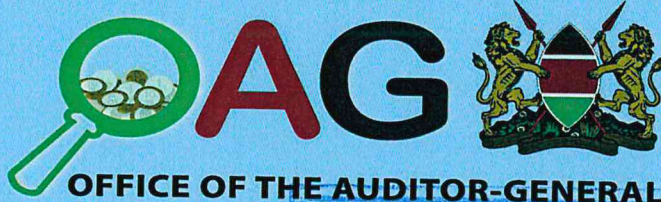


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY

REPORT

DATE: 02 MAR 2022

WEDNESDAY

TABLED
BY:

MAJORITY WHIP
HON. E. WANGWE

CLERK AT
THE TABLE:

OF SAMUEL KALAMA.

THE AUDITOR-GENERAL

ON

**THIKA TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2020

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



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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

i) Vision

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

ii) Mission

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

iii) Core functions

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

iv) Core values

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

v) Mandate

To provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act , TSC Act, KIE Act KASNEB Act and others.



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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(c) Key Management

The day – to day management of Thika Technical Training Institute in under the following key organs

- The Board of Governors
- Accounting Officer
- Management team

(d) Fiduciary Management

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

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

e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance & Operations Committee	1. Peris Muniafu - Chairperson 2. Stephen Chongoti - Member 3. Alex Mwaniki - Member
Academic Committee	1. Rebecca Mpaayei - Chairperson 2. Dan Ochieng - Member 3. Stephen Chongoti - Member
Audit & Risk Committee	1. Eng. George Matoke - Chairperson 2. Dan Ochieng - Member 3. Alex Mwaniki - Member



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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

Finance & Audit committee activities

The Committee exercise the powers of BoG in financial matters as provided in the TVET act 2013, on which the Committee advise BoG.

Terms of Reference: The role of the Committee is to coordinate and mobilization of resources on financial status of the institute on behalf of BoG In addition to advising BoG on those matters referred to above, the Committee's responsibilities include:

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

Senior Management Activities

The main purpose of the Senior Management Team is to:

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



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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Specifically, the Senior Management Team:

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

Government oversight activities

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

f) Ministry of Education
State department of vocational and Technical training
P.O. Box 9583-00200
Teleposta Tower
Nairobi, KENYA

g) Thika Technical Training Institute
P.O Box 91 - 01000
Telephone :(020) 2044965
E-mail: thikatechnical@gmail.com
Website: www.thikatechnical.ac.ke

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h) Thika Technical Training Institute Bankers

1. Barclays Bank of Kenya
P.O Box 219 - 0100
THIKA
2. Equity Bank
P.O.Box 253-01000
Thika
3. NIC Bank
P.O. Box 44599-00100
Nairobi
4. Family Bank
P.O Box 74145-00200,
Nairobi

i) Independent Auditors

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




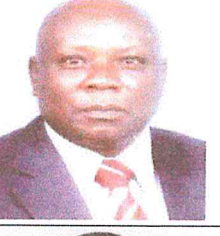




j) Principal Legal Adviser

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

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2. THE BOARD OF GOVERNORS








Name, and key Academic qualifications	DOB, key qualifications and work experience
 <p>DR. JOSEPH MUGUTHU (BOG Chairman)</p> <ul style="list-style-type: none"> - Ph.D. in Mech manufacture & Automation - Master of Philosophy in Technological Education - BED – Technology Education 	<ul style="list-style-type: none"> - Date of Birth: Date of Birth 14th Dec 1972 - Lecturer Kenyatta university 6 years - Assistant Lecturer Thika T.T.I – 9 years - Assistant Lecturer Mombasa Poly – 2 years - Maths Physic teacher – Hekima Girls - 2 years - Has published many peer reviewed journals and papers
 <p>PERIS MUNIAFU</p> <ul style="list-style-type: none"> - Date of Birth ... 1967 - MBA-Strategic Management - BSC – Strategic Management 	<ul style="list-style-type: none"> - Certified Custodian from IFF (UK) - Bank Manager - NBK - Trustee NBK Staff Pension Fund - Executive Career coach and RMT chairperson
 <p>STEPHEN CHONGOTI</p> <ul style="list-style-type: none"> - Date of Birth 16th Dec 1963 - BSc - (Maths) –B.University Canada - Diploma – Farm Machinery Mechanics Canada 	<ul style="list-style-type: none"> - Director & Founder – Contour Construction & Engineering Ltd - Director & Founder -Mtandao ltd - Manager/Systems administration – Telkom Kenya - Deputy Chief Information Technology Officer
 <p>GEORGE M.K MATOKE</p> <ul style="list-style-type: none"> - Date of Birth ... 7th July 1959 - Pursuing PHD - Renewal energy - MSc– Engineering systems & management - Bachelor of Industrial Technology 	<ul style="list-style-type: none"> - Long serving Engineering Assistant in public service - Strategic Development programme - Performance management - Project implementation programme
 <p>DAN OCHIENG OGOLA</p> <ul style="list-style-type: none"> - Date of Birth 6th April 1967 - Masters –Community health & development - BSc – (Hons) KU 	<ul style="list-style-type: none"> - Project technical advisor – HIV/AIDS program - Consultancy – National Agriculture Sector Growth and Transformation Strategy (ASGTS) - Project officer – Skilled care initiative (SCI) project.
 <p>ALEX MWANIKI</p> <ul style="list-style-type: none"> - Date of Birth 12th Sept 1972 - BSC Computer Science 	<ul style="list-style-type: none"> - Management courses – British Council - Microsoft Certified professional – Data Canter - Project management - Senior data analyst
 <p>REBECCA RAYON MPAAYEI</p> <ul style="list-style-type: none"> - Date of Birth 9th August 1971 - Master of Science – Usiu - Bachelor of Science - Usiu 	<ul style="list-style-type: none"> - 23 years of experience in management, leadership, capacity building and exporting - Manager, Gender Mainstreaming & Women E-Dev,- EXPORT PROMOTION COUNCIL
 <p>SAMMY K. CHERUIYOT – (Principal/BoG Secretary)</p> <ul style="list-style-type: none"> - Date of Birth: 12th May 1972 - Masters in Education (M.ED BED ARTS) 	<ul style="list-style-type: none"> - Masters in Education (M. ED BED ARTS) - The secretary is not a member of ICPSK - One and half years as Principal in Thika TTI and handed over on 23rd Sept 2020

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	<p>Ms. Hannah N. Mburu – Principal/Secretary BOG -Date of Birth: 29/01/1967 Masters in Applied Mathematics Ongoing – PHD applied mathematics</p>	<p>She has a vast of experience as a mathematics teacher of over 25 years. She has been a Principal for Four years Took over on 23rd Sept 2020 as The Principal in Thika TTI</p>
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3. MANAGEMENT TEAM

Name of the Staff	Responsibility
 <p>Ms. Hannah N. Mburu – Principal/Secretary BOG -Date of Birth: 29/01/1967 Masters in Applied Mathematics Ongoing – PHD applied mathematics</p>	<p>Principal/BoG Secretary Took over on 23rd Sept 2020</p>
 <p>SAMMY K. CHERUIYOT - Date of Birth: 12th May 1972 - Masters in Education (M. ED BED ARTS)</p>	<p>Principal/BoG Secretary Handed over on 23rd Sept 2020</p>
 <p>GERALD KIGIA -Date of birth: 9th July 1966 - Degree in Mechanical Engineering</p>	<p>Deputy Principal – Administration</p>
 <p>BENSON KIOKO -Date of birth: 9th April 1965 -Master in Business Administration</p>	<p>Deputy Principal – Academics Affairs</p>
 <p>J. GACHAU MUCHANGI - Date of birth: 7th Sept 1964 - Degree in Mechanical Engineering</p>	<p>Registrar</p>
 <p>FRANCO MUNDIA - Date of birth: 22nd Nov 1959 - Diploma in Automotive /Mechanical Engineering</p>	<p>Dean of Students</p>
 <p>STEPHEN N. WAIRIMA - Date of Birth: 28th Aug 1979 - MBA (Finance), B.com (Finance) - CPA Final - Certificate in Forensic Audit – Contract and Procurement Fraud (ICPAK)</p>	<p>Finance Officer</p>



4. CHAIRMAN'S STATEMENT

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

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 25% annual growth for 2020, based on the current 6,800 in 2019 from that of 5,500 students in 2018.

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

Successes

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

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e. food security, affordable housing, universal health and manufacturing). To this end, Thika T.T.I has continuously participated in trade fares (including the Annual Agricultural Show) whereby trainees have exhibited their patentable innovations in all of the Big 4 Agenda that have won them many trophies and meritorious accolades.

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Challenges Faced

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. During the year, the effect of Covid -19 pandemic brought about a financial challenge to the institution. The students were not in the institution for more than a semester and we could not charge them fees which was part of our budget. However, we faced the challenge positively and addressed the issues at hand. Thika T.T.I has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at Thika T.T.I, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Thika T.T.I is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

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



Dr Joseph Muguthu

CHAIRMAN, BOARD OF GOVERNORS
25th Feb, 2021.



5. REPORT OF THE PRINCIPAL

Thika Technical Training institute is well placed to providing adequate and relevant training to her graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We were able to transition from ISO 9001-2008 to ISO 9001:2015 certification during the year. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

HIGHLIGHTS OF FY 2019/2020 PERFORMANCE

The Financial Year 2019/2020 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

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

Other notable observation includes:

Students Enrolment;

FY 2019/2020 enrolment was met with a challenge of the Covid – 19 pandemic that led to untimely closure of the Institutions on March 2020. This Kept the May Intake students waiting till the end of the FY thus closing the year at 6,800 students which was below the expected enrolment for the year.

