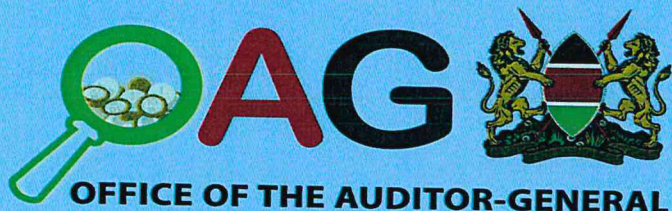


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PARLIAMENTARY COMMISSION	
DATE: 03 MAR 2022	DAY: Thursday
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REPORT OF

THE AUDITOR-GENERAL

ON

JEREMIAH NYAGAH TECHNICAL
INSTITUTE

FOR THE YEAR
ENDED 30 JUNE, 2020



**JEREMIAH NYAGAH TECHNICAL
INSTITUTE**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2020**

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

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KEY ENTITY 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 the 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 Center 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 Technology

(c) Key Management

The entity'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
- (iv) Office of the Registrar
- (v) Office of the Dean
- (vi) Heads of Departments

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

NO.	Designation	Name
1	Principal	Mr.Simon Charles Kivutih
2	Head of Finance	Mr. Gibson Muita Munyua
3	Head of Procurement	Mr. Anthony Kinyua Njue

(e) Fiduciary Oversight Arrangements

Executive Committee of the Board of Governors

The executive committee of the Board of Governor help the Board in fulfilling its responsibilities with respect to accounting and management control, and also financial reporting. Specifically, the Executive Committee is responsible for overseeing:

- The internal controls and the work of external auditor,
- That the system of the management control in the Institute is robust and effective and protects the assets of the Institute on a reasonable and economic basis,
- Ensures that financial information is reliable and accurate,
- Monitors compliance with laws and regulations,
- Provides for proper authorization and recording of transactions.

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 1264-60100
Along Embu-Kiritiri Road
2.5 kms off-embu kiritiri road
EMBU, KENYA

(g) Entity Contacts

Telephone: (254)700334477
E-mail: rwikati@yahoo.com
Website:

(h) Entity Bankers

1. ABSA Bank
Embu Branch
P.O. Box 60000
Embu, Kenya
2. Kenya Commercial Bank
Embu Branch
P.O BOX
EMBU
3. Equity Bank Of Kenya
Embu Branch
P.O.BOX
EMBU,Kenya

(i) Independent Auditors






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

(j) Principal Legal Adviser





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

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THE COUNCIL/BOARD OF GOVERNORS

N O	NAME	DATE OF BIRTH	KEY QUALIFICATIO NS	WORK EXPERIEN CE	MEMBERSH IP	COMMITT EE
1	Mr.Dominic Ireru Muriuki 	16/04/19 66	-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 	15/09/19 50	-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
3	M/s Caroline Wawira Nyagah 	27/09/19 90	-Bachelor of commerce -C.P.A (Part 2)	-Relationship officer at Kenya Women Micro Finance bank	B.O.G Member	-Chairperson Budget and finance committee
4	M/s Florence Ndinda Musyoka 	15/02/19 62	-Bachelor of engineering in environmental resource management -Diploma in agricultural engineering	-construction works in water resources and managing children's home for orphans	B.O.G Member	Executive
5	Mr.Eliud mwendia Kibuchi 	17/07/19 75	-masters of science in civil engineering (structure option) -Bachelor degree in civil engineering	-consultancy services	B.O.G Member	Budget & Finance Committee

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6	Mr. Hanson Mugo Njuki 	28/05/19 69	-masters in business & corporate management -bachelor of science in computer science -craft certificate in computer studies -CISCO Training	Harads consultants ltd	B.O.G Member	Budget & Finance Committee
7	M/s Mary Akoth 	1/01/197 9	-Bachelor of science in Electrical Engineering	-consultancy services	B.O.G Member	-
8	Mrs. Jane Mugambi 	27/09/19 59	-B.e.d science Botany & Zoology -Masters Agricultural Entomology	-Lecturer	B.O.G Member	Budget & Finance committee
9	Mr.Simon Charles kivutiuh 	29/09/19 65	-Masters 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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MANAGEMENT TEAM

NO	NAME	ACADEMIC QUALIFICATIONS	RESPONSIBILITY
1	MR.SIMON CHARLES KIVUTIH	-Masters in Business Administration (HRM Option) B.e.d (Arts) Economics and Business Studies	PRINCIPAL
2	MR. ISHMAEL NDARU	-Degree in Project management	DEPUTY PRINCIPAL ADMINISTRATION
3	MRS. WANDIA KITHENYA	-Degree in Agriculture	DEPUTY PRINCIPAL ACADEMICS
4	MR.JACK NYAGAH	-Higher National Diploma in Entrepreneurship	DEAN OF STUDENTS
5	MR.NTHIGAH PAUL	-Diploma in Technical Education	H.O.D CURRICULUM/I.L.O

CHAIRMAN'S STATEMENT

Jeremiah Nyagah Technical Training Institute (JNTI) has in year 2019/2020 continued to deliver on its mandate; that of providing quality technical, vocational and entrepreneurship training for effective and sustainable national building.

On behalf of the board of governors and the entire JNTI fraternity, I wish to thank the government of the republic of Kenya, The Ministry of Education Science and Technology, for the continued financial and policy support to the institute.

In the year, 2019/2020 JNTI, made some important milestones in its development agenda. Chief among them was the preparation of a 5 years strategic plan (years 2019/2020 – 2023/2024) this visionary and strategic document identified seven strategic goals including provision of adequate and working infrastructure, producing of competitive and holistic graduates, boosting students enrolment and retention, improving trainee welfare and promotion of an institute culture of scientific research, innovation and technological development.

These strategic goals are anchored in vision 2030, The policy framework for science, technology and innovation entitled “Revitalizing and harnessing Science, Technology and innovation in Kenya and sessional paper No 1 of 2019 on: Reforming educational and training for sustainable development in Kenya entitled “*Towards Realizing quality, Relevant and inclusive education and training for sustainable development*”

The implementation of this strategic plan is geared towards aiding the government achieve its development agenda and specifically the big four of food security, affordable housing, manufacturing and affordable health care for all, through among other initiative training a critical mass of skilled graduates in the area of science engineering and technology.

In the implementation of the strategic plan, the performance contract and the annual work plan for the period under review, Jeremiah Nyagah Technical Institute has successfully completed various projects and programs while others are in various stages of completion. Notable among these is the acquisition of the 33 acre piece of land next to the institute for further expansion, the ongoing erection of a stone perimeter wall to secure the institute, the upgrade of ICT infrastructure to support students' portal and other ICT operated facilities and the introduction of CBET curriculum.

