct 2018	(17,581,408)	12,667,247	-
Ministry of education	Thika TTI	N/A	7,000,000	8 th Oct 2018	N/A	-	7,000,000
Ministry of education	Thika TTI	N/A	148,440,000	10 th July 2019	N/A	-	148,440,000
Ministry of education			47,195,000	12 th July 2019	0	47,195,000	
Total		29,081,132	231,379,740		(22,363,087)	82,657,787	155,440,000

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Fiscal Year	FY/2018/2019	FY/2017/2018
Currency	Kshs	Kshs

7 REVENUES FROM RENDERING OF SERVICES

Tuition fees	213,551,649	175,259,894
Activity fees	6,214,133	8,372,086
Library fees	454,490	3,476,323
Registration fees	2,517,549	2,082,660
Total Rendering of Services	222,737,821	189,209,963

8 Rental Revenue from Facilities and Equipment

KISE/ECDE hire of facility	6,715,460	5,587,406
Hire of facilities	2,424,415	6,095,400
Rent	2,463,521	885,706
Total rentals	11,603,396	12,568,512

9 Other income

Income from sale of tender	36,000	43,500
Catering services	1,419,460	1,016,045
Graduation	935,450	19,480
Total other income	2,390,910	1,079,025

10 Use of Goods and Services

Electricity, Water & Conservancy	6,712,727	5,830,696
Activity	7,814,622	13,775,659
Clubs & Societies	1,221,323	2,361,471
Fees refund	324,000	765,320
Helb	401,930	408,720
Medical	926,589	108,057
Student I.D	202,800	-
Student council	1,639,462	2,114,075
Inds Attachment	1,747,000	985,900
S.E.S	18,846,551	51,785,767
Graduation	1,799,563	-
Total good and services	41,636,567	78,135,665

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Fiscal Year	FY/2018/ 2019	FY/2017 /2018
Currency	Kshs	Kshs
11 Employee Costs		
Salaries and wages	51,237,027	35,163,267
Travel, subsistence and other allowances	16,675,348	9,221,525
Production Unit	22,187,280	18,981,911
Total Employee costs	90,099,655	63,366,703
12 General Expenses		
Advertising	666,005	1,234,160
Administrative fees	11,336,228	3,905,457
Insurance expense	879,115	2,366,577
Hire charges	5,629,385	-
Rent expenses	7,733,663	1,092,511
Cafeteria expenses	3,701,178	1,549,609
Development A/c	208,156	-
Provision for bad debts	2,811,806	81,250
Internet cost	2,627,450	-
Other expenses	3,976,530	11,377,704
Total general expenses	39,569,517	21,616,269
13 Remuneration of Directors		
Chairman's honoraria	525,000	-
Directors emoluments	1,815,104	4,531,554
Total director emoluments	2,340,104	4,531,554
14 Repairs and Maintenance		
Other	8,641,675	9,464,631
Total Repairs and Maintenance	8,641,675	9,464,631
15 Cash and cash equivalents		
Equity bank	2,853,449	10,483,286
Barclays Main	37,517,355	39,925,587
Barclays Development	4,703,478	8,434,725
Cash on hand	149,103	707,200
Family Cafeteria A/c	(27,956)	1,390,249
NIC Exam A/c	1,978,870	2,178,856
Barclays Maragwa	12,667,247	-
Barclays Gichugu	14,885,806	-
Barclays Mwea	7,909,734	-
Total cash and cash equivalents	82,637,086	63,119,903

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(b)Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2018/2019	2017/2018
		Shs	Shs
i) Current a/c - Fees Collection			
Equity bank	0090292436622	2,853,449	10,483,286
Barclays bank	0311190628	37,517,355	39,925,587
Sub- total		40,370,804	
ii) Exam fee collection a/c			
NIC bank	1000231378	1,978,870	2,178,856
Sub- total		1,978,870	
iii) Development –			
Barclays bank	2035938330	4,703,478	8,434,725
Sub- total		4,703,478	
iv) Cafeteria a/c			
Family bank	005000036290	(27,956)	1,390,249
Sub- total		(27,956)	
v) Mentored Inst			
Mwea TVC- Barclays bank	2038121084	7,909,734	
Gichugu TVC Barclays bank	2038121076	14,885,806	
Maragwa TVC Barclays bank	2038121033	12,667,247	
Sub- total		35,462,787	
Grand total		82,487,983	63,119,903

