REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

JEREMIAH NYAGAH TECHNICAL INSTITUTE

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
21 MAY 2020
RECEIVED

COMPETENCE THROUGH TECHNOLOGY
JNTI
JEREMIAH NYAGAH TECHNICAL INSTITUTE

OFFICE OF THE AUDITOR - GENERAL
P. O. Box 113 - 60100, EMBU
EMBU HUB
REGISTRY
26 FEB 2020
3372
RECEIVED

JEREMIAH NYAGAH TECHNICAL INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDEND

30TH JUNE 2019

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

TABLE OF CONTENTS

CONTENTS

KEY ENTITY INFORMATION AND MANAGEMENT ii
MANAGEMENT TEAM vii
CHAIRMAN'S STATEMENT viii
REPORT OF THE PRINCIPAL ix
CORPORATE GOVERNANCE STATEMENT xi
MANAGEMENT DISCUSSION AND ANALYSIS xiii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT xiv
REPORT OF THE BOARD OF GOVERNORS xv
STATEMENT OF BOARD OF GOVERNORS xvi
REPORT OF THE INDEPENDENT AUDITORS ON THE JEREMIAH NYAGAH TECHNICAL INSTITUTE xvii
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019 1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 2
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019 3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019 4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUTS FOR THE YEAR ENDED 30TH JUNE 2019 5
NOTES TO THE FINANCIAL STATEMENTS 6
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 28
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY 29
APPENDIX III: INTER-ENTITY TRANSFERS 30
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES 31

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

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

(b) Principal Activities

Mandate

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

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

Vision

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

Mission

To provide Quality Vocational and Technical Training

Motto

Competence Through Technology

(c) Key Management

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

(i) The Principal who is the accounting Officer
(ii) Deputy Principal Administration
(iii) Office of the Registrar

(iv) Office of the Dean
(v) 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	Principal	Mr.Simon Charles Kivutih
2	Head of Finance	Mr. Gibson Muita Munyua
3	Head of Procurement	Mr. Anthony Kinyua Njue

(e) Fiduciary Oversight Arrangements

Executive Committee of the Board of Governors

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

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

(f) Entity Headquarters

P.O Box 1264-60100

Off Embu -Kiritiri Road

Kenya

(g) Entity Contacts

Telephone :0700334477

E-mail: rwikati@yahoo.com

(h) Entity Bankers

1. Barclays Bank Of Kenya

   Embu Branch

   A/C No. 004-2026031233

2.Kenya Commercial Bank

A/C No. 1121471226

Embu Branch

3. Equity Bank Of Kenya

A/c No.0190273909253

Embu Branch.

(i) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, Institute Way

P.O Box 30084

GPO 00100

Nairobi Kenya

(j) Principal Legal Adviser

The Attorney General

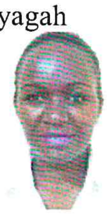
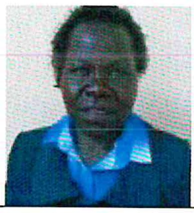
State Law Office

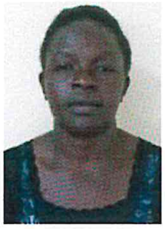
Harrambee Avenue

P.O BOX **4011**

Nairobi

THE BOARD OF GOVERNORS

NO	NAME	DATE OF BIRTH	KEY QUALIFICATIONS	WORK EXPERIENCE	MEMBERSHIP	COMMITTEE
1	Mr.Dominic Ireri Muriuki 	16/04/1966	-post graduate diploma in law -Bachelor of Law Degree -Bachelor in Economics and Business studies	-private law practice with D. Muriuki & co advocates	-current B.O.G chairperson	Executive
2	Hon.Dr. Norman M.G.K NYagah 	15/09/1950	-Honorary Doctorate of philosophy in humanities -Bachelor Degree in Tourism and Hotel Management -Diploma in tourism	-Director of Treat-global international ltd -Director of private business in oil & gas industry	B.O.G Member	Executive
3	M/s Caroline Wawira Nyagah 	27/09/1990	-Bachelor of commerce -C.P.A (Part 2)	-Relationship officer at Kenya Women Micro Finance bank	B.O.G Member	-Chairperson Budget and finance committee
4	M/s Florence Ndinda Musyoka 	15/02/1962	-Bachelor of engineering in environmental resource management -Diploma in agricultural engineering	-construction works in water resources and managing children's home for orphans	B.O.G Member	Executive
5	Mr.Eliud mwendia Kibuchi	17/07/1975	-masters of science in civil engineering (structure option)	-consultancy services	B.O.G Member	Budget & Finance Committee

			-Bachelor degree in civil engeenering			
6	Mr. Hanson Mugo Njuki 	28/05/1969	-masters in business & corporate management -bachelor of science in computer science -craft certificate in computer studies -CISCO Training	Harads consultants ltd	B.O.G Member	Budget & Finance Committee
7	M/s Mary Akoth 	1/01/1979	-Bachelor of science in Electrical Engineering	-consultancy services	B.O.G Member	-
8	Mrs. Jane Mugambi 	27/09/1959	-B.e.d science Botany & Zoology -Masters Agricultural Entomology	-Lecturer	B.O.G Member	Budget & Finance committee
9	Mr.Simon Charles kivutiuh	29/09/1965	-Masters in Business Administration (HRM Option) B.e.d (Arts) Economics and Business Studies	-Principal Jeremiah Nyagah Technical Institute	B.O.G Secretary	Principal

