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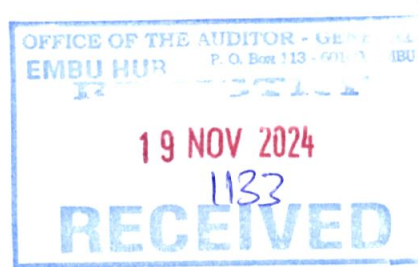
 REPORT NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 APR 2025	DAY. Tuesday
TABLED BY: OF	Hon. Julius Melly, MP on behalf of LOM
CLERK AT THE-TABLE:	

THE AUDITOR-GENERAL

ON

**JEREMIAH NYAGAH TECHNICAL
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



JEREMIAH NYAGAH TECHNICAL INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

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1. Acronyms & Glossary of Terms

BOG	Board Of Governors
COVID – 19	Corona Virus
CSR	Corporate Social Responsibility
ECL	Expected Credit Level
FY	Financial Year
HELB	Higher Education Loan Board
HoD	Head Of Department
IEBC	Independent Electro Boundary Commission
ICT	Information Communication Technology
ICPAK	Institute Of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
KNEC	Kenya National Examination Board
KRA	Kenya Revenue Authority
JNTI	Jeremiah Nyagah Training Institute
NBV	Net Book Value
NGAAF	National Government Affirmative Action Fund
NGCDF	National Government Constituency Development Fund
NITA	National Industrial Training Authority
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TVC	Technical Vocational College
TVET	Technical Vocational Education Training
MoE	Ministry Of Education
SAGA	Semi Automatous Government Agencies
Fiduciary Management	Key management personnel who have financial responsibility in the college

2. Key Institute Information and Management

(a) Background information

Jeremiah Nyagah technical Institute is a public Technical Institute under the State Department of Vocational and Technical Training In the Ministry of Education. The Institute was established in 1984 on a 38-acre Land donated by local community. This was made possible by the efforts of the late Hon.J.J.M Nyagah.

The Institute derives its mandate from the Technical Vocational and Training Act of 2013. The management of the Institute is under a Board of Governors appointed by the Cabinet Secretary, Ministry of Education.

The Institute offers training in diploma, craft, and artisan certificate courses in science, engineering technology and business studies.

The principal is the secretary to the Board of Governors and Chief Executive Officer of the Institute. The principal is in charge of the day to day running of the Institute.

(b) Principal Activities

Mandate

The core mandate and functions of Jeremiah Nyagah Technical Institute as outlined in the strategic plan are to:

- a. Offer training programs in science and technology through a developed curriculum;
- b. Promote education through provisions of knowledge, skills and practical attitudes to trainees;
- c. Diversify training programs in the area of TVET;
- d. Develop income generating production units for self-sustainability;
- e. Develop policy framework for collaboration with other institutions offering higher academic levels of education in science and technology;
- f. Create a Centre of Excellence in various departments.

Vision

To become a Centre of Excellence for Vocational and Technical Training.

Mission

To provide Quality Vocational and Technical Training

Motto

Competence Through

(c) Key Management

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

- (i) The principal who is the Accounting Officer
- (ii) Deputy Principal Administration
- (iii) Deputy Principal Academics

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Mr. Simon Charles Kivutih
2.	Deputy principal Administration	Mr. Ishmael Ndaru Njeru
3	Deputy principal Academics	Mrs. Wandia Kithenya
4	Registrar	Mr. Gabriel Njagi Maguu
5	Dean of students	Mr. Martin Njuguna
6	Head of Finance	CPA. Jeremiah M Gachoki
7	Head of Internal Audit	Mr. Alfred Mugira
8	Head of Procurement	Mr. Anthony Kinyua Njue

(e) **Fiduciary Oversight Arrangements**

Board Committees

To assist the Board in the discharge of its responsibilities, Board committees have been established. All the Board committees meet at least two times a year. The committees are as follows: -

i. **Finance, planning and development committee**

Responsibilities:

- a. To receive, consider and submit the proposed budget estimates from the various Institute department for approval by the Board;
- b. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Board;
- c. To report to the Board all matters related to finance and development;
- d. To ensure that accurate records are kept on the establishments in the Institute;
- e. To consider and recommend to the Board the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the Institute;
- f. To report to the Board on the progress of physical infrastructure development of the Institute;
- g. To prepare Institute Development plans for an approved period and submit to the Board; and
- h. To exercise such other powers as the Board may from time-to-time delegate to the Committee.

ii. **Audit and Risk Committee**

Responsibilities:

- a. To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- b. To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- c. To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- d. To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- e. To exercise such other powers as the Board may from time-to-time delegate to the Committee

3. Academic and research committee

Responsibilities:

Human resource





- a. Continually examine the College's structure, core functions, staff establishment and if necessary, make proposals for harmonization and rationalization in order to eliminate possible wastage arising from redundancy, overlaps and duplications;
- b. Examine policy and procedures on employment
- c. Examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development and consultancy services;
- d. Examine and review the terms and conditions of service;
- e. Examine the adequacy of the performance and reward system;
- f. Examine and review the staff welfare policy
- g. Establish & review the human resource policy, college scheme of service and career progression structure make recommendations for broad guidelines; and
- h. Propose innovative ideas for transformation of the college into a world-class college of higher learning and employer

Academic

- a) Formulation and Review of the Academic Policy
- b) Quality Assurance & standards evaluations
- c) Development and Implementation of New Programmes
- d) Determination of Resources:
 - i. Human Resource
 - ii. Teaching/Learning Materials
- e) Curriculum Evaluation
- f) Establish Linkage between the College and Industry
- g) Ensure Relevance of Courses to Market Needs
- h) In Charge of Graduations and Academic Awards





- (f) **Institute Headquarters**
P.O. Box 1264-60100
15kms from Embu town-2.5 kms Off Embu Kiritiri Road
Kenya
- (g) **Institute Contacts**
Telephone: (254) 700334477
E-mail: rwikati@yahoo.com
Website: www.jnti.ac.ke
- (h) **Institute Bankers**
Absa Bank Kenya PLC
Embu Branch
Along Embu -Meru Highway
P.O. Box 88
60100
Embu , Kenya
- Kenya Commercial Bank
Embu Branch
Along Embu-Meru Highway
P.O Box 75
60100
Embu,Kenya
- Equity Bank of Kenya Limited
Embu Branch
Along Embu-Meru Highway
P.O Box 1994
60100
Embu, Kenya.
- (i) **Independent Auditors**
Auditor-General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. Board of Governors

