REPUBLIC OF KENYA

OAG

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NAIROBI TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED 30 JUNE, 2019

NAIROBI TECHNICAL TRAINING INSTITUTE

Excel in Business, Science and Technology

ISO 9001 : 2015 CERTIFIED INTITUTION

CONTACT INFORMATION
P.O. BOX 30039 – 00100 GPO, NAIROBI - KENYA
TELEPHONE: 6760482 / 6764863 / 09
MOBILE: 0721233394, 0208034403
EMAIL: nairobitechnical@gmail.com

PHYSICAL ADDRESS
The Institute is located along Mogira Road,
Off Park Road and Ring Road Ngara

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

Table of Contents

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Nairobi Technical Training Institute is a public tertiary institution under the Ministry of Education, State Department of Vocational and Technical Training. The Institute receives full support from the Government through grants, training equipment and personnel.

It was started as a technical school in 1952, And in 1989, was converted to a Technical Training Institution after the country adopted changes to the 8.4.4 system of education. It offers courses at three levels i.e. Artisan; Certificate and Diploma both in Technical and Business related disciplines.

The Institute continues to play a significant role in provision of skilled manpower to various sectors of the economy.

(b) Principal Activities

Mission
Training Competent Human Resource for Social Economic Development in Business, Science and Technology.

(c) Key Management

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

- Chief principal
- Deputy Principal-Administration affairs
- Deputy Principal-Academic affairs
- Registrar
- Dean of Students
- Senior Finance Officer
- Heads of Departments

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chairman of the Board	Ogola H.J Okeke
2.	Chief Principal	Glory K. Mutungi
3.	Finance Officer	Clement Amukhuma
4.	Deputy Principal-Administration	Cosmas Mwangi
5.	Deputy Principal-Academics	Dinah A. Obonyo

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

Finance & General Purposes committee activities

The Committee shall exercise all the powers of BOG in financial matters except in relation to the items which are reserved to BOG , on which the Committee shall advise BOG. Terms of Reference The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

a) To monitor and facilitate the implementation of the Institute s strategy with regard to financial matters.
b) To receive reports from the Chief Principal and the Finance Officer.
c) To monitor implementation of the strategy for the Institute.
d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements.
e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
f) To determine the fees and charges made for Institute services and facilities.
g) To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
h) To supervise the arrangements for safeguarding the Institute's assets.
i) To ensure the proper financial evaluation and control of projects.
j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
k) To ensure the appropriate exploitation of the Institute's intellectual property.
l) To make recommendations to BOG on the financing of projects.
m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

Audit committee activities

Some detailed audit committee responsibilities include:

a) Ensuring that financial statements are understandable, transparent, and reliable.
b) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic.
c) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top.
d) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud.
e) Reviewing current and pending corporate-governance-related litigation or regulatory proceedings to which the institution is a party.
f) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas.
g) Ensuring the internal auditors' access to the audit committee, encouraging communication beyond scheduled committee meetings.
h) Reviewing internal audit plans, reports, and significant findings.
i) Establishing a direct reporting relationship with the external auditors.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Senior Management Activities

The main purpose of the Senior Management Team is to:

(a) Ensure that NTTI's BOG is able to take strategic decisions relating to NTTI's activities.
(b) Provide leadership in communicating NTTI'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;
(c) Be accountable for the development and implementation of NTTI's strategic, corporate and business plans in line with the mission and values.
(d) Take a strategic overview of performance in all areas of NTTI's activities.

Specifically the Senior Management Team:

i. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
ii. Agrees NTTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
iii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
iv. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of NTTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
v. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
vi. Oversees and monitors NTTI's joint work with the other stakeholders
vii. 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.
viii. Leads all senior managers in motivating and developing NTTI staff to deliver the highest standards of performance and customer service.

(f) Government oversight activities

The Government of Kenya's oversight role includes provision of Grants for both Capitation and Development as well as provision of the regulatory framework. The audit of the Institutional activities is undertaken by the Office of the Auditor General.

(g) Entity Headquarters

LR/187519
NTTI BUILDING
P.O,BOX 30039-00100
MOGIRA Road- off Park road
Nairobi. Kenya

(h) Entity Contacts

Telephone: 020 8034403
Cell :(254) 721233394/705590634
E-mail: nairobitechnical@gmail.com
Website: www.nairobitti.ac.ke

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(i) Entity Bankers

1. National Bank of Kenya
   Harambee Avenue
   P.O. Box 72866
   City Square 00200
   Nairobi, KENYA

2. Cooperative Bank of Kenya
   Cooperative House-Haile Selassie Avenue
   P.O Box 48231
   G.P.O 00100
   Nairobi, KENYA

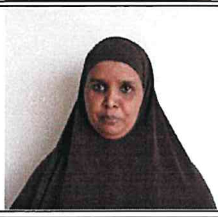
3. Equity Bank Kenya Limited
   Upper Hill - Hospital Road, Equity Centre
   P.O. Box 75104-
   City square 00200
   Nairobi.