Further more in line with government policy to increase the number of TVET institutions in the country to at least one institution per constituency, JNTI has played a very pivotal role by completing the mentorship of construction of Manyatta TVC while mentor construction for Mbeere North TVC is currently underway.

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As encaptioned in Sessional paper No.1 of 2019, on A Policy Framework for Reforming Education and Training for Sustainable Development in Kenya

“Towards Realizing Quality, Relevant and Inclusive Education and Training for Sustainable Development” Chapter 4 is instructive that “Technical and Vocational Education and Training (TVET) focuses on providing lifelong skills that meet the needs of the workplace, industry as well as self-employment”. This is in line with vision 2030 (Social pillar) that identifies education and training as critical ingredients to build a just and cohesive society and this is in harmony with JNTI’s stated strategic objective of producing quality and globally competitive holistic graduates.

JNTI performance review for the year 2019-2020 is favorably encouraging. This achievement however is against the backdrop of some challenges including inadequate teaching equipment and materials, delay of funds for earmarked development projects, negative perception for TVET in the country that limits enrolment growth and inadequate research support services. Some of these challenges can be addressed in the short term while others need long term approach. For instance a collaboration between the TVET institutions, the government and the private sector especially industries to rebrand TVET would address the negative perception of TVET in the country.

The future for JNTI is bright and the prospects good.

The BOG commits to execute its mandate and play the critical role of management oversight, policy advice and advocacy and resource mobilization and all the other roles and functions as stipulated by section 29 of the Technical and vocational and training Act 2013.

The board also appreciates that it has a sacred duty to protect government funds expended to JNTI and ensure efficient and effective management of all the other resources of the institute.

This we are committed to achieve.

It is therefore with a laser pointed focus that we invite our stakeholders to join the Jeremiah Nyagah Technical Institute community as we boldly and with determination take steps in to the future to make our contribution in human civilization.



MR.DOMINIC IRERI MURIUKI

B.O.G CHAIRMAN

JEREMIAH NYAGAH TECHNICAL INSTITUTE
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REPORT OF THE PRINCIPAL

The year 2019/2020 for Jeremiah Nyagah Technical institute was a year of hard work, achievement and also some challenges.

As the head of the institute and on behalf of the management would wish to thank our stakeholders, chief among them, the Government of the Republic of Kenya for resource and policy support, the board of management (BOM) for policy direction and oversight role and the dedicated trainer staff for the tireless effort for ensuring quality training.

During the year under review, JNTI embarked on the momentous task of preparation of a 5 years JNTI strategic plan, years 2019/2020 – 2023/2024 with seven strategic goals to be implemented in the next 5 years. These are; - the provision of adequate, modern and a working infrastructure for quality service delivery, produce quality and globally competitive holistic graduates, promote and entrench into the institute a culture of scientific research and innovation that supports development and to boost student enrolment and retention. Others goals include improving and enhancing trainee welfare, promoting production units for income generation and creating and deepening collaborations, partnerships and linkages beneficial to the institute.

It is this visionary document from where we draw our performance contract targets and also the annual work plans.

So in the implementation of the strategic plan and the performance contract 2019/2020, JNTI undertook various projects, with the full mandate and guidance of the BOM and in line with Government development agenda especially of the big four.

In order for the institution to provide a secure environment for training and to secure the institute property JNTI began the construction of a stone perimeter wall around the institute and the erection of a modern security gate. The two are at various levels of completion and it is anticipated that the two will be commissioned soon.

The student's enrolment grew by 23 % from 1759 in the year 2018/2019 to 2164 in the year 2019/2020. Out of the total number of students 1352 were male while 812 were female. The number of student population in science stood at 2164.

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To further government policy of equitable opportunities for all, JNTI is committed to accelerating the enrolment of female students while at the same time boosting the enrolment of the students in SET in current financial year.

Among JNTI's stated goals is one of providing a modern and working infrastructure for quality service delivery. To actualize this, JNTI implemented some infrastructure projects including the near completion of the multipurpose complex that houses the administrative functions of the institute, the library, the boardroom, the HOD's offices and other facilities. Furthermore, through innovation, the institute prefabricated container classrooms to provide tuition space to cater for the ever growing student population which are already in use while at the same time we undertook a complete upgrade of the existing science laboratories to a modern status to accommodate the new multi-million state of the art building and construction equipment.

To guard the institute against water shortage and ensure uninterrupted training, JNTI put on high-rise water tanks and reticulations civil works to completion and water system is already operational.

Moreover Jeremiah Nyagah Technical Institute has continued to play its central and premier role in technical education in the Eastern region by construction mentorship of upcoming TVET institutions. Runyenjes TVC and Manyatta TVC are complete and operational while the construction mentoring of Mbeere North TVC is 70% complete. This is in line with government policy on TVET education t having at least one TVET institution per constituency by year 2022.

Sessional paper No.1 of 2019, on A Policy Framework for Reforming Education and Training for Sustainable Development in Kenya entitled:

"Towards Realizing Quality, Relevant and Inclusive Education and Training for Sustainable Development" Chapter 5: "Information Communication and Technology is identified as a foundation for socio-economic transformation. Effective utilization of knowledge and skills is, therefore, critical in creating an enabling environment for economic growth and the socio-economic well-being of all Kenyans. ICT is critical in transforming education and addressing significant challenges of access, quality, relevance and equity faced by the education system. This requires sufficient capacity to integrate ICT in education, training and research."

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In order to leverage on technology and improve on effectiveness and efficiency JNTI installed and implemented UNISOL modules and students portal that is smoothly operational and currently in use by the trainees.

In the area of technological innovation JNTI participated in TVET fair and robotics competition where we scooped position two nationally and won a trip to Nagasaki Japan for international training of our trainers and trainees. In the coming years JNTI will endeavor to invest more resources in area of research and technology, and especially actualizing research ideas into products that can be commercially viable.

On the financial front, the management has continued to instill financial discipline and prudent management of all resource available to the institution for the growth of the institute.

It is to be noted however that all these achievements were not without challenges. Some notable challenges included;- inadequate physical infrastructure development (e.g. workshops, science laboratories, computer labs and facilities) , low student enrolment, Student apathy to academic work, Poor public image and low awareness of TVET among surrounding counties and delayed funding for planned projects. However we are optimistic that working closely with government and other stakeholders, we will be able to surmount the challenges. For instance government can closely work with the TVET institutions and the media to rebrand the TVET sector to address student apathy and low enrolment.