No	Name	Date Of Birth	Key Qualifications	Work Experience	Membership	Committee
1.	Mr. Dominic Ileri Muriuki 	16/04/1966	-post graduate diploma in law -Bachelor of Law Degree -Bachelor in Economics and Business studies	-private law practice with D. Muriuki & co advocates	-current B.O.G chairperson	Executive
2.	Hon. Dr. Norman M.G.K NYagah 	15/09/1950	-Honorary Doctorate of philosophy in humanities -Bachelor Degree in Tourism and Hotel Management -Diploma in tourism	-Director of Treat-global international ltd -Director of private business in oil & gas industry	B.O.G Member	Executive Finance & Development
3.	Dr. Patrick W. Okanya 	1/1/1978	PHD in Natural Sciences (Biochemistry) MSc Bio-Chemistry BSc Biochemistry	Snr. Lecturer Technical University of Kenya	B.O.G Member	Risk & Audit Finance & Development
4.	Ms Teresiah Njoki Migua 	31/03/1975	Bcom. Marketing Diploma in Business Administration	Embu Equity Bank Branch Manager Branch manager K-rep bank (Sidian)	B.O.G Member	-Risk & Audit -Finance & Development




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No	Name	Date Of Birth	Key Qualifications	Work Experience	Membership	Committee
5.	Mr.Eliud Mwendia Kibuchi 	17/07/1975	-masters of science in civil engineering (structure option) -Bachelor degree in civil engineering	-Civil Engineer Director of Roads Kirinyaga County	B.O.G Member	Risk & Audit
6	M/s Mary Akoth 	1/01/1979	-Bachelor of science in Electrical Engineering	-consultancy services	B.O.G Member	Academic & Human Resource Committee.
7	Mrs.Jayne Mugambi 	27/09/1959	-B.e.d science Botany & Zoology -Masters Agricultural Entomology	B.O.G Member and County Government of Embu Representative	B.O.G Member	Academic & Human Resource Committee.
8	Mr.Simon Charles Kivutih 	29/09/1965	-Master's in Business Administration (HRM Option) B.e.d (Arts) Economics and Business Studies	-Principal Jeremiah Nyagah Technical Institute	B.O.G Secretary	Principal

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4. Key Management Team

SN.	Member/ Director	Details
1.	Mr. Simon Charles Kivutih 	He is the Chief Principal, Secretary to the Board of Governors and the accounting officer
2.	Mr. Ishmael Ndaru Njeru 	He is the Deputy Principal Administration
3.	Mrs. Wandia Kithenya 	She is the Deputy Principal Academics

5. Chairman's Statement

Jeremiah Nyagah has upgraded to be the centre of excellence in innovation and technology through technical education as envisioned in the President's Bottom Up Economic Transformation Agenda (BETA).

During the year under review, the Board closely monitored the activities of the Institute ,key among them was; infrastructure development and improvements to ensure that the Institute has the look of a National Polytechnic , forming a committee for marketing and advertising to help in trainee enrolment increment which is evidenced by an increase in trainee enrolment, furnishing of the Multi-purpose administration complex to accommodate all heads of departments in the ground floor, Chief Principal office ,staffroom in the First floor and the state of the art ICT centre in the second floor.

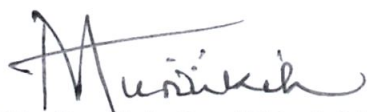
The Institute has during the year under review endured various challenges that has crippled the realisation of the FY 2022-2023 budget key among them failure of the government to release capitation in full, students failing to pay their fee due to existing hard economic times in the country, students missing out on HELB loans due to National Government budget cuts to HELB.

The Institute has formulised a way forward by coming up with production unit policy which will assist the Institute generate its own funds to avoid over dependency to the National Government and sensitized the students on the need to apply for HELB loans in good time to assist the institution in realising the budget.

In conclusion, Jeremiah Nyagah is more determined and expectant of a more promising future. In the next financial year the Institute plans to hold its Second Graduation which will be a major platform to publicize the institution.

The Institute is indeed focused to give the country and the world full baked graduates to be the wheels of the Bottom Up Economic Transformation Agenda (BETA) through the implementation of CBET courses.

Long Live JNTI.



Mr. Dominic Ireri Muriuki
Board of Governors Chairman.

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6. Report of the Chief Principal

The Institute during the year under review has transformed to be the technical education tower in the region and beyond due to the significance growth both in student enrolment and infrastructure development.

It is evident that since the Institute inception in 1984 the Institute has made strides in the current strategic plan implementation. During the year the Institute's management was able to operationalize the multipurpose administration complex to enable Administration, Heads of Departments, Trainers and Students ample space to work from making it possible for the various categories of offices to offer services effectively and efficiently.

During the year the Institute had a budget of kshs.316, 170,400. It is worth noting that the budget was not realised since the government only released Kshs.13, 000 per student against the budgeted kshs. 30,000 per student as capitation. This alone made the Institute miss budget realisation by a margin of kshs. 17,000 per student.

However, due to prudent financial management the Institute was able to sail through the FY 2022/2023 without a hitch in training as the management prioritized on student training foregoing other activities such as seminars and workshops.

The Institute since holding its first graduation in the year 2018 plans to hold its second graduation in the next financial year this being a platform to advertise the Institute hence growth in enrolment.

The Financial Year under review ended without the Institute having any pending bills this making it possible for the institution to be a going concern.

The Institute Board of Management is focused on ensuring that Jeremiah Nyagah Technical Institute is issued a legal order to become a National Polytechnic. This will make the institution a national Institute which will lead to high student allocation by the KUCCPS and also receive development funding to improve the Institute infrastructure to accommodate the increased student population.



Mr Simon Charles Kivutih
Chief Principal/ Secretary Board Of Governors.

7. Statement of Performance against Predetermined Objectives

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 Institute’s performance against predetermined objectives.

