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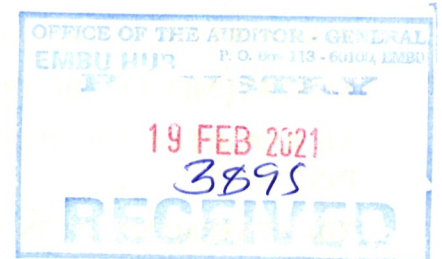
THE AUDITOR-GENERAL

ON

**MUKIRIA TECHNICAL TRAINING
INSTITUTE**

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





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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

- i. Mukiria Technical Training Institute (MTTI) is located in Nyweri Location, Abocentral Sub-county in Meru County. It is approximately 1 kilometre off Meru-Nkubu road along Mariara stage It occupies an area of approximately 2.5 acres. The area receives an annual rainfall of between 400 and 600 mm. The road transport infrastructure in the area is good; meaning that accessibility to this Institute has been made easy by available trunk roads.
- ii. It was established in 1985 as a youth polytechnic. It was assessed and upgraded to a technical training institute by then Ministry of Higher Education Science and Technology in 2011 and started its operations in 2013. The first intake was January 2014
- iii. MTTI is managed by a Board of Governors (BOG) under the direction of the Ministry of Education. It operates under the TVET Act (2013) of the Laws of Kenya as well as Constitution of Kenya 2010, KNEC Act, PSC Act, KASNEB ACT, Policy guidelines among others.

(b) Principal Activities

VISION

To be a Centre of Excellence in the development and provision of innovative Technical Vocation Education and Training (TVET) programs

MISSION STATEMENTS

To nurture and impact Technical Vocation Education and Training (TVET) knowledge skills and attitudes through research, innovation and technology for self-reliance and national development.

THE CORE MANDATE:

To teach and train in Technical and Vocational Education & Training; Research and Innovation and Community Service.

(c) Key Management

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

- Board of governor members
- Board of governor's committee
- Accounting officer (Principal)
- Deputy principal
- Heads of departments

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(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	David M.Mwangi
2	Deputy Principal(administration)	Julia Mutwiri
3	Deputy Principal(academics)	Cecilia Mwongera
3	Registrar	Joy Nkonge
4	Dean of Students	Jane Muriungi
5	Finance Officer	Alfred Mugira
6	Head of procurements	Rooney mwenda
7	Quality assurance	Doris Muturi

(e) Fiduciary Oversight Arrangements

	Name of the Committee	Members
1	Executive Committee	<ol style="list-style-type: none"> 1. Everlyn Mutave – Chairperson 2. David M.Mwangi – Secretary 3. Joy Riungu- Member 4. Antony Muriuki- Member
2	Development Committee	<ol style="list-style-type: none"> 1. Brown Kairaria – Chairperson 2. David Mwangi- Secretary 3. Maureen Njeri – Member 4. Stanely Mwatusuma - Member
3	Academic Committee	<ol style="list-style-type: none"> 1. Joy Riungu- Chairperson 2. David Mwangi- Secretary 3. Isaboke Ouko- Member 4. David Mbaariu- Member

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Institute Headquarters

P.O. Box P O Box 1093-60200
Meru
Meru Nkubu Highway
Meru County,
Kenya

(g) Institute Contacts

Telephone: 0716674848
E-mail: mukiriatechnical@gmail.com
Website: www.mukiriatechnical.ac.ke

(h) Entity Bankers

1. Co-operative Bank Kenya
Meru –Meru branch
P.o.Box 1328
Meru-Kenya
2. National Bank
Meru Branch
P.O.Box 1174
Meru-Kenya

(i) Independent Auditors





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

(j) Principal Legal Adviser






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

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II. THE BOG/BOARD OF GOVERNORS






 <p>Everlyn Mutave - BOG chair</p>	<p>Financial Management Consultant MSc. Finance & Investments, BA (Economics & Mathematics), CPA (K), CPS(K)</p> <p>Experience: 8 years in finance and audit, 3 years in research. Date of Birth: 24/09/1984</p>
 <p>David Mwangi- Secretary of the Board</p>	<p>MSc. Purchasing and Supply Chain Management, BA (Administration and Management.) Higher National Diploma (Entrepreneurship Development). Diploma in Education Experience 28 years of experience in training.</p> <p>Date of Birth: 9/5/1966</p>
 <p>Brown Murungi – BOG Member</p>	<p>Advocate of the High Court of Kenya Certified Professional Mediator (MTI) CPS(K)</p> <p>Experience: 24 years' experience as an Advocate.</p> <p>Date of Birth: 30/01/1967</p>
 <p>Ms Joy Nyawira Riungu - BOG Member</p>	<p>MSc. Environmental Engineering and Management, BSc. Agricultural Engineering (Water and Irrigation option) Experience 11 years' experience as researcher in non-sewered sanitation</p> <p>Date of Birth: 03/12/1974</p>

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 <p>David Baariu Mwirabua - BOG Member</p>	<p>MED-Edu. Management and Administration BED- Education Diploma in Education Management 28years in teaching, Management and Administration</p> <p>Date of Birth: 01/03/1964</p>
 <p>Maureen Njeri – BOG Member</p>	<p>Quantity Surveyor Certified Trainer of Trainees Experience: Seven years’ experience as a professional Quantity Surveyor. Four years as Trainer of Trainees.</p> <p>Date of Birth: 26/09/1987</p>
 <p>Japhet Ouko Isaboke – BOG Member</p>	<p>MBA-Project Management Senior prosecution counsel with office of the director of public prosecutions Bachelor of laws Experience: 17 years</p> <p>Date of Birth: 17/11/ 1965</p>
 <p>Stanley Mwatsuma – BOG Member</p>	<p>International Technology Professional Date of Birth: 05.08.1977</p>
 <p>Antony Muriuki – BOG Member</p>	<p>CPA Anthony K. Muriuki B.ed (Economics and Business Studies), Masters of Business Administration (Finance), Certified Public Accountant of Kenya with 15 years of experience in accounting and auditing.</p> <p>Date of Birth: 05.08.1977</p>