MANAGEMENT TEAM

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

CHAIRMAN'S STATEMENT

The mandate of jeremiah nyagah technical institute is to provide education and training ,research and innovation ,consultancy and community service as stipulated in the TVET act 2013. in order to effectively fulfill its mandate, jeremiah nyagah technical institute is in the process of coming up with a 5 years strategic plan which provides a clear road map for its operations however in implementing its mandate during the financial year 2018/2019, the institute was guided by the current strategic plan

Jeremiah Nyagah Technical Institute has witnessed student enrollment growth from 520 students in F/Y 2016/2017 to 853 students in FY 2017/2018 and to 1789 students in FY 2018/2019 which has been as a result of enrollment of National Youth Service trainees and Government continuous promotion of TVET education.

During FY 2018/2019 the institute was able to hold the First Graduation Ceremony on 26th October 2018 which was presided over by H.E HON. William Samoi Ruto. On the eventful day the Deputy President was in agreement with the management of the institute to have Jeremiah Nyagah Technical Institute upgraded to a National Polytechnic Status. There were graduands of 1984 to July 2018 who had successfully completed their course.

The Board of Governors approved the first Phase construction of the Perimeter Fence and the Board is determined to have the entire institute land secured, during the financial year 2018/2019 the institute prioritized in construction of a modern 400 students hostel whose foundation stone has already been laid to have sufficient accommodation for our students.

The institute has made a major improvement on training infrastructures and during the FY new makeshift classes were constructed to enable smooth training due to the increased number of students.

The institute has had a number of challenges during the FY 2018/2019. Funding of the institute projects has been a major problem since Government Capitation was not received in full and fees debtors also posed a major challenge,

We would like the Government to give financial support to the institute since funding is a major component in training of technical courses.

Dominic Ireri Muriuki-

Chairman-BOG

REPORT OF THE PRINCIPAL

Jeremiah NyagahT.T.I puts its trainees at the center of its activities by ensuring that the quality training and research programmes offered are essential and relevant to the dynamic world of work. The institute blends the imparting of competences with entrepreneurship skills to actively prepare trainees for the job market .Training on innovation and nurturing of creative talents is done through various initiatives such as participation in TVET research competitions .Trainees are mentored on skills needed in the attainment of Kenya's development agenda.

The year under review saw Jeremiah Nyagah Technical training institute continue to upscale efforts to fulfill its mandate of providing education and training, research and innovation consultancy and community service as stipulated in the TVET Act 2013.

The main source of Finance for the institute during the year under review was the fees paid by the trainees. The other sources of finance were hire of the institute vehicles, sale of animals and sale of the idle assets.

The year under review had a budget of Kshs.286,556,300 and income during the year was Kshs.111,327,742 which is an indication that the approved budget was not fully implemented due to the difference in income. The difference was as a result of the Government capitation since it was not disbursed fully ,the number of students that received capitation were 1200 students @ Kshs.15,000 each totaling to Kshs.18,000,000 against what the Government had promised Kshs.30,000 per student therefore the amount was halfway disbursed.

The State Department of Technical and Vocational Training had a circular indicating that Fees per year should be Kshs.56,420 where Kshs.30,000.00 was to be paid by the Government through capitation and Kshs.26,420 to be paid by HELB or raised by the student through Bursary or the parent and having the Government paying Kshs.15,000 meant that the Year under review had Kshs.15,000 not received per student. HELB did not approve all the loan applications and therefore some students were unable to pay Kshs..26,420 as per the direction by the ministry hence lack of funds to meet the budget.

As an institution ,we acknowledge the commitment of the Government towards the TVET Sector. We recognize in a special way the efforts of H.E The president, Uhuru Kenyatta to make TVET accessible and affordable by reducing the tuition fee and increasing of TVET institutions in the country. We wish to note that during the year under review we were tasked with the responsibility to mentor Manyatta TVC and the Mbeere North TVC. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of the Big Four Agenda.

During the financial year the institute was able to construct perimeter wall being the 1ST phase of the project, improvement of infrastructure ,10 fabricated classrooms using Mazeras and Box profile iron sheets which has gone a long way in having training more efficient.

During FY 2018/2019 there was an introduction of a new course Hair Dressing and beauty Therapy which registered 26 students this in due course will have a major boost in enrollment and also help the trainees acquire the skills which will assist them in the Job market.

Jeremiah Nyagah Technical institute has Grown to be a Technical institute that can befit a National Polytechnic status and the management is lobbying for the same that through the State Department of Technical and Vocational training The Ministry of Education can award the status to the institute.

Jeremiah Nyagah Technical institute during the year under review had challenges:

1.Capitation from the Ministry of Education was not received in full therefore there were no sufficient resources to manage the institute

2.The enrollment has grown to 1789 students where as there are only 2 dormitories with a bed capacity of 400 students thus most students reside outside the institute, some moving as far as 2 kilometers

3.The institute has not been able to commence the construction of an institute gate due to lack of resources

4. The institute has had the challenge of water since EWASCO is not able to meet fully the water needs of the institute as maybe the wish of the institute.

5. The institute has been mentoring Manyatta TTI and the completion of the mentored Institute was not completed on time due to the Ministry of Education Late disbursement of funds required

Mr. Simon Charles Kivutih

Principal

CORPORATE GOVERNANCE STATEMENT

Jeremiah Nyagah Technical Institute Corporate objective is to create long-term value in technical and vocational training through the creation ,conservation and dissemination of knowledge. This will be done by using innovation, training and community outreach and through the discovery, development and conservation of talent and natural resources, and the provision of innovative customer and market –focused academic programs.

