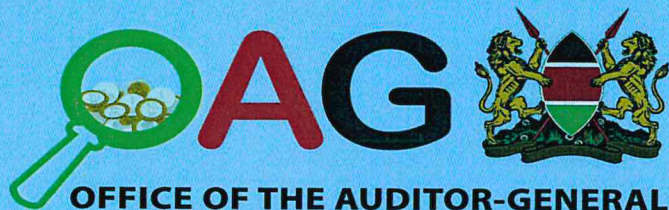



REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 AUG 2021	DAY: Thurs
TABLED BY:	D/majority whip Hon. Maoka Madro
CLERK-AT THE-TABLE:	Halima Ahmed

**THE AUDITOR-GENERAL**

**ON**

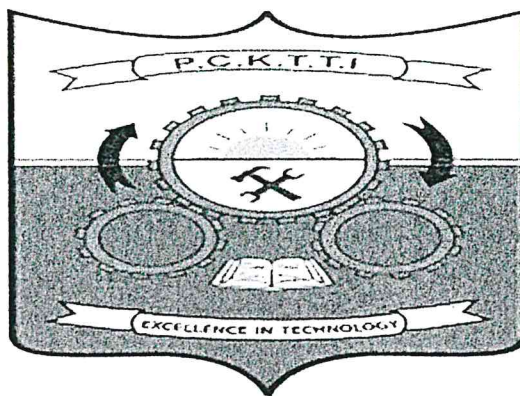
**P.C KINYANJUI TECHNICAL TRAINING  
INSTITUTE**

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





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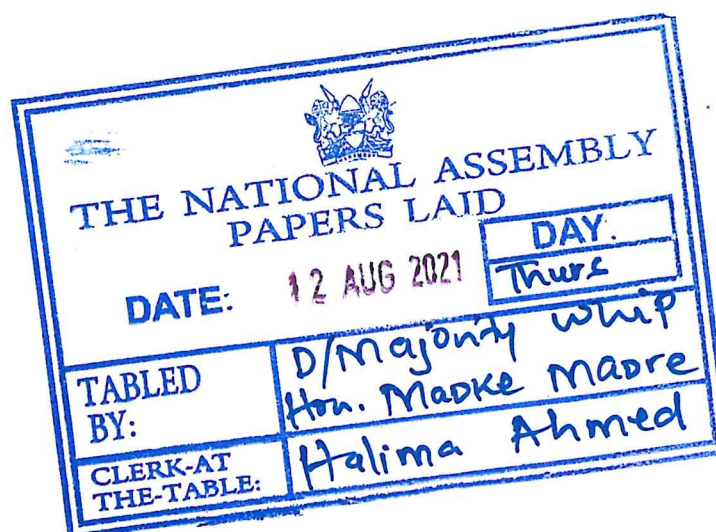


## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2019

PC KINYANJUI TECHNICAL TRAINING INSTITUTE

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



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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Institution was incorporated/ established under the TVET Act on 20<sup>th</sup> July 2001. The entity is domiciled in Kenya and located in Nairobi West District, Dagoretti, Constituency, near Riruta Police Station. The institute is under the Ministry of Education. It consist of eight (8) academic and four (4) non-academic departments as listed below;

#### **Academic includes:**

1. Electrical and electronics
2. Building and Civil Engineering
3. Mechanical
4. Applied science
5. Hospitality
6. ICT
7. Business
8. Entrepreneur

#### **Non-Academic:**

1. Guidance & Counselling
2. Industrial Liaison Officer (ILO)
3. Marketing
4. OCS

### **(b) Principal Activities**

#### **Mission**

To produce graduates who are knowledgeable, skilled and equipped with positive attitude that will enable them to cope with challenges of the fast changing world.

#### **Vision**

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

#### **Core Values:**

Transparency  
Professionalism  
Integrity  
Innovation, and  
Accountability.

#### **Quality Policy**

P C Kinyanjui Technical Training Institute is committed to be a Centre of excellence in Technical, Industrial, Vocational, and Entrepreneurship training by offering high Quality Training, for innovation, employability and job creation in support of vision 2030. In pursuit of this commitment, the Institute shall comply with all applicable requirements and continually improve the established Quality Management System based on ISO 9001:2015 Standard. This Quality Policy and established functional Quality Objectives shall be reviewed annually for continuing suitability.

**(c) Key Management**

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

- BOG members
- Accounting officer/ Principal
- Management Team
- Lecturers
- BOG staff

**(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	<b>Sammy Kamau Waititu</b>
2.	Head of Finance	<b>Alice Njoki Macharia</b>
3.	Head of Procurement	<b>Joseph Mureithi</b>
4.	D/Principal-Admin	<b>Samuel M.Kiuna</b>
5.	D/Principal-Academic	<b>Dorothy Odhiambo</b>
6.	Registrar	<b>James O.Mwambi</b>
7.	Dean of Students	<b>Ruth Matanda</b>
8.	Management Representative	<b>Simon Gitau</b>
9.	Performance Contract coordinator	<b>Jane Gatacha</b>



## II KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

**(e) Entity Headquarters**

P.O. Box 21280-00505  
Nairobi west District  
Off Kabiria rd-Riruta Satellite  
Nairobi, KENYA