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III. MANAGEMENT TEAM

 <p>Name :David M.Mwangi</p>	<p>principal of the institute/secretary to the BOG holds MSc: Purchasing and Supply Chain Management,</p>
 <p>Cecilia M Mwangera</p>	<p>Deputy Principal academics holds BED science physics and mathematics</p>
 <p>Mutuiri Juliah Kabiru</p>	<p>Deputy principal administration holds BED home economics MED guidance and counselling</p>
 <p>Joy Nkonge</p>	<p>Registrar holds BED Art and linguistic</p>
 <p>Alfred Mugira</p>	<p>Finance officer holds CPA.K and Diploma in business managements</p>

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Diana Wanja

Procurement officer holds Diploma in Supply chain managements



Antony K Ndege

Dean of Students holds BSC General agriculture



Veronicah Kirigo Chege

Performance contracting coordinator holds BSc fashion design and clothing technology



Doris Wangui Muturi

Quality assurance officer holds BSc building and civil engineering

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IV. CHAIRMAN'S STATEMENT

I am pleased to present the annual report and financial statement of Mukiria Technical Institute for the year ended 30 June 2019.

The demand for TVET programmes in the country has continued to rise prompting the institution to continually introduce academic programme that respond to the demand of the market. The objective of the board is to position the MTVC main programmes within the context of the market requirements, cost rationalization, equity and customer satisfaction.

During the financial period, key achievements were realized, these are

- Increased student's enrolment
- Substantial physical infrastructure
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees.
- Established collaboration with the sister institutions.
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI activities at both the regional and national levels.

During this financial year, financial commitment was geared towards developing, approving implementation of the first college strategic plan which sets out the process of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am proud to note that most of the goals set out within the first year of the strategic plan have indeed been achieved. These include:

- Growth in student's numbers,
- Competitive recruitment of staff both trainers and other support staff.
- Development of the infrastructures to support academic programmes.
- Development of various physical infrastructures like roof water harvesting system and water storage tank

The college received operation grants, HELB loans /bursary and GoK capitation for the college trainees'. These funding has enabled the college acquire equipment that will make it go –a-long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

The college has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and will work closely with the Mukiria Technical Training Institute top management team in order to realise further development. The board is pleased with efforts of the Mukiria Technical Training Institute key management personnel to ensure prudent management of resources.

I thank the government for its financial support so far that has made it possible to implement the Mukiria Technical Training Institute functions and programmes.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.



Everlyn Mutave
Chair of the Board of Governor

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V. REPORT OF THE PRINCIPAL

Presented herein is the annual report and financial statement of Mukiria Technical training institute for the year ended 30th June 2019 as per requirements of the Public Finance Management Act of 2012 and public audit act, 2003.

The institute started the year with the cash and cash equivalents of kshs. 5,528, 008 during the financial year 2018/2019, the college generated kshs. 38, 267, 037 in A- in – A vide students' tuition and other internally generated incomes. The institute also received kshs. 7,075,600 governments of Kenya recurrent grants, and Kshs.12, 735,000.00 student's capitations

The institution aims at diversification of revenue streams through and by initiating the following measures;

- a. Lobby for more financial support from government to finance in the development of the proposed projects.
- b. Aggressive marketing of the college programme to increase trainee's enrolment
- c. Establishing income generating activities and strengthening the existing ones
- d. Collaborate with industries agencies for innovations funding
- e. Soliciting for grants, donations and sponsorship

The population by 30th June 2019 was 1100 students from 700 at the beginning of the financial year which represent 57% growth.

The institution carried out an analysis of the internal and external environment using (SWOT) and (PESTEL) analysis. This provides an implementation road map to monitor and evaluate mobilisation of the resources generated to realise the institute core mandate. The college mandate is derived from the TVET ACT of 2012 which outlines the objectives towards promoting TVET education and training in Kenya.

The institution also carried out key stakeholders' analysis that identifies the changing needs to ensure cooperation and support in the achievement of her mission.

During the financial year under review, the institution embarked on establishing a number of academic programmes, diploma and certificate courses in automotive, computer studies, business management, electrical and electronics and hair dressing & beauty therapy. This is after college embarked on an intensive marketing programme aimed at enhancing its visibility and increasing students' enrolment.

On behalf of the management and staffs of MTTI, i take this opportunity to thank the Board of the Governors for the support accorded to the key management and for its visionary direction in development of the college. I appreciate the support from the GoK through -out the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainers in Kenya and beyond.

I thank all the staffs and trainees of MTTI for their continued cooperation in this challenging but noble task of building the college and I look forward to the same cooperation and enthusiastic participation in 2018-2019 financial year.



David Mwangi
Chief Principal/Secretary of the board

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VI. REVIEW OF MUKIRIA TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2018/2019

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Mukiria Technical Training Institute has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018-2023. These strategic pillars are as follows:

Pillar 1: governance

Pillar 2: Access and equity

Pillar 3: Physical Infrastructure

Pillar 4: Training and research

Pillar 5: Collaboration

Mukiria Technical Training Institute develops its annual work plans based on the above seven (5) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2018/2019 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements/output
Pillar 1: Governance	Improve institutional corporate governance	<ul style="list-style-type: none"> • Developed Policies • Competent leaders 	<ul style="list-style-type: none"> • Review all institutional policies to align with the strategic plan. • Carry out capacity building for the Top Management and the Staff on leadership. • Carry out Benchmarking on leadership, finance, procurement and curriculum implementation. • Develop and issue Job descriptions to all staff in the institute. 	<ul style="list-style-type: none"> • Reviewed policies • Capacity building for staff undertaken • Benchmarking carried out • Staff Job descriptions developed