Corporate governance Principles

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary academic excellence within clear ethical standards, personal and corporate integrity and respect for others. The institute's basis its conduct of day-to-day operations as guided by the TVET Act of 2013

It is our view that governance is not just a matter of the Board of Governors; a good governance culture must be percolated through the institute's system. The current social-economic, business and political environment in which the institute operates underscores the need for continued high standards of corporate governance and accountability. The emerging realities unmasked with the Big Four Agenda is that the institute should have an enlarged space for expression and a more enlightened clientele, calls for diligence in governance.

Size and composition of the Board of Governors

The Board of Governors consists of eight members (8) where the principal sits as the secretary to the Board. The Board of Governors Members possess extensive experience in a variety of disciplines all of which are applied in the overall management of the institute. The Board has the right balance of skills and experience appropriate for the requirements of the institute, all members participated in the decision making and the Board operated effectively throughout the year and continues to do so.

Board meetings

The Board meets once in a quarter unless urgent matters call for a special meeting. These regular meetings are intended to receive reports from the committees of the Board that will have considered the matters in detail as well as deliberations on issues at hand. During the financial year under review the Board had four (4) Full Board Meetings and 4 (four) Board Committees meeting; Executive committee and Finance & Budget committee. The attendance of the Board Meeting was at 99% for the financial year under review.

Board Charter, Process of Appointment and Removal of Board Members

TVET Act of 2013 guides on the procedures to be followed during appointment and removal of Board members as detailed in the Second Schedule S.28(3) –membership and governance procedures for Boards of Governors for Training Institutions

The TVET act of 2013 in the Second Schedule S.28(9) details the appointment of a member to a Board of Governors or its committees and as of when such appointment may be revoked.

Roles and functions of the Board

Part V –Organization of training institutions; in the TVET Act of 2013, note number 29 states the functions of the Board of Governors(reference TVET act) which gives a detailed explanation of the functions of the board of Governors.

Induction and training

The Board of Governors was inducted at a workshop held in the month of May 2019 at Mountain Breeze Embu for a period of 5 days. All the members of the board attended the induction seminar. The performance of the Board members for the period under review was 100% due to the commitment the members had to make sure the institute achieve its objectives.

The board remunerates its members when there is a sitting. The allowance is usually less withholding tax as required by law. The ethics and conduct as well as governance audit is as stipulated in the TVET Act of 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance

Jeremiah Nyagah Technical Institute operations during the financial year under review run smoothly and the management was able to quell all the shortcomings. However , the institute financial performance was not as planned since the institution did not collect all the funds as was in the budget. The institute highly depended on Capitation from the ministry of education, fee payment from the students under NYS sponsorship and fee payment from the self sponsored students. The institute was not able to meet all its financial obligations since the Government did not release capitation funds fully, the NYS students fees was not fully paid and the students under self sponsorship were not able to clear their outstanding fee balances. ,this in return affected the institute's financial performance.

Key projects

During the financial year the institute saw a high growth rate of students enrollment and as a result there was need to construct makeshift classes as a short term solution to the growing number of students. The institute was able to complete Manyatta TTI which was under our mentorship and to be handed over at the start of financial year 2019/2020.

The institute was able to come up with a 5 years strategic plan which has a clear picture of where the management of the institute want the institute be. In the strategic plan the management intends to have a more defined organization structure and increase the number of staff considering the high increase of students. It has also a clear description of the projects the institute intends to partake within the 5 years. The Strategic plan took into consideration participation by all the stakeholders therefore a true picture of the institute's intent.

Major Risks

The institute during the financial year under review experienced financial risks such as; outstanding fee balances for the previous years are at the verge of being declared bad debts and fee payment was poorly done irrespective of the efforts made by the institute. The recoverability of the fee arrears is in doubt causing a major risk to the institute.

The institute during the financial year under review complied to the statutory requirements to a satisfactory percentage, however, the institute was not able to finalize the requirement of establishing an internal audit unit but there is a formal engagement in place to have the office and the staff required for the internal audit department as contained in the strategic plan. This will help the institution in having the checks and balances for internal controls and by so doing have value for money in the instate funds management.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Jeremiah Nyagah Technical institute is very concerned about the perception and the impact the institute has to the neighbouring community. The institute is committed to improving the lives of the underprivileged by making contributions of both time and resources to their courses. The institute management has anchored CSR activities under community outreach. CSR programs carried out should be relevant, sustainable and in line with institute's mandate. During the financial year under review the following CSR activities were carried out.

-A bus stands to the entrance of the Instutute at 2.4 km junction- Embu - Kiritiri road

-Organizing tree planting day for Mbeere –South sub county on 14TH November 2018

-widening & murrain the road to the institute in conjunction with the neighboring community using the institute's tractor

-Provision for drinking water for cows in the neighboring community by providing a tank near the institute gate

-collaboration with Manyatta constituency, Mbeere South Constituency and Embu county Government through county administration to reach out to less fortunate youths, enroll them in courses and assist them in paying fees. During financial year 2018 /2018 the aforementioned leadership helped in paying fees for over 80 students therefore a milestone in ensuring that vulnerable in the community are supported in order to make a fortune with their lives.