Students Enrolment was as follows: This was only for September 2019 and January 2020 intake

- | | |
|---|---------------|
| ➤ Kenya Universities & Colleges Central Placement Service | 2400 students |
| ➤ Regular students | 400 students |



Projects Undertaken

During the Financial Year under review, The Board was able to successfully complete and hand over Mwea TVC and partially handover Murang'a TVC which were under her mentorship and continues to mentor other institutions namely; Gichugu TVC, Murang'a TVC and Kiharu TVC

Departmental Equipment:

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

Contribution to the Big 4 Agenda

The institution continues to equip our students with the relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that our students are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Thika Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Institute Board and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review.

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



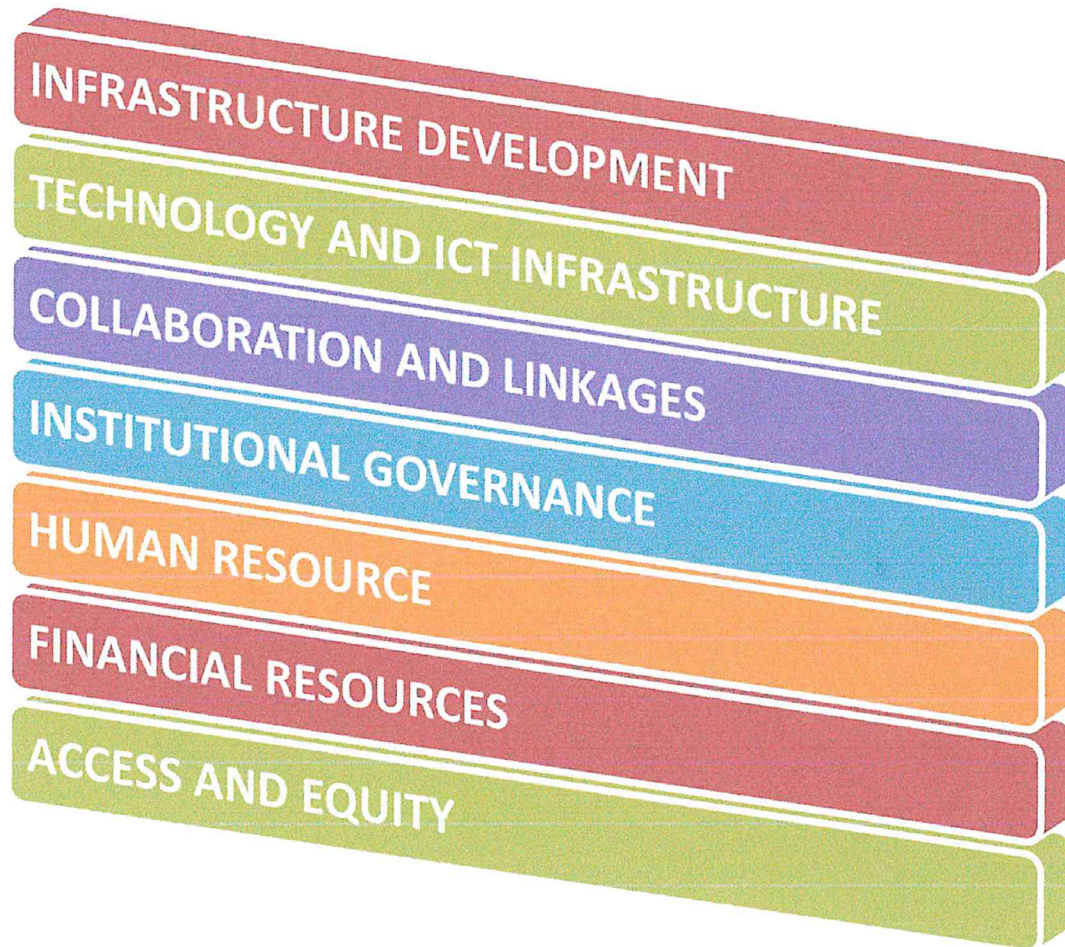
HANNAH N. MBURU
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

Date: 25th Feb, 2021



6. REVIEW OF THIKA TECHNICAL T. I PERFOMANCE FOR FY 2019/2020

Thika Technical Training Institute has 7 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:



Thika Technical Training 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 Institute achieved its performance targets set for the FY 2019/2020 period for its 7 strategic pillars, as indicated in the diagram below:



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Strategic Pillar	Objective	Key performance indicators	Activities	Achievements
Pillar 1: Infrastructure development	Improving and increasing physical facilities	<ul style="list-style-type: none"> ❖ Completion of buildings under construction, ❖ Successfully complete the projects for institutions being mentored 	<ul style="list-style-type: none"> ❖ Develop a framework for improving and increasing physical facilities ❖ Improve TVET equipment, information and communication systems 	<ul style="list-style-type: none"> -Completed Mega tent, -Modern Gate, -Cabro works, -Biometric Structures and System
Pillar 2: Technology and Ict infrastructure	Use of modern technologies and equipment	<ul style="list-style-type: none"> ❖ Complete ICT infrastructures, ❖ Installation of Management Information System ❖ ICT courses 	<ul style="list-style-type: none"> ❖ Develop adequate ICT capacity and infrastructure ❖ Institutionalized Management Information System (MIS) ❖ Promote the use of ICT in Curriculum delivery and management systems 	-Improved ICT infrastructure – more routers and computers
	Improve Management Information System			-Installation of ERP MIS
Pillar 3: Collaboration and Linkages	Enhance collaboration and linkages	<ul style="list-style-type: none"> ❖ Development partners on board Mentorship 	<ul style="list-style-type: none"> ❖ Establish collaborations and linkages ❖ Strengthen existing collaboration and linkages ❖ Establish benchmarks and joint cooperation networks with international TVET institutions 	The Institute has the following collaborations and linkages. <ul style="list-style-type: none"> (i) Commonwealth of Learning (C.O.L) (ii) Housing Finance Foundation (iii) Kenya Vehicle Manufactures
Pillar 4: Institutional Governance	Improve institutional corporate governance	<ul style="list-style-type: none"> ❖ Constant review of courses offered ❖ Improved result based management in the training system ❖ Improved budget accuracy level 	<ul style="list-style-type: none"> ❖ Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS, ❖ Embrace results based management in the training system 	Establishment of M & E Office



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	Develop and Implement M &E Systems		<ul style="list-style-type: none"> ❖ Develop and implement M&E systems ❖ Fast track institutional expenditure review 	
Pillar 5: Human Resource	HR development and management	<ul style="list-style-type: none"> ❖ Increased number of staff to match the increasing number of students 	<ul style="list-style-type: none"> ❖ Increase staff at TSC and BoG levels ❖ Develop competencies in staff 	Implementation of HR manual
	Improve and sustain relevance of skills			
Pillar 6: Financial Resources	Diversify sources and increase funding	<ul style="list-style-type: none"> ❖ New development partners ❖ Enhanced existing partners' relationship ❖ Increase in government development funds 	<ul style="list-style-type: none"> ❖ Increase GoK funding ❖ Exploit external funding possibilities through developed criteria ❖ Expand income generation at institutional level 	Implementation of the Budget and procurement plan as a Control tool
Pillar 7: Access and Equity	<ul style="list-style-type: none"> -Expand educational programmes and increase access -Enhance publicity and marketing 	<ul style="list-style-type: none"> ❖ Improved training programmes in MSE sector. ❖ Expansion of facilities 	<ul style="list-style-type: none"> ❖ Expand facilities based on government priorities ❖ Support TVET trainees ❖ Promote affirmative action for TVET trainees ❖ Reform and enhance education, training, and guidance services. ❖ Improve training programmes in MSE sector. ❖ Offer higher level programmes 	<ul style="list-style-type: none"> -Promoted affirmative action for TVET trainees -Reformed and enhanced guidance and counselling services.

7. CORPORATE GOVERNANCE STATEMENT

Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. This Guidelines are regularly reviewed and updated when its deemed necessary and appropriate.

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



THIKA TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30 JUNE 2020
CORPORATE GOVERNANCE STATEMENT (Continued)

Attendance of board meetings

During FY 2019/2020, there was 100% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during 2019/2020, the attendance of each Member;

Member	27th Nov 2019	18th Dec 2019	4th to 7th March 2020	13th May 2020	29th May 2020	19th June 2020	Total meetings attended	Sitting allowance per day
DR. Joseph Muguthu (BOG Chairperson)	Present	Present	Present	Present	Present	Present	6/6	21,500
Sammy K. Cheruiyot (Principal)	Present	Present	Present	Present	Present	Present	6/6	
Peris Muniafu (Member)	Present	Present	Present	Present	Present	Present	6/6	18,000
Stephen Chongoti (Member)	Present	Present	Present	Present	Present	Present	6/6	18,000
George M.K Matoke (Member)	Present	Present	Present	Present	Present	Present	6/6	18,000
Dan Ochieng Ogola (Member)	Present	Present	Present	Present	Present	Present	6/6	18,000
Alex Mwaniki (Member)	Present	Present	Present	Present	Present	Present	6/6	18,000
Rebecca Rayon Mpaayei (Member)	Present	Present	Present	Present	Present	Present	6/6	18,000

Board of Governors should meet at least once every four months. Every meeting of the Board of Governors is convened by giving at least fourteen days' notice in writing to every member unless three quarters of the total members of a Board of Governors otherwise agree.

There were 6 full board meetings during the year.

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda together with the Board papers are distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them during meetings.

Succession plan

A board of Governors has a succession plan of three years and a member can serve for a maximum of two term.

Board charter

There is no existence of a board charter at the moment.

Appointment and removal of board members

Board members are appointed by the Cabinet Secretary. The membership of the Board of Governors comprises of—

- (a) a chairperson;
- (b) a representative of the Principal Secretary in the Ministry responsible for TVET
- (c) a representative of the county Governor of the county within which the institution is located; and
- (d) six other persons appointed on the basis of their knowledge and experience in—
 - (i) leadership and management
 - (ii) Financial management
 - (iii) technology
 - (iv) industry
 - (v) engineering
 - (vi) information communication technology.

A member of a Board of Governors may at any time resign by giving notice in writing to the cabinet Secretary.

Board Remuneration

No board remuneration but board members are reimbursed transport and accommodation costs whenever they attend board meetings.