4. Kenya Commercial Bank
   Kencom Hse.
   P. O. Box 48400
   G.P.O 00100
   Nairobi, KENYA

(j) Independent Auditors

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

THE BOARD OF GOVERNORS

Governor	Title	Photograph	Date of birth, key qualifications and work experience	
1. Ogola H.J Okeke	Chairman		Date of Birth	1973
			Qualification	LLB
			Experience	23years
2. Hassan S. Mohammed	Member		Date of Birth	08.08.1981
			Qualification	MA-Mass communication
			Experience	10years
3. Dr. James K. Mutura	Member		Date of Birth	1960
			Qualification	PhD Agricultural Economics/CPA-K
			Experience	25 years
4. Moureen Claris Owiti	Member		Date of Birth	04.02.1978
			Qualification	B. Ed.
			Experience	15 years
5. Alice M. Shivogo	Member		Date of Birth	02.04.1956
			Qualification	MED-Administration and planning
			Experience	39 years
6. Caroline Njuguna Nyokabi	Member		Date of Birth	11.05.1985
			Qualification	MA-Internalized Development
			Experience	12 years
7. Maryan A Hassan	Member		Date of Birth	12.12.1977
			Qualification	B. Ed.
			Experience	19 years

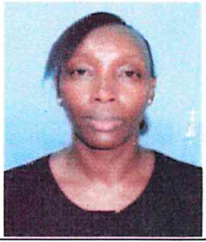
<table>
<tr><td rowspan="3">8.</td><td rowspan="3">Glory K. Mutungi</td><td rowspan="3">Secretary</td><td rowspan="3"></td><td>Date of Birth</td><td>03.01.1973</td></tr>
<tr><td>Qualification</td><td>Master in Education</td></tr>
<tr><td>Experience</td><td>23 years</td></tr>
</table>

(a) Board Committees

Name of the Committee	Members
Finance and Resource Mobilization Committee	1. Dr. James K. Mutura - Chair 2. Maryan A. Hassan 3. Moureen Claris Owiti
Education and Research Committee	1. Alice M. Shivongo - Chair 2. Caroline Njuguna Nyokabi 3. Maryan A. Hassan
Audit Committee	1.Hassan Mohamed-Chairperson 2.Alice Chivogo-Member 3.Carolyne Nyokabi-member

(a) Key Management

<table>
<tr><th>Manager</th><th>Title</th><th>Photograph</th><th colspan="2">Qualification & Responsibility</th></tr>
<tr><td rowspan="3">Glory K. Mutungi (Mrs)</td><td rowspan="3">Chief Principal</td><td rowspan="3"></td><td>Date of Birth</td><td>03.01.1973</td></tr>
<tr><td>Qualification</td><td>Master in Education</td></tr>
<tr><td>Experience</td><td>23 years</td></tr>
<tr><td rowspan="3">Cosmas M. Mwangi</td><td rowspan="3">Deputy Principal-Administration</td><td rowspan="3"></td><td>Date of Birth</td><td>13.10.1967</td></tr>
<tr><td>Qualification</td><td>BBA, DIP-Ed., CPA-K</td></tr>
<tr><td>Experience</td><td>24 years</td></tr>
<tr><td rowspan="3">Dinah A. Obonyo</td><td rowspan="3">Deputy Principal-Academics</td><td rowspan="3"></td><td>Date of Birth</td><td>09.04.1969</td></tr>
<tr><td>Qualification</td><td>MA-Education(PPM)</td></tr>
<tr><td>Experience</td><td>22 years</td></tr>
</table>

<table>
<tr><td rowspan="3">Ernestine Kiragu</td><td rowspan="3">Registrar</td><td rowspan="3"></td><td>Date of Birth</td><td>22.10.1972</td></tr>
<tr><td>Qualification</td><td>B. Ed.</td></tr>
<tr><td>Experience</td><td>22years</td></tr>
<tr><td rowspan="3">Simon Nyaga</td><td rowspan="3">Dean of Students</td><td rowspan="3"></td><td>Date of Birth</td><td>1973</td></tr>
<tr><td>Qualification</td><td>B. Ed.</td></tr>
<tr><td>Experience</td><td>24 years</td></tr>
<tr><td rowspan="3">Clement E. Amukhuma</td><td rowspan="3">Finance Officer</td><td rowspan="3"></td><td>Date of Birth</td><td>14.11.1964</td></tr>
<tr><td>Qualification</td><td>MBA, BCom., CPA-K-17593</td></tr>
<tr><td>Experience</td><td>30 years</td></tr>
<tr><td rowspan="3">Maxwell Mwenda</td><td rowspan="3">Internal auditor</td><td rowspan="3"></td><td>Date of Birth</td><td>31.03.1994</td></tr>
<tr><td>Qualification</td><td>BCom, CPAK</td></tr>
<tr><td>Experience</td><td>2 years</td></tr>
<tr><td rowspan="3">Caroline B. Ojode</td><td rowspan="3">Procurement officer</td><td rowspan="3"></td><td>Date of Birth</td><td>17.03.1969</td></tr>
<tr><td>Qualification</td><td>Dip. in SCM</td></tr>
<tr><td>Experience</td><td>25 years</td></tr>
</table>

II. CHAIRMAN'S STATEMENT

It is my pleasure to present the institute's annual report and financial statement for the year ended 30th June 2019.