**(f) Entity Contacts**

Telephone :( 254) 721480199  
Cell:(254)773829417  
E-mail: info@kinyanjuitechnical.ac.ke  
Website:www.kinyanjuitechnical.ac.ke

**(g) Entity Bankers**

Co-operative Bank of Kenya  
Kawangware  
P.O. box 46904  
Nairobi, Kenya  
Equity Bank (Kenya) Limited  
Kawangware

P.o.box 27076  
Nairobi, Kenya

Kenya Commercial Bank  
Prestige Plaza  
P.o.box 41294-00100  
Nairobi, Kenya




**(h) Independent Auditors**

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




**(i) Principal Legal Adviser**




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

### III THE BOARD OF GOVERNORS

<p>1.</p>  <p>Fredrick Muhoro Kairu D.o.B 1958</p>	<p>He is the BOG Chair of the Institution and holds MBA-Business</p>
<p>2.</p>  <p>Wilfred Githua Ruhanga D.o.B 1969</p>	<p>He is a member of the Board and Chairman of the Finance Committee, holds MBA-Finance, working in accordance to his career</p>
<p>3.</p>  <p>Milka Gathoni Mugo D.o.B 1962</p>	<p>She is a member of the Board and a member of the Finance committee, holds a Degree in LLB(Law) and currently Self Employed.</p>









<p>4.</p>  <p>Henry Njuguna Kamau D.o.B 1976</p>	<p>He is member of the Board and a Finance Committee member, holds BSC, Mathematics Currently self employed.</p>
<p>5.</p>  <p>Cicily Mutitu Mbogo D.o.B 1972</p>	<p>She is a Board member and a Finance committee member, holds Degree in LLB (Law) and currently working in a Law firm.</p>
<p>6.</p>  <p>Jeremiah Oruko D.o.B 1952</p>	<p>He is a Board member and chairman of Academic &amp; Discipline Committee, holds BED-Vocational, retired and self-employed.</p>



<p>7.</p>  <p>Florence Akumu D.o.B 1976</p>	<p>She is a Board member and a Finance committee member, holds a Degree in Public Health currently working with Ministry of Public Health.</p>
<p>8.</p>  <p>Maryan Abdi Hassan D.o.B 1977</p>	<p>She holds B.Ed. SC, Dip in Education, Dip in Ed mngmnt,Ongoing in M.Ed.( Educ planning &amp; Admin) TVET County Director and currently working- SADE-TVET County Director, Nairobi</p>
<p>9. Secretary to the Council/ Board</p>  <p>Sammy Kamau Waititu D.o.B 1966</p>	<p>He is the Principal &amp; secretary of the Board, holds B.B.A (Accounting/Taxation),CPA 6</p>



MANAGEMENT TEAM

<p>1.</p>  <p>Sammy Kamau Waititu B.B.A (Accounting/Taxation), CPA 6</p>	<p>He is the Principal of PC Kinyanjui</p>
<p>2.</p>  <p>Samuel Muturi Kiuna  Higher National Diploma(Electrical)</p>	<p>Deputy Principal-Administration</p>
<p>3.</p>  <p>Dorothy Odhiambo Degree Bachelor of Bus Mgmnt(Entrepreneurship Ed)</p>	<p>Deputy Principal-Academics</p>

4.	 <p>James Oirere Mwambi B.Com (Commerce) M.Com, PGDSCA-Computer Science</p>	Registrar
5.	 <p>Ruth Matanda MSC Aqua Culture</p>	Dean of Students
6.	 <p>Simon Gitau Thuo, BSC Medical Lab Technology Dip in Technical Education</p>	Management Representative-ISO

<p>7.</p>  <p>Alice Njoki Macharia B.Com,(Finance) CPA-K Assoc-2133</p>	<p>Finance Officer.</p>
<p>8.</p>  <p>Jane Wanjiku Gatacha Msc Statistics,Bsc BBIT</p>	<p>Performance Contract Coordinator</p>

## **REPORT OF THE PRINCIPAL**

Paramount Chief Kinyanjui Technical Training Institute is located in Riruta Satellite of Dagoretti Sub-County in Nairobi County. It is a public Technical Institute under the Ministry of Education and was founded in 1979 as a Technical High School. Its mandate changed in 1984 to that of a Technical Training Institute.

In 1957, during the land adjudication and consolidation, the said property was sequestered for a public utility as a High School. To this end, community members donated the said property and in 1958, the said property was registered and reserved for Kinyanjui Memorial High School.

On 1st May, 1972, the Government of Kenya as a symbol and gesture of good diplomatic relations with the Republic of Cyprus granted a lease over the said property to the Holy Archbishopric of Innoupolis ("hereinafter the Greek Orthodox Church") for a term of ninety nine (99) years to found the Orthodox Faith in Kenya.

This was the same property which had earlier been sequestered for purposes of erecting the said High School.

The understanding between the two said Governments was that Republic of Cyprus was to construct a school for the community on one part of the said property and a Church on the other part. This was embodied in the Lease document that was granted to the Greek Orthodox Church, specifically, special condition.

The Government of the Republic of Cyprus provided grants that were used to construct the ground floor of the Administration cum Tuition Block after which the school was handed over to the Government of the Republic of Kenya in 1974, albeit in an incomplete state.