Conflict of Interest

A member who has a direct or indirect interest in a matter being considered or to be considered by the Board shall, as soon as the relevant facts regarding the matter come to knowledge of the member, disclose the nature of such interest, and shall not be present during

Any specific resolution arising during meetings are followed-up procedurally and monitored to their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.



THIKA TECHNICAL TRAINING INSTITUTE
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CORPORATE GOVERNANCE STATEMENT (Continued)

The Role and Functioning of the Board

The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively.

The Board Chairperson's primary role is to ensure the effective running of the Board and that as a whole it plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

The Board is collectively responsible for the long-term success of the Institute.

There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i) approval of overall Institute strategy and objectives.
- ii) approval of the annual budget and monitoring progress towards its achievement.
- iii) review and approval of the annual financial statements.
- iv) approval of Institute's financing arrangements from donors and other government agencies.
- v) approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are Non-executive.

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

We strive to provide the highest quality of training to our students by;

- i) Being courteous, fair, ethical and professional.
- ii) Being positive and helpful and provide reasons for any decisions we make.
- iii) Providing assistance when required.
- iv) Answering enquiries or requests accurately and in a timely manner
- v) Treating our staff, Contractors and Suppliers honestly and with respect.
- vi) Keeping the Institute clean, tidy and free from any damage.

8. MANAGEMENT DISCUSSION AND ANALYSIS

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

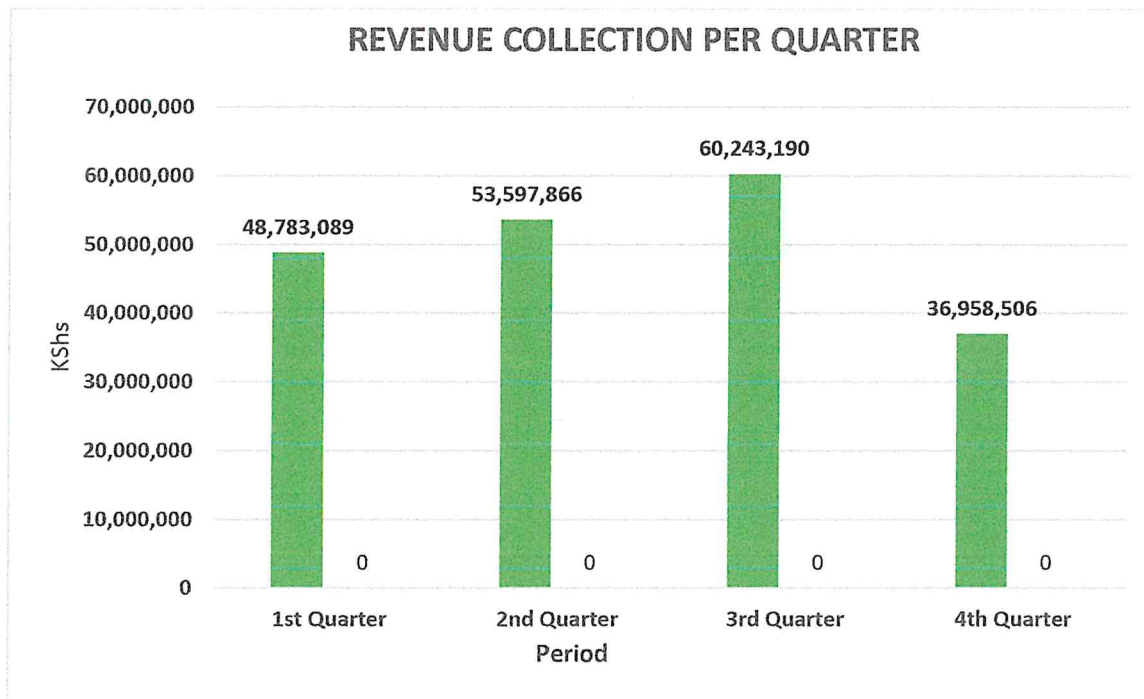
The Institution has unrelenting focus on improving and maintaining excellent Technical and Vocational Training across her specialties.

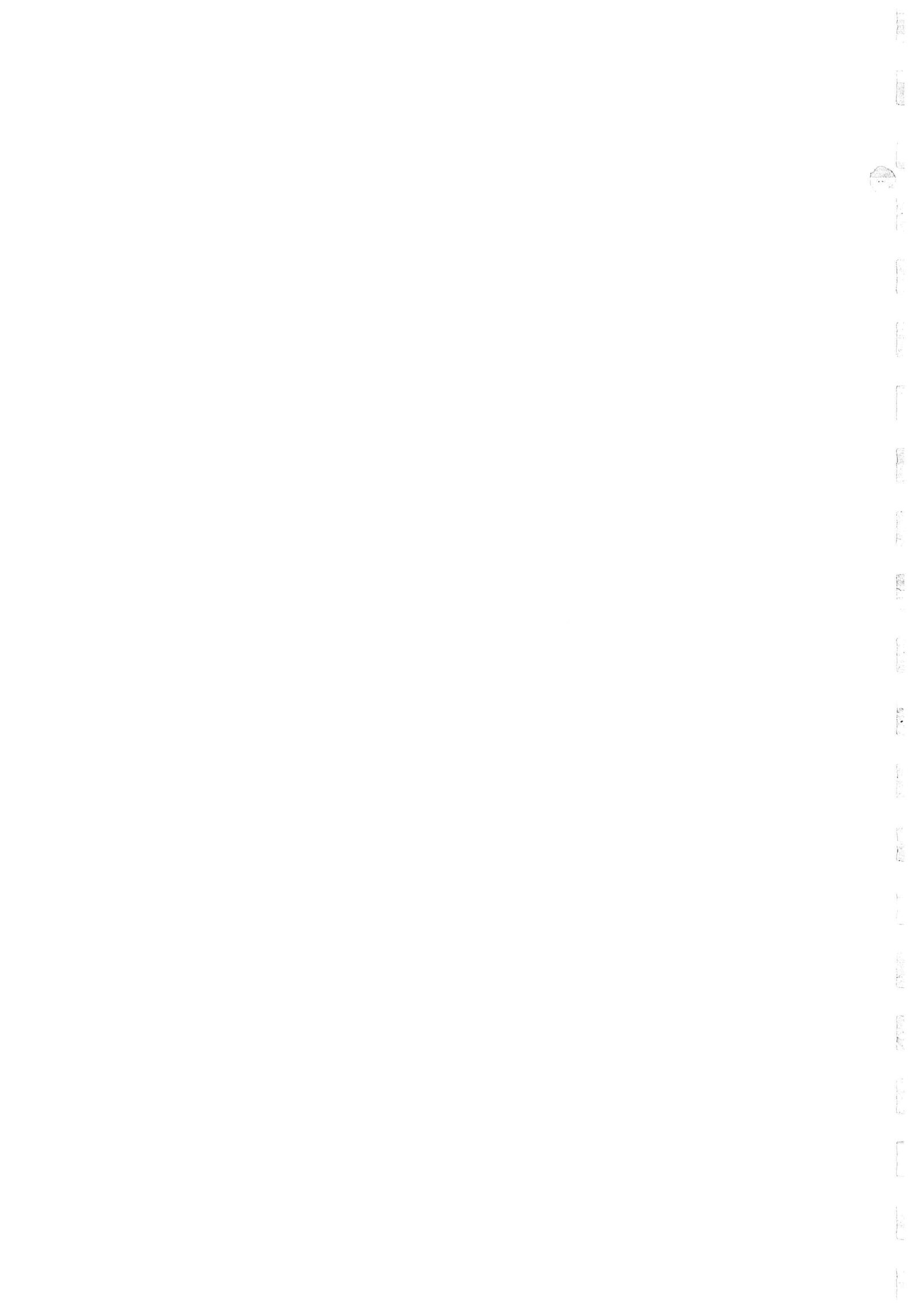
Operational and financial Performance

During the financial year 2019/2020, the operations of the institution both current and development were affected by delay in receipt of the capitation where second and third quarter were at the end of the fourth quarter. This delayed the implementation of the budget per quarter.

The closure of institution on March by the Government also affected the revenue expected from the parents on the fourth quarter since the students were at home.

The revenue collected per quarter was as follows:





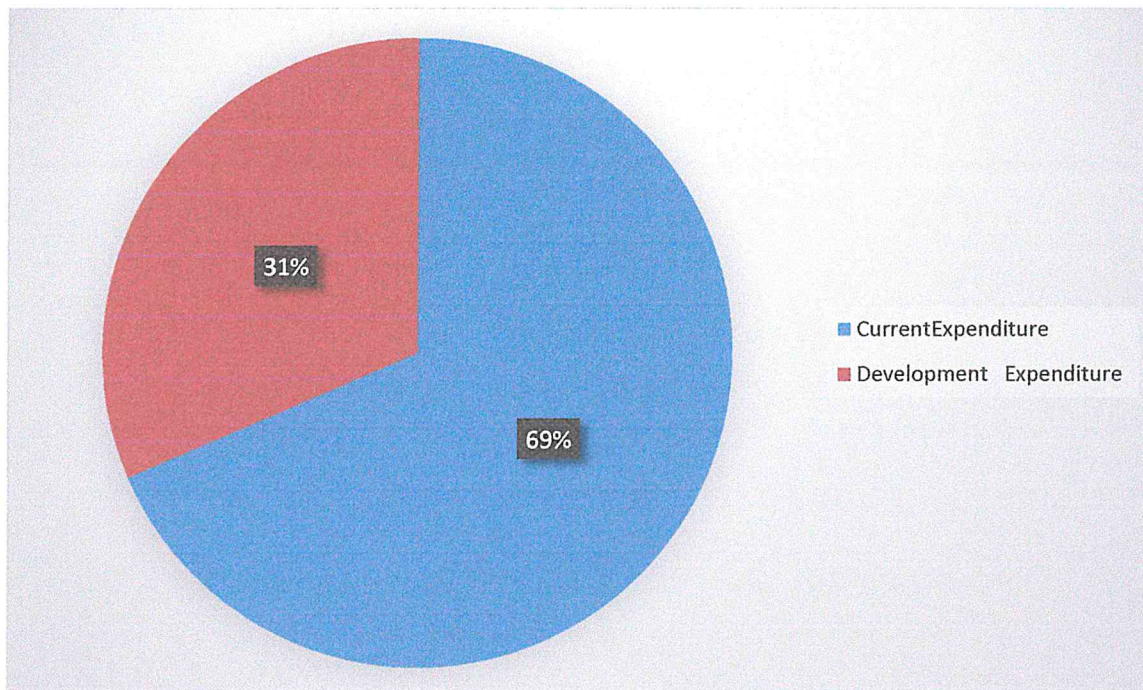
THIKA TECHNICAL TRAINING INSTITUTE
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During the financial year 2019/2020, several projects undertaken and implemented.