The Institute's Board of Governors note with appreciation the continued support of the government and other stakeholders in the daily running of the institute.

We thank the government for the new programmes on CBET aimed at matching skills in institution with industry needs. The BOG will work with industry and other partners to strategies in order to ensure that the skills offered at Nairobi TTI meet the industry needs.

It is important to note that the total student enrolment has increased from 3763 in the year 2017 to 5219 in the year 2019.

The completion rate has also improved from 85% to 95%. This has been enabled by the great support from the staff and students. The Government has also played a great role by the provision of resources to acquire teaching and learning materials.

During the year under review the institute continued working on various projects among them the construction of Health Science Block/Tuition block, Mentoring Narok South TVC Tuition block, Classrooms, Workshops (2 storey building), Gilgil TVC, Ol Kalau TVC, Six (6) Class Rooms, as well as overseeing the operations of Wajir South and Kasarani TVC's.

During the year under review, one of our Board Members (Dr. Eng. Kioko Mang'eli) passed away in the Month of February 2019 and has not been replaced. He was the chairman of the Education and Research Committee.

We are pleased of the achievements so far realised despite the financial challenges faced especially non payment of government capitation in Term 1 2019.

Let me lastly thank the GOK, parents, guardians, suppliers and service providers for their trust, support and continued partnership and cooperation during the FY 2018/2019

OGOLA, H. J. OKEKE
CHAIRMAN BOARD OF GOVERNORS

III. REPORT OF THE PRINCIPAL

Let me take this opportunity to present Nairobi TTI financial statement for the FY 2018/2019 ending 30th June 2019 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

With support of the BOG we have put in place the necessary financial, procurement and internal control measures to ensure proper utilization of funds entrusted to us.

It is important to note that the total student enrolment has increased from 3763 in the year 2017 to 5219 in the year 2019.

The completion rate has also improved from 85% to 95%. This has been enabled by the great support from the staff and students. The Government has also played a great role by the provision of resources to acquire teaching and learning materials.

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I am humbled by the support from institute's BOG, Management and all members of staff for their commitment and dedication to their work and effort that have seen Nairobi TTI move forward in attaining its vision and mission.

Glory K. Mutungi (Mrs)
Chief Principal/Secretary BOG

IV. CORPORATE GOVERNANCE STATEMENT

1. Corporate governance statement

a) Good corporate governance is the key to integrity and corporations and central to the institute stability
b) Corporate governance their fore encompasses the system practices and procedures by which the individual corporation regulates itself to remain stable, competitive, sustainably and fair.
c) The BOG follows principles of transparency and accountability in its stewarding institute's affairs'
d) The role of the BOG is to ensure conformity by focusing and providing the institutes strategic direction and policy making as well as performance review through accountability , monitoring, supervision and internal control to safeguard the assets and ensure the reliability of financial information
e) Management team comprising of the principal, deputy principal, head of departments and staff meet regularly to consider issues of operational and strategic importance.
f) Below are key features of the existing governance practices within the institutes which are revised and improved from time to time

2. Institutes BOG

a) The BOG constitutes of chairman BOG and eight members who have been appointed in accordance to the TVET Act 2013, which meets formally at least three times a year and or any other time when need arises
b) BOG Is responsible for setting the direction of the institute through establishment of strategic information, policies and approval of budgets. It monitors implementation of the above through structured approach of reporting by the management and accountability.
c) The BOG is actively involved and bring strong independent judgement on its deliberations and discussions
d) The BOG members have diverse skill set, wide range of knowledge and experience of the institute in objectives and decision making.
e) The BOG meets regularly and retains full and effective control over the institutes in all strategic financial operation and compliance areas

3. Related party disclosure

Related parties for the purposes of this report include:

a) The Government
b) The Board of Governors
c) The Management

V. FUNCTIONS OF THE BOARD OF GOVERNORS

According to the TVET act 2013, the BOG shall have the following functions.

i. Provide oversight and strategic leadership
ii. Employ staff
iii. Approve statutes
iv. Approve policies for the institutes
v. Approve budgets
vi. Make new or additional regulations, amend or revoke existing regulations
vii. Make appointments authorised by the law
viii. Acquire land, buildings, premises, equipment, vehicles, machinery and facilities acquired for carrying out the work/duties of the institute.
ix. Determine the method of recruitment, appointment and promotion of all staff of the institutes as per the law.
x. Provide welfare for every person as per the law
xi. Provide control and regulate finances
xii. Control, manage and regulate finances
xiii. Enter into contracts, vary carry ,out or terminate contracts on behalf of the institutes
xiv. Empower committee of the BOG appointed
xv. Transact from time to time any other business of the institute which is covered by the law.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A: Operational and Financial Performance

Nairobi technical training institute operational and financial performance

NTTI is a public one which relies on government funding and fees paid by students. It's not a profit making institution. Due to the reduction of grants from GOK it is not able to fully meet its obligations this resulting to large amounts in arrears bills.