The Government of Kenya completed the remaining construction works, equipped the classrooms and workshops and the school opened its doors in 1979 as a Technical-Secondary School. A playground was prepared and a permanent dining/kitchen was constructed for the student's use.

There have been numerous efforts, tracing back to 1982, to sever the interests held by PC Kinyanjui and the Greek Orthodox Church in the said property. The Institute occupies the lower part of the land bordering Lenana School and is estimated to occupy about four acres. Other than sharing the entrance with the Orthodox Seminary the Institute has a play ground that virtually serves the entire Riruta Satellite Community.

### **1.2 Governance Structure**

PC KTTI is a governmental middle level Technical Training Institute. It is established under the Ministry of Education (TVET Act 2013). It offers a variety of courses at Diploma, Craft and Artisan and Trade.

PC KTTI operates under TVET as stipulated in the laws of Kenya. The Institute's operations are also carried out in accordance with the Government policies and procedures as spelt out in official documents and circulars. The Institute is conscious of the Government's policy of industrialization by the year 2020,



and the Kenya Vision 2030. It is gearing towards playing a significant and leading role in the fulfillment of its mandate.

PC KTTI has put in place structures to establish Centre of Excellence. This will be achieved through: strengthened and improved delivery of tuition; acquisition of modern equipment and facilities; enhanced industrial attachment for lecturers and trainees; strengthened research and development activities and establishing a "Business Incubator that will allow incubation of all young graduates as they prepare to start their own business. To strengthen the management of the college, the Board of Governors has employed a number of staff in various sections of Boarding and Tuition as well as Security. Current population stands at

- Seventy Seven (TSC teaching staff), (77)
- BOG teaching staff), Forty One (41)
- BOG non-teaching staff) (35)and
- Student enrolment (One Thousand Three Hundred Ninety Nine (1,399). Students are both boarders and non-boarders.

The Vision of the Institution is to be the centre of excellence in technical training and human resources development.

Sammy K.Waititu

**Principal PC Kinyanjui TTI**

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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY**

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PC Kinyanjui Technical Training Institute has been involved in sewerage Construction where about Ksh 4,000,000.00 was used to connect the Institution sewerage to the main sewer along the Kabiria road. This was meant to cater for the environment around the Institution.

The Institution has also been involved in cleaning the sewerage along Kabiria market about 2km. The students were facilitated by the Institution and several of them were involved in the exercise that took nearly a whole day.

The Institution has also offered 200 tree seedlings for planting to the community around meant to conserve the environment.

### Principal activities

The principal activities of the entity that enable the institution to produce graduates who are knowledgeable, skilled and equipped with positive attitude that will enable them to cope with challenges of the fast changing world are;

- Provide a conducive environment for teaching and learning.
- Promote leadership by providing opportunities for students' representation in clubs and classes
- Provide adequate training materials.
- Adhere to the Government regulations and policies.
- Ensure syllabus coverage by optimizing and time utilization.
- Ensure all industrial attaches are posted and assessed.
- Ensure standard evaluation through continuous assessment tests and examination.
- Conduct annual staff performance appraisal.
- Ensure prompt payments for supplies and services.
- Remain updated on modern technology by facilitating in services courses and industrial attachments for the staff.
- Make the institution a center of interest for all through enhanced publicity, high levels of performances, quality service and integrity.
- Improve the rate of conveying information adequate communication channels.
- Provide timely response to all enquiries.
- Provide quarterly and annual performance reports to the Ministry of Education Science and Technology.

### Results

The results of the entity for the year ended June 30 are set out on page 1 to page 29

### BOARD OF GOVERNORS

**PC KINYANJUI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of PC Kinyanjui Technical Training Institute, which give a true and fair view of the state of affairs of the Institution at the end of the financial year 2018/2019 and the operating results of the Institution for that year. The council members are also required to ensure that the Institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institution. The council members are also responsible for safeguarding the assets of the Institution.

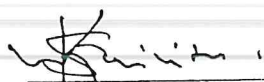
The council members are responsible for the preparation and presentation of the Institution's financial statements, which give a true and fair view of the state of affairs of the Institution for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i)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

The council members accept responsibility for the Institution'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 (TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the Institution's financial statements give a true and fair view of the state of Institution's transactions during the financial year ended June 30, 2019, and of the Institution's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Institution, which have been relied upon in the preparation of the Institution's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the Institution will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

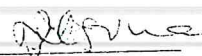
The Institution's financial statements were approved by the Board on 30<sup>th</sup> Sept 2019 and signed on its behalf by:



Sammy W. Kamau  
Secretary BOG/Principal



Fredrick M. Kairu  
Chairman BOG

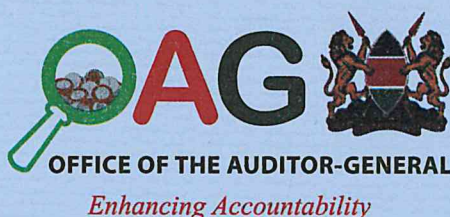


Henry Njuguna  
Board Member



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON P.C KINYANJUI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of P.C Kinyanjui Technical Training Institute set out on pages 1 to 21, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of P.C Kinyanjui Technical Training Institute as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **Property, Plant and Equipment – Land Ownership**

The statement of financial position reflects property plant and equipment balance of Kshs.825,426,579 as at 30 June, 2019 and as disclosed in Note 18 to the financial statements. Included in this balance is land valued at Kshs.320,000,000 for which the Institute does not have a title deed. Also, included in the statement of financial position under property plant and equipment are various assets amounting to Kshs.825,426,579 whose valuation reports were not availed for audit review.