REPORT OF THE BOARD OF GOVERNORS

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

Principal Activities

The principal activities of Jeremiah Nyagah Technical institute is stipulated in the TVET Act 2013 and with the certificate issued stating that the principal activity is to; offer training to all qualified Kenyans without discrimination; to institute appropriate mechanisms to promote access ,equity ,quality and relevance in training to ensure adequate human capital for economic, social and political development.

Results

The results of the institute for the year ended June 30,2019 are set out on page 1 to 51

Board of Governors

The members of the Board who served during the year are shown on page.... During the year under review there were no board members who retired or resigned therefore the board members during the financial year remained 8 members as in page......

Auditors

The Auditor General is responsible for the statutory audit of Jeremiah Nyagah Technical Institute in accordance with Article 229 of the constitution of Kenya and the Public Audit Act, 2015

By Order of the Board

Board Secretary
Date:21/09/2019

STATEMENT OF BOARD OF GOVERNORS

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

The B.O.G members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 B.O.G members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the TVET Act) – . The B.O.G members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2019, and of the Institute's financial position as at that date. The B.O.G members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Institute's financial statements were approved by the Board on 21 September 2019 and signed on its behalf by:

B.O.G Chairman   B.O.G Member   B.O.G Member

REPORT OF THE INDEPENDENT AUDITORS ON THE JEREMIAH NYAGAH TECHNICAL INSTITUTE

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 JEREMIAH NYAGAH TECHNICAL INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Jeremiah Nyagah Technical Institute set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Omissions and Errors in Financial Statements

1.1 Prior Year Financial Statements

The Institute's Board of Governors had, prior to the year under review, never submitted the financial statements of the Institute for audit by the Auditor-General contrary to Section 68(2)(K) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015.

Review of records of the Institute indicated that it was started in 1984 by the local community and registered as a Government Technical Institute in 1997. However, certified comparative balances for the years that followed its conversion to a public entity are not included in the financial statements for the year under review. As a result, the financial statements do not conform to the reporting requirements set by the Public Sector Accounting Standards Board (PSASB) and International Public Sector Accounting Standards (IPSAS) No 1.

In the absence of certified financial statements for previous years, the accuracy, completeness and validity of the balances brought forward into the year under review could not be confirmed.

1.2 Late Submission of Financial Statements

The financial statements for the year under review were received by the Auditor-General on 5 November, 2019, approximately thirty six (36) days after the statutory due date of 30 September, prescribed in Section 47(1) of the Public Audit Act, 2015.

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

2.0 Unconfirmed Balances

2.1 Opening Balance in Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents totalling Kshs.12,064,424 as at 30 June, 2019. The sum includes an opening balance amounting to Kshs.18,155,676 as at 1 July, 2018. However, the source of the balance could not be confirmed as the Institute did not present certified financial statements for the year 2017-2018.

In the circumstances, the accuracy and validity of the cash and cash equivalents balance totalling Kshs.12,064,424 as at 30 June, 2019 could not be confirmed.

2.2 Unconfirmed Inter-entity Transfers

Appendix III to the financial statements reflects inter-entity transfers totalling Kshs.28,126,550 comprised of recurrent and development grants totalling Kshs.24,826,550 and Kshs.3,300,000 respectively received from the State Department of Education. However, the Appendix was not signed by the Department's Head of Accounting as required by the reporting requirements set by the Public Sector Accounting Standards Board (PSASB). Further, the Institute of Certified Public Accountants of Kenya (ICPAK) Membership Number for the Finance Officer was not appended on the statement of financial position, contrary to the requirements.

In the circumstance, the presentation of the Institute's financial statements for the year under review does not conform to the PSASB reporting framework.

2.3 Transfers from National Government

Notes 6 and 22 to the financial statements for the year under review reflect grant receipts totalling Kshs.24,826,550 and Kshs.3,300,000 or Kshs.28,126,550 in aggregate received from the Ministry of Education for recurrent and development expenditure. However, records from the Ministry reflect receipts totalling Kshs.45,883,685 on the same items resulting to an unexplained net variance of Kshs.17,757,135 as indicated below:

Item	Note	Amount as per Financial Statements (Kshs.)	Amount as Per Ministry Records (Kshs.)	Variance (Kshs.)
Recurrent Grants	6	24,826,550	43,696,550	(18,870,000)
Development Grants	22	3,300,000	2,187,135	1,112,865
Total		**28,126,550**	**45,883,685**	**(17,757,135)**

In the circumstance, the accuracy and completeness of the receipts totalling Kshs.28,126,550 reported to have been transferred from the Ministry of Education during the year under review could not be confirmed.

2.4 Total Revenue

The statement of financial performance and statement of cash flows both reflect revenue totalling Kshs.111,327,742. Further, Note 18 to the financial statements reflects receivables from exchange transactions totalling Kshs.54,048,557 which implies that revenue received in the year amounted to Kshs.57,279,185 only.

In the circumstance, the accuracy and validity of the cash revenue totalling Kshs.111,327,742 reflected in the statement of cash flows could not be confirmed.

2.5 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions totalling Kshs.54,048,557, as further disclosed in Note 18 to the financial statements. However, aging analyses for student fees debts and debts management policy followed by the Institute were not presented for audit review contrary to Section 64.(1)(a) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the accuracy and recoverability of the receivables totalling Kshs.54,408,557 as at 30 June, 2019 could not be confirmed.