Jeremiah Nyagah Technical Institute has 7 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020 to 2023/2024. These strategic pillars are as follows:

1. To provide adequate, modern and a working infrastructure for quality service delivery
2. To produce quality and globally competitive holistic graduates
3. To promote and entrench into the Institute a culture of scientific research and innovation that supports development
4. To boost student enrolment and retention
5. To promote production units for income generation
6. To create and deepen collaborations, partnerships and linkages beneficial to the Institute
7. To improve and enhance trainee welfare

Jeremiah Nyagah Technical Institute develops its annual work plans based on the above 7 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The board achieved its performance targets set for the FY 2022/2023 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Modern and Working Infrastructure	To construct a tuition block to accommodate 1000 students	The proposal is with the Ministry of Education for direction and action.	Preparation of Bill of Quantities and drawings	Work in progress.
Quality and Globally Competitive Graduates	Attach all 950 students to relevant field of study for hands on training	All the 950 students were successfully attached and assessed	Trainers Visited all the 950 attaches	Achieved.
Scientific research and Innovation	Complete Multipurpose complex	Multi-purpose Complex 100% Complete	100% complete	100% Complete.
Student enrolment and retention	To increase the student population to a minimum of 5,000 students	Customer satisfaction and retention	Marketing of institution to the neighbouring counties	Number of students increased from 2,500 to 3,100.
Production Units for income generation	Install 100 Beehives(apiary)	Bill of Quantity Stage	Work in Progress	Not Achieved

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Collaborations, Partnerships and Linkages	Collaborate with Embu University	Train students on technical courses	Work in progress	Not Achieved
Trainee Welfare	Support provision of 3,000 trainee welfare programs such as recreational activities and physiological counselling and health services	Customer lifetime value	The Guidance & counselling department was fully functional to facilitate 3,100 trainee welfare.	Achieved

During the financial year under review Jeremiah Nyagah Technical Institute Signed a Performance contract with the Ministry of Education and the strategic pillars were tied to the performance contract and the performance contracting secretariat meet every Quarter to ensure that the goals set are achieved.

The strategic pillars as highlighted above are a true reflection of how the Board of Management would like to see the institution in 5 years of the strategic plan.

8. Corporate Governance Statement

The Board of Governors sits once per every quarter and or if as may be necessitated by an occurrence that requires members to have a sitting within a quarter.

During the year under review the Board had 4 sittings and the attendance was at 98%. The current board is newly appointed and in its second term.

The Board of Governors is guided by a board charter and the functions of the board are drawn from the TVET Act of 2013 as outlined below;

- a) Overseeing the conduct of education and training in the institution in accordance with the provisions TVET act 2013 and any other written law.
- b) Promoting and maintaining standards, quality and relevance in education and training in the institution.
- c) Administering and managing the property of the institution.
- d) Developing and implementing the institution strategic plan.
- e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the Institute.
- f) Receiving on behalf of the institution, fees, grants, subscriptions, donations, bequests or other monies and to make disbursement to the institution or other bodies or persons.
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET act 2013.
- h) Mobilising resources for the institution.
- i) Developing and reviewing programmes for training and to make presentations thereon
- j) Regulating the admission and exclusion of students from the institution, subject to qualification framework and the provision of the TVET act 2013.
- k) Approving collaboration or association with other institutions and industries in and outside Kenya
- l) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institution in consultation with the authority.
- m) Recruiting and appointing trainers from among qualified professionals and practicing trades person in relevant sectors of industry
- n) Making regulations governing organization conduct and discipline of the staff and students
- o) Providing for the welfare of the students and staff of the institution
- p) Discharging all other functions conferred upon it by the TVET act 2013 or any other written law.

Members of the Board of Governors are paid in respect of their services such remuneration or allowances as the board of governors shall be with the approval of the cabinet secretary.

During the year under review the board of governor attended an induction or training, the induction is organised by the Ministry of Education usually during inauguration of a new board.

During the year under review there was no instance of conflict of interest neither an issue of ethics or conduct by the members of the board.

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The Board serves for a term of 3-year and their tenure in office is staggered to ensure a phased transaction.

BOG. MEETING REGISTER

Full BoG Meeting

Name	Designation	30/09/2022	17/03/2023	12/05/2023	Attendance
Mr. Dominic Ileri Muriuki	Chairman	√	√	√	3
Hon.Dr. Norman M.G.K Nyagah	Member	x	√	√	2
Dr. Patrick W Okanya	Member	√	x	√	2
M/s Teresia Njoki Migua	Member	√	√	√	3
Mr. Eliud Mwendia Kibuchi	Member	√	x	√	2
M/s Mary Akoth	Member	√	√	√	3
Dr. Lawrence Guantai	Ps Rep	√	√	√	3
Jayne N Mugambi	Member	√	√	x	2
Mr.Simon Charles Kivutih	Member	√	√	√	3
Total Attendance		8	7	8	23

Finance Committee

Name	Designation	10/02/2023	Attendance
Hon.Dr. Norman M.G.K Nyagah	Member	√	1
M/s Teresia Njoki Migua	Member	√	1
Dr Lawrence Guantai	Ps Rep	√	1
Dr Patrick Okanya	Member	√	1
Mr. Simon Charles Kivutih	Principal	√	1
Total Attendance		5	5

Academic and Research

Name	Designation	24/09/2022	Attendance
Mr. Dominic Ileri Muriuki	Bog Chairman	√	1
Hon.Dr. Norman M.G.K Nyagah	Member	√	1
Mrs. Jayne Mugambi	Member	√	1
Dr .Lawrence Guantai	Cd Tvet	√	1
Mr. Simon Charles Kivutih	Principal	√	1
Total Attendance		5	5

9. Management Discussion and analysis

1. Operational and Financial Performance.

- a) The Institute had budgeted for 3,685 students but the actual number of students was 3,042. The financial performance was directly affected by this deficit since the Institute receives capitation with regard to the number of Students enrolled. The government never released capitation grants for 4th Quarter FY 2022/2023. This affected the achieving of budget and performance contract Targets.
- b) The total budget was Ksh. 316,170,400.00 however the actual revenue collected was Kshs.182, 960,352 therefore having a performance difference of Kshs.133, 210,048. It is worth noting that the budget was not realised.

2. Key Projects or Investments decision implemented or ongoing.

During the Financial Year the Institute did not receive development grants thus did not undertake any development project.

3. Compliance with Statutory Requirements.

The Institute submits the statutory deductions to the National Social Security Fund, National Hospital Insurance Fund, Kenya Revenue Authority (Pay As You Earn) and was compliant for the year Ending 30th June 2023.

4. Major Risk.

The institute has risk register which is updated on yearly bases; risks registered are monitored and mitigated by the respective risk owners.

Within the year, there was no major risk registered in risk register.

5. Material Arrears in statutory and Other Financial Obligations.

The Institute during financial year under audit did not have any material arrears in statutory and other financial obligations.

10. Environmental and Sustainability Reporting

JNTI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

Jeremiah Nyagah through advertising and continuous visit in secondary schools within and outside Embu County to encourage Form 4 graduates to embrace TVET education is a strategy the Institute used during the year under review to ensure sustainability through enrolment. This strategy has been noted since for the last 2 financial years students' enrolment has increased tremendously.

Environmental performance

In order to integrate the local community in the environmental conservation and management to also serve as an example to the community and also have a demonstration effect to the rest of the surrounding community, JNTI through a program known as Mbeere South Afforestation program planted 1,000 trees and encouraged the neighbouring community to do the same.