In the circumstances it has not been possible to confirm the ownership, accuracy, validity and completeness of property plant and equipment balance of Kshs.825,426,579 as at 30 June, 2019.



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

### **Emphasis of Matter**

#### **Revenue from Exchange Transactions- Contingency Assets**

The statement of financial position reflects a contingency assets balance of Kshs.13,850,070 as at 30 June, 2019 which refers to forged cheques for the financial years 2012 to 2014. The Institute has filed the case for misappropriation of funds at the Kibera Law Court which is ongoing.

My Opinion is not modified in respect of this matter.

### **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**

#### **Budgeting Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Kshs.203,589,122 and Kshs.240,687,791 respectively, resulting to an over-funding of Kshs.37,098,669 or 16% of the budget. Similarly, the Institute incurred expenditure of Kshs.201,673,322 against an approved expenditure budget of Kshs.222,789,122 resulting to an under-expenditure of Kshs.21,115,800 or 10% of the budget. The over collection of revenue of Kshs.37,098,669 was due to government policy on subsidizing Technical and Vocational Training Institutions (TVET's) through capitation of Kshs.30,000 per student. This has led to an increased enrollment at the Institute. The underperformance affected the planned activities and may have impacted negatively on service delivery to the stakeholders and the public.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Staff Ethnic Composition**

The National Cohesion and Integration Act No.12 of 2008, Section 7(1) and (2) provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third (1/3) of its staff from the same ethnic community. An examination of the personnel records of the Institute revealed that the Institute had 45% of the staff population from one ethnic community.

In the circumstances the Institute is in breach of the law.

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material



misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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



Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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



Nancy Gathungu  
**AUDITOR-GENERAL**

Nairobi

21 July, 2021

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

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – Operational grants		20,281,550.00	24,000,000.00
Transfers from the National Government – Development grants		29,264,505.00	25,894,534.00
	6	49,546,055.00	49,894,534.00
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	191,141,736.00	163,040,588.00
<b>Revenue from exchange transactions</b>		191,141,736.00	163,040,588.00
<b>Total revenue</b>		<b>240,687,791.00</b>	<b>212,935,122.00</b>
<b>Expenses</b>			
Use of goods and services	8	26,316,194.00	93,256,035.00
Employee costs	9	24,969,237.00	14,264,090.00
Depreciation & Amortization Expense	10	44,490,896.00	0
Repairs and maintenance	11	8,552,626.00	7,235,267.00
General expenses	12	90,889,819.00	57,039,454.00
Grants & Subsidies paid	17	11,647,503.00	0
Finance costs	13	364,275.00	328,299.00
<b>Total expenses</b>		<b>207,230,550.00</b>	<b>172,123,145.00</b>
<b>Net Surplus for the year</b>		<b>33,457,241.00</b>	<b>40,811,978.</b>

The notes set out on pages 7 to 25 form an integral part of the Annual Financial Statements.

PC KINYANJUI TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019  
V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	11,428,035.00	25,786,840.00
<b>Receivables from exchange transactions</b>			
Student debtors	15(a)	59,586,370.00	88,827,869.00
Contingency	15(b)	13,850,070.00	8,914,548.00
<b>Total Current Assets</b>		<b>84,864,475.00</b>	<b>123,529,293.00</b>
<b>Non-current assets</b>			
<b>Plant, Property &amp; Equipments</b>	24	<b>825,426,579.00</b>	<b>-</b>
<b>Total assets</b>		<b>910,291,054.00</b>	<b>123,529,293.00</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions			
Trade Payables	18	10,525,588.00	16,080,674.00
		<b>10,525,588.00</b>	<b>16,080,674.00</b>
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b>10,525,588.00</b>	<b>53,829,056.00</b>
<b>Net Assets</b>		<b>899,765,466.00</b>	<b>70,035,198.00</b>
<b>Reserves</b>			
Accumulated Surplus		103,492,439.00	70,035,198.00
Capital fund		796,273,027.00	-
<b>Total net assets and liabilities</b>		<b>899,765,466.00</b>	<b>70,035,198.00</b>

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Board of Governors  
Fredrick M. Kairu

Date: 12/04/2020  
Date:



Finance Officer  
Alice N. Macharia  
ICPAK No Assoc-2133  
Date



Principal  
Sammy K. Waititu



**PC KINYANJUI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

	<b>Accumulated Surplus</b>	<b>Capital Fund</b>	<b>Total</b>
<b>At July 1, 2018</b>	<b>70,035,198.00</b>	<b>796,273,027.00</b>	<b>866,308,225.00</b>
Surplus for the period	33,457,241.00	-	33,457,241.00
<b>At June 30,2019</b>	<b>103,492,439.00</b>	<b>796,273,027.00</b>	<b>899,765,466.00</b>