SECTION B: Compliance with Statutory Requirements

Nairobi technical training institute compliance with statutory requirements

Nairobi technical training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF

SECTION C: Key Projects and Investment Decisions

Key projects and investment decisions Nairobi technical training institute is planning/implementing

PROJECT NAME	FUNDING
1. Construction of Health Science block Nairobi TTI	Government financed (MOE)
2. Construction of Narok TTI	Government financed (MOE)
3. Gilgil Technical & Vocational College	Government financed (MOE)
4. Ol Kalau Technical & Vocational College	Government financed (MOE)
5. Six (6) Class rooms	BOG FINANCED

- The above Projects are funded through recommendation by the director of TVET
- The viability and sustainability of the above projects Listed 1-4 will depend on Government funding.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SECTION D: Financial and Management risks

Major risks facing the entity
• Inadequate funding by the ministry of education- on capitation/operation and development grant • Delayed funding • Poor fees payments • Untimely marketing due to late funding • Due to limited capacity, it is not possible to increase the number of students as expected. Due to the above factors the institution is facing serious challenges in meeting its operations obligation fully resulting to pressure from creditors.

SECTION E: Material arrears in Statutory and Financial Obligations

Material arrears in statutory/financial obligations
1. Pending bills for the financial year 2018/2019 2. Deficit on budget financial year 2018/2019

SECTION F: Governance

The entity's financial probity and serious governance issues
During the year under review, one of our Board Members (Dr. Eng. Kioko Mang'eli) passed away in the Month of February 2019 and has not been replaced. He was the chairman of the Education and Research Committee.

VII. CORPORATE SOCIAL RESPONSIBILITY/SUSTAINABILITY REPORTING

Nairobi TTI being a public entity embraces the policy of the corporate social responsibility (CSR) through engaging itself with the following social responsibility:

i. Financial support to needy students through coordinating bursary, HELB loans, support sustainability and sponsorship to students where possible as well work study programme.
ii. Offering both social and economic support to externals community through provision of casual labour opportunity and suppliers when opportunities arises
iii. Environmental activities like planting of trees
iv. Offering careers advices to students.
v. Offering internship and industrial attachment to youth from surrounding community institutions in Kenya.

VIII REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activities of the institution are to train competent Human Resource for social economic development at TVET level.

Results

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

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on Page VI

Auditors

The Auditor General is responsible for the statutory audit of *Nairobi Technical Training Institute (NTTI)* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board

Glory k. Mutungi Mrs
Chief Principal/Secretary BOG
Nairobi

Date: ...31/9/2019....

IX. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

Section 81(1) 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, 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 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 Institute for and as at the end of the financial year ended on 30 June 2019. This responsibility includes:

i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute;
iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
iv. Safeguarding the assets of the Institute;
v. Selecting and applying appropriate accounting policies; and
vi. Making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act (2012) and the State Corporations Act and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The Board of Governors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2019, 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 _27th September 2019_and signed on its behalf by:

Ogola H.J Okeke	**Dr. James K. Mutura**	**Alice M. Shivogo**
Chairman of the Board	Board Member	Board Member

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nairobi Technical Training Institute set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

Unsupported Property, Plant and Equipment Balance

The statement of financial position as at 30 June, 2019 reflects property, plant and equipment balance totalling Kshs.3,295,177,291. However, the entity does not maintain a fixed assets register as required by Section 143(1) of the Public Finance Management (National Government) Regulations 2015. As a result, the completeness and ownership, by the Institute, of the assets reflected in the financial statements with the carrying value of Kshs.3,295,177,291 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nairobi 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 Budgeting Control and Performance

The Institute had a total revenue budget of Kshs.210,304,000 for the financial year under review but collected Kshs.370,335,650 resulting in a revenue surplus of Kshs.160,031,650. The surplus resulted from the National Government's new policy that provides a subsidy of Kshs.30,000 per annum to each student enrolled in a Technical , Industrial , Vocational and Entrepreneurship Training (TVET) institution. The policy resulted in an increased enrollment and revenue for the Institute.

In addition, the expenditure budget for the Institute for the year amounted to Kshs.307,061,675 and actual expenditure Kshs.203,710,333 resulting in net under-expenditure of Kshs.103,351,342.

In view of the under-expenditure, not all programmes and activities planned for the year under review were implemented.