These projects include:

S/N	Project	Cost
1	Laying of Cabro	15,993,630.00
2	Installation & Implementation of MIS - ERP System	7,790,000.00
3	Biometrics	7,129,609.00
4	C.C.TV - Installation & Implementation	6,933,048.00
5	Driving school saloon car	6,800,000.00
6	Lecture Chairs	6,600,000.00
7	Modern Gate	4,969,715.00
8	Computers for students	4,389,000.00
9	Driving school truck	4,100,000.00
10	Mega Tent	3,757,704.00
11	Institute Bus	3,250,000.00
12	Reading shed	745,150.00
	TOTAL	72,457,856.00

The ration of current expenditure to development expenditures during the year was as illustrated on the pie chart below

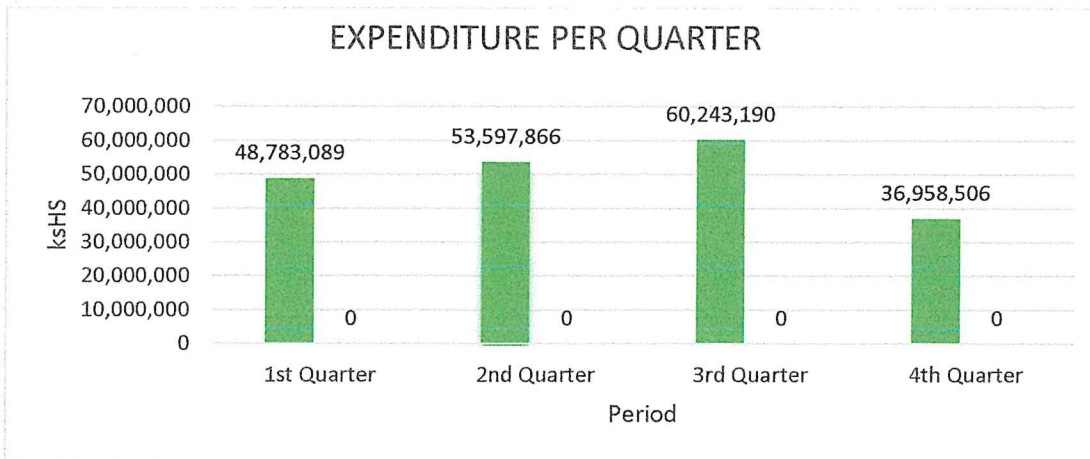




**THIKA TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30 JUNE 2020**

Major repairs, maintenance and improvements were done on existing assets costing a total of Kshs 10,763,508 while cost on good and services was KSh 91,982,114

Expenditure Analysis per quarter

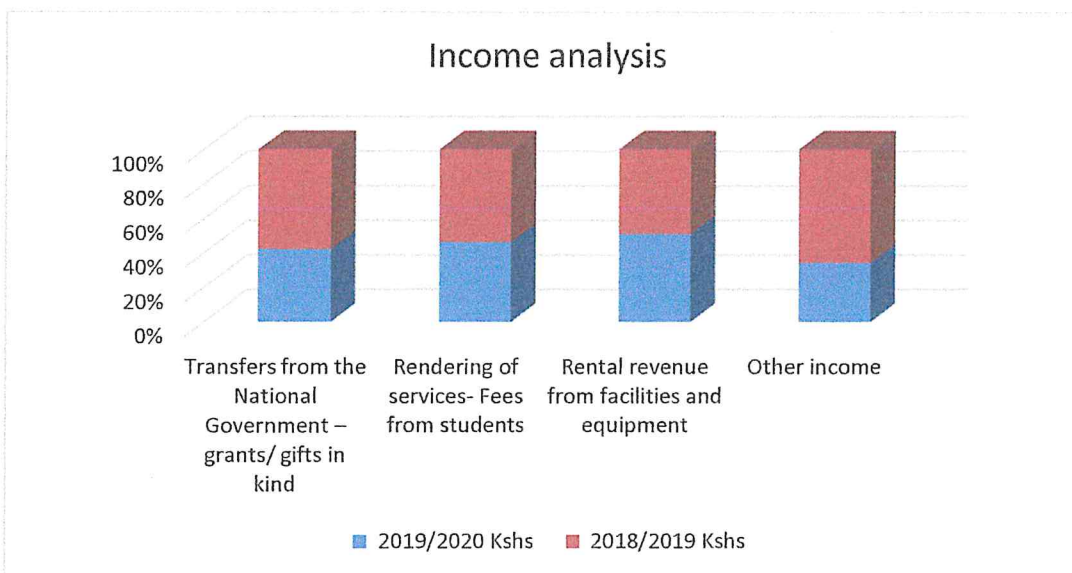


Several Challenges were faced by the institution during the year as follows:

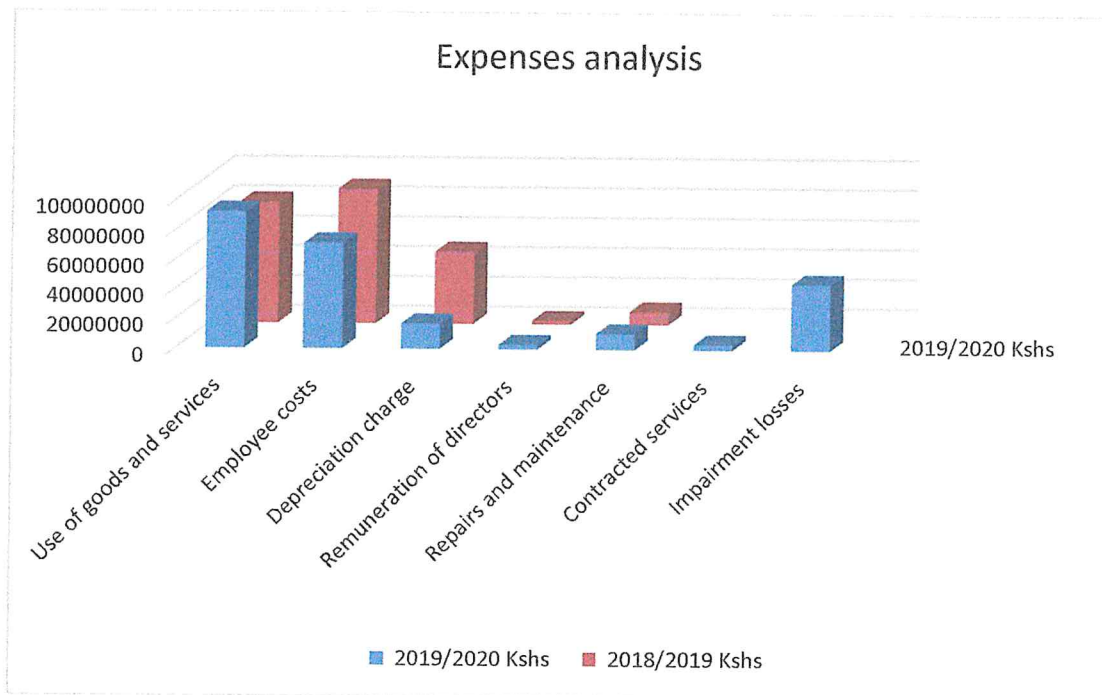
1. Delayed / Failure to honour financial obligations as and when they fall due. This was necessitated by delay in capitation
2. Failure to collect fees as projected. The budgeted A.I.A was affected by closure of institution by the Government due to Covid – 19 Pandemic. This also
3. Failure to absorb 100% of revenue collected as budgeted (FY 2019/2020 Budget). This was due to unable to finance budgeted expenditure.

Overall financial performance of the institution in the year 2019/2020 compared to year 2018/2019

a) Revenue analysis



b) Expenses analysis



Thika Technical Training Institute compliance with statutory requirements

Thika Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

Major risks facing the organisation.

The institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and HELB grants
- v. Staff turnover due to inability to retain them



9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Thika Technical Training Institute 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 our Five 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 -

The Institution's strategic plan communicates a desire to strengthen our efforts towards sustainability, becoming genuinely world class in how we respond as a tertiary institution. While sustainability has come a long way at the Institution in recent years, we recognise the need to coordinate and scale up our efforts. We will be bold, integrating sustainability principles and practices across all our departments and throughout all our activities: administration and governance, operations, research, teaching & learning, community engagement and outreach activities.

The Institution Strategic Plan 2018 to 2022 sets out the vision, mission, core values and strategic imperatives that guide activities at the Institution. This Strategic plan clarifies our commitment to enable a consistent, productive focus on sustainability, and to better communicate our efforts at all levels of the organisation.

It reflects our commitment to see sustainability embedded as part of the core ethos at the Institution, and builds on groundwork and activities underway across the organisation.

We work together, celebrate progress where staff and students are already leading the way, and challenge others to consider how sustainability connects to their work, can enhance their practices, and how they can contribute personally to our sustainability transition.

The Office of Sustainability will provide an annual update on the Institution's progress towards sustainability.