2.6 Property Plant and Equipment

2.6.1 Unconfirmed Comparative Balances

Note 19 to the financial statements for the year ended 30 June, 2019 reflects Kshs.159,706,495 in respect to a prior year balance for property plant and equipment. However, as highlighted elsewhere in this report, these are the first financial statements of the Institute submitted to the Auditor-General for audit. Therefore, the valuation, existence, ownership and accuracy of the property, plant and equipment balance totalling Kshs.159,706,495 brought forward from the previous year could not be confirmed.

In addition, review of the Institute's assets register indicated that important information such as date of acquisition, identification numbers, cost, depreciation rate and condition of the assets were not disclosed in the assets register. Therefore, the register does not provide sufficient disclosure on the Institute's assets as at 30 June, 2019 as required by

Regulation 139(1)(2) of the Public Finance Management (National Government) Regulations, 2015.

In view of these issues, the existence, ownership and accuracy of the property, plant and equipment balance totalling Kshs.163,633,466 as at 30 June, 2019 could not be confirmed.

2.6.2 Unconfirmed Ownership of Land

The property plant and equipment balance totalling Kshs.179,832,716 reflected in the statement of financial position, as at 30 June, 2019, includes land valued at Kshs.7,260,000. However, a parcel of land occupied by the Institute at Gachoka Town was not included in the latter balance. Further, ownership documents for the plot were not provided for audit review and as a result, its ownership by the Institute could not be confirmed.

2.6.3 Unsupported Balance in Capital Fund

The statement of financial position as at 30 June, 2019 reflects a capital fund balance amounting to Kshs.240,845,262 as further disclosed in Note 22 to the financial statements. However, records to support the sum of Kshs.2,299,676 included in the balance were not presented for audit and as a result, the accuracy and validity of the balance could not be confirmed.

3.0 Unsupported Expenditures

3.1 Repairs and Maintenance

Note 13 to the financial statements for the year ended 30 June, 2019 reflects repair and maintenance expenses totalling Kshs.29,009,550. However, payment vouchers for expenses totalling Kshs.559,870 were not submitted for audit and as a result, the occurrence and validity of the expenditures could not be confirmed.

3.2 Academic Expenses

Included in the academic expenses totalling Kshs.34,446,439 reflected in the statement of financial performance are payments for practicals, industrial attachment expenses, tuition expenses, and tuition equipment and stores totalling to Kshs.13,178,195. However, records for payments totalling Kshs.3,297,750 included in the balance were not presented for audit. The missing records included approved procurement requisitions, tender documents, local purchase orders, payment schedules, attendance registers, invitation letters and programs of activities, among others.

As a result, the occurrence and propriety of the expenditure totalling Kshs.3,297,750 included in the academic expenses totalling Kshs.34,446,439 reflected in the statement of financial performance for the year ended 30 June, 2019 could not be confirmed.

3.3 Administration Expenses

Note 15 to the financial statements reflects administration expenses totalling Kshs.9,392,488 which include Kshs.4,446,218 spent on various training activities.

However, supporting records for payments totalling Kshs.2,088,472 were not presented for audit.

4.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted revenue totalling Kshs.286,556,300 and actual revenue totalling Kshs.111,327,742 resulting to a net revenue shortfall of Kshs.175,228,558 (61%) comprised of a revenue shortfall of Kshs.220,512,948 on three (3) items and excess of Kshs.45,284,390 on two (2) items.

No satisfactory explanation was provided by Management for the shortfall. Actual expenditure totaled Kshs.125,415,630 resulting to a net under-expenditure of Kshs.160,632,809 or 56% of the sum budgeted. Therefore, the Institute underspent its budget by Kshs.206,849,342

In view of the large revenue and expenditure shortfalls, most programmes and activities planned for the year were not implemented and as a result, a significant number of the objectives of the Institute for the year under review were not attained.

Further, approval for over-expenditure totalling Kshs.46,216,533 incurred on five (5) items during the year was not presented for audit. The expenditure may, therefore, have been incurred without authority contrary to Section 113 of the Public Finance Management (National Government) Regulations, 2015.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Lack of Ethnic Diversity in Staff Establishment

Records provided for audit review indicated that during the year under review, the Institute had thirty-six (36) employees out of whom twenty-three (23) or 64% were from the same ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public entity shall have more than one third of its staff from the same ethnic community.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1.0 Lack of Internal Audit Function

Contrary to Section 73(1)(a) of the Public Finance Management Act, 2012, the Institute did not have an Internal Audit Unit to carry out internal audit functions during the year under review. Similarly, there was no Audit Committee to oversee audit and governance issues in the Institute as required under Section 73(5) of the Public Finance Management Act, 2012.

In the circumstances, the Institute is in breach of the law and its financial and operational governance and accountability systems are inadequate.

2.0 Lack of Information Communication Technology

Review of the Institute's Information Communication Technology (ICT) environment revealed that there was no formal approved ICT policy in place during the year ended 30 June, 2019. The policy would have included data security and disaster recovery plans.