2.0 Failure to Disclose Progress on Previous Year Audit Issues

The financial statements do not include a report on follow-up on issues raised in the audit report for the previous year. The report had highlighted matters in respect to the financial statements as well as lawfulness and effectiveness in use of resources. In view of the omission, the financial statements do not conform to the format prescribed 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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

23 July, 2021

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

	Note	2018-2019 Kshs	2017-2018 Kshs
REVENUE			
Revenue from non-exchange transactions	6	91,329,628	43,230,093
Revenue from exchange transactions	7	271,029,019	144,872,320
Revenue from Facilities & Equipment	8	7,977,003	
Total revenue		**370,335,650**	**188,102,413**
EXPENSES			
Bulk Purchases of Water & Electricity	9	4,269,164	5,314,917
Staff Costs	10	38,359,554	36,119,092
BOG Members Expenses	11	4,603,930	4,789,000
Provision for Depreciation	12	42,137,232	-
Repairs and Maintenance	13	14,267,988	35,362,216
Operating Expenses	14	58,712,081	52,797,471
Administrative Expenses	15	54,911,337	48,189,702
Mentoring Institution Expenses	16	21,793,499	18,981,736
Total Expenses		**239,054,785**	**201,554,135**
Surplus (Deficit) for the Period		**131,280,865**	**(13,451,722)**

The notes set out on pages 6 to 33 form an integral part of the Annual Financial Statements.

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2018-2019	2017-2018
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	17	147,380,151	37,405,523
Receivables from exchange transactions	18	100,411,923	17,841,181
Inventories	20	2,352,338	
Total Current Assets		**270,144,412**	**55,246,704**
Non-current assets			
Property, plant and equipment	19	3,295,177,291	13,835,342
Total Non-Current Assets		**3,295,177,291**	**13,835,342**
Total Assets		**3,545,321,703**	**69,082,047**
Liabilities			
Current liabilities	21	18,226,055	1,436,668
Total liabilities		**18,226,055**	**1,436,668**
Capital Reserves & Surpluses			
Revenue Reserves	22	179,791,923	48,511,058
Capital Reserves	23	3,347,303,725	19,134,322
Valuation Reserves			
Total Capital Reserves & Surpluses		**3,527,095,648**	**67,645,380**
Total Reserves and liabilities		**3,545,321,703**	**69,082,047**

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:

Ogola H.J Okeke Chairman Board of Governors Date 30.09.2019	Glory K. Mutungi (Mrs.) Chief Principal Date 30/09/2019	Clement E. Amukhuma Finance Officer ICPAK No 17593 Date 30/9/2019

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

Reserves	Revenue Reserves	Capital Reserves	Deferred Income	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2018	**48,511,058**	**19,134,322**	**-**	**67,645,380**
Additions for the Year				
Surplus (Loss) for the Year	131,280,864			131,280,864
Valuations During the Year		3,316,686,400		3,316,686,400
Development Funds		11,483,003		11,483,003
Increase in the Year				-
Transfers to accumulated Fund				
Balance as at 30 JUNE 2019	**179,791,922**	**3,347,303,725**	**-**	**3,527,095,647**

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

	Note	2018/2019 Kshs	2017/2018 Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	91,329,628	43,230,093
Cash flows from Exchange Transactions	7	271,029,019	144,872,320
Cashflow from Rents facilities and equipment	8	7,977,003	
		370,335,650	**188,102,413**
Payments			
Bulk Purchases of Water & Electricity	9	4,269,164	5,314,917
Staff Costs	10	38,359,554	36,119,092
BOG Members Expenses	11	4,603,930	4,789,000
Repairs and Maintenance	13	14,267,988	35,362,216
Operating Expenses	14	58,712,081	52,797,471
Administrative Expenses	15	54,911,337	48,189,702
Mentoring Institution Expenses	16	21,793,499	18,981,736
		196,917,553	**201,554,135**
Operating Surplus/Deficit		**173,418,097**	**-13,451,722**
Increase/ (Decrease) in inventories	20	-2,352,338	
Increase/ (Decrease) in Other Payables	21	16,789,387	-14,432,013
(Increase)/ Decrease in Receivables	18	-82,570,741	5,303,957
Net cash flows from operating activities		**105,284,405**	**-22,579,778**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	19	-6,792,780	-13,835,343
Construction of Buildings (Work in Progress)			
Net cash flows used in investing activities		**-6,792,780**	**-13,835,343**
Cash flows from financing activities			
Grants for development	23	11,483,003	9,551,355
Net cash flows used in financing activities		**11,483,003**	**9,551,355**
Cash and cash equivalents at the beginning of the Year		**37,405,523**	**64,269,290**
Net increase/(decrease) in cash and cash equivalents		**109,974,628**	**-26,863,766**
Cash and cash equivalents at end of the year		**147,380,151**	**37,405,523**

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Change	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
REVENUE							
Revenue from exchange transactions	210,304,000	-	210,304,000	279,006,022	68,702,022	33	resulted in Government financing TTI Educ
Revenue from NON-exchange transactions	-	-	-	91,329,628	91,329,628		
Total revenue	**210,304,000**	**-**	**210,304,000**	**370,335,650**	**160,031,650**		
EXPENSES					0		
Bulk Purchases of Water & Electricity	5,280,000	-	5,280,000	4,269,164	-1,010,836	-19	Due to implementation of cost cutting measures due to delayed funding from govt
Staff Costs	48,852,814	-	48,852,814	38,359,554	-10,493,260	-21	Due to implementation of cost cutting measures due to delayed funding from govt
BOG Members Expenses	4,685,000	-	4,685,000	4,603,930	-81,070	-2	
Repairs and Maintenance	16,196,880	-	16,196,880	14,267,988	-1,928,892	-12	Due to implementation of cost cutting measures due to delayed funding from govt
Operating Expenses	50,433,949	14,400,397	64,834,346	58,712,081	-6,122,265	-9	
Administrative Expenses	44,323,395	22,357,278	66,680,673	54,911,337	-11,769,336	-18	Due to implementation of cost cutting measures due to delayed funding from govt
Mentored Projects	60,000,000	-	60,000,000	21,793,499	-38,206,501	-64	projects are ongoing hence the balance at year end
Development	40,531,962	-	40,531,962	6,792,780	-33,739,182	-83	Construction of Amin block has begun in 2019/20 fy
Total Expenditure	**270,304,000**	**36,757,675**	**307,061,675**	**203,710,333**	**-103,351,342**		