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	Mobilize financial resource to fund strategic plan	<ul style="list-style-type: none"> Proposals 	<ul style="list-style-type: none"> Prepare and present 3 proposals per year for funding to the government through the MoE Enhance income generating activities 	<ul style="list-style-type: none"> More funding for the Institute
Pillar 2: Access and equity	Increase student enrollment	<ul style="list-style-type: none"> Student enrollment increased 	<ul style="list-style-type: none"> Marketing through advertisements, use of posters and brochures, Participation in trade fairs and exhibitions and one on one meeting. Introduce new programme Sensitize students and parents on various avenues of funding Capacity building and training of staff 	<ul style="list-style-type: none"> Increased student population and branding of the Institution
	Promote equity on the programs offered in the institute		<ul style="list-style-type: none"> Sensitization on the programs offered in the institute Industrial exposure through educational trips 	<ul style="list-style-type: none"> Electronic and Print Advertisements
Pillar 3: Physical Infrastructure	Improve and expand Institutional Infrastructure	<ul style="list-style-type: none"> Workshops, lecture rooms and ICT infrastructure improved 	<ul style="list-style-type: none"> Complete the electrical mechanical workshop Equip the library Equip all the academic departments Maintain current infrastructure in good condition Construct a tuition block with a library and ICT lab. Construct a food and beverage complex Acquire additional 2 acres of land Construct a tuition block funded by the board 	<ul style="list-style-type: none"> Print outs of brochures Workshops, lecture rooms and ICT infrastructure in place

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Pillar 4: Training and research	Introduce new academic programs	<ul style="list-style-type: none"> Increased learning programs 	<ul style="list-style-type: none"> Establish general agriculture program Establish at least 2 CBET curriculum 	<ul style="list-style-type: none"> Increased student population
	Streamline curriculum-based research	<ul style="list-style-type: none"> Projects undertaken and written 	<ul style="list-style-type: none"> Assign trainee's supervisors during research project writing Purchase research guide books Establish research coordinator office 	<ul style="list-style-type: none"> Well-coordinated project writing process
	Enhance innovation	<ul style="list-style-type: none"> Innovations developed 	<ul style="list-style-type: none"> Participate during innovation competitions Patenting of innovations 	<ul style="list-style-type: none"> students acquire more knowledge
Pillar 5: Collaborati on	Enhance collaboration with the industry	<ul style="list-style-type: none"> Signed MoU's 	<ul style="list-style-type: none"> Sensitization on skills offered at the institute Sign MoUs Timely feedback Timely information Competent personnel handling information 	<ul style="list-style-type: none"> Cordial relationship with industries

VII. CORPORATE GOVERNANCE STATEMENT

The mandate of TVET in Kenya is spelt out in the TVET Act.2013. Every TVET Institution is governed by a governing body in the form of a Council/BOG which is responsible for providing the required leadership in developing appropriate plans and strategies that will contribute to a sustainable execution of its mandate to satisfy the socioeconomic advancement of the nation and the region. Each Institution is headed by a Principal/Director, who acts as the secretary to the governing Council/BOG. The Council/BOG consists of the Chairperson and other members as may be spelt out in the existing Act. In Kenya, the TVET Act 2013 gives the composition of the Council/BOG as follows:

- (a) A chairperson;
- (b) A representative of the PS in the Ministry responsible for TVET
- (c) A representative of the Governor in the county
- (d) Six other persons appointed from the fields of;
 - (i) Leadership and management;
 - (ii) Financial management;
 - (iii) Technology;
 - (iv) Industry;
 - (v) Engineering;
 - (VI Information Communication Technology/legal

There must be at least two thirds gender representation in the membership. The Council/BOG meets quarterly on average, with a three-year term renewable once and for memory, one or two members are re-appointed. The Council/BOG may have working sub-committees to like;

- i. Education, Research and Training,
- ii. Finance, Infrastructure and Human Resource,
- iii. Audit and Risk Management.

The Sub-Committees can co-opt persons of special expertise during their deliberations.

At the operational level, the Principal/Director is the team leader (CEO) assisted by the Deputy Principal(s)/Director(s) to ensure a smooth work/learning environment. For proper management and mentorship for sustainability, he/she appoints departmental heads, section heads and supervisors at each operational area. Together, the team ensures sustainable quality, access, relevance and equity in the programs and services offered to its customers and a back and forth smooth flow of feedback.

Each institution has clearly espoused its mandate in its statements of intention in the form of Vision, Mission and core values. There also exists a documented Strategic Plan (SP) with achievable strategic objectives with clear strategies and goals. The achievement of these objectives is monitored at the operational levels through measurable documented quality objectives

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The BOG of the Institute has been very supportive to the management and has fully performed its oversight role in whole and through the BOG committees. The management team is also well constituted with the Principal being the team leader, two deputy principals (One in administration and one in Academics), the Registrar, dean of students, head of guidance and counselling and the industrial liaison officer. The Institute has a robust team of professional non-academic staff with a qualified finance officer, an accountant, procurement officer

During the financial year, the management has endeavoured to satisfy both legal and regulatory requirement as espoused in its mandate under the TVET act 2013, the education act 2013, PFM Act 2012 and its regulations etc. Our operations were smooth and undisturbed for four quarters of the year

During the period, we were able to complete most of our Performance Contract key projects as follows: -

FY 2018-2019 Key Projects Completion Rate

Project Name	Project Description	Location	Total Estimated Cost KSHS	Current status	Allocation for FY 2018-2019 KSHS	Expected Deliverables (output for FY 2018-2019)	End of FY Completion status
Complete Phase III of Electrical and Mechanical Workshop	-Mechanical works -Electrical works Finishes	Mukiria TTI	3,619,119	Old	3,619,119	Workshop in place	100% Completed.
Equipping library	Procuring more library materials -Procuring library chairs - Procuring tables	Mukiria TTI	1,017,500		1,017,500	library materials library chairs , tables	100% Completed.
Renovation of registrar's office and examination office	-Preparing bill of Quantities -Purchasing building materials -Procuring Labour	Mukiria TTI	200,000	New	200,000	Registrar and examination offices renovated	100 % done
Constructing drainage system 60 meters	Preparation of Bill of Quantities -Purchasing building materials -Procuring Labour	Mukiria TTI	300,000	New	300,000	Equipped food and beverage workshop	100% done