Employee Welfare

At Jeremiah Nyagah Technical Institute we value our employees who are directly or indirectly involved in training of our students and contribute to their potential to bring positive and social environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

The Institute during the year under review developed human resource policy and other human resource related policy to offer guidelines on hiring and appraisal of staff. Staff training and development has been factored in the annual budget to ensure that our staff are trained and equipped in regard to emerging issues.

Market place practices-

- a) Responsible competition practice.
 - i) During the year under review the Institute adhered to the public procurement and asset disposal act of 2015 in all its procurement of goods and services. The Institute adhered to the timelines as set in the act before awarding any works or provision of services to the Institute
At the same time JNTI implemented activities under National Cohesion and values and corruption prevention in the strategic plan, during the year under review. all the measurements are geared towards improving the living standards and welfare of Kenyans.
 - ii) In maintaining good business practice and treating well suppliers by honouring contracts and respecting payment practices the Institute during the year under review closed the year without any pending bills and within the year the suppliers were paid before even the agreeable 3 months after supply of commodities. This

was made a reality by proper management of funds and making sure that funds are utilised where they are meant for.

Corporate Social Responsibility/Community Engagements-

The Institute carried out various corporate social responsibilities during the year under review.

- a) Planting 1,000 trees.
- b) Due to increased students' population in the year under review, the community around the Institute managed to increase students' accommodation from 3,000 to 5,000 capacity.
- c) Through the county government of Embu Phase II tarmacking of 2.5 kilometre was completed.
- d) The Institute has a dam and during the dry season the local community were allowed to fetch water from the dam for their consumption.
- e) The student's welfare visited various charity work to promote the act of giving to the less fortunate in the surrounding community.

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Institute affairs.

Principal activities

The principal activities of the institute are to provide competent skills through technology.

Results

The results of the Institute for the year ended June 30 are set out on page 1-5

Board of Governors

The members of the Board who served during the year are shown on page ix- x

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 for the year ended 30th June 2023.

By Order of the Board



.....
Secretary of the Board
Nairobi
Date:15/11/2024

12. Statement of Board's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that year. The board members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The board members are also responsible for safeguarding the assets of the Institute.

The Board members are responsible for the preparation and presentation of the Institute's 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 (period) ended on June 30, 2023. 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 Institute,
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) safeguarding the assets of the Institute,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

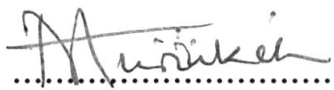
The Board members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The board members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2023, and of the Institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the Institute's ability to continue as a going concern and nothing has come to the attention of the Board members to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

JEREMIAH NYAGAH TECHNICAL INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

Approval of the financial statements

The Institute's financial statements were approved by the Board on 29th September 2023 and signed on its behalf by:

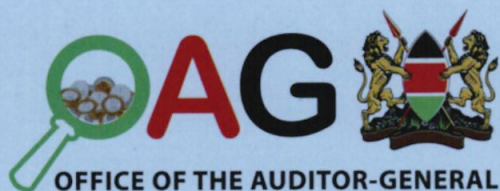


.....
Name **DOMINIC IMWARIUKI**
Chairperson of the Board



.....
Name **SIMON C. KIVUTI**
Accounting Officer/Principal

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON JEREMIAH NYAGAH TECHNICAL INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Jeremiah Nyagah Technical Institute set out on pages 1 to 34, which comprise of the statement of financial position

as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Jeremiah Nyagah Technical Institute as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance Between the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts.

The statement of financial performance reflects net deficit amount of Kshs.(19,782,119) while the statement of comparison of Budget and actual amounts reflects deficit for the period amount of Kshs.(26,762,035) resulting in a variance of Kshs.6,979,916 which has not been explained or reconciled.


In the circumstances, the accuracy of the statement of financial performance and the statement of comparison of budget and actual amounts could not be confirmed.

2. Lack of Asset Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.480,692,216 out of which Kshs.93,000,000 and Kshs.4,891,325 relate to land and motor vehicles respectively as disclosed in Note 19 to the financial statements. Review of asset ownership documents revealed that one of the two parcels did not have a title deed as proof of ownership and there were no written agreements between the Institute and the owner of the intention of an executable agreement of transferring this portion land to it. The second parcel as well as four (4) motor vehicles were registered in the name of Rwika Technical Training Institute.

In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.97,891,325 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Jeremiah Nyagah Technical Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe



that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.316,170,400 and Kshs.182,960,352 respectively resulting to an under-funding of Kshs.133,210,048 or 42% of the budget. Similarly, the Institute spent Kshs.209,722,387 against actual receipts of Kshs.182,960,352 resulting to an over-utilization of Kshs.26,762,035 or 15% of the actual receipts.

The under-funding and over-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Even though Management has provided explanation on the progress made on the recommendations made by the auditors, the issues remain unresolved as at 30 June, 2023, contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers for County Government and County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

Report of the Auditor-General on Jeremiah Nyagah Technical Institute for the year ended 30 June, 2023

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the 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) and for maintaining effective internal controls 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 controls, risk management and overall governance.

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

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

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

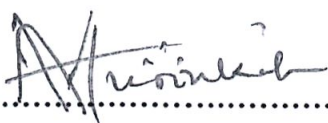
JEREMIAH NYAGAH TECHNICAL INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance for the Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	29,083,000	40,102,500
Total revenue from non-exchange transactions		29,083,000	40,102,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7	144,336,672	134,261,360
Sale of goods	8	9,540,680	5,537,440
Revenue from Exchange transactions		153,877,352	139,798,800
Total Revenue		182,960,352	179,901,300
Expenses			
Use of goods and services	9	150,668,647	123,105,249
Employee costs	10	14,777,966	11,279,549
Board Expenses	11	4,472,775	2,184,800
Depreciation and amortization expense	12	21,249,203	48,268,582
Repairs and maintenance	13	4,567,630	5,472,228
Contracted services	14	7,006,250	6,634,700
Total Expenses		202,742,471	196,945,108
Net surplus/(deficit) for the year		(19,782,119)	(17,043,808)

(The notes set out on pages 6 to 37 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:



.....
Chairman of the Board

Date 15-11-2024



.....
Finance Officer
ICPAK No 10789

Date 15-11-2024



.....
Principal

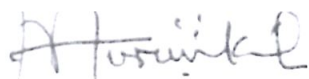
Date 15-11-2024

JEREMIAH NYAGAH TECHNICAL INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