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nairobi Technical Training Institute (NTTI) is under the Ministry of Education, State department of Technical and Vocational Training. In line with Technical and Vocational Education Training (TVET) Act of 2013 the institute has continually imparted its trainees with the necessary knowledge and skills for social economic development in business, science and technology.

The mandate of the institution is to train competent Human Resource for social economic development at TVET level. The institute's strategic obligations revolve around promoting Technical Training through access to quality training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value where applicable. 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 college's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act No. 18 of 24th July 2012, the State Corporations Act, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2019 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	**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. *Nairobi Technical Training Institute (NTTI) did not apply this standard in the preparation of the accounts under review.*

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2022:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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. *Nairobi Technical Training Institute (NTTI) did not apply this standard in the preparation of the accounts under review.*

Standard	Effective date and impact:
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: (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. *Nairobi Technical Training Institute (NTTI) did not apply this standard in the preparation of the accounts under review.*

iii. Early adoption of standards

The Nairobi Technical Training Institute did not early – adopt any new or amended standards in year 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sale of goods

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

Interest income

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

Dividends

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

iii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Board on 25.06.2018 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented on page 6 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per First schedule ***section 10 subsection (a) and (b)*** of the ***Income Tax*** Act 2010.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 25 years.
Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.
Nairobi Technical Training Institute does not maintain any reserves during the year under review.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 17. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2017				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
At 30 June 2019				
Receivables from exchange transactions	48,505,764	48,505,764	0.00	0.00
Receivables from non-exchange transactions	71,160,000	71,160,000	0.00	0.00
Bank balances	65,822,348	65,822,348	0.00	0.00
Total	**185,488,112**	**185,488,112**	**0.00**	**0.00**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from 0.00x

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2018				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
At 30 June 2019				
Trade payables	7,455,646	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	17,662,754	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	**7,455,646**	**17,662,754**	**0.00**	**0.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

The Institute does not maintain any foreign exchange

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets(investments, cash ,debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	18,226,054	0.00	18,226,054
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	**0.00**	**0.00**	**0.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

b) Interest rate risk

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

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

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

	2018-2019	2017-2018
	KShs	KShs
Revaluation reserve	0.00	0.00
Retained earnings	182,093,377	48,511,059
Capital reserve	3,347,303,725	19,134,322
Total funds	**3,529,397,102**	**67,645,380**
Total borrowings	0.00	0.00
Less: cash and bank balances	147,380,150	37,405,524
Net debt/(excess cash and cash equivalents)	00.0	0.00
Gearing	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2018-2019	2017-2018
6	**Revenue from Non-Exchange transactions**	**Kshs**	**Kshs**
	Transfers from Ministries, Departments and Agencies		
	Operational grant from GOK		
	NTTI Operations	7,000,000	29,000,000
	Kasarani TVC Operations	3,935,000	9,075,547
	Wajir TVC Operations	2,000,000	
		12,935,000	38,075,547
	Project funds		
	Narok South TVC	18,394,628	5,154,546
	Gilgil Technical & Vocational College	20,000,000	
	Ol Kalau Technical & Vocational College	20,000,000	
	Furniture to TTI's	20,000,000	
		78,394,628	**5,154,546**
	Total Revenue from Non-Exchange	**91,329,628**	**43,230,093**

		2018-2019	2017-2018
7	**Revenue From Exchange Transactions**	**KShs**	**KShs**
	Tuition Fees	126,350,518	50,353,115
	Activity Fees	30,960,353	6,922,944
	Electricity, Water and Conservancy	13,160,660	12,479,345
	Personal Emoluments	46,035,601	31,061,269
	Repairs, Maintenance and Improvement	12,067,501	7,431,044
	Local, Travel and Transport	11,151,302	13,020,009
	Development Fees	20,583,344	10,389,190
	Registration Fees	1,816,249	6,513,098
	Student Levy	1,744,438	6,702,306
	Caution Money	4,160,685	
	Student Id Card	735,494	
	KUCCPS Registration	1,721,351	
	HELB Smart Card	541,523	
	Total revenue from exchange transactions	**271,029,019**	**144,872,320**

		2018-2019 Kshs	2017-2018 Kshs
8	**Other Income**		
	Disposal of Idle Assets	5,830	
	Production Units	6,295,642	
	Library	1,473,175	
	Insurance	84,293	
	KNEC Materials	118,063	
		7,977,003	