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Construct perimeter wall 80 meters	-Preparation of Bill of Quantities -Purchasing building materials -Procuring Labour	Mukiria TTI	270,518	New	270,518	80M perimeter wall constructed	100% done
Equipping fashion design section	Procuring one oarlock machine. -Procuring One Zigzag machine and one embroidery machine	Mukiria TTI	396,881	New	396,881	Fashion and design workshop equipped	100% done
Fabricate decker beds and Lecture seats, lab chairs, hair and beauty chairs & Technical Drawing tables	Procure raw Materials -Procure Labour	Mukiria TTI	996,500	New	996,500	Furniture fabricated	100% done
TOTAL					6,800,518		

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

Mukiria Technical Training Institute has established several strategies to ensure sustainability of its programs amidst many challenges facing the management. The Board has engaged collaborations with the National Government through MoE under the State Department of Vocational and Technical Training for policy direction and funding on major projects. In addition; we have also enhance collaborations with the County Government through the CDF of Abothuguchi Sub –County for students’ sponsorships and community mobilization in development activities. Mukiria TTI will strive to acquire additional land for expansion of the institute and identity.

The management has aggressively invested in the installation Management Information Software for efficiency and effectiveness in management process and data processing. In addition, we are refurbishing the institute website for marketing and for effective communication to all our stakeholders. Marketing of courses both locally and nationally to attract trainees to equip them with hand on skills for employability and self-employment. The institute’s location in a low settlement area with adverse cold climatic weather conditions has affected its growth. The management is committed to continual improvement of the face of the institute by, paving the pathways to improve cleanliness as well securing the facility by proper fencing.

2. Environmental performance

The management has implemented policy on planting of trees under the green economy for sustainable environment. In addition, we have improved our environment by planting flowers along designated pathways and gardens for general aesthetics. The Institute disposes its wastes appropriately both the WC waste and waste waters through the sewerage system. Adequate sanitation areas with hand wash have been provided for maintenance of hygiene. Provision of clean water for consumption and for general cleaning through collaborations with water companies in the locality. Need for increase water reservoirs and connectivity for treated water systems to prevent water borne diseases.

3. Employee welfare

The management recruits BoG staff both trainers and support staff equity based on the need. The recruitment is guided by an MoU which details the terms and references of engagement of staff. The management observes integrity, professionalism, gender and disability inclusivity, as well as stakeholder involvement. The Board has developed staff establishment and career progression policy for Mukiria Technical Training Institute BoG staff. We undertake annual staff appraisal and training Needs assessment to establish gap for capacity building. Mukiria Technical Training Institute Occupational Safety and Health Act of 2007, (OSHA) regulations by providing protection clothing to our staff while on duty.

4. Market place practices-

Mukiria Technical Training Institute has outlined its efforts to:

a) Responsible competition practice.

The institute upholds section 6 of the constitution of Kenya for all of the officers while on duty. The management has continually sensitized both staff and students on corruption prevention matters. The service charter in English and Swahili has clearly been displayed at the main gate and at strategic service points such as the customer care office, library, registrar's office, dean's office, Guidance and counselling office, dining hall and procurement office.

b) Responsible Supply chain and supplier relations – The management implement the Public Procurement and Disposal Act of 2012 and its Regulations of 2016 in all its procurement for goods, services and contracts.

c) Mukiria Technical Training Institute advertises our training programs through our website, the media, door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.

d) Product stewardship - Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean's office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorized communication channels the official addresses, mobile numbers and emails.

5. Community Engagements-

Mukiria Technical Training Institute engages in social corporate responsibility activities by provision of face masks to the local administration nearby. We also visit children's homes in our locality through the Christian movement in the institute and support them with food and clothing. We undertake annual cleaning up of the Kariene Market and its environs and sensitize them on the government policies in relation to access to TVET courses, Procurement opportunities among others.

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X. REPORT OF THE BOARD OF GOVERNORS

The BOG/Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the institute's affairs.

Principle activities

The principle activities of the entity are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To determine curricula appropriate for training of the various manpower category and specialization required by the labour market through careful selection of available syllabi from local or international institutions recognized by the Ministry of Education (MoE).
- c. To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- d. To promote and inculcate Entrepreneurial skills and culture within the institute's staff and students.
- e. To conduct Applied Research.
- f. To undertake income-generating activities through production, consultancy and tailor-made short courses, in-service courses, equipment and facility hiring and hospitality services to compliment Government grants and fees revenue.
- g. Foster spiritual growth among community members both staff and students.

Results

The results of the entity for the year ended 30th June 2019 are set out on page 1-37.

BOG/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v & vi During the year there has been no change in the board of governors.

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.



**BOG Chairman
Everlyn Mutave**

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XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The BOG members are responsible for the preparation and presentation of Mukiria Technical Training Institute, financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on June 30, 2019 This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The BOG members accept responsibility for Mukiria Technical Training Institute, 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 TVET Act. The BOG members are of the opinion that Mukiria Technical Training Institute financial statements give a true and fair view of the state of Institutes transactions during the financial year ended June 30, 2019, and of Mukiria Technical Training Institute financial position as at that date. The BOG members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of Mukiria Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the BOG members to indicate that Mukiria 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

Mukiria Technical Training Institute financial statements were approved by the Board on 16-10-2020 and signed on its behalf by:



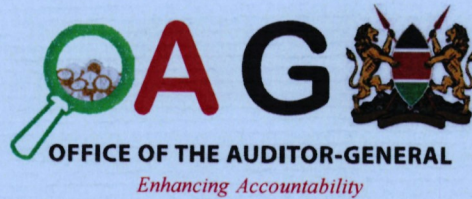
Board Chair



Accounting officer /Principal

REPUBLIC OF KENYA

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



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

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Mukiria Technical Training Institute set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 2010 and Section 35 of the Public Audit Act, 2015.

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

Basis for Disclaimer of Opinion

1.0 Failure to Submit Financial Statements

The Management of the Institute did not submit for audit the financial statements for the year ended 30 June, 2018 contrary to the requirements of Section 68(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year within three months after the end of the financial year.

In the circumstances, the accuracy of opening balances could not be confirmed.