15. Statement of Financial Position as at 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	31,101,124	64,973,468
Current portion of receivables from exchange transactions	16	126,114,782	120,938,055
Receivables from non-exchange transactions	17	39,232,500	39,232,500
Inventories	18	599,485	1,431,085
Total Current Assets		<u>197,047,891</u>	<u>226,575,108</u>
Non-Current Assets			
Property, plant, and equipment	19	480,692,216	473,253,190
Intangible assets	20	1,357,090	1,816,200
Total Non-Current Assets		<u>482,049,306</u>	<u>475,069,390</u>
Total Assets		<u>679,097,197</u>	<u>701,644,498</u>
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	21	15,104,176	20,102,422
Refundable deposits from customers	22	2,885,000	1,465,000
Total Current Liabilities		<u>17,989,176</u>	<u>21,567,422</u>
Total Liabilities		<u>17,989,176</u>	<u>21,567,422</u>
Net Assets		<u>661,108,021</u>	<u>680,077,076</u>
Financed By			
Revaluation Reserves		329,994,949	329,994,949
Accumulated Surplus		90,267,810	109,236,865
Capital Fund		240,845,262	240,845,262
Total Net Assets and Liabilities		<u>661,108,021</u>	<u>680,077,076</u>

The Financial Statements set out on pages 1 to 5 were signed by:



.....
Chairman of the Board

Date 15-11-2024



.....
Finance Officer
ICPAK No 10789

Date 15-11-2024



.....
Principal

Date 15-11-2024

JEREMIAH NYAGAH TECHNICAL INSTITUTE

Annual Report and Financial Statements for the year ended 30th June 2023

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2021			<u>126,280,673</u>	<u>240,845,262</u>	<u>367,125,935</u>
Revaluation Gain	332,660,836				332,660,836
Revaluation loss	-2,665,887				-2,665,887
Capital Fund					
Surplus/deficit			-17,043,808		-17,043,808
Total comprehensive income					
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
At June 30, 2022	<u>329,994,949</u>		<u>109,236,865</u>	<u>240,845,262</u>	<u>680,077,076</u>
at 1st July, 2022	<u>329,994,949</u>		<u>109,236,865</u>	<u>240,845,262</u>	<u>680,077,076</u>
Total comprehensive income			-19,782,119		-19,782,119
(add) 2021-2022 overstated provision of audit fees			813,064		813,064
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
At June 30, 2023	<u>329,994,949</u>	-	<u>90,267,810</u>	<u>240,845,262</u>	<u>661,108,021</u>

17. Statement of Cash Flows for the Year Ended 30 June 2023

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	29,083,000	40,102,500
Rendering of services- fees from students	7	144,336,672	134,261,360
Sale of goods	8	9,540,680	5,537,440
Total Receipts		<u>182,960,352</u>	<u>179,901,300</u>
Payments			
Use of goods and services	9	150,668,647	123,105,249
Compensation of employees	10	14,777,966	11,279,549
Remuneration of Directors	11	4,472,775	2,184,800
Repair and Maintenance	13	4,567,630	5,472,228
Contracted Services	14	7,006,250	6,634,700
Total Payments		<u>181,493,268</u>	<u>148,676,526</u>
Net cash flow before working capital changes		1,467,084	31,224,774
Changes in working capital	23	-7,110,309	-28,794,013
Net Cash Flows from operating activities	24	-5,643,225	2,430,761
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	19/20	-28,229,119	-417,600
Proceeds from sale of property, plant and equipment			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds From Borrowing			
Repayment Of Borrowings			
Deposits receipts			
Net cash flows used in financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		<u>-33,872,344</u>	<u>2,013,161</u>
Cash and Cash equivalents at 1 July	15	64,973,468	62,960,307
Cash and Cash equivalents at 30 June	15	31,101,124	64,973,468

JEREMIAH NYAGAH TECHNICAL INSTITUTE
Annual Report and Financial Statements for the year ended 30th June 2023

18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities	110,550,000		110,550,000	29,083,000	81,467,000	74
Rendering of services- fees from students	179,870,400		179,870,400	144,336,672	35,533,728	20
Sale of goods	25,750,000		25,750,000	9,540,680	16,209,320	63
Total Income	316,170,400		316,170,400	182,960,352	133,210,048	42
Expenses						
Use of goods and services	227,065,675		227,065,675	150,668,647	76,397,028	34
Employee costs	17,428,100		17,428,100	14,777,966	2,650,134	15
Board Expenses	3,686,000		3,686,000	4,472,775	-786,775	-21
Repairs and maintenance	6,061,825		6,061,825	4,567,630	1,494,195	25
Contracted services	7,288,800		7,288,800	7,006,250	282,550	4
Capital Expenditure	54,640,000		54,640,000	28,229,119	26,410,881	48
Total Expenditure	316,170,400		316,170,400	209,722,387	106,448,013	34
Surplus For the Period				-26,762,035		

Budget notes

1. Budgeted revenue was not achieved due to failure to achieve the budgeted enrolment of 3685 students and also the government failed to disburse capitation funds, the students who had applied for subsequent HELB Loans were cancelled HELB giving a reason of budget constraints.
2. There was under expenditure in all the budget items apart from Board expenses due to the fact that there we no funds available to spend due to the reason given above

19. Notes to the Financial Statements

1. General Information

Jeremiah Nyagah Technical Institute is established by and derives its authority and accountability from TVET Act 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to provide competence through technology.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's 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 xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, , the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: 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 Institute’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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 Institute’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Institute. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

JEREMIAH NYAGAH TECHNICAL INSTITUTE**Annual Report and Financial Statements for the year ended 30th June 2023**

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed 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>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The Institute did not early-adopt any new or amended standards in year 2023.

4. Summary of Significant Accounting Policies

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 Institute and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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 Institute.

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board or Board on 08/04/2022. 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 Institute upon receiving the respective approvals to conclude the final budget. Accordingly, the Institute recorded additional appropriations of on the FY 2022/2023 budget following the Board/ Board's approval. The Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 on page *I* under section *I* of these financial statements.

c) Taxes

Current income tax

The Institute is exempt from paying taxes as per 1st schedule of the income tax Act.

d) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii. Its intention to complete and its ability to use or sell the asset.
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset.
- v. 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.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one Institute and a financial liability or equity instrument of another Institute. At initial recognition, the Institute measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The Institute classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Institute's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Institute has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Institute classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Institute manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Institute assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Institute recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 25(i).

Financial liabilities

Classification

The Institute classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) 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:

- a) Raw materials: purchase cost using the weighted average cost method.
- b) 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.