9	**Bulk Purchases of Water & Electricity**		
	Electricity Expenses	4,269,164	5,314,917
		4,269,164	5,314,917

		2018-2019 KShs	2017-2018 KShs
10	**Staff Costs**		
	Salaries and Wages	38,359,554	36,119,092
	Total Staff Costs	**38,359,554**	**36,119,092**

		2018-2019 KShs	2017-2018 KShs
11	**BOG MEMBERS EXPENSES**		
	Sitting Allowances	3,019,700	**4,789,000**
	Transport	250,000	
	Accomodation	724,063	
	Training Expenses	348,056	
	Other Expenses	262,111	
	Total Staff Costs	**4,603,930**	**4,789,000**

12	**Depreciation and Amortization**		
	Buildings	9,000,000	
	Property, plant and equipment	25,878,534	
	Motor Vehicles	4,112,500	
	Computers	1,501,500	
	Intangible Assets	1,405,920	
	Furniture	238,778	
		42,137,232	-

13	**Repairs and Maintenance**	**14,267,988**	**12,749,183**
	PTA and lecture rooms		**22,613,033**
	Total Repairs and Maintenance	**14,267,988**	**35,362,216**

14	Operating Expenses	2018-2019 Kshs	2017-2018 Kshs
	Generator expenses	1,800,000	2,285,730
	Marketing	4,330,000	4,658,660
	Local Transport and Travel	8,164,094	6,578,990
	School Equipment and Stores	23,262,731	21,365,506
	TVET/Robotics Fair	2,951,753	6,864,660
	Activities/Ball Games	5,500,000	7,484,825
	Insurance	699,300	
	Attachment Expenses	1,359,425	3,559,100
	Production Units	10,644,778	
	Total Operating Expenses	**58,712,081**	**52,797,471**

15	Administrative Expenses		
	Security	2,508,000	1,448,000
	Iso 9000-2008	3,258,825	4,489,426
	Stationers Expenses	7,054,280	8,735,338
	Contractual Services	4,472,004	
	Newspapers	302,400	
	Subsistence Allowances	4,196,283	
	Food Items	3,305,779	
	Cleaning Materials	612,397	
	Other Administration Expenses	3,080,449	18,513,785
	Performance Contract	8,452,424	3,189,224
	Staff Development	10,810,012	9,916,567
	Student Levy	2,290,150	1,897,363
	Caution Money	1,445,500	
	Student Id Card	632,834	
	KUCCPS Registration		
	HELB Smart Card	1,990,000	
		54,411,337	48,189,702
	Provision for Audit Fees	500,000	
	Total Administrative Expenses	**54,911,337**	**48,189,702**

16	Mentoring Institution Expenses	2018-2019 Kshs	2017-2018 Kshs
	Kasarani TVC Operations	3,925,000	18,981,736
	Wajir South TVC Operations	1,469,000	
	Gilgil Technical & Vocational College		
	Ol Kalau Technical & Vocational College		
	Narok south TTI	16,399,499	
	Total	**21,793,499**	**18,981,736**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Cash and cash equivalents

		2018-2019 Kshs	2017-2018 Kshs
Kenya Commercial Bank -	: 1107678412	35,976,072	9,663,922
National Bank - Main Account I	: 01003002837301	74,632,341	7,134,176
- Fund Account II	: 01003002837300	10,429,690	6,673,444
- Rental Savings	: 01241003414500	1,344,093	261,289
- Account no.01003060572100			44,441
-KESSEP Account no. 01003007190600		0	37,446
- NTTI AC Fund	: 01241003414700	456,428	515,164
- Caution Money A/C	: 01242003387600	2,256,272	261,289
- NTTI Exams AC	: 01241003414800	9,265,451	7,708,944
Fees Collection			
Equity Bank Limited	: 0910263423332	1,297,272	1,469,110
Cooperative Bank of Kenya Limited	: 01129070020700	11,675,989	3,603,800
Cash in Hand		46,543	32,501
Investment			
Total Cash and Cash Equivalents		**147,380,150**	**37,405,524**

18 Receivables from exchange transactions

	2018-2019 Kshs	2017-2018 Kshs
Student Debtors	34,670,421	17,841,181
Administration Block	5,741,502	
Gilgil Technical & Vocational College	20,000,000	
Ol Kalau Technical & Vocational College	20,000,000	
Furniture to TTI's	20,000,000	
Totals	**100,411,922**	**17,841,181**