2. Environmental performance

The Institution aims to ensure that the needs of the population are met without the risk of compromising the needs of future generations. The institution commits to reduce environmental impact through greening Club – a programme that is run students and financed by the institution. Its activities include waste management, planting trees ect.

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

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





Chief Administrative Secretary Ministry of Education,
Mr. Zacharia Kinuthia Mugure Planting a tree during his visit in the institution

3. Employee welfare

Thika Technical Training Institute focuses on the importance of anyone directly or indirectly involved in the core mandate of training. We encompass the development of skills and human capacity to support the functions and sustainability of the Institution and to promote the wellbeing of communities and society.

There is a Human resource manual that guides on hiring and appraisal of the staff. Staff training and development has been factored in the annual budget to ensure that our staff are trained and equipped in regard to emerging issues.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.



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Activity	Description
Better training	optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	promoting initiatives that support staff and their families, beyond the provision of employment. promoting initiatives that recognize the contribution of the students to the community.

a) Policies guiding hiring process

The following are the Thika Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally.
2	Human Resource Manual	Regularly	This largely depends on availability of funds Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Thika TTI observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

4. Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice - Our Institution ensures there is responsible competitiveness by making sustainable development count in global and local markets. Through providing courses that suits the markets and that reward business practices that deliver improved social, environmental, and economic outcomes.

- b) A research on market demand has helped us offer courses that would shape business strategies and practices, and the context in which they operate, to take explicit account of their social, economic, and environmental impacts.
- c) Responsible Supply chain and supplier relations- In this regard the institution place its adverts for tenders on the daily's and on its website for access to all. Payment to suppliers is done within the limited period of less than Ninety days' other guidelines like Presidents directive on Special category tender opportunities id adhered to.
- d) Responsible marketing and advertisement- In order to ensure we have ethical balance; we reach out to students beyond boundaries by advertising for our courses on daily newspaper, our website and national television.
- e) Product stewardship- The Institution ensures that all the courses offered are accredited by the relevant bodies eg KASNEB, KNEC, NITA, Pharmacy & Poison's Board etc. Students are also guided on ethical practices in relation to their professional field.

5. Community Engagements-

During the financial year 2019/2020 the institution engage in charity walks e.g Cancer awareness walk organized by The Zambezi hospital ltd. A donation of Ksh 10,000 towards the kitty was given. The Institute Supports Rotaract club which has had several activities to the community including sports within the institution.

The Institution offers an opportunity to the community in using our facilities like field,



Pupils from neighbouring schools in the institute field



THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of Thika Technical Training Institute's affairs.

Principal activities

The principal activity of Thika Technical Training Institute is to provide quality training in technical, industrial, vocational and entrepreneurship.

Results

The results of Thika Technical Training Institute for the year ended June 30, 2020 are set out on page 1 to 30

Governing Board

The members of the Board who served during the year are shown on page vii in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education. This Board was appointed on October 2019.

Auditors

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

By Order of the Board



Dr Joseph Muguthu
CHAIRMAN, BOARD OF GOVERNORS
25th Feb, 2021



THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. STATEMENT OF BOARD OF GOVERNORS

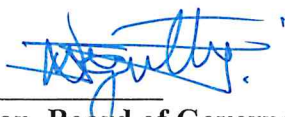
Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013) require the board of governors to prepare financial statements in respect of that institute, which give a 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 of governors are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Thika Technical Training Institute. The board of governors are also responsible for safeguarding the assets of the institute. The board of governors 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 Thika Technical Training 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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board of governors accept responsibility for the Thika Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The board of governors are of the opinion that the institute's financial statements give a true and fair view of the state of Thika Technical Training Institute's transactions during the financial year ended June 30, 2020, and of the institute's financial position as at that date. The board of governors 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.

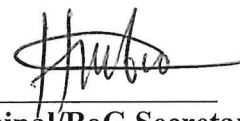
Nothing has come to the attention of the board of governors to indicate that the institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The institute's financial statements were approved by the Board on 24th Feb 2021 and signed on its behalf by:



Chairman, Board of Governors



Principal/BoG Secretary

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REPUBLIC OF KENYA



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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Thika Technical Training Institute set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika Technical Training 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1.0 Errors in Disclosure and Presentation of Accounting Policies

Disclosed in the summary of significant accounting policies under Note 4(c) are taxes - International Accounting Standard (IAS) 12 while the financial statements have been prepared in accordance with IPSAS accrual. Further, the accounting policy is misleading as the disclosure policy on tax rates and laws used by the Institute relate to generation of taxable income instead of tax exemption as per Income Tax Act. In addition, Accounting Policy Note 4(d) refers to IPSAS 16 as relating to property, plant and equipment, instead of the correct IPSAS 17.

2.0 Inaccuracies in the Financial Statements

2.1 Inconsistencies of Balances

Review of the financial statements reflected the following inaccuracies;

Details	Statement of Financial Performance Kshs.	Statement of Cash Flows Kshs.	Statement of Comparison of Budget Kshs.
Transfers from other Government entities	113,872,500	224,355,000	75,915,000
Rendering of services – Fees from students	192,893,245	192,554,517	147,710,340
Rental revenue from facilities and equipment	12,112,216	12,112,216	13,360,211

Further, review of the statement of cash flows reflected the following balances that were not included in the statement of cash flows;

Details	2019/2020 Kshs.	2018/2019 Kshs.	Changes Kshs.
Receivables from exchange transactions	45,182,905	53,424,309	(8,241,404)
Receivables from non-exchange transactions	37,957,500	148,440,000	(110,482,500)
Trade and other payables from exchange transactions	23,437,204	8,454,115	14,983,089
Refundable deposits from customers	1,146,240	873,000	273,240
Payable to mentored institutions	34,784,421	35,462,787	678,366

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

2.2 Deferred Income

The statement of financial position reflects deferred income of Kshs.7,037,800 and Kshs.11,113,400 in respect of financial years 2018/2019 and 2019/2020, respectively. The deferred income relates to restricted development grants from the National Government to the Institute for construction of a resource centre. However, Note 25 to the financial statements reflects different amounts of Kshs.2,037,800 and Kshs.4,075,600 for the respective financial years. In addition, the same Note 25 to the financial statements reflects deferred income movement schedule balance of Kshs.11,113,400 as at 30 June, 2020 resulting to unexplained differences.

Consequently, the accuracy and completeness of the deferred income could not be confirmed.

2.3 Net Cash Flows from Operating Activities

The statement of cash flows reflects comparative net cash flows of Kshs.37,810,202 from operating activities for 2018/2019, which is at variance with a figure of Kshs.8,020,300

disclosed in Note 27 to the financial statements. The resultant variance of Kshs.29,789,902 has not been explained or reconciled.

As a result, the accuracy and validity of the opening and closing cash and cash equivalents could not be confirmed.

2.4 Inaccurate Accumulated Surplus

Disclosed in the statement of changes in net assets is accumulated surplus balance of Kshs.345,686,430. However, the balance includes an amount of Kshs.14,759,153 described as “transfer of depreciation from retained earnings to capital fund” which ordinarily is included and expensed through the statement of financial performance for the year.

The amount was therefore double counted as an expenditure and reversed again in the statement of changes in net assets thus understating the expenditure for the year. Consequently, the completeness and accuracy of accumulated surplus of Kshs.345,686,430 could not be confirmed.

3.0 Long Outstanding Debts

The statement of financial position reflects a balance of Kshs.45,182,905 in respect of receivables from exchange transactions as at 30 June, 2020. According to a schedule on aging analysis presented for audit, the balance includes students’ debtors totalling Kshs.26,089,987 relating to financial years 2018/2019 and prior years. In addition, disclosed in Note 18 to the financial statements are rent debtors of Kshs.969,998, which as previously reported includes an amount of Kshs.693,815 owed by former employees of the Institute, who left before clearing the debt. However, a provision for bad and doubtful debts of Kshs.2,811,806 made in the financial statements to cover the debts was inadequate.

Consequently, recoverability of the receivables balance of Kshs.45,182,905 as at 30 June, 2020 is doubtful.

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

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 comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.387,707,957 and Kshs.236,985,551 respectively resulting to an under-funding of Kshs.150,722,408 or 39% of the budget. Similarly, the Institute expended Kshs.157,335,409 against an approved budget of Kshs.387,707,957 resulting to an under-expenditure of Kshs.230,372,550 or 59% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Prior Year Issues

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or explained its failure to report on the progress made in resolving the issues as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Failure to Submit Financial Statements for Audit

As previously reported, the Management did not submit financial statements for the financial year 2017/2018 to the Auditor General for audit contrary to the requirements under Section 47(1) of the Public Audit Act, 2015, which states 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 (3) months after the end of the fiscal year to which the accounts relate.

Consequently, the Management of the Institute was in breach of the law.

2.0 Failure to Insure Institute's Assets

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant and equipment with a net book value of Kshs.1,823,343,875 as at

30 June, 2020. It was however noted that, except for the motor vehicles with a net book value of Kshs.19,662,500, all other assets including buildings, plant, equipment, furniture and fittings were not insured contrary to Regulation 139(1)(a) of Public Finance Management (National Government) Regulations, 2015 which states that The Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

The Institute is therefore exposed to possible loss from insurable risks which in turn may impact negatively on the Institute's service delivery.

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Overall Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weakness in Information Technology (IT) Controls

Review of Information Technology (IT) control environment revealed lack of an Information, Communication and Technology (ICT) policy, ICT strategic plan and IT steering committee in place. Absence of the policy and strategic plan may lead to inconsistent approach towards addressing ICT issues and data confidentiality, accuracy, reliability, integrity and availability. Further, it was noted that remote hosting of the Enterprise Resource Planning (ERP) System was at the vendor servers posing a risk of unauthorized access and manipulation of the institute's financial and non-financial data.