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

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 Financial Reporting Standards (Accrual Basis), and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Institute or terminate 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 Institute's financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing 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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Jeremiah Nyagah 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.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

25 August, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
REVENUE		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From National Government Ministries	6	24,826,550	
Transfers From Other Levels Of Government	7	36,457,840	
		61,284,390	
Revenue From Exchange Transactions			
Rendering Services	8	48,318,720	
Other Income	9	1,724,632	
Revenue from exchange transactions		**50,043,352**	
Total Revenue		**111,327,742**	
EXPENSES			
Use of Goods and Services	10	29,313,170	
Employee Costs	11	6,886,562	
Remuneration of Directors	12	3,529,451	
Repair And Maintenance	13	29,009,550	
Academic Expenses	14	34,446,439	
Administration Expenses	15	9,392,488	
Student Welfare Expenses	16	4,947,084	
Depreciation	19	7,904,143	
Total expenses		**125,428,887**	
Net Surplus/(Deficit) for the year		**(14,101,145)**	

The notes set out on pages 1 to 31 form an integral part of the Annual Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and Cash Equivalents	17	12,064,424	
Receivables from exchange transactions	18	54,048,557	
		66,112,981	
Non-current assets			
Property, plant and equipment	19	179,832,716	
Total assets		**245,945,696**	
Liabilities			
Current liabilities			
Trade & Other Payables	21	16,498,512	
Prepayments	20	2,703,067	
Total liabilities		**19,201,579**	
Net assets		**226,744,117**	
Financed by			
Surplus/ (Deficit)		**(14,101,145)**	
Capital Fund	22	240,845,262	
		226,744,117	

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

Chairman Board of Governors

Date 21/09/2019

Finance Officer

ICPAK No

Date 21/09/2019

Principal

Date 21/09/2019

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

	Capital	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2017	-	-	-	-	-
Capital	-	-	-	-	-
Surplus	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
At June 30, 218	-	-	-	-	-
At July 1, 2018	-	-	-	-	-
Capital Fund	237,545,262	-	-	-	237,545,262
Surplus/(Deficit)	0	-	(14,101,145)	-	(14,101,145)
Capital/Development grants received during the year	3,300,000	-	-	-	3,300,000
At June 30, 2019	**240,845,262**	**0**	**(14,101,145)**	**0**	**226,744,117**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers From National Government Ministries	6	24,826,550	
Transfers From Other Levels Of Government	7	38,416,940	
Rendering Services	8	46,359,620	
Other Income	9	1,724,632	
Total Receipts		**111,327,742**	
Payments			
Use of Goods and Services	10	20,759,851	
Employee Costs	11	6,886,562	
Remuneration of Directors	12	3,529,451	
Repair And Maintenance	13	20,966,950	
Academic Expenses	14	31,906,258	
Administration Expenses	15	8,656,836	
Student Welfare Expenses	16	3,909,694	
Total Payments		**96,615,602**	
Net cash flows from operating activities		**14,712,140**	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(24,103,392)	
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		**(24,103,392)**	
Cash flows from financing activities			
Capital/Development grants received during the year		3,300,000	
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities		**(3,300,000)**	
Net increase/(decrease) in cash and cash equivalents		**(6,091,252)**	
1310177Cash and cash equivalents at 1 JULY 2018		**18,155,676**	
Cash and cash equivalents at 30 JUNE 2019		**12,064,424**	

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

Items	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual On Comparable Basis (Kshs)	Performance Difference (Kshs)
Revenue					
Operational grant	16,000,000	-	16,000,000	24,826,550	- 8,826,550
Transfer from National Youth Service	-	-	-	36,457,840	- 36,457,840
Rendering Services	70,139,300	-	70,139,300	48,318,720	21,820,580
Other Income	17,217,000	-	17,217,000	1,724,632	15,492,368
Development	183,200,000	-	183,200,000	-	183,200,000
Total	**286,556,300**	**-**	**286,556,300**	**111,327,742**	**175,228,558**
Expenses					
Use of Goods and Services	20,982,617	-	20,982,617	29,313,170	- 8,330,553
Employee Costs	10,141,176	-	10,141,176	6,886,562	3,254,614
Remuneration of Directors	2,298,000	-	2,298,000	3,529,451	- 1,231,451
Repair Maintenance	9,767,603	-	9,767,603	29,009,550	- 19,241,947
Academic Expenses	24,938,000	-	24,938,000	34,446,439	- 9,508,439
Administration Cost	12,104,000	-	12,104,000	9,392,488	2,711,512
student Welfares	6,461,200	-	6,461,200	4,947,084	1,514,116
Development	199,369,100	-	199,369,100	0	199,369,100
Depreciation				7,904,143	- 7,904,143
Total	**286,061,696**	**-**	**286,061,696**	**125,428,887**	**160,632,809**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Jeremiah Nyagah Technical Institute is established by and derives its authority and accountability from TVET Act of 2013. The institute is wholly owned by the government of Kenya and is domiciled in Kenya. The institute principal activity is to provide quality vocational and technical training and competence through technology by becoming a centre of excellence for vocational and technical training.

2.STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION

Accounting Standards (IPSAS) and do comply with the said standards. Jeremiah Nyagah Technical Institute has adopted IPSAS in this financial year 2019/2018 following the directive by the ministry of education through a circular dated that technical training institute should no longer report to the directorate of schools audit but should report to Office of Auditor General.

Following training of Principals and Finance Officers of TVETs by Public Sector Accounting Standard Board (PSASB) in conjunction with The National Treasury TVETs are now supposed to prepare their financial statements using the IPSAS accrual basis.

Public Sector Accounting Standard Board (PSASB) was established under the Public Finance Management (PFM) Act No.18 of 24th July 2012,PSASB , issued financial reporting standards and guidelines to be adopted by all state organs and public entities, of which Jeremiah Nyagah Technical Institute has adopted.