19. Property, Plant and Equipment

Property, Plant and Equipment	Land	Buildings	Plant, Machinery and Equipent	Motor Vehicles	Computers	Intangible Assets	Furniture	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
		2.00%	10.00%	25%	30%	30%	10.00%	
COST								
Cost as at 1st July 2018	-	-	8,785,343	5,050,000	-	-	-	13,835,343
Additions								-
for the Year		-	-	-	4,405,000	-	2,387,780	**6,792,780**
Valuations for the Year	2,600,000,000	450,000,000	250,000,000	11,400,000	600,000	4,686,400	-	**3,316,686,400**
Cost as at 30 June 2019	**2,600,000,000**	**450,000,000**	**258,785,343**	**16,450,000**	**5,005,000**	**4,686,400**	**2,387,780**	**3,337,314,523**
Depreciation As at 1st July 2018		-	-	-	-		-	-
Charge for the year		9,000,000	25,878,534	4,112,500	1,501,500	1,405,920	238,778	**42,137,232**
Depreciation as at 30 June 2019	-	9,000,000	25,878,534	4,112,500	1,501,500	1,405,920	238,778	**42,137,232**
Book Value as at 30th June 2019	**2,600,000,000**	**441,000,000**	**232,906,809**	**12,337,500**	**3,503,500**	**3,280,480**	**2,149,002**	**3,295,177,291**
Net Book Value as at 30 June 2019	**2,600,000,000**	**441,000,000**	**232,906,809**	**12,337,500**	**3,503,500**	**3,280,480**	**2,149,002**	**3,295,177,291**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2018-2019 Kshs	2017-2018 Kshs
20	**Inventories**		
	Consumables	2,352,340	
		2,352,340	

		2018-2019 Kshs	2017-2018 Kshs
21	**Trade & Other Payables**		
	Trade Payables (Sundry Creditors)	7,455,646	1,436,667
	Other Payables		
	Student Levy		
	KUCCPS		
	Caution money		
	Examination Fees Savings Account	9,265,451	
	Provision for Audit Fees	500,000	
	Narok TVC Retention	1,004,958	
		18,226,055	**1,436,667**

22	**Revenue Reserves**		
	Reserves brought forward	48,511,058	61,962,780
	(Deficit) /Surplus for the Year	131,280,864	-13,451,722
	Reserves carried forward	**179,791,922**	**48,511,058**

23	**Capital Reserves**		
	Reserves brought forward	19,134,322	9,582,967
	Valuation of Assets During the Year		
	Conditional Grants Received	11,483,003	9,551,355
	Transfers during the Year	3,316,686,400	
	Reserves Carried forward	**3,347,303,725**	**19,134,322**

24 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2018-2019	2017-2018
	KShs	KShs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to 0.00	0.00	0.00
Sales of services 0.00	0.00	0.00
Total	**0.00**	**0.00**
b) Grants from the Government		
Grants from National Govt		0.00
Grants from County Government	0.00	0.00
Donations in kind	0.00	0.00
Total	**0.00**	**0.00**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 105 employees	38,359,554	36,119,092
Payments for goods and services	153,954,069	160,646,043
Total	**192,313,623**	**196,765,135**
d) Key management compensation		
Directors' emoluments	4,046,178	0.00
Compensation to the CEO	0.00	0.00
Compensation to key management	0.00	0.00
Total	**0.00**	**0.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 SEGMENT INFORMATION

The institution does not maintain any segment information.

26 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent liabilities during the year under review.

27 CAPITAL COMMITMENTS

Capital commitments	**2018-2019**	**2017-2018**
	Kshs	**Kshs**
Authorised for	89,632,548	0.00
Authorised and contracted for	0	0.00
Total	**89,632,548**	**0.00**

28 EVENTS AFTER THE REPORTING PERIOD

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

29 ULTIMATE AND HOLDING ENTITY

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

30 Currency

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

APPENDIX I: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized: Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	0.00	Recurrent	233,649,628	91,329,628	0.00	0.00	0.00	0.00	233,649,628
Ministry of Education	0.00	Development	11,483,003	0.00	11,483,003	0.00	5,741,502	0.00	11,483,003
USAID	0.00	Donor Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ministry of Education	0.00	Direct Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			102,812,631	91,329,628	11,483,003	0.00	5,741,502	0.00	102,812,631

APPENDIX II: 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.

Ogola H.J Okeke
Nairobi Technical Training Institute
Chairman of the Board

Date: 30/9/2019

APPENDIX III: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Narok		16,399,499	85%			
2	Olkalau		0	0			
3	Gilgil		0	0			

APPENDIX IV: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of Vocational Training			
	FY 18/19			
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	Operation NTTI	17.10.2018	7,000,000	
	A in A Capitation	19.02.2019	71,160,000	
	A in A Capitation	10.07.2019	71,160,000	
	Operation Wajir	19.02.2019	1,000,000	
	Operation Wajir	02.07.2019	1,000,000	
	Operation Kasarani	19.02.2019	3,935,000	
	Gilgil TVC	30.06.2019	20,000,000	
	Narok South TVc	30.06.2019	18,394,628	
	Furniture for TVCs	30.06.2019	20,000,000	
	Ol kalou TVC	30. 06.2019	20,000,000	
		Total	**233,649,628**	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		11.2018	2,870,751	
		02.2019	2,870,750	
	Dev NTTI	08.07.2019	5,741,501	
		Total	**11,483,003**	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		Total	**0.00**	
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		Total	**0.00**	

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

Finance Manager
Nairobi Technical Training Institute

Sign ---------------

Head of Accounting Unit
Ministry

Sign---------------