In conclusion therefore, the year 2019/2020 was successful and we are looking at the future with courage and renewed enthusiasm to steer JNTI to greater heights of prosperity.



MR.SIMON C. KIVUTIH

PRINCIPAL

JEREMIAH NYAGAH TECHNICAL INSTITUTE
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REVIEW OF JEREMIAH NYAGAH PERFORMANCE FOR FY 2019/2020

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

JNTI has 7 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. 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 2019/2020 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Modern and Working infrastructure		New modern Institute Gate	Cost	Project ongoing nearing completion	75% 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 1912 to 2164
Trainee Welfare		Support provision of trainee welfare programs such as recreational activities and physiological counseling and health services	Customer lifetime value	Training of Support Staff on how to use the ABNO UNISOL program	Installation of ABNO UNISOL program to enable the students access their information in the student portal

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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.

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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 – sittings and the attendance was at 98%. The current board was in its last term and the Ministry of Education is Expected to appoint new Board Members in the forthcoming financial year 2020/2021.

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;

1. Overseeing the conduct of education and training in the institution in accordance with the provisions TVET act 2013 and any other written law.
2. Promoting and maintaining standards ,quality and relevance in education and training in the institution.
3. Administering and managing the property of the institution.
4. Developing and implementing the institution strategic plan.
5. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institute.
6. 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.
7. 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.
8. Mobilising resources for the institution.
9. Developing and reviewing programmes for training and to make presentations thereon
10. Regulating the admission and exclusion of students from the institution ,subject to qualification framework and the provision of the TVET act 2013.
11. Approving collaboration or association with other institutions and industries in and outside Kenya
12. 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.
13. Recruiting and appointing trainers from among qualified professionals and practicing trades person in relevant sectors of industry
14. Making regulations governing organization conduct and discipline of the staff and students
15. Providing for the welfare of the students and staff of the institution
16. 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,with the approval of the cabinet secretary.

During the year under review the board of governor did not attend any 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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MANAGEMENT DISCUSSION AND ANALYSIS

In the FY 2019/2020 ,JNTI implemented various projects or programs that have affected positively to the mandate and general community but most of them are work in progress.

JNTI lobbied the county Government of Embu for the tarmacking of a 2.5 km road from the junction of Embu-Kiritiri main road to JNTI and Rwika market. Already about 1.3km is done and its transformative effect to the local community and farmers can easily and quickly get their merchandise to the market.

During the year under review the institute constructed makeshift classes and construction of the new gate which is at 70% completion.

The year under review saw the institution work under very harsh unforeseen circumstances brought by the Impact of Covid 19. The institute was not able to successfully achieve all its investments decisions as enlisted in the budget .

During the year under review the institute complied with all statutory deductions and was able to pay all the creditors thus closing the year with zero creditors.

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT/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

1. Sustainability strategy and profile

Corporate social responsibility is a management concept whereby institutions integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood being the way through which an institution achieves a balance of economic environmental and social imperatives.

For Jeremiah Nyagah Technical Institute, this responsibility is more profound given the sociological foundations of the institution. JNTI was founded as a community based training institute are social mobilized resources including land and capital to start the institution before the government takes over. Therefore, the community expects a lot of impact or "pay back to community" by JNTI.

2. Environmental performance

in order to integrate the local community in the environmental conversation 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 2,000 trees and encouraged the neighbouring community to do the same.

3. Market place practices-

a) Responsible competition practice.

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.

b) 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.

4. Community Engagements-

In order to integrate the local community the mentorship of mbeere north tvc and manyatta tvc during the year under review has both direct and indirect social economic impact to the local communities.

The two multi-million projects utilize local labour, local construction necessities from within. mostly there are the youths who are who have greatly benefited for more than two years when the construction has been ongoing.

At more unseen but equally important sociological aspect of JNTI mentoring the upcoming TVC'S The institute has become a catalyst and an agent of social change in the surrounding community by Bringing closer the social and economic benefits associated by being in close proximity with such Institutions of higher learning.

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REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Institute affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30 are set out on page 2-51

COUNCIL/BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on page v-vi. During the year none of the director retired/ resigned and no new member was appointed.

Auditors

The Auditor General is responsible for the statutory audit of Jeremiah Nyagah Technical Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2020 .

By Order of the Board

Corporate Secretary
Nairobi
Date:.....

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STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) - require the council 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 B.O.G members are also responsible for safeguarding the assets of the Institute.

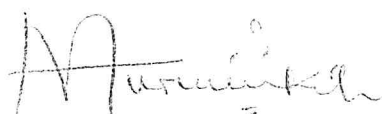
The B.O.G members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The 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, 2020, 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.

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.

Approval of the financial statements

The institute's financial statements were approved by the Board on 29th September 2020 and signed on its behalf by:



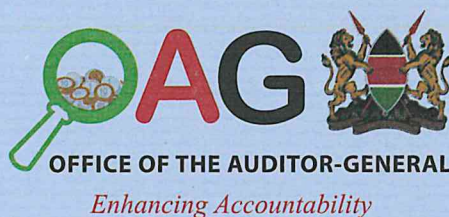
Chairperson of the Board/Council



Accounting officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON JEREMIAH NYAGAH TECHNICAL INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Jeremiah Nyagah Technical Institute set out on pages 21 to 63, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya 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, 2020, 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.

Basis for Qualified Opinion

1.0 Accuracy of the Financial Statements

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects Kshs.136,305,605 in respect to total actual receipts. However, the statement of financial performance reflects Kshs.136,568,705 on the same item resulting to unexplained variance of Kshs.263,100.

In the circumstances, the accuracy of the financial statements could not be confirmed.

2.0 Cash and Cash Equivalents

As disclosed in Note 26 to the financial statements, the statement of financial position reflects Kshs.30,235,107 in respect to cash and cash equivalents which includes a balance of Kshs.29,167,419 in a local bank account. However, the bank reconciliation statement for the said bank account reflects Kshs.29,553,900 in respect to receipts in

the bank not in cashbook and therefore the cash and cash equivalents is under casted by the same amount.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.30,235,107 could not be confirmed.

3.0 Incorrect Comparative Balances

Note 15d to the financial statements reflects Kshs.3,909,694 in respect to student welfare comparative balance for 2018/2019. However, the 2018/2019 audited financial statements reflects Kshs.4,947,084 on the same item resulting to unexplained variance of Kshs.1,037,390.