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Fiscal Year	FY/2018 /2019	FY/2017 /2018
Currency	Kshs	Kshs
16 Receivables		
(a) Receivables from Exchange Transactions		
Current receivables		
Student debtors	40,037,349	-
Rent debtors	927,062	-
Other exchange debtors – KNEC exam	15,271,704	-
Less: impairment allowance (5%)	(2,811,806)	-
Total current receivables	53,424,309	-
(b) Receivables from Non-Exchange Transactions		
Receivables from Non - Exchange Transactions	148,440,000	-
		-
Total current receivables	148,440,000	-

Amount owed by the students includes KShs. 18,000,000 for students being sponsored by NYS.

17 Trade and other Payables from Exchange transactions		
Trade payables	5,316,695	15,000,000
Fees paid in advance	3,137,420	-
Total trade and other payables	8,454,115	15,000,000
18 Refundable deposits from customers/students		
Caution money	873,000	-
Total deposits	873,000	-
19 Payable to mentored institutions		
Maragwa Technical Institute	12,667,247	-
Gichugu Technical Institute	14,885,806	-
Mwea Technical Institute	7,909,734	-
	35,462,787	-

Amounts payable to mentored institutions relates to transfers by the ministry of education to Thika Technical Training Institute on- behalf to the institutions being mentored.

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20 Related parties

Balances	
Receivables from Non - Exchange Transactions	148,440,000
Transactions	
Government of Kenya (Ministry of Education)	7,000,000
Chair of the Governing Board	(525,000)
Other Board allowances	1,815,104

21 Contingent liabilities

The institute is engaged in various legal actions.

- A DCI court case against several persons including an internal auditor whose is the employee of the institution who is under half pay. The outcome in favour of the internal auditor may lead to outflow of funds that could not be pre-determined.
- The institute is a defendant in a legal action as per the notice of the judgement that was entered against the institution on 19th day of July 2019 (case no. 345 of 2019 Thika), the outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined
- The institute is a defendant in a legal action also a legal action with Northholt Enterprises. The outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined

22 Property, plant and equipment

	Buildings	Land	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 th June 2018	439,474,981	500,000,000	11,406,250	41,546,045	35,801,344	223,292,084	1,251,520,704
Additions	20,330,819	-	-	-	-	-	20,330,819
At 30 th June 2019	459,805,800	500,000,000	11,406,250	41,546,045	35,801,344	223,292,084	1,271,851,523
Depreciation and impairment							-
At 30 June 2018	-	-	-	-	-	-	-
Depreciation	9,196,116	-	2,281,250	3,776,913	8,261,849	24,810,232	48,326,359
At 30 th June 2019	9,196,116	-	2,281,250	3,776,913	8,261,849	24,810,232	48,326,359
Net book values							
At 30 th June 2019	450,609,684	500,000,000	9,125,000	37,769,132	27,539,495	198,481,853	1,223,525,163

Note:

The institution assets are stated at cost less the depreciation charge. All institution's assets were valued by professional valuers (Benchmark valuers limited) on February 2020 and the revalued amounts will be incorporated in the financial statements for year ended 30 June 2020.