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute.

i) Provisions

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

j) Social Benefits

Social benefits are cash transfers provided to

- i) specific individuals and / or households that meet the eligibility criteria,
- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole. The Institute recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Institute will incur in fulfilling the present obligations represented by the liability.

k) Nature and purpose of reserves

The Institute creates does not maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Institute pays fixed contributions into a separate Institute (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. **(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.

n) 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.

o) Related parties

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

p) Service concession arrangements

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than

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'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 Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Comparative figures

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

s) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the Institute.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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 provided below.

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.

- a. Bad Debts are written off after a period of 10 years as set out in credit and debt management policy currently since the Institute started to be audited by the Auditor General in the FY 2018-2019 no debts are above 10 years no debts were written off during the year.

Bad debts are provided at the following rates

S no	Age Of Debtors	Rate
1	o 241 -360 days	5
2	o Up to1 year	20
3	o Up to 2 years	50
4	o Up to 3 years	75
5	o Up to 4 years	100

- b. Obsolete stocks are disposed in conformity with Public Procurement and Asset Disposal Act of and an asset disposal committee considers the prevailing market prices.

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Depreciation

Depreciation is charged on a reducing balance basis over the estimated useful lives of the assets.

The annual rates of depreciation used shall be as

No	Classification of asset	Rate
i.	Land	Nil
ii.	Buildings	2.5%
iii.	Motor Vehicles	15%
iv.	Furniture & Fittings	10%
v.	Computer equipment	30%
vi.	Plant and Equipment	15%
vii.	Intangible assets	30%

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	29,083,000.00	40,102,500.00
Total Government Grants and Subsidies	29,083,000.00	40,102,500.00

(a) Transfers from other Government entities (Categorized)

Name of the Institute sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2021-2022
			Kshs	Kshs	Kshs
Ministry of Education	29,083,000.00	0.00	0.00	29,083,000.00	40,102,500.00
Total	<u>29,083,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>29,083,000.00</u>	<u>40,102,500.00</u>

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	49,935,332	37,443,940
Activity Fees	6,091,150	5,020,280
Examination Fees	23,639,550	21,242,510
Library Fees	-	500
Registration Fees	1,306,000	2,186,000
Student ID card	676,000	808,000
Repairs Maintenance and Improvement	2,678,645	2,237,280
Personal Emoluments	17,324,980	13,984,650
Local Travel and Transport	5,565,865	4,667,070
KNEC Examination Practical	1,075,650	1,166,160
Industrial Attachment	4,345,500	3,651,480
Electricity Water and Conservancy	3,863,060	2,983,640
NYS Invoices/payments	-	20,924,640
Administration Fees	844,320	640,120
Computer Maintenance	-	5,000
Equipment Hospitality and Tourism	-	6,300
Student Board	724,500	716,500
Development fund	-	17,500
PAYE meals	24,126,670	14,401,870
Kenya Universities and colleges placement service	2,139,450	2,157,920
Total Revenue from The Rendering of Services	<u>144,336,672</u>	<u>134,261,360</u>

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These are income from students' invoices

8. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of tender documents	15,000	
Sale of idle assets		3,700
Sale of Farm Produce	58,180	171,830
Hire of Institute property	202,000	113,000
Enterprise C&J		1,410
Accommodation	9,265,500	5,247,500
Total Revenue from Sale of Goods	<u>9,540,680</u>	<u>5,537,440</u>

This is income from Income Generating Activities

9. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Registration expense	1,350,100	3,282,400
Water	598,976	1,198,370
Electricity	1,474,956	1,314,017
Entertainment	132,600	91,541
PAYE Meals expenses	31,665,995	22,444,941
Performance contract	1,748,000	799,700
Industrial attachment	562,219	3,834,116
Hired rent/accommodation	7,697,000	4,601,000
Production unit/enterprise farm	119,800	39,730
Administration Cost	1,135,630	6,130
Provision for audit fees	500,000	500,000
Conferences and delegations	130,400	1,141,811
Co-curriculum activities	2,051,630	3,516,670
Examination	32,911,076	12,801,390
Insurance	388,251	780,859
Student board activities	809,150	668,500
Library magazines	59,940	108,880
Travelling and accommodation	1,374,900	1,598,462
Fuel and oil	4,248,979	2,414,849
Telephone Expenses	279,000	172,500
Training Expenses	20,411,885	22,855,825
Subscriptions		70,000
Postage	1,016	0
Internet services	616,292	257,336
Bursary Refund-Embu County		5,700

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Asset Tagging & Valuation		4,500,000
Helb Loan Refund		201,980
Internal meetings	1,010,000	722,000
Rebranding & renaming the Institute	80,000	125,000
Robotic Exhibition and promotion		1,509,755
Staff Uniforms	207,300	641,600
KNEC Examination practical	10,510,235	10,843,272
Student ID Expense	1,145,000	563,500
Training seminar and workshop	1,478,000	1,701,480
Tender Meeting /advert	857,700	97,000
class practical -other department	623,887	
Class practical hospitality and tourism exp	941,460	1,225,333
Provision for bad debts	23,019,008	16,469,602
ERP annual subscription fees	417,600	
Bank Charges ABSA	94,747	
Bank Charges KCB	1,425	
Bank Charges Equity	14,490	
Total good and services	<u>150,668,647</u>	<u>123,105,249</u>

10. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic Pay	10,704,016	8,090,230
Other Allowances	178,000	168,000
Commuter Allowance	393,805	294,415
NSSF	1,293,980	983,958
Housing benefits and Allowances	1,447,300	1,215,800
Social contributions/JISWA	155,400	137,700
NHIF	401,750	342,400
PAYE	60,516	47,046
HELB Loan Refund	143,199	
Employee Costs	14,777,966	11,279,549

11. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board of Governors Allowance	2,021,000	1,441,000
Other Board/Board Expenses	2,451,775	743,800
Total	<u>4,472,775</u>	<u>2,184,800</u>

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12. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment		47,490,210
Building	8,185,344	
Motor Vehicle	863,175	
Furniture & Fittings	1,764,823	
Computers	2,445,507	
Plant & Equipment	7,408,745	
Intangible Assets	581,610	778,372
Total depreciation and amortization	<u>21,249,203</u>	<u>48,268,582</u>

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Computer Maintenance	576,200	126,000
Repair Maintenance & improvement	2,705,590	1,121,050
Repair Maintenance	765,530	2,685,350
Vehicles Repairs	520,310	1,212,724
Improvements of Infrastructure	0	327,104
Total Repairs and Maintenance	<u>4,567,630</u>	<u>5,472,228</u>

14. Contracted Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Cleaning services and security services	7,006,250	6,634,700
Total contracted services	<u>7,006,250</u>	<u>6,634,700</u>

15. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
ABSA Bank Kenya PLC	9,715,539	32,978,335
Kenya Commercial Bank	1,747,594	3,861,912
Equity Bank of Kenya	19,637,991	28,133,221
Total Cash and Cash Equivalents	<u>31,101,124</u>	<u>64,973,468</u>

15 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Absa Bank PLC	2026031233	9,715,539	32,978,335
Kenya Commercial Bank	1121471226	1,747,594	3,861,912
Equity Bank	0190273909253	19,637,991	28,133,221
Grand Total		<u>31,101,124</u>	<u>64,973,468</u>

16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors (Regular Students)	96,160,107	90,983,380.00
Student Debtors (NYS Students)	29,954,675	29,954,675.00
Total Current Receivables	<u>126,114,782</u>	<u>120,938,055.00</u>

16 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	37,820,835	25	69,742,223	58
Between 1- 2 years	111,312,955	75	51,195,833	42
Between 2-3 years				
Over 3 years				
Total (a+b)	149,133,790	100	120,938,056	100

16 (c) Analysis Bad debt provision of Receivables from Exchange transactions

Description	2022-2023				2021-2022		
	Kshs				Kshs		
	Current FY	Rate	Provision	Net	Comparative	Provision	Net
Less than 1 year	37,820,835	2	756,417	37,064,418	73,412,866	3,670,643	69,742,223
Between 1- 2 years	111,312,955	20	22,262,591	89,050,364	63,994,791	12,798,958	51,195,833
Total (a+b)	149,133,790		23,019,008	126,114,782	137,407,657	16,469,601	120,938,056

16 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	120,938,055	98,240,590
addition during the year	37,820,835	39,167,066
Provisions during the year	-23,019,008	16,469,601
Recovered during the year	-9,625,100	
Write offs during the year		
At the end of the year	<u>126,114,782</u>	<u>120,938,055</u>

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17. Current receivables from non-exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Capitation Grants*	39,232,500.00	39,232,500
Total Current Receivables	<u>39,232,500.00</u>	<u>39,232,500</u>

18. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	599,485	1,431,085
Total Inventories at lower of Cost and Net Realizable Value	<u>599,485</u>	<u>1,431,085</u>

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19. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets	Plant and Equipment	Capital Work in Progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1st July 2021	31,096,000	195,685,361	11,248,000	30,228,271	6,403,472				274,661,104
Additions									
Valuation	93,000,000	345,000,000	6,770,000	10,505,700	7,359,900		58,107,800		520,743,400
Disposals									
Transfer/adjustments									
At 30th June 2022	93,000,000	345,000,000	6,770,000	10,505,700	7,359,900		58,107,800		520,743,400
At 1st July 2022	93,000,000	345,000,000	6,770,000	10,505,700	7,359,900		58,107,800		520,743,400
Additions		16,913,759		8,193,100	2,999,760				28,106,619
Disposals									
Transfer/adjustments									
At 30th June 2023	93,000,000	361,913,759	6,770,000	18,698,800	10,359,660		58,107,800		548,850,019
Depreciation and Impairment									
At 30 June 2022									
Depreciation		34,500,000	1,015,500	1,050,570	2,207,970		8,716,170		47,490,210
At 30th June 2022		34,500,000	1,015,500	1,050,570	2,207,970		8,716,170		47,490,210
depreciation rate		0.025	0.150	0.100	0.300		0.150		
Depreciation		8,185,344	863,175	1,764,823	2,445,507		7,408,745		20,667,593
Depreciation and Impairment		42,685,344	1,878,675	2,815,393	4,653,477		16,124,915		68,157,803
Net book values									
At 30 th June 2022	93,000,000	310,500,000	5,754,500	9,455,130	5,151,930		49,391,630		473,253,190
At 30 June 2023	93,000,000	319,228,415	4,891,325	15,883,407	5,706,183		41,982,886		480,692,216

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were re-valued by Milestone Land Access Limited professional valuers on September 2021. These amounts were adopted in the financial statements on 21st September 2021.

19 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	93,000,000		93,000,000
Buildings	361,913,759	42,685,344	319,228,415
Plant And Machinery	58,107,800	16,124,915	41,982,886
Motor Vehicles including Motorcycles	6,770,000	1,878,675	4,891,325
Computers and Related Equipment	10,359,660	4,653,477	5,706,183
Office Equipment, Furniture, And Fittings	18,698,800	2,815,393	15,883,407
Total	<u>548,850,019</u>	<u>68,157,803</u>	<u>480,692,216</u>

20. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	1,816,200	2,176,972
Additions	122,500	417,600
At end of the year	1,938,700	2,594,572
Additions–internal development		0
At end of the year	1,938,700	2,594,572
Amortization and impairment		
At beginning of the year		
Amortization	581,610	778,372
At end of the year	581,610	778,372
Impairment loss		
At end of the year	0	0
NBV	<u>1,357,090</u>	<u>1,816,200</u>

21. Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees paid in advance	14,104,176	17,789,358
Other Payables (Audit Fees)	1,000,000	2,313,064
Total Trade and Other Payables	<u>15,104,176</u>	<u>20,102,422</u>

Ageing analysis:	2022-2023 Kshs	% of the Total	2021-2022 Kshs	% of the Total
Under one year	14,104,176	93	17,789,358	88
1-2 years	1,000,000	7	2,313,064	12
Total (to tie to totals above)	<u>15,104,176</u>	100	20,102,422	100

22. Refundable Deposits from Customers/Students

Description	2022-2023	2021-2022
	Kshs	Kshs
Caution money	2,885,000	1,465,000
Total Deposits	2,885,000	1,465,000

Ageing Analysis of Refundable Deposits from Customers/Students

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	1,420,000	49 %	1,465,000	100 %
1-2 years	1,465,000	51 %		
2-3 years				
Over 3 years				
Total	2,885,000	100 %	1,465,000	100 %

23. Change in working capital

Description	2022-2023	2021-2022
	KShs	KShs
Net Cash Flows from operating activities	-5,643,225	2,430,761
(less) Net cash flow before working capital changes	1,467,084	- 31,224,774
Changes in working capital	-7,110,309	-28,794,013

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24. Cash generated from operations.