**PC KINYANJUI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**VII STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2018-2019</b>	<b>2017-2018</b>
	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	49,546,055.00	49,894,534.00
Rendering of services- Fees from students	7	131,555,366.00	163,040,588.00
<b>Total Receipts</b>		<b>181,101,421.00</b>	<b>154,211,325.00</b>
<b>Payments</b>			
Compensation of employees	9	24,969,237.00	14,264,090.00
Use of goods and services	8	20,522,196.00	66,528,352.00
Finance cost	13	364,275.00	328,299.00
Repairs & Maintenance	11	8,183,716.00	7,235,267.00
General Expenses	12	86,654,579.00	57,039,454.00
Grants and subsidies paid	17	11,647,503.00	26,727,683.00
<b>Total Payments</b>		<b>152,341,506.00</b>	<b>162,751,499.00</b>
<b>Net cash flows from operating activities</b>		<b>28,759,915.00</b>	<b>(8,540,174.00)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	16	39,306,229.00	0
<b>Net cash flows used in investing activities</b>		<b>39,306,229.00</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,546,314.00)</b>	<b>(12,670,203.00)</b>
Cash and cash equivalents at 1 JULY 2018		21,974,349.00	34,644,552.00
<b>Cash and cash equivalents at 30 JUNE 2019</b>	<b>14</b>	<b>11,428,035.00</b>	<b>21,974,349.00</b>

**PC KINYANJUI TECHNICAL TRAINING INSTITUTE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Transfers from other Govt entities	68,242,122.00	-	68,242,122.00	49,546,055.00	18,696,067.00
Rendering of services- Fees from students	135,347,000.00	-	135,347,000.00	191,141,736.00	(55,794,736.00)
<b>Total income</b>	<b>203,589,122.00</b>	<b>-</b>	<b>203,589,122.00</b>	<b>240,687,791.00</b>	<b>(37,098,669.00)</b>
<b>Expenses</b>					
Compensation of employees	20,700,000.00	3,700,000.00	24,400,000.00	24,969,237.00	(569,237.00)
Use of Goods and services	24,990,000.00	2,500,000.00	27,490,000.00	26,316,194.00	1,173,806.00
Finance costs	400,000.00	-	400,000.00	364,275.00	35,725.00
Purchase of PPE	47,627,400.00	-	47,627,400.00	39,433,669.00	8,193,731.00
Repair and Maintenance-	7,800,000.00	200,000.00	8,000,000.00	8,552,626.00	(552,626.00)
General expenses	87,829,600.00	2,800,000.00	90,629,600.00	90,389,819.00	239,781.00
Grants and subsidies paid	24,242,122.00	-	24,242,122.00	11,647,503.00	12,594,619.00
<b>Total expenditure</b>	<b>213,589,122.00</b>	<b>9,200,000.00</b>	<b>222,789,122.00</b>	<b>201,673,323.00</b>	<b>21,115,799.00</b>
<b>Surplus for the period</b>	<b>(10,000,000.00)</b>	<b>(9,200,000.00)</b>	<b>(19,200,000.00)</b>	<b>39,014,469.00</b>	<b>(15,982,870.00)</b>

**PC KINYANJUI TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**Budget notes**

**1. *Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14***

- (a) The Institution expected twenty four million shillings (24,000,000) for operational grants as it has been the trend, but we received ksh 5,956,550 only the rest being capitation (which was already budgeted under fee from students) and Ngong TVC operational grants wired through our account. The budget had development grants of ksh 20,000,000 and only ksh 5,094,500 under mechanical workshop was received.
- (b) We received fees arrears from NYS that belonged to last Financial Year.
- (c) Under Mentored Institution there was a budget of ksh 24,242,122 meant for the FY but only Ksh 11,647,503 was paid, the Certificate to pay the balance was not yet received by end of the FY.

**2. *Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)***

- (i) The increase in student population called for more part time lecturers and was funded by the amount received in arrears from NYS for last FY.
- (ii) The Institute allocated the arrears from NYS to fence and road improvement that were not in the budget due to shortage of funds.
- (iii) The board authorised for a fence to be put up from the gate to the new Men's Hostel and the pavements to maintain tidiness especially rainy seasons. More cameras were also to be installed for security purpose, while electricity bill charges went up.



## IX NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

PC Kinyanjui Technical Training Institute is established by and derives its authority and accountability from section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institution's principal activity is Training.

### 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 Institution's accounting policies.

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

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

- iii. **Early adoption of standards**  
The entity did not early – adopt any new or amended standards in year 2019.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

###### i) Revenue from non-exchange transactions

###### Transfers from other government entities

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

###### ii) Revenue from exchange transactions

###### Rendering of services

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

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

##### b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on **28/06/2018**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **Kes.11,150,000** on the FY 2018/2019 budget following the Council/ Board's approval.

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

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

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

**c) Property, plant and equipment**

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

**d) Nature and purpose of reserves**

The Entity does not create or maintain reserves in terms of specific requirements.