Also, the ERP system had no defined user roles which could result to unauthorized editing of records in the system while some desktop computers lacked reliable antivirus which could expose the institution to loss of data. In addition, computer server room lacked temperature regulation system thus exposing the hardware to damage.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes

and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 the 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 the Institute to cease 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 February, 2022

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. STATEMENT OF FINANCIAL PERFORMANC 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	113,872,500	155,440,000
Total Revenue from non-exchange transactions		113,872,500	155,440,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	192,893,245	222,737,821
Rental revenue from facilities and equipment	8	12,112,216	11,603,396
Other income	9	1,247,995	2,390,910
Revenue from exchange transactions		206,253,456	236,732,127
Total revenue		320,125,956	392,172,127
Expenses			
Use of goods and services	10	91,982,114	81,206,084
Employee costs	11	71,075,470	90,099,655
Remuneration of directors	12	2,972,412	2,340,104
Depreciation charge	13	17,015,553	48,326,359
Repairs and maintenance	14	10,763,508	8,641,675
Contracted services	15	3,700,000	
Total expenses		197,509,057	
Other gains/(losses)			
Impairment losses	16	44,694,134	
Total other gains/(losses)		44,694,134	230,613,877
Net Surplus for the year		77,922,765	161,558,250


The notes set out on pages 6 to 31 form an integral part of the Annual Financial Statements.

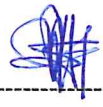



14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	273,806,195	82,637,086
Receivables from exchange transactions	18	45,182,905	53,424,309
Receivables from non-exchange transactions	19	37,957,500	148,440,000
Total Current Assets		356,946,601	284,501,395
Non-current assets			
Property, plant and equipment	20	1,831,133,875	1,223,525,163
Total Non-current Assets		1,831,133,875	1,223,525,163
Total assets		2,188,080,475	1,508,026,558
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	23,437,204	8,454,115
Refundable deposits from customers	22	1,146,240	873,000
Payable to mentored institutions	23	34,784,421	35,462,787
Total Current Liabilities		59,367,865	44,789,902
Non-current liabilities			
Deferred income	25	11,113,400	7,037,800
Total Non-current liabilities		11,113,400	7,037,800
Total liabilities		70,481,265	51,827,702
Reserves			
Accumulated surplus		345,686,430	253,004,512
Revaluation reserve	24	583,477,589	-
Capital grants		1,188,435,192	1,203,194,345
Total Reserves		2,117,599,211	1,456,198,857
Total Liabilities and Reserves		2,188,080,476	1,508,026,559

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Institute Board of Governors by:


Chairman of Board of Governors
Date. 25th Feb, 2021.


Finance Officer
ICPAK No21023
Date. 25th Feb, 2021.


Principal
Date. 25th Feb, 2021.

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

	Notes	Revaluation reserve	Accumulated Surpluses	Capital Fund	Total
Balance c/d as at June 30, 2018		-	39,685,178		39,685,178
Balance b/f as at July 1, 2018		-	39,685,178	-	39,685,178
Prior year adjustments:					
Capital funds				1,251,520,704	1,251,520,704
Surplus for the year		-	161,558,250		161,558,250
Transfer of depreciation from capital fund to retained earnings			48,326,359	(48,326,359)	-
Balance c/d as at June 30, 2019		-	249,569,787	1,203,194,345	1,413,078,954
Prior year adjustments:					
Accumulated erroneously recognised as deferred income	27(b)		8,434,725		8,434,725
Deferred income recognised as income in prior years	27 (a)		(5,000,000)		(5,000,000)
Restated balance c/d as at June 30, 2019			253,004,512	1,203,194,344	1,456,198,857
Balance b/f as at July 1, 2019			253,004,512	1,203,194,344	1,456,198,857
Surplus for the year			77,922,765		77,922,765
Revaluation surplus	24	583,477,589			583,477,589
Transfer of depreciation from capital fund to retained earnings	28		14,759,153	(14,759,153)	-
Balance c/d as at June 30, 2020		583,477,589	345,686,430	1,188,435,192	2,117,599,211

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019/2020	2018/2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		224,355,000	27,462,787
Rendering of services- Fees from students		192,554,517	169,313,512
Rental revenue from facilities and equipment		12,112,216	11,603,396
Other income		1,247,995	2,390,910
Total Receipts		430,269,728	210,770,605
Payments			
Employee costs		(71,075,470)	(90,099,655)
Use of goods and services		(69,139,624)	(32,309,452)
Remuneration of directors		(2,972,412)	(2,340,104)
Repairs and maintenance		(10,447,903)	(8,641,675)
Contracted services		(3,700,000)	(39,569,517)
Total Payments		(157,335,409)	(172,960,403)
Net cash from operating activities	29	272,934,319	37,810,202
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(85,840,809)	(20,330,819)
Net cash flows used in investing activities		(85,840,809)	(20,330,819)
Cash flows from financing activities			
Development funds from the government	25	4,075,600	2,037,800
Net cash flows from financing activities		4,075,600	2,037,800
Net increase/(decrease) in cash and cash equivalents		191,169,110	19,517,183
Cash and cash equivalents at 1 JULY 2019		82,637,086	63,119,903
Cash and cash equivalents at 30 JUNE 2020	17	273,806,196	82,637,086

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17. 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	2019-2020	2019-2020	2019-2020	2019-2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from other Govt entities - grants	165,000,000		165,000,000	75,915,000	(89,085,000.00)
Rendering of services- Fees from students	205,807,959		205,807,959	147,710,340	(58,097,619.00)
Gains on disposal, rental income and agency fees	16,900,000		16,900,000	13,360,211	(3,539,789.00)
Total income	387,707,959	-	387,707,959	236,985,551	(150,722,408.00)
Expenses					
Compensation of employees	69,529,742		69,529,742	71,075,470	1,545,728.00
Use of Goods and services	302,383,034		302,383,034	69,139,624	(233,243,410.00)
Repairs, Maintenance & improvements	8,035,183		8,035,183	10,447,903	2,412,720.00
Remuneration of directors	2,760,000		2,760,000	2,972,412	212,412.00
Contracted services	5,000,000		5,000,000	3,700,000	(1,300,000.00)
Total expenditure	387,707,959	-	387,707,959	157,335,409	(230,372,550.00)
Surplus for the period	-	-	-	79,650,142.00	(79,650,142.00)

Budget notes

1. The variance of 54% on transfer from Government was due to the fact that fourth quarter capitation was not received
2. The variance of 28% on revenue from rendering of service was due increase in students' population and HELB funding received
3. The variance of 21% on rental income was due to Increase in hire of facilities to customers who held activities in our facilities
4. The variance of 77% on use of goods was due to untimely closure of institution due to Covid – 19 pandemic
5. The variance of 30% on Repairs, Maintenance and improvement was necessitated by measure to mitigate Covid – 19 Pandemic in preparation for resumption of students.
6. Total Revenue as per statement of Financial Performance is KShs 320,152,956 if we less receivables of KShs 83,140,405 we get the total revenue as per the budget which is KShs 236,985,551.
7. Total amount of use of goods as per statement of Financial Performance of KShs 91,982,114 if we less the payables from exchange transactions of Kshs 22,842,490 we get the expenditure as per the budget which is Kshs 69,139,624

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Thika Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number **MOHEST/GC/1459/011A**.

The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act , TSC Act, KIE Act KASNEB Act and others.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. 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. There is no impact of the IPSAS 40 to the institute



THIKA TECHNICAL TRAINING INSTITUTE
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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	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2022: <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

(2)

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FOR THE YEAR ENDED 30 JUNE 2020

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

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

Thika Technical Training Institute recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to Thika Technical Training Institute and the fair value of the asset can be measured

Transfers from other government entities

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

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Council or Board on **3rd July 2019**.

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

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

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes – IAS 12

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Property, plant and equipment – IPSAS 16

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

e) Leases

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

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

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

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

f) Intangible assets

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

g) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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



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Impairment of financial assets