In the circumstances, the accuracy of the student welfare comparative balance of Kshs.3,909,694 could not be confirmed.

4.0 Unsupported Honoraria Payments

As disclosed in Note 15 to the financial statements, the statement of financial performance reflects Kshs.61,941,352 in respect to use of goods and services which includes Kshs.2,944,810 in respect to administration cost which further includes Kshs.149,000 paid as honoraria to eleven (11) officers on duty during Covid 19 pandemic. However, supporting documents including duration on duty, duties carried out, signed attendance registers and policy guide or criteria used for the payments were not provided for audit review. It was therefore not possible to establish if the officers paid were on duty and whether the amount paid was properly authorized.

In the circumstances, the accuracy and propriety of the Kshs.149,000 payments of honoraria could not be confirmed.

5.0 Unsupported Property, Plant and Equipment

As reported in the previous year and as disclosed in Note 33 to the financial statements, the statement of financial position reflects Kshs.208,996,227 in respect to property, plant and equipment which includes Kshs.107,462,450 in respect to land and buildings which further includes Kshs.7,260,000 in respect to land.

However, a parcel of land number Mbeti/Gachoka 922 which is currently occupied by the Institute and whose value was not provided was not included in the property, plant and equipment. Further, ownership documents for the same parcel of land was not provided for audit review.

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.

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

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects Kshs.154,834,140 in respect to final budgeted revenue and Kshs.136,305,605 in respect to actual revenue resulting to a net revenue shortfall of Kshs.18,528,535 or 12% .

The statement also reflects approved final budgeted expenditure of Kshs.154,834,140 and actual expenditure of Kshs.96,093,052 resulting to a net under expenditure of Kshs.58,741,088 or 38%

Non-utilization of the budgeted funds is an indication that services and approved projects/programmes were not delivered and therefore the budget did not meet the intended objectives of improving the service delivery to the residents Institute.

2.0 Unapproved Budget

The approved budget for the year ended 30 June, 2020 reflects an income and expenditure final budget of Kshs.154,834,140. However, there was no evidence to confirm that the budget was approved by the Ministry of Education (Parent Ministry) and the National Treasury contrary to paragraph 2 of the National Treasury circular number 14/2018 dated 27 November, 2018 which states that state corporations are required to prepare and submit their respective annual estimates of revenue and expenditure (budget proposals) to their line ministries and the National Treasury and Planning for approval.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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

1.0 Presentation of the Financial Statements

The Institute's financial statements for the year ended 30 June, 2020 reflects the following anomalies;

- 1.1** The financial statements are not well paginated as numeric page numbers start from page 21 instead of 1. Further, the statement of financial position is not paginated.
- 1.2** The finance officer's Institute of Certified Public Accountants of Kenya (ICPAK) membership number is not included in the statement of financial position.
- 1.3** Note 27 has not been included in the notes to the financial statements. Further note 29(a) of the financial statements has been indicated as Note 27 (a).

In the circumstances, the presentation of the Institute's financial statements for the year under review is not in compliance with the PSASB's prescribed reporting format.

2.0 Repairs and Maintenance - Irregular Procurement

Note 19 to the financial statements reflects Kshs.9,164,268 in respect to repairs and maintenance which includes Kshs.3,971,790 and Kshs.318,240 in respect to improvement of infrastructures and repair maintenance and improvement respectively all totaling to Kshs.4,290,030 which were procured through direct procurement method without justification contrary to Section 103(1) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that a procuring entity may use direct procurement as allowed under sub-section (2) as long as the purpose is not to avoid competition.

In addition, supporting documents for the Kshs.4,290,030 including approved requisitions, Local Purchase Orders (LPO), contract documents, expenditure receipts, inspection and acceptance reports, pre and post motor vehicle inspection reports and store ledgers were not provided for audit review.

In the circumstances, value for money on Kshs.4,290,030 incurred on repairs and maintenance could not be confirmed.

3.0 Failure to Publicize and Publish Contracts

During the financial year under review, the Institute did not prepare, publish and publicize all contract awards and submit them to Public Procurement Regulatory Authority as required by Section 138(1) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that the accounting officer of a procuring entity shall publish and publicize all contract awards on their notice boards at conspicuous places, and website if available within a period as prescribed.

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

4.0 Human Resource Management

4.1 Lack of Approved Staff Establishment

Review of staff establishment provided for audit revealed the establishment had not been submitted to the Public Service Commission (PSC) for consideration and approval contrary to Ministry of Education circular number MST/DTE/1/1 dated 12 July, 2019 which requires all technical and vocational training institutions to submit justified staff establishments to the Public Service Commission for consideration and approval.

Further, the Institute has not developed terms and conditions of service and a human resource manual to guide the institution on determining the minimum qualifications for each position and the remuneration for the same.

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

4.2 Retirement at Age 60 Years

A review of documents including biodata from the payroll for the year under review revealed that as at 30 June, 2020 the Institute had one (1) employee who was above the age of sixty (60) without justification contrary to Section D.21 of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which require officers to retire from the service on attaining the mandatory retirement age of 60 years, 65 years for persons with disabilities and/or as may be prescribed by government from time to time.

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

4.3 Staff Ethnic Composition

Records provided for audit review showed that during the year under review, the Institute had thirty-seven (37) employees out of which twenty-five (25) or 68% were from the same ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

5.0 Non-Submission of Financial Statements

As reported in the previous year, the Institute's Board of Governors has not submitted its financial statements for audit by the Auditor General for five (5) financial years (2013-2014 to 2017-2018) contrary to Section 68 (2) (k) of the Public Finance Management Act, 2012 which requires an accounting officer to prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Auditor General for audit. In addition, Section 47(1) of the Public Audit Act, 2015 stipulates that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

6.0 Untagged Fixed Assets

As disclosed in Note 33 to the financial statements, the statement of financial position reflects Kshs.208,996,227 in respect to property, plant and equipment. However, a review of the fixed asset register and physical verification revealed that the assets were not tagged for ease of identification and movement contrary to Regulations 139(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that accounting officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.208,996,227 as at 30 June, 2020 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

1.0 Lack of Internal Audit

As reported in the previous year, the Institute did not have an internal audit section to carry out internal audit functions contrary to Section 73 (1)(a) of the Public Finance Management Act, 2012 which stipulates that every national government entity shall ensure that appropriate arrangements are in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

2.0 Non-Establishment of Audit Committee

As reported in the previous year, during the year under review, the Institute did not have an audit committee contrary to Section 73 (5) of the Public Finance Management Act, 2012 which states that every national government public entity shall establish an

audit committee whose composition and functions shall be as prescribed by the regulations.