**e) Changes in accounting policies and estimates**

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

**f) Related parties**

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

**g) 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.

**h) Comparative figures**

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

**i) Subsequent events**



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

## **5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

### **Estimates and assumptions**

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

### **Useful lives and residual values**

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

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

## 6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	5,956,550.00	24,000,000.00
Operational grant-Capitation	12,825,000.00	0
Other grants-Ngong TVC	1,500,000.00	0
	<b>20,281,550.00</b>	<b>24,000,000.00</b>
<b>Conditional grants</b>		
Mentored Institutions grant-Emurua Dikir	14,030,985.00	4,554,534.00
Mentored Institutions grant-Kajiado North	10,139,020.00	10,000,000.00
Mechanical workshop grant	5,094,500.00	5,000,000.00
Resource Centre	-	1,200,000.00
Sewerage	-	5,140,000.00
	<b>29,264,505.00</b>	<b>25,894,534.00</b>
<b>Total government grants and subsidies</b>	<b>49,546,055.00</b>	<b>49,894,534.00</b>

## 7 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	74,687,461.00	95,237,324.00
Practical Fee	4,481,444.00	3,127,250.00
Examination fees & student clearance account	42,023,677.00	15,061,311.00
Library fees	1,182,679.00	1,263,950.00
Facilities and materials	45,418,047.00	39,244,013.00
Income Generating Activities	23,348,428.00	9,106,740.00
<b>Total revenue from the rendering of services</b>	<b>191,141,736.00</b>	<b>163,040,588.00</b>

**Tuition Fee;** The fee paid directly for teaching and training materials.

**Practical Fee;** Fee paid by Food & Beverage departments for materials used in the department for practicals.

**Examination fees & student clearance accounts:** These are fees paid and received in the institution and channelled to respective parties e.g exam fee paid to KNEC, student council etc.

**Library fee:** This fee is paid for maintenance and additional of library books.

**Facilities and materials;** The fee is paid for accommodation and improvement of Institute facilities and savings used to build new structures for training.

**Income Generating Activities:** The income is generated out of short courses offered, hire of facilities, disposal of idle assets, production of items and meals programme to students.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition & Training Materials	25,325,754.00	12,786,710.00
Canteen Renovation	38,860.00	-
Automation of Library	120,320.00	-
Installation of CCTV Camera	550,320.00	605,094.00
Driving School	247,890.00	2,100,000.00
Upgrade of Power System	33,050.00	-
<b>Total good and services</b>	<b>26,316,194.00</b>	<b>15,491,804.00</b>

9 EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
BOG Non-Teaching Staff salaries	12,698,004.00	10,018,103.00
BOG Teaching staff salaries	12,271,233.00	4,245,987.00
<b>Employee costs</b>	<b>24,969,237.00</b>	<b>14,264,090.00</b>

10 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Building	19,502,775.00	-
Motor Vehicle	1,256,667.00	-
Furniture & Fitting	597,829.00	-
Computers	2,979,628.00	-
Property, plant and equipment	20,153,997.00	-
<b>Total depreciation and amortization</b>	<b>44,490,896.00</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Property	5,633,506.00	6,551,294.00
Vehicles	381,707.00	683,973.00
M.I.S-Computers and accessories	524,320.00	-
CCTV Maintenance	181,560.00	-
Road Maintenance	1,831,533.00	-
<b>Total repairs and maintenance</b>	<b>8,552,626.00</b>	<b>7,235,267.00</b>

12 GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertising	3,160,028.00	2,722,061.00
Education Tours	176,760.00	64,100.00
Library bks & E-Library	1,145,603.00	878,875.00
Student Activity	3,167,754.00	3,551,998.00
Consultancy & Litigation	482,788.00	210,100.00
Internet	2,208,452.00	759,182.00
Electricity	1,533,648.00	1,502,933.00
Fuel and oil	917,562.00	806,680.00
Insurance-students	737,500.00	398,000.00
Graduation Day	3,274,203.00	0
Income Generating Activities	18,675,085.00	4,082,137.00
Postage & Telephone	1,463,150.00	1,207,924.00
Printing and stationery	4,534,061.00	3,575,828.00
Student Welfare	1,248,351.00	983,139.00
Boarding Equipment & Stores	1,348,750.00	2,368,490.00
Security costs	2,411,684.00	2,140,967.00
Caution	6,500.00	9,600.00
Fee Refund	714,888.00	705,470.00
HELB Refund	146,190.00	0
Medical Expenses	942,855.00	602,660.00
Uniforms Students	334,500.00	0
Staff Welfare	2,402,473.00	2,511,195.00
Staff Uniform	39,810.00	220,020.00
Staff Development	240,254.00	340,000.00
Awards & Motivation	570,720.00	842,022.00
Water & Drainage System	219,910.00	0
Insurance-M/V & Fixed Assets	537,361.00	483,172.00
Sanitary Services	182,167.00	515,461.00
Newspaper	150,240.00	153,180.00
BOG & Committee Allowance	3,794,901.00	2,417,838.00



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Shows & Exhibition	448,900.00	770,928.00
Cleaning Materials	1,502,837.00	558,400.00
Duty Travel-Local	3,837,202.00	3,989,213.00
Duty Travel-Intern	451,084.00	0
Seminars & Workshop	1,062,350.00	1,409,680.00
Research & Innovation	2,354,030.00	605,040.00
Attachment	1,147,400.00	1,002,610.00
External Exams	19,882,927.00	13,158,446.00
Ngong TVC	2,128,387.00	0
ISO	178,080.00	956,010.00
Performance Contract	628,474.00	106,700
Audit Fees	500,000.00	-
Gas Expense	-	429,395.00
<b>Total general expenses</b>	<b>90,889,819.00</b>	<b>57,039,454.00</b>