The statements are prepared on accrual basis and presented in Kenya shillings as the functional and reporting currency of Jeremiah Nyagah Technical Institute.
In addition , figures have been reported on historical cost basis, unless stated otherwise . The cash flow statement is prepared using the indirect method.

3.ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable 1st January 2019 The standard covers public sector combinations arising from non exchange transactions in which case they are treated similar with IFRS3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions are covered purely under public Sector Combinations as amalgamations. The standard did not have any impact on the financial statement of the Institute

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

Standard	Effective date and impact:
	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. *(State the impact of the standard to the entity if relevant)*
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. *(State the impact of the standard to the entity if relevant)*

iii). Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

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

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

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

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

c) Taxes

Current income tax

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

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from Ministry of Education	24,826,550	
	24,826,550	

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance Kshs	Amount deferred under deferred income Kshs	Amount recognized in capital fund Kshs	Total grant income during the year Kshs	2017-2018 Kshs
Ministry of Education	24,826,550	-	-	24,826,550	-
Total	**24,826,550**	-	-	**24,826,550**	-

7 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from National Youth Service	36,457,840	0
Total Transfers	**36,457,840**	**0**

8 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition (SES)	21,424,924	
Student ID card	300,020	
Student council	390,650	
Repair ,Maintenance & Improvement	1,321,890	
Registration Fee	474,580	
Personal Emolument	5,212,050	
Local Travelling & Transport	3,151,566	
Library fee	407,350	

KNEC exam practical's	379,930	
KNEC Exam fee	6,088,351	
KASNEB Exam fee	146,880	
Internet	257,750	
Industrial Attachment	890,940	
Fee arrears	127,615	
Hospitality and tourism	137,400	
Entertainment	129,000	
Electricity Water & Conservancy	1,385,654	
Development fund	1,226,000	
Contingencies	645,510	
Computer Maintenance fee	647,800	
Class practical's-other dept.	961,310	
Class practical's- Hospitality & Tourism	728,180	
Caution fee	263,100	
Arrears	25,980	
Application Fee	303,400	
Activity fees	1,290,890	
Total revenue from the rendering of services	**48,318,720**	

9 OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Sale of Tender documents	19,000	
Sale of idle assets	15,112	
PAYE Meals	24,130	
NITA Exams	335,900	
Institute vehicles Hire	322,000	
Graduation ceremony	266,000	
Enterprise Farm	183,300	
Enterprise –C& J	380	
Accommodation	558,810	
Total	**1,724,632**	

10 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Electricity Water & Conservancy	2,495,376	
PAYE Meals Expenses	11,651,330	
Accommodation expenses	5,299,942	
Local travelling & transport	5,804,472	
Licenses/levies & rates	316,000	
Bursary Refund-Embu county	10,000	
Enterprise Expense (farm)	136,050	
Cleaning & security services	3,600,000	
Total	**29,313,170**	

11 EMPLOYEE COST

Description	2018-2019	2017-2018
	KShs	KShs
Basic Pay	5,084,547	
Commuter allowance	304,875	
House allowance	951,300	
NSSF Employer Contribution	359,156	
Other allowances	186,684	
Total	**6,886,562**	

12 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Board Expenses	3,529,451	
Total	**3,529,451**	

13 REPAIR AND MAINTAINANCE

Description	2018-2019	2017-2018
	KShs	KShs
Improvement of infrastructures	16,128,647	
Computer Maintenance	12,000	
Repair Maintenance & Improvement	12,868,903	
Total	**29,009,550**	

14 ACADEMIC EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Class Practical -Hospitality & Tourism	1,987,858	
Development Account	294,000	
Examination	10,550,070	
Graduation Ceremony Expense	6,901,205	
Industrial attachment Expense	2,024,350	
KASNEB	457,450	
KNEC practical Materials	2,737,049	
Student I.D expense	216,500	
Student Registration	111,970	
Tuition (S.E.S) Expense	6,035,987	
Tuition Equipment & Stores	3,130,000	
Total	**34,446,439**	

15 ADMINISTRATION EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Administration Cost	691,320	
Telephone Expenses	244,600	
Application Exp.	53,800	
Postage Charges	11,275	
Insurance (institute Property)	785,244	
Internal Meetings	557,021	
Internet Services	221,398	
Library Magazines /Newspapers	42,420	
Performance Contract	798,110	
Registration Expense	775,000	
Robotic, Exhibitions & Promotional expense	1,792,076	
Solar training Expenses	13,000	
Tender meetings/ Advert	109,550	
Provision for Audit Fees	656,532	
training ,seminar/workshops	2,641,142	
Total	**9,392,488**	

16 STUDENTS WELFARE

Description	2018-2019	2017-2018
	KShs	KShs
Student council activities	331,140	
Students Entertainment Expense	478,650	
Co- curriculum Activities	4,137,294	
Total	**4,947,084**	

17 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Barclays Bank Of Kenya-Cash at bank	11,599,524	15,980,518
Kenya Commercial Bank-Cash at Bank	424,330	642,760
Equity bank of Kenya limited	40,570	1,532,398
Barclays Bank Cash at hand	0	0
Total	**12,064,424**	**18,155,676**