3.0 Information Technology Systems

As reported in the previous year, review of the Institute's information communication technology (ICT) environment revealed that there was no formal approved ICT policy in place during the year ended 30 June, 2020. The policy would have included data security and disaster recovery plans. Further, the ICT organization structure was not provided for audit review.

In the circumstances, the security and reliability of the Institute's data including the management information system could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve 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 Institute's 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 with limited assurance as to 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 Institute's policies and procedures may deteriorate.

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

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

I communicate with 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2022

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government-grants/ gifts in kind	6	21,900,000	24,826,550
Grants from donors and development partners	7	0	0
Transfers from other levels of government	6b	79,006,080	36,457,840
Public contributions and donations	9	0	0
		100,906,080	61,284,390
Revenue from exchange transactions			
Rendering of services- Fees from students	10	34,339,920	48,318,720
Sale of goods	11	1,322,705	0
Rental revenue from facilities and equipment	12	0	0
Finance income-external investments	13	0	0
Other income	14	0	1,724,632
Revenue from exchange transactions		35,662,625	50,043,352
Total revenue		136,568,705	111,327,742
Expenses			
Use of goods and services	15	61,941,352	29,313,170
Employee costs	16	8,662,785	6,886,562
Remuneration of directors	17	645,400	3,529,451
Depreciation and amortization expense	18	11,584,847	7,904,143
Repair and maintenance	19	9,164,268	29,009,550
Contracted services	20	4,094,400	-
Academic expenses		-	34,446,439
Administration Expenses		-	9,392,488
Student welfare expenses		-	4,947,084
Grants and subsidies	21	-	-
Finance costs	22	-	-
Total expenses		96,093,052	125,428,887
Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	(0)	(-)
Total other gains/(losses)		-	-
Net Surplus for the year		40,475,653	(14,101,145)
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	(-)
Surplus attributable to owners of the controlling entity		-	-
		40,475,653	(14,101,145)


The notes set out on pages 1 to 51 form an integral part of the Annual Financial Statements.

JEREMIAH NYAGAH TECHNICAL INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	28(a)	30,235,107	12,064,424
Current portion of receivables from exchange transactions	27(a)	10,201,207	54,048,557
Receivables from non-exchange transactions	30	24,000,000	-
Inventories	31	566,405	-
Investments	32	-	-
		65,002,719	66,112,981
Non-current assets			
Property, plant and equipment	33	208,996,227	179,832,716
Investments	32	-	-
Intangible assets	34	3,109,960	-
Investment property	35	-	-
Long term receivables from exchange transactions	27(b)	-	-
		-	-
Total assets		277,108,906	245,945,696
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36	9,626,036	16,498,512
Refundable deposits from customers	37	263,100	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of borrowings	43	-	-
Deferred income	40	-	-
Employee benefit obligation	41	-	-
Prepayments		-	2,703,067
		9,889,136	19,201,579
Non-current liabilities			
Non-current employee benefit obligation	41	-	-
Non-current provisions	42	-	-
Borrowings	43	-	-
Service concession liability	44	-	-
Deferred tax liabilities	53	-	-
		-	-
Total liabilities		9,889,136	19,201,579
Net assets		267,219,770	226,744,117
Reserves		-	-
Accumulated surplus		26,374,508	(14,101,145)
Capital Fund		240,845,262	240,845,262
Total net assets and liabilities		267,219,770	226,744,117

The Financial Statements set out on pages 3 to 51 were signed on behalf of the Institute Council/ Board of Governors by:


 CHAIRMAN
 BOARD OF GOVERNORS

Chairman of Council/Board of Governors

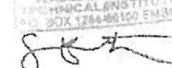
Date: 29/09/2020.



Finance Officer

ICPAK No

Date: 29/09/2020


 THE
 PRINCIPAL
 JEREMIAH NYAGAH
 TECHNICAL INSTITUTE
 BOX 12448/100 ENBU

Principal

Date: 29/09/2020.

JEREMIAH NYAGAH TECHNICAL INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

V. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2018	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	237,545,262	237,545,262
Surplus/(Deficit)			(14,101,145)		(14,101,145)
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-		3,300,000	3,300,000
At June 30, 2019	-	-	(14,101,145)	240,845,262	226,744,117
At July 1, 2019	-	-	(14,101,145)	240,845,262	226,744,117
Capital Fund	-	-			
Surplus/deficit	-	-	40,475,653	-	40,475,653
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-		-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-			-
At June 30, 2020	-	-	26,374,508	240,845,262	267,219,770

JEREMIAH NYAGAH TECHNICAL INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020
VI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Note	Kshs	Kshs
Cashflowsfromoperatingactivities			
Receipts			
Transfers from other Government entities/Govt. grants	6	21,900,000	24,826,550
Transfers from other levels of government	45	55,006,080	38,416,940
Rendering of services- Fees from students	45	75,747,303	46,359,620
Sale of goods	11	1,322,705	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income		-	1,724,632
Total Receipts		153,976,088	111,327,742
Payments			
Compensation of employees	16	8,662,785	6,886,562
Use of goods and services	45	69,380,233	20,759,851
Academic expenses	15b	-	31,906,258
Remuneration of Directors	17	645,400	3,529,451
Repair and maintenance	19	9,164,268	20,966,950
Administration Expenses	15c	-	8,656,836
Student Welfare	15d	-	3,909,694
Contracted services	20	4,094,400	-
Total Payments		91,947,086	96,615,602
Net cash flows from operatingactivities		62,029,002	14,712,140
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibleassets		(43,858,317)	(24,103,392)
Proceeds from sale of property,plant and equipment			
Decrease in non-current receivables		-	-
Increase in investments		(-)	-
Netcashflowsusedininvestingactivities	33/34	(43,858,317)	(24,103,392)
Cashflowsfromfinancingactivities			
Capital/Development grants received during the year		-	3,300,000
Repayment of borrowings		(-)	-
Increase in deposits		-	-
Net cashflows used in financing activities		(-)	(3,300,000)
Net increase/(decrease)in cash and,cash equivalents		18,170,683	(6,091,252)
Cash and cash equivalents at 1JULY 2019	26	12,064,424	18,155,676
Cashandcashequivalentsat30 JUNE 2020	26	30,235,107	12,064,424