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories – IPSAS 12

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

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

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

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

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

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

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

j) Provisions – IPSAS 19

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

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

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

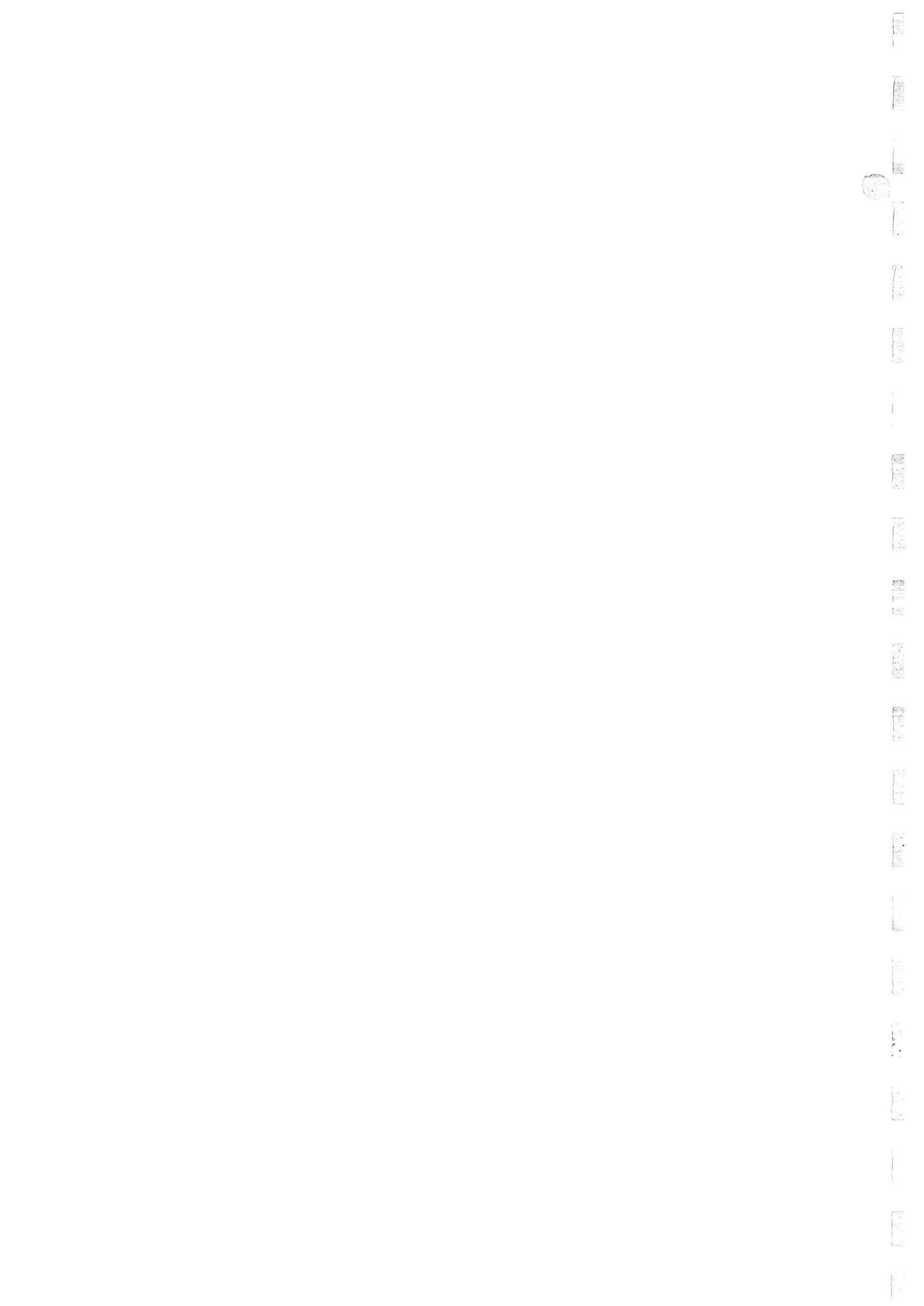
Contingent assets

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

In this light then, the institute is a defendant in various legal actions.

The institute is engaged in various legal actions.

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



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outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined

- (c) The institute is a defendant in a legal action also a legal action with Northholt Enterprises. The outcome in favour of the plaintiff may lead to outflow of funds that could not be pre-determined

k) Nature and purpose of reserves

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

- Accumulated surpluses
- Development funds

l) Changes in accounting policies and estimates - IPSAS 3

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

m) Employee benefits - IPSAS 25

Retirement benefit plans

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

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

n) Related parties - IPSAS 20

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



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o) Service concession arrangements – IPSAS 32

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

p) Cash and cash equivalents

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

q) Comparative figures

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.



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

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	-	7,000,000
Capitation Receivable	113,872,500	148,440,000
Total Government grants and subsidies	113,872,500	155,440,000

b) 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.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Ministry of education	113,872,500	4,075,600		117,948,100	155,440,000
Total	113,872,500	4,075,600		117,948,100	155,440,000



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7. RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	177,174,433	213,551,649
Activity fees	12,352,150	6,214,133
Library fees	-	454,490
Facilities and materials	-	-
Registration fees	3,366,662	2,517,549
Total Rendering of Services	192,893,245	222,737,821

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
KISE/ECDE hire of facility	5,656,222	6,715,460
Hire of facilities	1,473,260	2,424,415
Rent	2,411,657	2,463,521
Hire and rent income allocated to development	2,571,077	
Total rentals	12,112,216	11,603,396

9. OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Income from sale of tender	128,000	36,000
Catering services	880,595	1,419,460
Graduation	239,400	935,450
Total other income	1,247,995	2,390,910



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10. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity, Water & Conservancy	4,742,651	6,712,727
Activity	11,901,730	7,814,622
S.E.S	32,190,467	18,846,551
Admin fees	21,858,527	11,336,228
Clubs & Societies	-	1,221,323
Fees refund	-	324,000
Helb	-	401,930
Medical	-	926,589
Student identity cards	1,465,400	202,800
Student council	1,483,070	1,639,462
Industrial attachment	-	1,747,000
Graduation expenses	-	1,799,563
Registration	1,696,000	-
Advertising	-	666,005
Security costs	1,418,945	
Insurance	3,333,843	879,115
Hire charges	5,329,719	5,629,385
Rent expenses	2,207,760	7,733,663
Cafeteria	1,311,379	3,701,178
Internet cost	2,948,982	2,627,450
Provision for bad debts	-	2,811,806
ICT infrastructure	93,641	-
Other	-	4,184,686
Total good and services	91,982,114	81,206,084

11. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	53,918,873	51,237,027
Travel, motor car, accommodation, subsistence and other allowances	17,156,597	16,675,348
Production Unit	-	22,187,280
Total Employee costs	71,075,470	90,099,655

12. REMUNERATION OF BOARD OF GOVERNORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Allowances	383,000	525,000
Board of Governors allowances	2,589,412	1,815,104
Total board of Governors emoluments	2,972,412	2,340,104



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13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	17,015,553	48,326,359
Total depreciation and amortization	17,015,553	48,326,359

14. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	9,996,698	8,641,675
Investment property – earning rentals	158,675	-
Equipment and machinery	362,000	-
Vehicles	170,718	-
Computers and accessories	75,417	-
Total Repairs and Maintenance	10,763,508	8,641,675

15. CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Property valuations	3,700,000	-
Total contracted services	3,700,000	-

16. IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Motor vehicles	1,825,000	-
Computers	6,355,268	-
Furniture and fittings	3,433,558	-
Equipment	33,080,308	-
Total impairment losses	44,694,134	-

Impairment loss is from the assets that lost after the revaluation. The revaluation of assets was done by a professional valuer in the month of February 2020.



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17. CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
Equity bank	0090292436622	5,505,432	2,853,449
Barclays Main	0311190628	213,643,014	37,517,355
Barclays Development	2035938330	14,963,005	4,703,478
Family Cafeteria A/c	005000036290	229,824	-27,956
NCBA Exam A/c	1000231378	5,981,240	1,978,870
Barclays Maragwa	2038121033	28,348,179	12,667,247
Barclays Gichugu	2038121076	22,549	14,885,806
Barclays Mwea	2038121084	4,488,131	7,909,734
KCB Kiharu	1272557405	614,762	-
Cash on hand		10,059	149,103
Total cash and cash equivalents		273,806,195	82,637,086

(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019/2020	2018/2019
		Shs	Shs
i) Current a/c - Fees Collection			
Equity bank	0090292436622	5,505,432	2,853,449
Barclays bank	0311190628	213,643,014	37,517,355
Sub- total		219,148,446	40,370,804
ii) Exam fee collection a/c			
NCBA bank	1000231378	5,981,240	1,978,870
KCB Kiharu	1272557405	614,762	614,762
Sub- total		6,596,002	2,593,632
iii) Development –			
Barclays bank	2035938330	14,963,005	4,703,478
Sub- total		14,963,005	4,703,478
iv) Cafeteria a/c			
Family bank	005000036290	229,824	(27,956)
Sub- total		229,824	(27,956)
v) Mentored Inst			
Mwea TVC- Barclays bank	2038121084	4,488,131	7,909,734
Gichugu TVC Barclays bank	2038121076	22,549	14,885,806
Maragwa TVC Barclays bank	2038121033	28,348,179	12,667,247
Sub- total		32,858,859	35,462,787
Grand total		273,796,136	82,487,983



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18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	47,024,713	40,037,349
Rent debtors	969,998	927,062
Advances	-	-
Other exchange debtors	-	15,271,704
Less: impairment allowance	(2,811,806)	(2,811,806)
Total current receivables from exchange	45,182,905	53,424,309

19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Capitation grant receivables	37,957,500	148,440,000
	-	-
Total receivables from Non-exchange	37,957,500	148,440,000

Capitation grants receivable relates to capitation for year 2019/2020 that was received in the month of July 2020.

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20. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Land		Motor vehicles		Furniture and fittings		Computers		Plan and equipment		Work in progress ERP		Total	
		Shs		Shs		Shs		Shs		Shs		Shs		Shs		Shs
Cost/Valuation																
At 30 th June 2018	439,474,981	500,000,000	500,000,000	11,406,250	41,546,045	35,801,344	223,292,084									1,251,520,704
Additions	20,330,819	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,330,819
At 30 th June 2019	459,805,800	500,000,000	500,000,000	11,406,250	41,546,045	35,801,344	223,292,084									1,271,851,523
Additions	36,911,152	-	-	14,150,000	8,538,000	4,389,000	14,062,657							7,790,000		85,840,809
Surplus/(impairment) on revaluation	14,281,473	560,000,000	560,000,000	(4,106,250)	(7,210,471)	(14,617,117)	(57,890,540)									490,457,096
At 30 th June 2020	510,998,425	1,060,000,000	1,060,000,000	21,450,000	42,873,574	25,573,227	179,464,201							7,790,000		1,848,149,427
Comprising																
Cost	496,716,952	500,000,000	500,000,000	25,556,250	50,084,045	40,190,344	237,354,741							7,790,000		1,357,692,332
Valuation	14,281,473	560,000,000	560,000,000	(4,106,250)	(7,210,471)	(14,617,117)	(57,890,540)									490,457,096
Total	510,998,425	1,060,000,000	1,060,000,000	21,450,000	42,873,574	25,573,227	179,464,201							7,790,000		1,848,149,427
Depreciation and impairment																
At 30 June 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	9,196,116	-	-	2,281,250	3,776,913	8,261,849	24,810,232									48,326,359
At 30 th June 2019	9,196,116	-	-	2,281,250	3,776,913	8,261,849	24,810,232									48,326,359
Reversal of accumulated depreciation on revaluation	(9,196,116)	-	-	(2,281,250)	(3,776,913)	(8,261,849)	(24,810,232)									(48,326,359)
Depreciation	3,406,656	-	-	1,787,500	1,786,399	2,557,323	7,477,675									17,015,553
At 30 th June 2020	3,406,656	-	-	1,787,500	1,786,399	2,557,323	7,477,675									17,015,553
Net book values																
At 30 th June 2020	507,591,769	1,060,000,000	1,060,000,000	19,662,500	41,087,175	23,015,904	171,986,526							7,790,000		1,831,133,875
At 30 th June 2019	450,609,684	500,000,000	500,000,000	9,125,000	37,769,131	27,539,495	198,481,853									1,223,525,163

Note: Work in progress relates to installation and commissioning of an ERP system.