18 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Agriculture dept.	16,141,248	
Applied Science and ICT	965,930	
Building & Civil Engineering dept.	7,537,119	
Business & Management Studies Dept	2,033,447	
Electrical & Electronics Engineering dept.	13,185,454	
Fashion Design & Textile Department	1,555,030	
Hospitality & Tourism dept.	7,917,079	
Mechanical Engineering Department	4,713,250	
Total	**54,048,557**	

19 PROPERTY PLANTS AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and Equipment	Capital Work in Progress	Total
Cost/ Valuation		KShs	KShs	KShs	KShs	KShs	KShs	KShs	Shs
	0%	4.00%	25.00%	12.50%	30.00%		12.50%	0.00%	
At 1July 2017	7,260,000	119,336,000	11,248,000	20,995,495	867,000	-	-	-	159,706,495
Additions								51,435,699	51,435,699
Disposals		-							-
Transfers/adjustments		-							-
At 30th June 2018	7,260,000	119,336,000	11,248,000	20,995,495	867,000	-	-	51,435,699	211,142,194
Additions	0	4,500,000	-	4,942,746	5,536,472		-	9,124,175	24,103,392
Disposals									-
Transfer/adjustments									-
At 30th June 2019	7,260,000	123,836,000	11,248,000	25,938,241	6,403,472	-	-	60,559,874	235,245,586
Depreciation and impairment									
At 1July 2017	-	22,032,684	8,578,797	10,226,718	721,283		-	-	41,559,482
Depreciation	-	3,892,133	667,301	1,346,097	43,715	-	-	-	5,949,246
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2018	-	25,924,816	9,246,098	11,572,815	764,998	-	-	-	47,508,728
Depreciation	-	3,916,447	500,476	1,795,678	1,691,542	-	-	-	7,904,143
Disposals									-
Impairment									-
Transfer/adjustment									-
At 30th June 2019	-	29,841,264	9,746,573	13,368,493	2,456,540	-	-	-	55,412,871
Net book values									-
As at 30 June 2019	7,260,000	93,994,736	1,501,427	12,569,747	3,946,931	-	-	60,559,874	179,832,716
As at 30 June 2018	7,260,000	93,411,184	2,001,902	9,422,680	102,002	-	-	51,435,699	163,633,466

20 PREPAYMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Prepayments	2,703,067	
Total	**2,703,067**	

21 TRADE AND OTHER PAYABLES

Description	2018-2019	2017-2018
	KShs	KShs
unpaid supplies and bills(Creditors)	15,841,980	
Provision for Audit Fees	656,532	
Total	**16,498,512**	

22 CAPITAL

Description	2018-2019	2017-2018
	KShs	KShs
Capital Fund	237,545,262	
Development grants	3,300,000	
Total	**240,845,262**	

23 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 2018				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2019				
Receivables from exchange transactions	54,048,557	-	-	-
Bank balances	12,064,424	-	-	-
Total	**66,112,981**	-	-	-

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

The board of directors sets the 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	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2018				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Total	-	-	-	-
At 30 June 2019				
Trade payables	16,498,512	-	-	-
Prepayments	2,703,067	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Total	**19,201,579**	-	-	-

iv) Capital Risk Management

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

	20xx-20xx	20xx-20xx
	Kshs	Kshs
Revaluation reserve	-	
Retained earnings	**(14,101,145)**	
Capital reserve	240,845,262	
	0	
Total funds	**226,744,117**	
Total borrowings	-	-

Less: cash and bank balances	(12,064,424)	
Net debt/(excess cash and cash equivalents)	12,064,424	
Gearing	5.3%	

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

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

	20xx-20xx Kshs	20xx-20xx Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to	-	
Sales of services	-	
Total	-	
b) Grants from the Government		
Grants from National Govt - Recurrent	24,826,550	
Grants from National Govt - Development	3,300,000	
Donations in kind		
Total	**28,126,550**	
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	6,886,562	
Payments for goods and services for	0	
Total	**6,886,562**	
d) Key management compensation		
Directors' emoluments	3,529,451	
Compensation to the CEO		
Compensation to key management		
Total	**3,529,451**	

25 EVENTS AFTER THE REPORTING PERIOD

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

26 ULTIMATE AND HOLDING ENTITY

The entity is a a Semi- Autonomous Government Agency under the Ministry of Education

27 Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
The year 2018-2019 is the first year to be audited by the Auditor General hence no previous year recommendations.					

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.

Principal

Date.21-09-2019

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the 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	The Institute did not receive donor fund during the year					
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							
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of Education			
	FY 2018/2019			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		8/10/2018	5,956,550	2018-2019
		15/07/2019	18,870,000	2018-2019
		Total	**24,826,550**	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		25/02/2019	2,150,000	2018-2019
		8/3/2018	1,150,000	2018-2019
		Total	**3,300,000**	

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

Finance Manager

Jeremiah Nyagah Technical Institute

THE ACCOUNTANT
JEREMIAH NYAGA TECHNICAL INSTITUTE
P. O. Box 1264-60100, EMBU
Date........

Sign

Head of Accounting Unit

Ministry

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

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/recognized Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Education	8/10/2018-	Recurrent	5,956,550	5,956,550					5,956,550
Ministry of Education	15/07/2019	Recurrent	18,870,000	18,870,000					18,870,000
Ministry of Education	25/02/2019	Development	2,150,000	0	2,150,000				2,150,000
Ministry of Education	8/3/2018	Development	1,150,000	0	1,150,000				1,150,000
Total			**28,126,550**	**24,826,550**	**3,300,000**				**28,126,550**