2.0 Property, Plant and Equipment

2.1 Land and Buildings

The statement of financial position as at 30 June, 2019 and Note 21(a) to the financial statements reflects Kshs.42,755,883 in respect to property, plant and equipment which excludes values of land and buildings. However, records provided for audit review

indicted that the Institute has two parcels of land numbers Abo/Mariene 2/781 and Nyweri/Mariene/779 measuring 2.75 and 2.6 acres respectively, which were not disclosed in these financial statements. Further, ownership documents and valuation reports for land including two (2) other parcels of land leased by the Institute were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of the Institute's land and buildings as at 30 June, 2019 could not be ascertained.

2.2 Motor Vehicles

As disclosed in Note 21(a) to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.42,755,883 which includes an amount of Kshs.3,570,000 in respect to motor vehicles. The latter balance further includes an amount of Kshs.870,000 relating to one motor vehicle, registration number KCM 841B which had a private registration number instead of State Corporation reflective sheet as required. No justification or explanation was given for the anomaly. This is contrary to Section 12 of the Traffic (Registration Plates) Rules, 2016 that requires that the registration plate for a state corporation vehicle shall bear the required number of optical recognizable characters depending on the type of motor vehicle embossed and printed in white on blue aluminium reflective sheet.

Further, Section 14 of the Act provides that the registration plate of a Government of Kenya vehicle shall bear seven optical recognizable characters with prefix "GK" embossed and printed in black on white aluminium reflective sheet for the front plate and yellow reflective sheet for the rear plate.

In the circumstances, the validity and ownership of the motor vehicle could not be confirmed.

3.0 Presentation of the Financial Statements

Review of the Institute's financial statements revealed the following presentation anomalies:

- i. The Institute's financial statements reflects at page iv under "Key Entity Information and Management" physical address of the Auditor-General as "Anniversary Towers, Institute Way" instead of "Anniversary Towers, University Way".
- ii. Note 24, 25 (iv) and 26 to the financial statements in respect to deferred income, capital risk management and related party balances reflects the year under review and previous comparative year as 2019-2020 and 2018-2019 instead of 2018-2019 and 2017-2018 respectively. In addition, Note 27 and 28 in respect to contingent assets and contingent liabilities respectively at page 31 reflects incorrect financial year as 2018/2018 instead of 2018/2019.
- iii. Note 26 to the financial statements appears twice under related party balances and segment information at pages 30 and 31 respectively.

In view of the foregoing, the financial statements presented for the year ended 30 June, 2019 do not conform to International Public Sector Accounting Standard No.1 on presentation of financial statements and the reporting framework prescribed by the Public Sector Accounting Standards Board.

4.0 Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2019 were submitted for audit on 01 December, 2020, about fourteen (14) months after the statutory deadline of three (3) months after the end of the financial year contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, the Institute was in breach of the law.

5.0 Staff Ethnic Composition

Review of the personnel records provided for audit review indicated that the Institute's Board of Governors had employed thirty-four (34) staff members. However, 21 members of staff or 62% were from the dominant community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, the Institute was in breach of the law.

6.0 Use of Goods and Services – Expenditure on Smart Cards

Note 11(a) to the financial statements reflects use of goods and services expenditure of Kshs.30,321,413 out of which Kshs.600,000 was in respect of purchase of one thousand and ninety (1,090) students' smart cards during the year under review. However, a Local Purchase Order (LPO) for the purchase of the cards was not provided for audit review.

Further, at the time of audit exercise in December, 2020, the Institute had only received three hundred and seventeen (317) smart cards while the balance of seven hundred and seventy-three (773) had not been supplied. In addition, out of three hundred and seventeen (317) cards received, only twenty-eight (28) cards had been issued to students and the balance of two hundred and eighty-nine (289) cards were still being kept in the Institute's stores. No explanation was provided for the delay in issuance of the cards to students.

In the circumstances, the propriety and value for money in respect of purchase of smart cards of Kshs.600,000 could not be confirmed.

7.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects an approved receipt budget and actual on comparable basis of Kshs.85,954,897 and Kshs.68,077,637

respectively resulting to a revenue shortfall of Kshs.17,877,260. Management has not provided any explanation for the shortfall in revenue.

Similarly, the statement reflects actual expenditure of Kshs.49,902,909 against an approved budget of Kshs.85,954,897 resulting to an under expenditure of Kshs.46,175,425 or 53% of the budget. However, records indicate that the Institute over spent on three items by an amount of Kshs.10,123,423 for which, no approval or supplementary budget was provided for audit review. This is contrary to Section 40(5) of the Public Finance Management (National Government) Regulations, 2015 which provides that accounting officers may seek supplementary budget if the expenditure cannot be met by budget reallocation.

In the circumstances, the Management was in breach of the law.

8.0 Lack of Internal Audit Function

During the year under review, the Institute operated without Internal Audit function. This is contrary to Section 73(1)(a) the Public Finance Management Act, 2012 which provides that every national government entity shall have appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

As a result, the Institute lacks internal structures, which could provide advice and assurance to the management regarding effectiveness of the Institute's internal controls risk management and governance.

9.0 Failure to Establish an Audit Committee

The Institute had not established an Audit Committee as at 30 June, 2019 contrary to Section 73(5) of the Public Finance Management Act, 2012. The law requires every national government public entity to establish an Audit Committee to support the Accounting Officer with regard to issues of risk, control governance and associated assurance and follow up on the implementation of the recommendations of internal and external auditors.