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VII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs
Revenue					
Transfers from other Govt entities		-		-	
Public contributions and donations		-		-	
Rendering of services- Fees from students	154,184,140	-	154,184,140	134,982,900	19,201,240
Sale of goods	600,000	-	600,000	1,322,705	-672,705
Fee arrears	50,000	-	50,000	-	50,000
Other Income (Development)	244,062,706.13	(244,062,706.13)	-	-	-
Gains on disposal, rental income and agency fees		-	-		-
Total income	398,896,846.13	(244,062,706.13)	154,834,140	136,305,605	18,528,535
Expenses					
Compensation of employees	25,251,840	(4,398,400)	20,853,440	8,662,785	12,190,655
Use of Goods and services	128,290,460	(824,000)	127,466,460	66,035,752	61,430,708
Repair maintenance & improvement	3,605,840	(-)	3,605,840	9,164,268	-5,558,428
Accommodation	-	(-)	-	-	-
Remuneration of directors	2,908,400	(-)	2,908,400	645,400	2,263,000
Development Expenditure	281,840,595.33	(281,840,595.33)			
Administration expenses	-	-	-		-
Depreciation				11,584,847	-11,584,847
Total expenditure	441,897,135.33		154,834,140	96,093,052	58,741,088
Deficit/Surplus for the period	-43,000,289.20	(286,238,995.33)	-	-	

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VIII. 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 entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provide technical education as it is in the institute motto '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 Institutes's accounting policies.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</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 cashflows.</p> <p>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 entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: <ul 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. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other Improvements to IPSAS	Applicable: 1st January 2021: <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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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.

Sale of goods

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

Interest income

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

Dividends

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

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 2019/2020 was approved by the Council or Board on *21st june 2020*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of *nil* on the FY 2018/2019 budget following the Council/ 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 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 xxx of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) 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

h) Research and development costs

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

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

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

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impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) 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.

m) Employee benefits

Retirement benefit plans

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

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

n) 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.

o) 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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.

q) Service concession arrangements

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

r) 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.

s) Comparative figures

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

t) 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, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant (capitation)	21,900,000	24,826,550
Other grants	00	0
	21,900,000	24,826,550
Conditional grants		
Library grant	00	0.00
Hostels grant	00	0.00
Administration block grant	00	0.00
Laboratory grant	00	0.00
Learning facilities grant	00	0.00
Other organizational grants	00	0.00
Total government grants and subsidies	21,900,000	24,826,550

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
Ministry Devolution/State department of NYS	79,006,080	0	0	79,006,080	36,457,840
Total	79,006,080	0	0	79,006,080	36,457,840

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2018-2019
	KShs	KShs
JICA- Research grant	0	0.00
World Bank grants	0	0.00
Other grants	0	0.00
Total grants from development partners	00	0.00

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Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County	0	00
Transfer from University	0	00
Transfer from institute	0	00
Total Transfers	0	00

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Public donations	0	00
Donations from local leadership	0	00
Donations from religious institutions	0	00
Donations from alumni	0	00
Other donations	0	00
Total donations and sponsorships	00	00

10 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees(S.E.S)	13,212,630	21,424,924
Tuition Fees	5,673,780	0
Activity fees	1,060,040	1,290,890
Examination fees	7,930,050	6,088,351
Library fees	0	407,350
Facilities and materials	0	0
Registration fees	430,000	474,580
Student I.D card	188,500	300,020
Student Council	800	390,650
Repair Maintenance & Improvement	178,600	1,321,890
Personal Emolument	2,225,600	5,212,050
Local Travelling & Transport	777,350	3,151,566
KNEC Exam Practicals	779,100	379,930
KASNEB Exam Fee	24,000	146,880

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Internet	200	257,750
Industrial Attachment	1,068,700	890,940
Fee Arrears	10,000	127,615
Hospitality & Tourism	0	137,400
Entertainment	100	129,000
Electricity Water & Conservancy	382,570	1,385,654
Development Fund	2,000	1,226,000
Contigencies	0	645,510
Computer maintenance Fee	800	647,800
Class Practicals-Other Dept.	0	961,310
Class Praticals –Hospitality & Tourism	0	728,180
Caution fee	263,100	263,100
Application Fee	0	303,400
Arrears	0	25,980
Administration Fee	132,000	
Total revenue from the rendering of services	34,339,920	48,318,720

NB: These are income from student invoices.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS(OTHER INCOME)

Description	2019-2020	2018-2019
	KShs	KShs
Sale of goods		
Sale of Tender Documents	26,000	19,000
Sale Of Idle Assets	8,875	15,112
PAYE Meals	41,940	24,130
Sale of farm produce	94,440	183,300
NITA Exams	100,000	335,900
Institute Vehicles Hire	124,000	322,000
Graduation Ceremony	0	266,000
Enterprise C& J	450	380
Accommodation	927,000	558,810
Total revenue from the sale of goods	1,322,705	1,724,632

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2019-2020
	KShs	KShs
Straight-lined operating lease receipts	00	00
Contingent rentals	00	00
Total rentals	00	00

13 FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	00	00
Interest income from Treasury Bills	00	00
Interest income from Treasury Bonds	00	00
Interest from outstanding debtors	00	00
Total finance income	00	00

14 OTHER INCOME

Description	2019-2020	2018-2020
	KShs	KShs
Insurance recoveries	00	00
Consultancy fees	00	00
Income from sale of tender	00	00
Services concession income	00	00

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Skills development levy	00	00
Income from disposal of assets	00	00
Total other income	00	00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Registration Expense	250,000	
Water & Electricity	4,091,180	2,495,376
Entertainment expense	78,850	-
Robotics exhibitions & promotion expense	2,245,010	-
PAYE Meals Expenses	10,780,222	11,651,330
Performance contract	420,000	-
Industrial attachment	1,556,262	-
Accommodation expense	3,100,500	5,299,942
Enterprise Farm	61,620	136,050
Admin Cost	2,944,810	-
Audit fees	656,532	-
Conferences and delegations	1,487,520	-
Co-curriculum activities	1,860,480	-
Examination	6,434,210	-
Internal meetings	617,207	-
Insurance	644,701	-
Graduation expense	240,000	-
Student council activities	428,580	-
Student id expense	544,500	-
Helb loan refund	180,250	-
Knec practicals materials	4,400,212	-
Bursary refund –Embu County		10,000
Class practicals	422,922	-
Application fee	156,000	-
Library magazines/newspaper	221,470	-
Licenses/Levies & Rates	0	316,000
Local travel & transport	5,172,747	5,804,472
Telecommunication	152,600	-
Training expenses	12,505,767	-
Tender meetings expense	287,200	-
Cleaning & Security Services		3,600,000
Total good and services		
	61,941,352	29,313,170