**13 FINANCE COSTS**

Description	2018-2019	2017-2018
	KShs	KShs
Bank Charges	364,275.00	328,299.00
<b>Total finance costs</b>	<b>364,275.00</b>	<b>328,299.00</b>

**14 CASH AND CASH EQUIVALENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Current account	11,428,035.00	21,974,349.00
<b>Total cash and cash equivalents</b>	<b>11,428,035.00</b>	<b>21,974,349.00</b>

**(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1209950898	659,865.00	5,755,325.00
Equity Bank,	0630272454874	(1,114,743.00)	11,970,509.00
Co-op-Fund acc	01129081445700	(330,622.00)	3,939,668.00
Co-op-Dev Acc	01139081068501	11,224,859.00	1,637,765.00
Student Welfare Acc	01100029240600	67,232.00	49,532.00
Co-op-Main Acc	01120081068500	513,394.00	(1,696,361.00)
<b>Sub- total</b>		<b>11,019,985.00</b>	<b>21,656,440.00</b>
<b>b) Others(specify)</b>			
cash in hand		408,050.00	317,909.00
<b>Sub- total</b>		<b>408,050.00</b>	<b>317,909.00</b>

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<b>Grand total</b>		<b>11,428,035.00</b>	<b>21,974,349.00</b>
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**15. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**(a) Student debtors**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Student Debtors	59,586,370.00	58,723,797.00
<b>Total receivables</b>	<b>59,586,370.00</b>	<b>58,723,797.00</b>

**(b) Contingency**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Bal c/f	13,850,070.00	8,914,548.00

**16. PURCHASE OF PPE AND INTANGIBLE ASSETS**

<b>Description</b>	<b>Cost</b>	<b>2017-2018</b>
Sewerage System	4,998,793.00	143,800.00
Men's Hostel	29,120,468.00	34,813,356.00
Fence	752,050.00	-
Students Biometric System	1,615,060.00	126,776.00
Institute Gate	2,612,298.00	-
Mechanical w/shop-Construction	335,000.00	-
<b>TOTAL</b>	<b>39,433,669.00</b>	<b>35,083,932.00</b>

**17. GRANTS AND SUBSIDIES PAID**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Mentored Institution-Emurua Dikir TTI	5,670,000.00	9,682,353.00
Mentored Institution-Kajiado North TTI	5,977,503.00	17,045,330.00
<b>Total</b>	<b>11,647,503.00</b>	<b>26,727,683.00</b>

## 18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

### (a) SUNDRY CREDITORS

Description	2018-2019	2017-2018
	KShs	KShs
Trade creditors	10,025,588.00	9,371,646.00
Audit Fee	500,000.00	-
Bal b/f	10,525,588.00	9,371,646.00

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19 FINANCIAL RISK MANAGEMENT

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

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

#### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from students debtors who are not able to clear fee balances in time and from Government grants and capitation which is not received in the Financial Year in which they have been budgeted for.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2019</b>				
Receivables from exchange transactions	59,586,370.00	xxx	xxx	xxx
Receivables from non-exchange transactions	-	xxx	xxx	xxx
Bank balances	11,428,035.00	xxx	xxx	xxx
<b>Total</b>	<b>71,014,405.00</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

## FINANCIAL RISK MANAGEMENT (Continued)

### (i) Credit risk (continued)

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

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

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

### (ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>				
Trade payables	-	10,025,588.00	-	10,025,588.00
Audit Fee	-	500,000.00	-	500,000.00
<b>Total</b>	-	<b>10,525,588.00</b>	-	<b>10,525,588.00</b>



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

**20 RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, Board of Governors, the Government and the public.

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Parents/Guardian
- iv) Sponsors
- v) The Public
- vi) Key management;
- vii) Board of directors;

	2018-2019	2017-2018
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Govt	49,546,055.00	49,894,534.00
<b>Total</b>	<b>49,546,055.00</b>	<b>49,894,534.00</b>

**21 CAPITAL COMMITMENTS**

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for Upgrade of Power System	5,000,000.00	5,000,000.00
Boardroom Furniture	2,000,000.00	2,000,000.00
Mentored Institution	11,224,788.00	24,242,122.00
Construction of Mechanical Workshop	30,000,000.00	25,000,000.00
Automation of Library	500,000.00	3,000,000.00
Installation of CCTV	500,000.00	800,000.00
Ngong TVC	-	500,000.00
ISO	1,000,000.00	1,000,000.00
Sewerage System	-	8,000,000.00
Performance Contracting	1,000,000.00	1,500,000.00
Driving School Vehicle	1,000,000.00	1,000,000.00
Men's Hostel	-	15,677,400.00
Fence	-	1,500,000.00
Relocation of Library	-	1,000,000.00
Installation of LPG Storage Tanks	-	1,000,000.00

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Canteen Construction	15,000,000.00	-
Student Biometric	-	150,000.00
Gate Biometric System	-	1,800,000.00
Canteen Expansion	-	1,000,000.00
Institute Gate	-	1,500,000.00
Road Improvement	1,000,000.00	1,700,000.00
Renovation of Main Hall	-	2,000,000.00
Renovation of Smart Room	-	1,000,000.00
Additional Official Car	7,000,000.00	-
Institute bus	12,000,000.00	-
Ladies Hostel	13,612,457.00	-
<b>Total</b>	<b>100,837,245.00</b>	<b>100,369,522.00</b>

**EVENTS AFTER THE REPORTING PERIOD**

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

**22 ULTIMATE AND HOLDING ENTITY**

The entity is a Semi- Autonomous Government Agency under the Ministry of State Department of Vocational and Technical Education.. Its ultimate parent is the Government of Kenya.