	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	1,467,084	-17,043,808
Adjusted for:		
2021-2022 overstated provision of audit fees	813,064.00	
Depreciation		48,268,582
Working Capital adjustments		0
Increase in inventory	831,600	-452,323
Increase in receivables	-5,176,727	-37,929,965
Increase in payables	-3,578,246	9,588,275
Net cash flow from operating activities	(5,643,225)	<u>2,430,761</u>

25. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	137,407,657	120,938,056	0	16,469,601

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Receivables from non-exchange transactions	39,232,500	15,232,500	24,000,000	0.00
Bank balances	64,973,468	64,973,468	0	0
Total	241,910,290	201,144,023	24,000,000	16,469,602
At 30 June 2023				
Receivables from exchange transactions	126,114,782	37,064,418	89,050,364	
Receivables from non-exchange transactions	39,232,500		39,232,500	
Bank balances	31,101,124	31,101,124		
Total	196,448,406	68,165,542	128,282,864	

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 Institute has significant concentration of credit risk on amounts due from 3 months

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

The table below represents cash flows payable by the Institute 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Fees paid in advance	17,789,358	0.00	0.00	17,789,358
Trade Payables	500,000	0.00	1,813,064	2,313,064
Refundable deposits from customers	1,201,900	0	263,100	1,465,000
Total	<u>19,491,258</u>	<u>0.00</u>	<u>2,076,164</u>	<u>21,567,422</u>
At 30 June 2023				
Fees paid in advance	14,104,176	0	0	14,104,176

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Trade Payables	0	500,000	500,000	1,000,000
Refundable deposits from customers	1,420,000	1,201,900	263,100	2,885,000
Total	<u>15,524,176</u>	<u>1,701,900</u>	<u>763,100</u>	<u>17,989,176</u>

(iii) Market risk

The Institute has put in place an internal audit function to assist it in assessing the risk faced by the Institute 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 Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	329,994,949	329,994,949
Retained Earnings	90,267,810	109,236,865
Capital Reserve	240,845,262	240,845,262
Total Funds	<u>661,108,021</u>	<u>680,077,076</u>
Total Borrowings		
Less: Cash and Bank Balances	31,101,124	64,973,468
Net Debt/(Excess Cash and Cash Equivalents)		-
Gearing	4.70%	9.55%

26. Related Party Balances**Nature of related party relationships**

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

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Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;
- v) Local Community
- vi) Support Staff
- vii) Trainees

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

Description	2022-2023	2021-2022
	Kshs	Kshs
a) Purchases from related parties		
Purchases of electricity from kplc	1,474,956	1,314,017
Purchase of water from govt service providers	598,976	1,198,370
Hired rent/Accommodation	7,697,000	4,601,000
Training and conference fees paid to govt. agencies	130,400	1,141,811
Total		
b) Grants /Transfers from the Government		
Grants from National Govt	29,083,000	40,102,500
Total	<u>29,083,000</u>	<u>40,102,500</u>
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for BoG Employees	14,777,966	11,279,549
Payments for Goods and Services for internal meetings	1,010,000	
Total	<u>15,787,966</u>	<u>11,279,549</u>
d) Key Management Compensation		
Directors' emoluments	4,472,775	2,184,800
Compensation to Key Management		
Total	<u>4,472,775</u>	<u>2,184,800</u>

27. Events After The Reporting Period

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

28. Ultimate And Holding Institute

The Institute is a TVET institute under the Ministry of Education. Its ultimate parent is the Government of Kenya.

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29. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion				
1.	Inaccurate cash and cash equivalents	The direct credits were entered in the cash book	Resolved	resolved
2	Unsupported maintenance of motor vehicles	Service contracts and procurement documents provided	Resolved	resolved
3	Inaccuracy in the financial statements	Corresponding expenditure omitted in note 9 inserted	Resolved	resolved
4	Lack of ownership documents for assets	Follow up on the land issue and change of name of motor vehicles in progress	Not resolved	June 2024
Key Audit Matters				
1	Budgetary control and performance	Revenue shortfall and under expenditure are directly connected to the number of students and timely release of funding by the government which was not within the Institutes control	Not resolved	Work in progress

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Unresolved prior year audit issues	Audit and Risk Committee of the board to discuss the external audit report	Not resolved	June 2024
Basis for Conclusion				
1	Irregular sale of farm produce	Disposal process documentation provided	Resolved	resolved
2	Corporate Governance	Query not complete	-	-
2.1	Lack of Authority for approving rates for board allowances	Parent Ministry consulted on the issue	Not resolved	June 2024
2.2	Appointment procedure of board members	Notice of the appointment in the Kenya Gazette not within the control of the institution	Not Resolved	June 2024
3.1	Lack of approved staff establishment	The Institute to develop and approve staff establishment policy	Resolved	Resolved
3.2	Lack of salary structure and scheme of service	The management to develop and approve salary structure and scheme of service	Resolved	Resolved
3.3	Failure to comply with ethnicity and diversity requirement	Future employments to consider section 7(2) of the National Cohesion and Integration act,2008	Not Resolved	Work in progress
3.4	Failure to recruit a competent human resource officer	The FY 2023-2024 budget has included hiring of a competent human resource officer	Not resolved	June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Untagged Assets	All assets to be properly tagged	Not Resolved	June 2024
Conclusion				
1	Non-establishment of Audit department and Audit Committee	Internal department have been established	Resolved	Resolved
2	Lack of Operational Health Policy	Management to develop occupational safety and health policy	Not Resolved	June 2024



Name: Mr. Simon Charles Kivutih
Accounting Officer
Chief Principal / Secretary Board of Governors
Date 15/11/2024

**Appendix II: Projects Implemented by
Jeremiah Nyaga Training Institute**

Projects

Projects implemented by the institute Funded by development partners.

Note: Within the year, the institute didn't receive development fund from the government and 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)
1						
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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Appendix III- Inter-Institute Confirmation Letter



MINISTRY OF EDUCATION
STATE DEPARTMENT OF VOCATIONAL & TECHNICAL
JEREMIAH NYAGAH TECHNICAL Institute
 P.O. BOX 1264 - 60100 EMBU. Tel: 020-3538386, 0700 334
 Email rwikat1@yahoo.com / Web. www.jnti.ac.ke



The Ministry of Education wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Jeremiah Nyagah Technical Institute as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by Jeremiah Nyagah Technical Institute (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
DTE/CAP 9/36(38)	27-10-2022	10,670,000	0	0	10,670,000	10,670,000	0
DTE/CAP 9/36(38)	26-01-2023	8,949,000	0	0	8,949,000	8,949,000	0
DTE/CAP 9/36(38)	29-06-2023	9,464,000	0	0	9,464,000	9,464,000	0
Total		<u>29,083,000</u>	<u>0</u>	<u>0</u>	<u>29,083,000</u>	<u>29,083,000</u>	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Institute:
 Name SIMON C. KIVUTHI Sign [Signature] Date 15-11-2024

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments