REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 08 SEP 2021 | DAY: WED.

TABLED BY: LOMP.

CLERK-AT THE-TABLE: S. Kalama.

REPORT

OF

THE AUDITOR-GENERAL

ON

KIIRUA TECHNICAL TRAINING INSTITUTE

FOR THE YEAR ENDED 30 JUNE, 2019

KIIRUA TECHNICAL TRAINING INSTITUTE

TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET), NATIONAL POLYTECHNIC OR TEACHER TRAINING COLLEGE

KIIRUA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30/06/2019

OFFICE OF THE AUDITOR - G...
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Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

I. Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kiirua Technical Training institute was registered in 1999 under ministry of Research, Technical Training and Technology and accredited in 2011 under ministry of Higher Education, Science and technology as TIVET institution but currently operating under Ministry of Education, Directorate of Technical Education. Kiirua T.T.I is headed by the principal, who is responsible for the day running and general policy implementation in the institute. The principal is supported by the Board of Governors, Top management team and Heads of Departments.

(b) Principal Activities

The principal activity for Kiirua Technical Training Institute is to offer Technical and Vocational Education under TVETA Act 2013.

Vision

To Be the Regional Leader in Technical Training Research and Innovation for Sustainable National Development and Global Competitiveness

Mission

To Offer Technical Industrial Vocational and Entrepreneurial Training and Undertake Research to Produce Skilled, Innovative and Market Relevant Human Resource

Core values

KiiruaTechnical Training Institute is guided by the following Core Values and Competences:

- Integrity
- Team work
- Hard work
- Responsibility
- Innovativeness
- Self Development
- Courtesy

(c) Key Management

Kiirua Technical Training Institute day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Top Management
- Heads of departments
- Heads of Sections

(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	Daniel Mugambi
2.	Deputy Principal	Benjamin Ncebere
3.	Registrar	Tabitha Mweti
4.	Dean of Students	Paul Thuo
5.	Guidance & Counselling	Purity Koome
6.	Head of Finance	Joshua Kiumbe
7.	Head of Procurement	Agnes Kajuju

(e) Fiduciary Oversight Arrangements

Kiirua Technical Training Institute is over sighted by the Development. finance and Procurement committee,which approves quarter financial statements and reports before they are presented to the fully board for approval and the committee is also charged with the responsibility of approving all development to be undertaken in the institute and submitting of quarterly financial reports and statements to the board of Governors and relevant government agencies such as National Treasury. Auditor General, Controller of Budgets and Commission of Revenue Allocation.

- Human Resource,Academic& Publicity Committee: activities inludesoverseeing welfare of students,staff,board members and academic performance.
- Finance,Development& procurement committee: activities includes planning and budgeting,evaluation,monitoring and implementation of planned activities.

(f) Entity Headquarters

Kiirua Technical Training Institute
Located off Meru/Nanyuki Road,
P.O. Box 1931- 60200
Meru, Kenya

(g) Entity Contacts

Kiirua Technical Training Institute
P.O. Box 1931- 60200
Meru, Kenya
Telephone: +254718621864
E-mail: kiruatti@yahoo.com
Website: www.kiruatti.ac.ke

(h) Entity Bankers

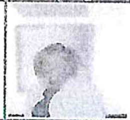
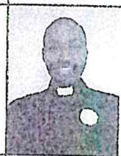
1. Co-operative Bank of Kenya
   Meru Branch
   P.O. Box
   City Square 00200
   Nairobi, Kenya

2. Equity Bank Limited
   Makutano – Meru Branch

(i) Independent Auditors
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

THE BOARD OF GOVERNORS

Name	Designation		Date of Birth & Qualification
1. Daniel Mugambi	Principal / Board Secretary		Born: 1962 BSC in Electrical (Power Option)
2. Jeremy Miriti Naivasha	Board Chairman		Born: 1954 BusinessMan
3. Mary Kanana Nteere	Board Member		Born: 1960 Business Lady
4. Morris Kirimi	Board Member		Born: 1979 Bachelors in Social & Community Development, Director With Caritas, D.o.M
5. Nephat Ruto	Board Member		Born: 1979 BSC (electrical & electronics), Engineer with Kenya Power
6. Caroline Kendi	Board Member		Born: 1986 Diploma in Supply Chain Administrative Secretary at Chuka
7. Brendah Awour	Board Member		Born: 1984 Business Lady
8. Dennis Mutula	Board Member		Born: 1979 BCom KRA, dept of Domestic Taxes
9. George Mutembei	Board Member		Born: 1984 Bachelors in Theology Reverend with Methodist
10. Moses Wanjala	CD TVET		Born: 1959 Director in TVET sector

KEY MANAGEMENT

Name of the Staff	Responsibility
1.Daniel Mugambi	Principal
2. Benjamin Ncebere	Deputy Principal
3. Tabitha Mweti	Registrar
4.Paul Thuo	Dean of Students
5.Purity Koome	Guidance & Counselling
6. Joshua Kiumbe	Accountant

CHAIRMAN'S STATEMENT

Kiirua technical training institute mandate remains that of offering technical training,research and innovation by offering high quality technical,vocational education that meets customer requirements and exceeds their expectations as per our quality policy statement.

We look forward for continued support our stakeholders especially the ministry of education for timely and adequate resources support to be able to meet the needs of our customers and achieve the government policies on TVET as a sector.

Th board has two committees that is the finance, procurement and development committee and the academic, human resource and publicity committee.

Members of the board comprises of:

1.John Wamei Regional TVET Director
2.Jeremy Mirit BOG Chairman
3. Mary KananaNteere BOG Member
4. Morris Kirimi BOG Member
5. Caroline Kendi BOG Member
6.Nephat Ruto BOG Member
7. BrendahAwour BOG Member
8. Dennis Mutula BOG Member
9. George Mutembei BOG Member
10.Daniel Mugambi Principal / Board Secretary

Key Activities of the Board are;

1.Development of human resource policy
2.Recruitment of additional staff
3.Perfomance Contracting setting of targets,evaluation and negotitions
4.mobilizing for resources from the government and other development partners
5.Improvement infrastructure in the institute for example renovation of board room to hostels
6.Ensure implementation government policies by the institute

Challenges

1.Inadequate infrastructure such as tuition rooms,workshops,students Hostels and student dining hall
2.Space for expansion due to limited shared land
3.Inadequate trained staff both trainers and support
4.Inadequate resources to be able meet the needs of our customers
5. Delayed fees payment by NYS.

Prepared by________________________ Date 11-02-2020
Mr.Jeremy Miriti

REPORT OF THE PRINCIPAL

Kiirua Technical Training institute was registered in 1999 under ministry of Research, Technical Training and Technology and accredited in 2011 under ministry of Higher Education, Science and technology as TIVET institution but currently operating under Ministry of Education, Directorate of Technical Education. Kiirua T.T.I is headed by the principal, who is responsible for the day running and general policy implementation in the institute. The principal is supported by the Board of Governors, Top management team and Heads of Departments.
Currently the students' population is at 568 expecting to be 700 by January 2020,the staff establishment is as follows, 53 lecturers and 20 non-teaching staff.The institute of different courses at levels such as short courses,Artisan,Craft and Diploma.

Academic Departments

The departments in the institute includes:
1.Electrical & Electronics department
2.Automotive Engineering department
3.Business Department
4.Building and civil engineering department
5.Information communication technology department
6.Institutional Management
The academic departments have 33 public service commission lecturers and 20 BOG lecturers.
The institute students population is composed of Self Sponsored,NYS students and those sponsored by other organizations such as CDF,Compassion International and Lewa conservancy.
Due to limited hostel space the institute has partnered with the community for the provision students accommodation.

Sources of Funds

1.students Fees
2. Development grants from the government

Challenges

1.Inadequate infrastructure such as tuition rooms,workshops,students Hostels and student dining hall
2.Space for expansion due to limited shared land
3.Inadequate trained staff both trainers and support
4.Inadequate resources to be able meet the needs of our customers
5. Delayed fees payment by NYS.
6.Low students Enronment

Prepared by ____________________ Date 10-02-2020
for Eng.Daniel Mugambi

CORPORATE GOVERNANCE STATEMENT

During the FY 2018/2019,the table below shows the number of board and committee meetings held

Meetings	No.of Board Meetings	Meetings held	
Full Board	4	4	
Finance & Development	4	3	
HR,academic& Publicity	4	4	
Total	12	11	

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

There were no corporate social responsibility undertaken by the institution during the financial year 2018/2019.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the financial statements for the year ended June 30, 2019 which show the state of the Kiirua Technical Training Instituteaffairs.

Results

The results of Kiirua Technical Training Institute for the year ended June 30, 2019 are set out on page 1 to 5

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page V.During the Financial Year 2018/2019 no member(s) of board of Governorsretired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of Kiirua Technical Training Institute in accordance with Article 229 of the Constitution of Kenyaand the Public Audit Act 2015 or appoint an auditor for the period ended June 30, 2019in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

Eng. Daniel Mugambi		10-02-2020
for Principal/ BOG Secretary	Sign	Date

STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of Kiirua T.T.I financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year 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 entity;

(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;

(iv) Safeguarding the assets of Kiirua T.T.I;

(v) Selecting and applying appropriate accounting policies and

(vi) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility forKiirua T.T.I financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),and in the manner required by the PFM Act, 2012 andsection 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013 - require the board members to prepare financial statements in respect of Kiirua T.T.I.

The board members are of the opinion that the entity's financial statements give a true and fair view of the state of Kiirua T.T.I transactions during the financial year ended June 30, 2019, and of Kiirua T.T.I financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that the Kiirua T.T.Iwill not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kiirua Technical Training Institute financial statements were approved by the Board on ________________ and signed on its behalf by:

______________	______________	______________
Board Member	Board Member	Board Member

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiirua Technical Training Institute set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actuals amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kiirua Technical Training Institute as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1.0 Presentation of the Financial Statements

The financial statements for the year under review contains anomalies which are not in line with the template issued in June, 2019 by the Public Sector Accounting Standards Board (PSASB). The Insitutte did not include passport-size photos and key professional/academic qualifications for each of the key management staff and did not indicate on the financial statements the ICPAK number for the Finance Officer.

Consequently, the Institute's financial statements for the year under review are not prepared in accordance with the PSASB prescribed reporting format.

2.0 Variance between the Financial Statements balances and the Ledgers

The financial statements for the year under review reflects balances of seven (7) components that were at variance with the respective ledger balances as follows:

Component	Note	Amount as per Financial Statements (Kshs.)	Amount as per Ledger (Kshs.)	Variance (Kshs.)
Revenue				
Income (Rendering Services)	10	27,929,511	27,818,652	(110,860)
Rental revenue from facilities	11	12,143,588	12,056,268	(87,320)
Expenses				
Use of goods and services	15	1,214,283	1,259,753	45,470
General expenses	22	23,399,630	23,079,951	(319,679)
Assets				
Cash and Cash Equivalent	27a	89,537,322	85,983,386	(3,553,936)
Receivables from Non-Exchange Transactions	29	1,448,639	3,414,640	1,966,001
Liabilities				
Refundable deposits from customers	36	440,361	135,500	304,861

Management did not provide explanations or reconciliations for the variances. In view of the foregoing, the accuracy of the financial statements for the year ended 30 June, 2019 could not ascertained.

3.0 Cash and Cash Equivalents

3.1 Cash-in-Hand

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.83,635 in respect to cash-in-hand. However, the cash-in-hand balance was not supported with a petty cash book and a board of survey report as at 30 June, 2019.

3.2 Receipts in Bank Statement not in Cash Book

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.7,284,508 held in an account at Equity Bank. Review of the respective bank reconciliation statement revealed a reconciling item of Kshs.1,790,221 in respect to school fees receipts in the bank not in cashbook. This reconciling item resulted in understatement of the cash and cash equivalents balance by the same amount. Further, detailed schedules of the receipts were not provided for audit.