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15 B ACADEMIC EXPENSES

Description	2019-2020	2018-2019
	Kshs.	Kshs.
Class practicals –Hospitality & tourism		1,987,858
Development Account		294,000
Examination		10,550,070
Graduation Ceremony Expense		6,901,205
Industrial attachment		2,024,350
KASNEB		457,450
KNEC practicals materials		2,737,049
Student I.D expense		216,500
Student Registration		111,970
Tuition (S.E.S) Expense		6,035,987
Tuition Equipment & stores		3,130,000
Total		34,446,439

15C ADMINISTRATION EXPENSES

Description	2019-2020	2018-2019
	Kshs.	Kshs.
Administration cost		691,320
Telephone Expense		244,600
Application Exp		53,800
Postage Charges		11,275
Insurance ((institute property)		785,244
Internal Meetings		557,021
Internet Services		221,398
Library Magazines/Newspapers		42,420
Performance contract		798,110
Registration Expense		775,000
Robotics,Exhibitions, & promotional expense		1,792,076
Solar Training Expense		13,000
Tender meetings Advert		109,550
Provision for audit fees		656,532
Training Seminar /Workshops		2,641,142
Total		9,392,488

15D STUDENT WELFARE

Description	2019-2020	2018-2019
	Kshs.	Kshs.
Student Council Activities		331,140
Students Entertainment Expense		478,650
Co-curriculum Activities		3,099,904
Total		3,909,694

NB: Template for 2019/2020 Financial year combined 15B,15C,15D under use of goods and services but for purposes of notes for FY 2018/2019 the notes has been shown separately as above.

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16 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Basic Pay	6,780,703	5,084,547
Other Allowances	164,057	186,684
Commuter allowance	219,585	304,875
Nssf employer contribution	410,440	359,156
House allowance	1,088,000	951,300
Performance and other bonuses	-	-
Social contributions	-	-
Employee costs	8,662,785	6,886,562

17 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Board of Governors allowances	645,400	3,529,451
Directors emoluments	0	0
Other allowances	0	0
Total director emoluments	645,400	3,529,451

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	10,252,007	0
Intangible assets	1,332,840	0
Investment property carried at cost	0	0
Total depreciation and amortization	11,584,847	00

19 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Improvement of infrastructures	6,953,190	16,128,647
Computer maintenance	0	12,000
Repair maintenance & improvement	2,211,078	12,868,903
Property	0	0
Investment property – earning rentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	0	0
Total repairs and maintenance	9,164,268	29,009,550

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20 NOTES TO THE FINANCIAL STATEMENTS (Continued)
REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	0	0
Investment property—earning rentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	0	0
Total repairs and maintenance	00	00

20 CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Cleaning services & Security Services	4,094,400	00
		00
		00
Total contracted services	4,094,400	00

21 GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	KShs	KShs
Community development	0	00
Education initiatives and programs	0	00
Social development	0	00
Community trust	0	00
Sporting bodies	0	00
Total grants and subsidies	00	00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings(amortizedcost)*	0	0
Finance leases(amortizedcost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Totalfinancecosts	00	00

23 GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2020
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	00	00

24 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Investments at fair value	0	00
Totalgain	00	00

25 IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Property,plant and equipment	0	0
In tangibl eassets	0	0
Totalimpairmentloss	0	00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
ABSA Bank of Kenya-cash at bank	29,167,419	11,559,524
Kenya Commercial Bank-Cash at Bank	1,027,118	424,330
Equity Bank Of Kenya Limited	40,570	40,570
Barclays Bank Cash At Hand	0	0
Others(specify)	0	0
Totalcashandcashequivalents	30,235,107	12,064,424

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

		2019 \ -2020	2018-2019
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1121471226	1,027,118	424,330
Equity Bank	0190273909253	40,570	40,570
Absa Bank	2026031233	29,167,419	11,559,524
Sub- total		30,235,107	12,064,424
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank –etc		0	0
Sub- total		00	00
c) Fixed deposits account			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		00	00
d) Staff car loan/ mortgage			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		00	00
e) Others(specify)		0	0
Cash in transit		0	0
cash in hand		0	0
M pesa		0	0
Sub- total		00	00
Grand total		30,235,107	12,064,424

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	10,201,207	54,048,557
Rent debtors	0	0
Consultancy debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total current receivables	10,201,207	54,048,557

29(b)

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Refundable deposits	0	0
Advance payments	0	
Public organizations	0	0
Less: impairment allowance	(0)	(0)
Total	00	00
Current portion transferred to current receivables	(0)	(0)
Total non-current receivables	0	0
Total receivables	00	00

30 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2019-2020
	KShs	KShs
Current receivables		
Transfers from other govt. Entities	24,000,000	-
Undisbursed donor funds	0	0
Other debtors (non-exchange transactions)	0	0
Less: impairment allowance	(0)	(0)
Total current receivables	24,000,000	00

31 INVENTORIES

Description	2019-2020	2018-2020
	KShs	KShs
Consumable stores	566,405	-
Maintenance stores	-	-
Health Unit stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	566,405	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	00	00
b) Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	00	00
c) Equity investments (specify)		
Equity/ shares in company xxx	0	0
Sub- total	0	0
Grand total	00	00

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Shs	Shs	Shs
	0	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	126,596,000	11,248,000	20,995,495	867,000	-	-	51,435,699	211,142,194
Additions	4,500,000	-	4,942,746	5,436,472	-	-	9,124,175	24,103,392
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 th June 2019	131,096,000	11,248,000	25,938,241	6,403,472	-	-	60,559,874	235,245,587
Additions	11,864,078	-	4,290,030	-	-	-	23,261,409	39,415,517
Disposals	(-)	-	-	-	(-)	-	(-)	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)	-	-	(-)
At 30 th June 2020	142,960,078	11,248,000	30,228,271	6,403,472	-	-	83,821,283	274,661,104
Depreciation and impairment								
At 1 July 2018	25,924,816	9,246,098	11,572,815	764,998	-	-	-	47,508,728
Depreciation	3,916,133	500,476	1,795,678	1,691,542	-	-	(-)	7,904,143
Impairment	(-)	-	-	-	(-)	-	-	(-)
At 30 June 2019	29,841,264	9,746,573	13,368,493	2,456,540	-	-	-	55,412,870
Depreciation	5,656,364	449,920	2,224,681	1,921,042	-	-	-	10,252,007
Disposals	-	-	-	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)	-	-	-
Transfer/adjustment	-	(-)	(-)	-	(-)	-	(-)	-
At 30 th June 2020	35,497,628	10,196,493	15,593,174	4,377,582	-	-	-	65,664,877
Net book values								
At 30 th June 2020	107,462,450	1,051,507	14,635,097	2,025,890	-	-	83,821,283	208,996,227
At 30 th June 2019	93,994,736	1,501,427	9,422,680	102,002	-	-	60,559,874	179,832,716