In the circumstances, the effectiveness of the internal controls, risk management and governance of the Institute could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Responsibilities of Management and Board of Governors

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the Institute's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of

Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 January, 2022

**MUKIRIA TECHNICAL TRAINING INSTITUTE
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government	6	19,810,600	13,500,000
Transfers from other government entities - CDF	7	10,000,000	0
Total Revenue from non-exchange transactions		29,810,600	13,500,000
Revenue from exchange transactions			
Rendering of services- Fees from students	8	37,758,267	15,546,922
Other income	9	474,520	34,550
Rental Income	10	34,250	58,000
Revenue from exchange transactions		38,267,037	15,639,472
Total revenue		68,077,637	29,139,472
Expenses			
Use of goods and services	11(a)	30,321,413	19,354,288
Provision for audits fee	11(b)	660,267	0
Employee costs	12	7,781,281	4,879,278
Board allowances	13	911,315	0
Depreciation and Amortization Expense	14	8,293,937	-
Repairs and maintenance	15	1,587,780	930,512
contracted services	16	346,916	0
Total expenses		49,902,909	25,164,078
Net Surplus for the year		18,174,728	3,975,394

The notes set out on pages 6 to 26 form an integral part of the Annual Financial Statements.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
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XIV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17(A)	23,536,222	5,258,008
Receivables from exchange transactions	18	25,260,905	4,755,263
Total Current Assets		48,797,127	10,013,271
Non-current assets			
Property, plant and equipment	21(a)	42,755,883	78,812,824
Total Non-current Assets		42,755,883	78,812,824
Total assets		91,553,010	88,826,095
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22(a)	16,817,300	2,648,735
Audits fees	22(b)	660,267	-
Refundable deposits from customers	23	442,000	142,400
Total Current Liabilities		17,919,567	2,791,135
Capital and Reserves			
Accumulated surplus		22,150,122	1,896,505
Capital fund		51,483,321	5,325,631
Total liabilities Capital and Reserves		73,633,443	7,222,136
		91,553,010	10,013,271

The Financial Statements set out on pages 1 to 37 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman Board of Governors
Everlyn Mutave

Date: 17/02/2021



Finance Officer
Alfred Mugira
ICPAK No:24009

Date: 17/02/2021



Principal
David Mwangi

Date: 17/02/2021

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital developments grants /fund	Total
Balance b/f at July 1, 2018	-	-	3,975,394	-	3,975,394
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/Deficit	-	-	18,174,728	-	18,174,728
Capitalized fund and Development grants received during the year (Appendix V)	-	-	-	51,483,321	51,483,321
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2019	-	-	22,150,122	51,483,321	73,633,443

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the National Government	6	19,810,600	13,500,000
Transfers from other government entities - CDF	7	10,000,000	-
Rendering of services- Fees from students	8	37,758,267	15,546,922
Other income	9	474,520	34,550
Rental Income	10	34,250	58,000
Total Receipts		68,077,637	29,139,472
Payments			
Use of goods and services	11(a)	30,321,413	19,354,288
Audits fees	11(b)	660,267	660,267
Employee costs	12	7,781,281	4,879,278
Board allowances	13	911,315	-
Depreciation and Amortization Expense	14	8,293,937	-
Repair maintenance and improvements	15	1,587,780	930,512
Contracted services	16	346,916	-
Total expenses		49,902,909	25,824,345
Net Surplus		18,174,728	3,315,127
Cash flows from Operating activities			
Depreciation		8,293,937	-
Less; (Increase)/Decrease in Receivable from Exchange trans.		(20,505,642)	-
Less; Increase/(decrease) in Trade and other payables		14,168,565	998,000
Less; (Increase)/Decrease in Refundable deposits from customers		299,600	-
Less; Increase/(decrease) in Audit fees		660,267	-
Net cash flows from operating activities		21,091,455	4,313,127
cash flow from investing activities			
Purchase of property, plant, equipment and intangible assets		(6,888,841)	542,000
Proceeds from sale of property, plant and Equipment		-	-
Increase in investments		-	-
Net cash flows used in investing activities		(6,888,841)	542,000
Cash flows from financing activities			
Proceeds from borrowings		-	-
Government Development Grants		4,075,600	-
Net cash flows used in financing activities		4,075,600	-
Net increase/(decrease) in cash and cash equivalents		18,278,214	4,855,127
Cash and cash equivalents at 1 July 2018		5,258,008	8,714,253
Cash and cash equivalents at 30 June 2019		23,536,222	2,500,023

**MUKIRIA TECHNICAL TRAINING INSTITUTE
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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30 2019

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs
Revenue										
Balance										
Transfers from the National Government	54,835,897		-		54,835,897		19,810,600		35,025,297	
Transfers from other government entities - CDF	-		-		-		10,000,000		(10,000,000)	
Rendering of services- Fees from students	30,663,000		-		30,663,000		37,758,267		(7,095,267)	
Rental income	96,000		-		96,000		34,250		61,750	
Other income	360,000		-		360,000		474,520		(114,520)	
Total income	85,954,897		-		85,954,897		68,077,637		17,877,260	
Expenses										
Use of goods and services	75,591,801		-		75,591,801		30,321,413		45,270,388	
Employee costs	6,291,096		-		6,291,096		7,781,281		(1,490,185)	
Board allowances	572,000		-		572,000		911,315		(339,315)	
Depreciation and Amortization Expense			-		-		8,293,937		(8,293,937)	
Audit fees	700,000		-		700,000		660,267		39,733	
Repairs and maintenance	2,200,000		-		2,200,000		1,587,780		612,220	
Contracted services	600,000		-		600,000		346,916		253,084	
Total expenditure	85,954,897		-		85,954,897		49,902,909		36,051,988	
Surplus/deficits for the year			-		-		18,174,728		(18,174,728)	

**MUKIRIA TECHNICAL TRAINING INSTITUTE
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mukiria Technical Training Institute entity is established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train

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 Mukiria Technical Training Institute accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note

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

The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act, 2012 the TVET Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 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: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

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

4. NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Dividends

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

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue recognition (Continued)

iii) Budget information

The original budget for FY 2018/2019 was approved by the Board on 6th July 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. According to the entity, there were no additional appropriations or adjustments made during the year 2018/2019

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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 10 of these financial statements.

Taxes

Current income tax

The entity is exempt from paying taxes as per schedule

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **10** years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use

v) Property, plant and equipment

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

vi) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vi) Leases (Continued)

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.

vii) 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

vi) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vii) Financial instruments

Financial assets

Initial recognition and measurement

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

The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

Impairment of financial assets

- 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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vii) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)
- 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)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

viii) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

viii) Inventories (Continued)

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

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 the Entity.

ix) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent assets (Continued)

i) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

ii) Changes in accounting policies and estimates

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

iii) Employee benefits

Retirement benefit plans

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

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

iv) Foreign currency transactions

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

v) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vi) Related parties

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

vii) Service concession arrangements

The Entity 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, the Entity 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, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

viii) Cash and cash equivalents

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

ix) Comparative figures

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

x) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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 11(b).