**23 Currency**

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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*Guidance Notes:*

- Use the same reference numbers as contained in the external audit report;
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Chairman of the Board

Date: 14/04/2020

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
I. Construction of Mechanical Workshop	-	Government	N/A	15,189,000.00	n/a	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
I	Construction of Mechanical Workshop	200,000,000.00	335,000.00	0.1%	30,000,000.00	15,189,000.00	Government Grants



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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Vocational and				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Ksh)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 <sup>th</sup> Oct 2018	5,956,550.00	FY 2018/2019
		7 <sup>th</sup> Nov 2018	500,000.00	FY 2018/19-Ngong TVC
		18 <sup>th</sup> Feb 2019	12,825,000.00	FY 2018/2019
		27 <sup>th</sup> June 2019	1,000,000.00	FY 2018/19-Ngong TVC
		10 <sup>th</sup> July 2019	12,825,000.00	FY 2018/19
		17 <sup>th</sup> July 2019	6,679.30	FY 2018/19
		Total	33,113,229.30	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (Ksh)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 <sup>th</sup> Oct 2018	2,547,250.00	FY 2018/2019
		8 <sup>th</sup> Oct 2018	2,806,197.00	FY 2018/2019
		8 <sup>th</sup> Oct 2018	10,139,020.00	FY 2018/2019
		29 <sup>th</sup> Jan 2019	11,224,788.00	FY 2018/2019
		11 <sup>th</sup> Mar 2019	2,547,250.00	FY 2018/2019
		8 <sup>th</sup> July 2019	5,094,500.00	FY 2018/2019
		Total	34,359,005.00	

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


Finance Manager  
PC Kinyanjui TTI

Sign



Head of Accounting Unit  
xxx Ministry

Sign

  
CPAK-MO-7740

INYANJUI TECHNICAL TRAINING INSTITUTE  
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PROPERTY, PLANT AND EQUIPMENT

	Land	Building	W.P.P	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	TOTAL
	Shts	Shts	Shts	Shts	Shts	Shts	Shts	Shts
July 2018								
Balance	320,000,000.00	352,571,881.43		6,283,333.00	3,985,529.00	13,283,082.00	134,359,981.00	830,483,806.00
Depreciation			335,000.00	0	0	1,615,060.00	-	39,433,669.00
Depreciation	0	37,483,609.00		0	-	-	-	0
Depreciation	0			0	0	0	-	0
JUNE 2019								
Balance	320,000,000.00	390,055,490.30	335,000.00	6,283,333.00	3,985,529.00	14,898,142.00	134,359,981.00	869,917,475.00
Depreciation								
Depreciation	-	-	-	-	-	-	0	0
Depreciation	-	19,502,775.00		1,256,667.00	597,829.00	2,979,628.00	20,153,997.00	44,490,896.00
Depreciation	-			-	-	-	-	-
June 2019								
Balance	-	19,502,775.00		1,256,667.00	597,829.00	2,979,628.00	20,153,997.00	44,490,896.00
Depreciation								
June 2019								
Balance	320,000,000.00	370,552,716.00	335,000.00	5,026,666.00	3,387,700.00	11,918,514.00	114,205,984.00	825,426,579.00
June 2018	320,000,000.00	352,571,881.00	-	6,283,333.00	3,985,529.00	13,283,082.00	134,359,981.00	830,483,806.00

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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	9 <sup>TH</sup> Oct 2018	Recurrent	5,956,550.00	Yes	-	-	-	5,956,550.00
Ministry of Education	7 <sup>th</sup> Nov 2018	Recurrent	500,000.00	Yes	-	-	-	500,000.00
Ministry of Education	18 <sup>th</sup> Feb 2019	Recurrent	12,825,000.00	Yes	-	-	-	12,825,000.00
Ministry of Education	28 <sup>th</sup> Jun 2019	Recurrent	1,000,000.00	Yes	-	-	-	1,000,000.00
Ministry of Education	9 <sup>th</sup> Oct 2018	Development	2,547,250.00	Yes	-	-	-	2,547,250.00
Ministry of Education	9 <sup>th</sup> Oct 2018	Development	12,945,217.00	Yes	-	-	-	12,945,217.00
Ministry of Education	31 <sup>st</sup> Jan 2019	Development	11,224,788.00	Yes	-	-	-	11,224,788.00
Ministry of Education	11 <sup>th</sup> Mar 2019	Development	2,547,250.00	Yes	-	-	-	2,547,250.00
<b>Total</b>			49,546,055.00	Yes	-	-	-	49,546,055.00