JEREMIAH NYAGAH TECHNICAL INSTITUTEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**NOTES TO THE FINANCIAL STATEMENTS (Continued)****34 INTANGIBLE ASSETS-SOFTWARE**

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	-	
Additions	4,442,800	-
At end of the year	4,442,800	-
Additions-internal development	-	-
At end of the year	4,442,800	-
Amortization and impairment		
At beginning of theyear	-	-
Amortization	1,332,840	-
At end of the year	3,109,960	-
Impairment loss	-	-
At end of the year	3,109,960	-
NBV	3,109,960	-

35 INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation(where investment property is at cost)	-	-
At end of the year	-	-

36 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	5,525,700	15,841,980
Fees paid in advance	2,787,272	0
Employee advances	0	0
Third-party payments	0	0
Audit Fees	1,313,064	656,532
Total trade and other payables	9,626,036	16,498,512

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
37 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits	0	0
Caution money	263,100	0
Prepayments	0	2,703,067
Total deposits	263,100	2,703,067

38 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Total provisions	0	0	0	0

39 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2019-2020
	KShs	KShs	KShs	KShs
Within current year	0	0	0	0
Long term portion of lease payments	0	0	0	0
Total provisions	00	00	00	00

40 DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National government	0	0
International funders	0	0
Public contributions and donations	0	0
Total deferred income	00	00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National govern ment	International fun ders/ donors	Public contributions and do nations	Total
Balance brought forward	0	0	0	0

41 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

	KShs	KShs
Valuation at the beginning of the year	0	0
Changes in valuation during the year	0	0
Valuation at end of the year	0	0

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Ksh,1081 per employee per month.

JEREMIAH NYAGAH TECHNICAL INSTITUTEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**NOTES TO THE FINANCIAL STATEMENTS (Continued)****42 NON-CURRENT PROVISIONS**

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs

43 BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	00	00
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	(00)	(00)
Repayments of domestics borrowings during the year	(00)	(00)
Balance at end of the period	000	000

43a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018-2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	00	00
Sterling Pound denominated loan from 'yyyorganisation'	00	00
Euro denominated loan from zzzorganisation'	00	00
Domestic Borrowings		
Kenya Shilling loan from KCB	00	00
Kenya Shilling loan from Barclays Bank	00	00
Kenya Shilling loan from Consolidated Bank	00	00
Total balance at end of the year	000	000

NOTES TO THE FINANCIAL STATEMENTS (Continued)**43b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS**

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	00	00

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

JEREMIAH NYAGAH TECHNICAL INSTITUTEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**44 SERVICE CONCESSION ARRANGEMENTS**

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(-)	0
Net carrying amount	<u>0</u>	<u>0</u>
Serviceconcessionliabilityat beginning of the year	0	0

45 CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax		
Surplus for the year before tax	40,475,653	
Adjustedfor:		
Depreciation	11,584,847	
Finance income		
Finance cost		
Working Capital adjustments		
Increase in inventory Note 31	(566,405)	
Decrease in receivables Note 27(a)/Note 29	43,847,350	
Increase in receivables Note 29	(24,000,000)	
Increase in deferred income		
Decrease in payables-Note 36	(6,872,476)	
Decrease in payments received in advance-Note 37	(2,439,967)	
Net cash flow from operating activities	62,029,002	

NOTES TO THE FINANCIAL STATEMENTS (Continued)**46 FINANCIAL RISK MANAGEMENT**

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

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

(i) Credit risk

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

JEREMIAH NYAGAH TECHNICAL INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**46. FINANCIAL RISK MANAGEMENT (Continued)****(i) Credit risk (continued)**

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

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

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.

JEREMIAH NYAGAH TECHNICAL INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020****(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 20xx				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

JEREMIAH NYAGAH TECHNICAL INSTITUTEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**NOTES TO THE FINANCIAL STATEMENTS (Continued)****46. FINANCIAL RISK MANAGEMENT (Continued)****(iii) Market risk**

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	00	00	00

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 201xx			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	00	00	00

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
2019			
Euro	10%	0	0
USD	10%	0	0
2020			
Euro	10%	0	0
USD	10%	00	00

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	26,374,508	(14,101,145)
Capital reserve	240,845,262	240,845,262
Total funds	267,219,770	226,744,117
Total borrowings	00	00
Less: cash and bank balances	(30,235,107)	(12,064,424))
Net debt/(excess cash and cash equivalents)	30,235,107	12,064,424
Gearing	11.31%	5.3%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2019-2020	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to -	-	-
Sales of services -	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments		
Compensation to the CEO		
Compensation to key management		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 SEGMENT INFORMATION

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

49 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case nil against the company	00	00
Bank guarantees in favour of subsidiary	00	00
Total	000	000

(Give details)

50 CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	00	00

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

51 EVENTS AFTER THE REPORTING PERIOD

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

52 ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education, state department of Vocational and Technical Education. Its ultimate parent is the Government of Kenya.

53 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)

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.


Mr. Simon C Kivutih

Principal/Secretary B.O.G

Date.29/09/2020

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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)
1 Mbeere North TVC		M.O.E	52 Weeks	58,032,005	Yes	No
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Mbeere North TVC	58,032,005	39,935,835	80%	58,032,000	58,032,005	M.O.E
2							
3							

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	JEREMIAH NYAGAH TECHNICAL INSTITUTE		
	Break down of Transfers from the State Department of			
	FY 2019/2020			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10/06/2020	9,825,000	2019/2020
		18/10/2019	<u>12,075,000</u>	2019/2020
		Total	<u>21,900,000</u>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total		
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	

The above amounts have been communicated to and reconciled with the parent Ministry
Principal
Jeremiah Nyagah Technical Institute

Head of Accounting Unit
Ministry Of Education



Sign 

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	10/06/2020	Recurrent	9,825,000	9,825,000	-	-	-	-	9,825,000
Ministry of Education	18/10/2020	Recurrent	12,075,000	12,075,000	-	-	-	-	12,075,000
Ministry of Education				-		-	-	-	
Total			21,900,000	21,900,000		-	-	-	21,900,000