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23 Deferred Income

	2018/2019	2017/2018
GoK resource Centre- fund	2,037,800	-
Total deferred income	2,037,800	-

24 Cash generated from operations

	2017-2018 KShs	2016-2017 KShs
Surplus for the year	161,558,250	48,119,903
Adjusted for:		
Depreciation	48,326,359	-
Contribution to impairment allowance	2,811,806	-
Working Capital adjustments		
(Increase) in receivables	(204,676,115)	-
Decrease in payables	29,789,902	-
Net cash flow from operating activities	37,810,202	48,119,903

25 Depreciation

	2017-2018 KShs	2016-2017 KShs
Buildings	9,196,116	-
Motor vehicles	2,281,250	-
Furniture and fittings	3,776,913	-
Computers	8,261,849	-
Equipment	24,810,232	-
Total depreciation	48,326,359	-

26 FINANCIAL RISK MANAGEMENT**(i) Credit risk management**

Thika Technical Training Institute considers the students as the main customers. The customers under the fully performing category are paying their debts as they continue receiving the services. The credit risk associated with these receivables is minimal as most relate to the current period.

The Institution has recognised 5% of the receivables in the financial statements and the amount is considered adequate to cover any potentially irrecoverable amounts since they're considered to be insignificant.

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	Total amount	Fully performing	Past due	Impaired
At 30 June 2018	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2019	-	-	-	-
Receivables from exchange transactions	56,236,115	50,612,503	2,811,805.75	2,811,806
Receivables from non-exchange transactions	148,440,000	148,440,000	-	-
Bank balances	-	-	-	-
Total	204,676,115	199,052,503	2,811,805.75	2,811,806

Debtors ageing is as below:

Less than 1 year	1 year old	2 years old	More than 3 threes	Total
30,741,669	14,247,223.0	8,435,417.25	2,811,805.75	56,236,115

(ii) Liquidity risk management

The BoG Thika Technical Training Institute has the Ultimate responsibility for liquidity risk management and they have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Trade payables are cleared within the one to two months after they fall due. The table below represents cash flows payable by the Institution.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2018	Kshs	Kshs	Kshs	Kshs
Trade payables	-	-	-	-
Total	-	-	-	-
At 30 June 2019	-	-	-	-
Trade payables	2,126,678.00	31,900,170	-	5,316,695
Total	2,126,678.00	31,900,170	-	5,316,695

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25 APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY
Projects

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
THIKA TTI Library & resource Centre	1	MOE government funding	5 Years	35,862,300.00	No	YES
Mwea TVC Mentor institute	2	MOE government funding	4 years	55,231,665.00	No	YES
Maragwa TVC Mentor institute	3	MOE government funding	7 years	317,767,102.34	No	YES
Gichugu TVC Mentor institute	4	MOE government funding	6 years	51,300,055.00	No	YES
Kiharu TVC Mentor institute	5	MOE government funding	2 years	50,602,615.00	No	YES

Status of Projects completions

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1 Thika TTI Library & resource Centre	35,862,300.00	NIL	Not started BQ on going	35,862,300.00		MOE government funding
2 Mwea TVC Mentor institute	55,231,665.00	52,558,808.56	98%	55,231,665.00		MOE government funding
3 Maragwa TVC Mentor institute	317,767,102.34	156,811,268.88	65%	317,767,102.34		MOE government funding
4 Gichugu TVC Mentor institute	51,300,055.00	12,282,818.00	38%	51,300,055.00		MOE government funding
5 Kiharu TVC Mentor institute	50,602,615.00	Not started.	Site handover Scheduled	50,602,615.00		MOE government funding

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26. APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:	THIKA TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department for Vocational and Technical Education			
FY 2018/2019			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
Operation Grant	8 th Oct 2018	7,000,000	2018/2019
Capitation	10 th July 2019	148,440,000	2018/2019
	Total	155,440,000	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
Resource Centre fund	8 th Oct 2018	2,037,800	2018/2019
Mwea TVC Development fund	8 th Oct 2018	6,872,290	2018/2019
Mwea TVC Operation Grant	27 th June 2019	1,000,000	2018/2019
Gichugu TVC Development fund	8 th Oct 2018	1,717,409	2018/2019
Mwea TVC Development fund	27 th June 2019	5,216,041	2018/2019
Maragwa TVC Development fund	8 th Oct 2018	13,939,000	2018/2019
Maragwa TVC Development fund	12 th July 2019	47,195,000	2018/2019
	Total	77,977,540	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
	Total	-	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
	Total	-	