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21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	23,158,095	5,316,695
Fees paid in advance	279,109	3,137,420
Total trade and other payables	23,437,204	8,454,115

22. REFUNDABLE DEPOSITS FROM STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Caution money	1,146,240	873,000
Total deposits	1,146,240	873,000

23. PAYABLE TO MENTORED INSTITUTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Maragwa Technical Institute	28,348,179	12,667,247
Gichugu Technical Institute	22,549	14,885,806
Mwea Technical Institute	4,488,131	7,909,734
Kiharu	614,762	-
Furniture account for mentored institutions	1,310,800	-
Total	34,784,421	35,462,787

Payable to mentored institutions relates to money wired by the government into the bank accounts opened in the name of Thika Technical Training institute for those institutions.



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24. REVALUATION RESERVE

			2019-2020
		KShs	KShs
Buildings			
Cost		459,805,800	
Depreciation		-9,196,116	
Net book value	A	450,609,684	
Amount as per the revaluation report	B	474,087,273	
Revaluation reserve	C=(B-A)		23,477,589
Land			
Cost	D	500,000,000	
Amount as per the revaluation report	E	1,060,000,000	
Revaluation reserve	F=(E-D)		560,000,000
Total revaluation reserve	G=(C+F)		583,477,589

The revaluation reserve is as a result of fixed assets classes that gained in value after revaluation that was carried out during the year.

25. DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National government	4,075,600	2,037,800
Total deferred income	4,075,600	2,037,800

The deferred income movement is as follows:

Description	National government	Total
Balance brought forward	7,037,800	7,037,800
Additions during the year	4,075,600	4,075,600
Transfers to Capital fund	-	-
Transfers to income statement	-	-
Other transfers	-	-
Total deferred income	11,113,400	11,113,400

Deferred income relates to restricted developments grants from the government meant for construction of resource centre.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. PRIOR YEAR ADJUSTMENTS

a) Deferred income recognised as income in prior year	-	(5,000,000)
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The above Prior year adjustments relate to restricted development funds received from the government in previous year but was recognised as income for the year they were received.

b) Accumulated erroneously recognised as deferred income	-	8,434,725
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The above Prior year adjustments relate to accumulated surpluses as at 30 June 2018 which were held in development bank account erroneously recognised as deferred income.

27. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
Surplus for the year before tax	KShs	KShs
Surplus for the year	77,922,765	161,558,250
Adjusted for:		
Depreciation	17,015,553	48,326,359
Impairment loss	44,694,134	-
Working Capital adjustments		
(Increase) in receivables	118,723,904	-201,864,309
Decrease in payables	14,577,963	-
Net cash flow from operating activities	272,934,319	8,020,300

28. FINANCIAL RISK MANAGEMENT

(i) Credit risk management

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

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

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	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019	-	-	-	-
Receivables from exchange transactions	56,236,115	53,424,309	2,811,806	-
Receivables from non-exchange transactions	148,440,000	148,440,000	-	-
Bank balances	-	-	-	-
Total	204,676,115	201,864,309	2,811,806	-
At 30 June 2020				
Receivables from exchange transactions	47,994,711	26,637,868	18,545,037	2,811,806
Receivables from non-exchange transactions	37,957,500	37,957,500	-	-
Bank balances	-	-	-	-
Total	85,952,211	64,595,368	18,545,037	2,811,806

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	2,126,678	3,190,170	-	5,316,695
Prepaid fees	3,137,420	-	-	3,137,420
Caution money	873,000	-	-	873,000
Total	6,137,098	3,190,170	-	9,327,115
At 30 June 2020				
Trade payables	23,158,095	-	-	23,158,095
Prepaid fees	279,109	-	-	279,109
Caution money	1,146,240	-	-	1,146,240
Total	24,583,444	-	-	24,583,444

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29. RELATED PARTY BALANCES

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;

30. EVENTS AFTER THE REPORTING PERIOD

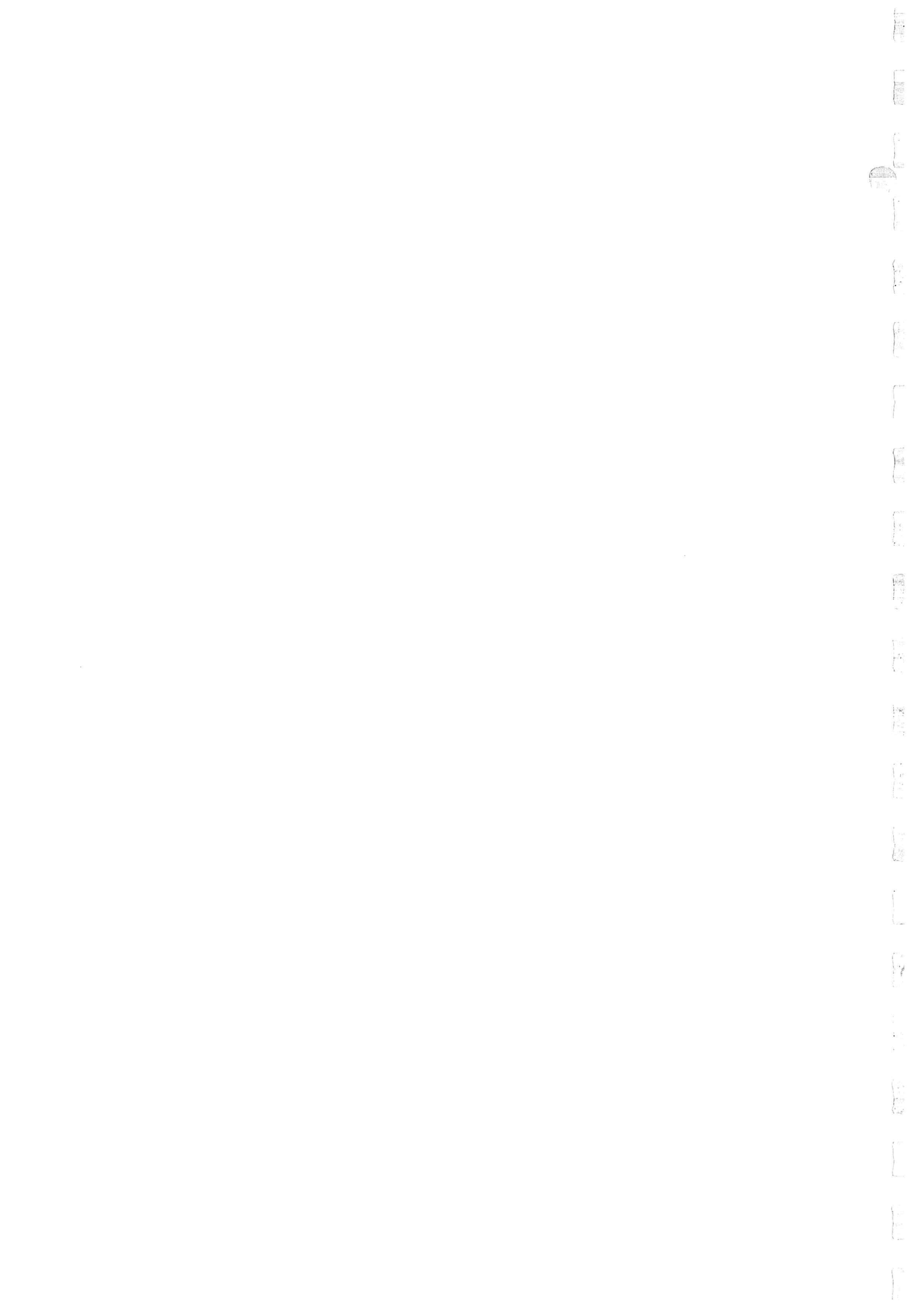
There were no material adjusting and non-adjusting events after the reporting period.

31. ULTIMATE AND HOLDING ENTITY

Thika Technical Training Institute is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

32. CURRENCY

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



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19. APPENDICES

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:

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

NB: The entity had not received the auditor general’s report at the point of signing Financial Statements.

Dr Joseph Muguthu
 CHAIRMAN, BOARD OF GOVERNORS
 25th Feb, 2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Status of Projects completions

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	Thika TTI Library & resource Centre	35,862,300.00	NIL	Not started BQ on going	35,862,300.00		GoK-MoE Funding
2	Mwea TVC Mentor institute	55,231,665.00	52,558,808.56	100%	55,231,665.00		GoK-MoE Funding
3	Maragwa TVC Mentor institute	317,767,102.34	189,152,439.28	72%	317,767,102.34		GoK-MoE Funding
4	Gichugu TVC Mentor institute	51,300,055.00	27,149,685.83	38%	51,300,055.00		GoK-MoE Funding
5	Kiharu TVC Mentor institute	50,602,615.00	9,382,587.75	20%	50,602,615.00		GoK-MoE Funding



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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		THIKA TECHNICAL TRAINING INSTITUTE	
Break down of Transfers from the State Department for Vocational and Technical Education			
FY 2019/2020			
a.	Recurrent Grants		
	Capitation	Bank Statement Date	Amount (KShs)
		10 th July 2019	148,440,000
		18 th October 2019	33,967,500
		10 th June 2020	41,947,500
		Total	224,355,000
b.	Development Grants		
		Bank Statement Date	Amount (KShs)
		12 th July 2019	47,195,000
		27 th June 2019	1,000,000
		28 th May 2020	1,000,000
		28 th May 2020	1,000,000
		Total	50,195,000
c.	Direct Payments		
		Bank Statement Date	Amount (KShs)
			-
		Total	-
d.	Donor Receipts		
	NGCDF	Bank Statement Date	Amount (KShs)
	KiharuTVC Development fund	12 th July 2019	10,000,000
		Total	10,000,000



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