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 (a). TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Unconditional grants		
Recurrent Grants	3,000,000	10,700,000
Capitation	12,735,000	-
	15,735,000	10,700,000
Conditional grants		
Workshop grants	2,037,800	9,140,001
Workshop grants	2,037,800	-
Total government grants and subsidies	19,810,600	19,840,001

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

Name of the entity sending grants	Amount recognized to Statement of Comprehensive Income ks	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2017-2018
	KShs	KShs	KShs	KShs	KShs
Balance b/f					
State department of technical education	19,810,600			19,810,600	19,840,001
Total	19,810,600			19,810,600	19,840,001

The details of the reconciliation have been included under appendix III

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Transfer from CDF	10,000,000	-
Total	10,000,000	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. RENDERING OF SERVICES

Description	2018/2019	2017/2018
	KShs	KShs
Activity fee	3,192,514	883,650
Administration Cost	1,429,812	908,780
Attachment fee	2,410,920	5,400
Computer production units fee	160,520	97,600
Development-Board of Governor's Projects	1,500,150	—
Electricity Water and Conservancy	872,513	437,750
Exam fee	5,994,566	2,612,468
Insurance fee	214,901	138,200
Local Travel and Transport fee	956,841	603,900
Mechatronic Training	698,000	—
Medical fee	112,595	50,150
Personal emoluments	5,398,463	2,986,564
Practical fee	1,771,050	1,325,770
Registration fee	226,400	70,300
Repairs Maintenance and Improvements	1,524,491	1,205,928
Student Id fee	115,300	44,100
Student Welfare fee	585,186	407,650
Tuition fee	10,283,145	3,676,362
Uniform fee	310,900	92,350
TOTAL	37,758,267	15,546,922

9. OTHER INCOME

Description	2018/2019	2017/2018
	Kshs	Kshs
Bus Hire	388,200	—
Tender Sales	9,000	—
Production	3,335	—
Hotel sales	57,820	34,550
Cosmetology Production Unit	16,165	—
Total other income	474,520	34,550

10. RENTAL REVENUE FROM FACILITY & EQUIPMENTS

Description	2018/2019	2017/2018
	Kshs	Kshs
Hire Of Facility	12,000	42,400
Hostel	22,250	15,600
	34,250	58,000

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11(a) USE OF GOODS AND SERVICES

Description	2018/2019	2017/2018
Smart card	600,000	-
Activity expenses	3,249,747	1,758,156
Attachment expenses	411,700	32,500
Administration	2,625,009	2,910,829
Bank Charges	242,950	97,300
Bus hire	266,910	-
Computers production units	115,074	73,256
Cosmetology	5,000	-
Electricity water and conservancy	795,803	540,771
Exam Expenses	5,660,385	2,480,052
Guidance and counselling		4,000
Insurance Expenses	112,356	184,044
International standard organization standard certification expenses	84,000	17,280
Kenya association of technical training	90,000	-
library		2,900
Local travel and transport	1,815,519	1,142,335
Marketing	453,328	607,750
Mechatronic	253,800	-
Medical	148,531	46,425
Performance contracts	197,600	588,070
Practical	1,255,384	1,279,174
Registration	-	59,860
Refund	54,200	-
Robotics/Trade fair	1,382,843	170,886
Students identity card	101,150	26,800
Students Welfare	227,121	-
Telephone/communication	198,400	-
Tender	14,000	-
Training/developments	2,885,890	996,720
Tuition Expenses	6,650,433	2,901,218
Uniform Expenses	424,280	-
TOTALS	30,321,413	15,920,326

11 b). AUDIT FEES

Description	2018/2019	2017/2018
	Kshs	Kshs
Audit fees	660,267	-
Total	660,267	601,333

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12.EMPLOYEE COSTS

Description	2018/2019	2017/2018
	Kshs	Kshs
Part-time teaching	119,023	-
NITA levy	9,150	-
Basic Salaries	6,804,567	4,879,278
National Social Security Fund	404,477	-
National Hospital Insurance Fund	243,750	-
PAYE	176,486	-
HELB deductions	23,828	-
Total	7,781,281	4,879,278

13. REMUNERATION OF DIRECTORS

Description	2018/2019	2017/2018
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors emoluments	-	-
Other allowances	911,315	-
Total director emoluments	911,315	-

14. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018/2019	2017/2018
	Kshs	Kshs
Property, plant and equipment	8,293,937	-
Total depreciation and amortization	8,293,937	-

15. REPAIRS AND MAINTENANCE

Description	2018/2019	2017/2018
	Kshs	Kshs
General Repairs	1,587,780	930,512
Total repairs and maintenance	1,587,780	930,512

16. Contracted services

Description	2018/2019	2017/2018
	Kshs	Kshs
Security services	346,916	-
Total	346,916	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17(a) CASH AND CASH EQUIVALENTS

Description	2018/2019	2017/2018
	Kshs	Kshs
Cooperative Bank	12,406,338	2,463,494
National Bank	10,984,884	2,724,234
Cash On Hand	145,000	70,280
Total cash and cash equivalents	23,536,222	5,258,008

17(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018/2019	2017/2018
		Kshs	Kshs
a) Current account			
Cooperative bank	1129021590500	12,406,338	2,463,494
National Bank	1248040062400	10,984,884	2,724,234
Sub- total		23,391,222	5,187,728
b) Others			
cash in hand		145,000	70,280.00
Sub- total		145,000	70,280.00
Grand total		23,536,222	5,258,008

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018/2019	2017/2018
	KShs	KShs
Current receivables		
Student debtors	25,260,905	4,755,263
Total receivables	25,260,905	4,755,263

19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018/2019	2017/2018
	KShs	KShs
Current receivables		
Transfers from other govt. entities	-	-
Total current receivables	=	=

20. INVENTORIES

Description	2018-2019	2017/2018
	KShs	KShs
Consumable stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21(a) PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Work In Progress	Totals
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost							
At 1 July 2017	-	7,140,000	-	169,887	50,943,134	-	58,253,021
Additions	-	-	225,000	80,000	237,000	-	542,000
At June 2018	-	7,140,000	225,000	249,887	51,180,134	-	58,795,021
Additions	-	-	777,000	466,000	295,000	5,350,841	6,888,841
At end of year - June 2019	-	7,140,000	1,002,000	715,887	51,475,134	5,350,841	65,683,862
At 1 July 2017	-	-	-	56,629	6,367,892	-	6,424,521
Depreciation	-	1,785,000	-	56,629	6,367,892	-	8,209,521
At 30 June 2018	-	1,785,000	-	113,258	12,735,783	-	14,634,041
Depreciation	-	1,785,000	28,125	83,296	6,397,517	-	8,293,937
At 30 June 2019	-	3,570,000	28,125	196,554	19,133,300	-	22,927,979
At 30 June 2018	-	5,355,000	225,000	136,629	38,444,350	-	44,160,979
At 30 June 2019	-	3,570,000	973,875	519,333	32,341,834	5,350,841	42,755,883

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 (b) Intangible Assets

Description	2018-2019	2017/2018
	KShs	KShs
Intangible assets (software)	-	-
Total		-

22(a) TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	KShs	KShs
	2018/2019	2017/2018
Trade payables	1,148,574	849,135
Fees paid in advance	2,518,260	1,799,600
Other Payables	13,150,466	-
Total trade and other payables	16,817,300	2,648,735

22 (b) PROVISION FOR AUDIT FEES

Description	2018-2019	2017-2018
	KShs	KShs
Audit fees	660, 267	-
Total	660, 267	-

23. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018/2019	2017/2018
	KShs	KShs
Caution money	442,000	142,400
Total deposits	442,000	142,400

24.DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National government	-	-
Total deferred income	-	-

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISK MANAGEMENT

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

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	25,260,905	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	23,536,222	-	-	-
Total	48,797,127	-	-	-
At 30 June 2018				
Receivables from exchange transactions	4,755,263	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	5,258,008	-	-	-
Total	10,013,271	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Deferred income	-	-	-	-
Trade and Other payables	-	-	16,817,300	16,817,300
Total	-	-	16,817,300	16,817,300

24. FINANCIAL RISK MANAGEMENT

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk (continued)

parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign currency risk

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Foreign currency sensitivity analysis

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

25. FINANCIAL RISK MANAGEMENT

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%		
USD	10%		
2019			
Euro	10%		
USD	10%		

a) Interest rate risk

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

Management of interest rate risk

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

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 00 (2016: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 00 (2012 – KShs 00)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

26. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	19,810,600	-
Grants from constituency developments fund Government	10,000,000	-
Donations in kind	-	-
Total	29,810,600	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	911,315	-
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	911,315	-

26. SEGMENT INFORMATION

Mukiria Technical Training Institute operates in one geographical region and therefore IPSAS 18 on segmental reporting doesn't apply.

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2018/2018	2017/2018
	Kshs	Kshs
Bank guarantees in favour of subsidiary	-	-
Total	-	-

There was no pending court case by the end of the FY 2018/2019

28. CAPITAL COMMITMENTS

Capital commitments	2018/2018	2017/2018
	Kshs	Kshs
Authorised for (masonry shed)		-
Authorised and contracted for (Tuition Block)		-
Total		-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29.EVENTS AFTER THE REPORTING PERIOD

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

30.ULTIMATE AND HOLDING ENTITY

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

31.CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	1ST year to be audited by office of auditor general				
1.0					
1.1					

Principal



Date.....

Chairman of the Board



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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Workshop block	1	Ministry of Education	2018/2019		no	yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Workshop block						Ministry of education capital development fund.
2							

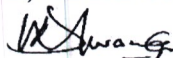
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APPENDIX III: INTER-ENTITY TRANSFERS

INSTITUTE NAME:	Mukiria Technical Training Institute		
Break down of Transfers from the State Department of technical and vocational training			
FY 2018/2019			
capitation/recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	8/10/2018	3,000,000	2018/2019
	18/12/2019	12,735,000	2018/2019
	Total	15,735,000	
Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	8/10/2018	2,037,800	2018/2019
	11/3/2019	2,037,800	2018/2019
	Total	4,075,600	
Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	0	0	
	0	0	
	Total	0	
Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0	
		0	
	Total	0	

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

Principal, Mukiria TTI



Sign -----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA	Date received	Nature: Recurrent /Development /Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Total Transfers during the Year
	as per bank statement						
Ministry of Education	8/10/2018	Recurrent	3,000,000	SFP			3,000,000
Ministry of Education	8/10/2018	Development	2,037,800	SFP			2,037,800
Ministry of Education	11/3/2019	Development	2,037,800	SFP			2,037,800
Ministry of Education	18/2/2019	Capitation	12,735,000	SFP			12,735,000
IGEMBE CDF	13/6/2019	Development mentoring institution	10,000,000	SFP			10,000,000
Total			29,810,600				29,810,600

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APPENDIX V: ACCUMULATED CAPITAL/DEVELOPMENTS GRANTS RECEIVED

MUKIRIA TECHNICAL TRAINING INSTITUTE				
Summary of grant received				
From 2014	Recurrent	Developments Grants	Capitation	Received From
2014/2015	10,642,060			Transfer from ministry
2014/2015		19,401,079		Transfer from ministry
2015/2016	10,640,292			Transfer from ministry
2015/2016		6,579,668		Transfer from ministry
2016/2017	15,203,796			Transfer from ministry
2016/2017		12,286,973		Transfer from ministry
2017/2018	10,700,000			Transfer from ministry
2017/2018		9,140,001		Transfer from ministry
8/10/2018		2,037,800		Transfer from ministry
8/10/2018	3,000,000			Transfer from ministry
11/2/2019		2,037,800		Transfer from ministry
18/2/2019			12,735,000	Transfer from ministry
Total capital/developments received accumulated reserves as at June 2019	50,186,148	51,483,321	12,735,000	