3.3 Unpresented Cheques

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.7,284,508.00 in respect to the Equity Bank (Institute Fund Account). The bank reconciliation statement for this account reflects an amount of Kshs.3,562,465 in unpresented cheques. However, it was observed that the schedule of unpresented cheques did not indicate the date the cheques were drawn. Also, the Institute Management did not maintain a cheque issuance register. It was therefore not possible to confirm when the cheques were issued to the payees. Further, the bank statements for the period July to December, 2019 were not provided for audit verification.

3.4 Overstatement of Cash and Cash Equivalents Balance

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.31,433,608 being bank balance from two of the Institute's bank accounts. However, the respective bank reconciliations reflect a reconciled cashbook balance of Kshs.27,878,632 resulting to an unexplained variance of Kshs.3,554,976. as follows:

Account	Account No.	Reported Balance (Bank Statement Balance) (Kshs.)	Reconciled Cashbook Balance (Kshs.)	Variance (Kshs.)
Co-op Bank – Development Account	1139020668100	24,149,100	24,156,590	(7,490)
Equity Bank – Institute Fund Account	1040298395060	7,284,508	3,722,042	3,562,466

3.5 Unsupported Balance

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.10,000,000 held in Equity Bank account. However, the respective cash book and bank statement were not submitted for audit review.

3.6 Failure to Open a Separate Retentions Account

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a Cash and Cash Equivalents balance of Kshs.89,537,322. Included in the cash and cash equivalents balance of Kshs.89,537,322 is Kshs.24,149,100 and Kshs.4,617,717 relating to balances in Co-operative Bank – Development account and Co-operative Bank-Merti Technical Training Institute (TTI) respectively.

However, review of records and discussion with the Management revealed that part of the Kshs.24,149,100 in Co-operative Bank – Development Account was Kshs.17,672,859 in respect of 10% retentions for three (3) projects; namely Igembe West Technical Training Institute (TTI), Library Complex and Laikipia West Technical Training Institute (TTI). Similarly, the Kshs.4,617,717 in the Co-operative Bank-Merti Technical Training Institute (TTI) was retention money. However, the retention monies were erroneously reported as an asset to the Institute instead of a liability. In addition, a separate bank account for the retention funds had not been opened. This resulted in overstatement of cash and cash equivalents balance by Kshs.17,672,859 and Kshs.4,617,717 both totaling to Kshs.22,290,576 and an understatement of the liabilities by the same amount.

In the circumstances, the accuracy, validity and completeness of the cash and cash equivalents balance of Kshs.89,537,322 as at 30 June, 2019 could not be ascertained.

4.0 Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.89,537,322 as at 30 June, 2019. This includes an opening balance of Kshs.79,863,835 in respect to cash and cash equivalents. However, the same statement reflects a comparative 2017/2018 cash and cash equivalents balance of Kshs.55,986,325 as at 30 June, 2018 resulting to an unexplained variance of Kshs.23,877,510.

In addition, the statement of cash flows for the year under review reflects Kshs.89,537,322 in respect to cash and cash equivalents balance as at 30 June, 2019. However, re-casting of the respective balances resulted in a balance of Kshs.70,190,348 resulting to an unexplained and unreconciled variance of Kshs.19,346,974.

5.0 Unsupported Current Liabilities

The statement of financial position reflects current liabilities totaling Kshs.7,555,928 as at 30 June, 2019. This includes Kshs.503,218 in respect to development fund. However, the nature and authenticity of the liability could not be confirmed as the respective ledgers and other supporting documents were not provided for audit review.

In circumstances, the accuracy and authenticity of the Kshs.503,218 balance as at 30 June, 2019 could not be confirmed.

6.0 Retained Earnings

As reported in the previous year, the statement of changes in net assets for the year under review reflects Kshs.107,101,711 in respect to retained earnings as at 30 June, 2019 which includes Kshs.31,887,531 in respect to retained earnings as at 1 July, 2017. However, the reported retaining earnings could not be confirmed as the audited financial statements for the financial year 2016/2017 were not submitted for audit.

In the circumstances, the retained earnings of Kshs.107,101,711 for the year ended 30 June, 2019 could not be confirmed.

7.0 Variances Between the Ministry of Education's and the Institute's Balances on Transfer from National Government

The statement of changes in net asset for the year under review reflects Kshs.42,822,231 in respect to development grants from the Ministry of Education. However, records from the Ministry of Education reflects Kshs.5,094,500 on the same items resulting in an unexplained and unreconciled variance of Kshs.37,727,731.

In the circumstances, the accuracy of the Kshs.42,822,231 development grants transfer from the Ministry of Education for the year ended 30 June 2019 could not be ascertained.

8.0 Revenue from Facilities and Equipment

The statement of financial performance and as disclosed under Note 11 to the financial statements reflects an amount of Kshs.12,143,588 in respect to rental revenue from facilities and equipment. This includes Kshs.397,800 in respect to receipts from bus hire.

However, documents including Board Minutes authorizing the prices for hire, rental requests, Board approvals of requests, payment acknowledgement receipts, banking slips and work tickets were not provided for audit review.

In the circumstances, the accuracy of the Kshs.397,800 receipts from bus hire for the year ended 30 June 2019 could not be ascertained.

9.0 Budgeting

9.1 Unbalanced Budget

The statement of comparison of budget and actuals amounts reflects Kshs.56,596,412 and Kshs.54,340,976 in respect to approved receipts and expenditure respectively resulting to Kshs.2,255,436 budgeted receipts surplus contrary to Section 31(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that the budget shall be balanced.

9.2 Approval of the Supplementary Budget

The statement of comparison of budget and actual amounts for the year under review reflects a final budgeted expenditure of Kshs.54,340,976 and actual expenditure of Kshs.57,878,552. The budget had an over expenditure of Kshs.4,437,463 on four items. Management did not provide evidence of the approval for the over expenditure Kshs,4,437,463 contrary to Section 40(5) of the Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers may seek supplementary budget if the expenditure cannot be met by budget reallocation under Section 43 of the Act.

10.0 Unaccounted for Expenditure

10.1 Unsupported Expenditure

The statement of financial performance and as disclosed under Notes 17 and 22 to the financial statements for the year under review reflects an expenditure of Kshs.1,945,032 and Kshs.23,399,630 in respect to remuneration of Directors and general expenses respectively totalling Kshs.25,344,662. However, included in the Kshs.25,344,662 is Kshs.1,437,120 in respect to six (6) expenditure items which was not supported by the relevant documents including payment vouchers contrary to Section 99(3) of the Public Finance Management (National Government) Regulations, 2015 which states that every entry in the accounts shall be supported by a voucher or other approved documents.

In the circumstances, the accuracy and propriety of the Kshs.1,437,120 expenditure for the year ended 30 June, 2019 could not be ascertained.

10.2 Un-Accounted for Expenditure on Induction Training

The statement of financial performance and as disclosed under Note 17 to the financial statements reflects an amount of Kshs.1,945,032 in respect to Directors' emoluments. This further includes Kshs.215,000 in respect of payment of facilitation costs and conference fees during an induction training for Directors. This was not supported with invoices and receipts acknowledging the payment. Further, the payment was classified under the wrong class of account.

In the circumstances, the accuracy and completeness of the Kshs.215,000 expenditure for induction trainng for Directors could not be confirmed.

11.0 Property, Plant and Equipment (PPE)

The statement of financial position and as disclosed under Note 32 to the financial statements reflects a property, plant and equipment balance of Kshs.47,628,617. However, while Note 4(e) to the financial statements states that "All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses", the property, plant and equipment schedule at Note 32 did not have values for depreciation of the assets. Further, the property, plant and equipment had not included land (of unknown value where the Institute is located) and buildings (of unknown value which were physically verified - lecture halls and administration block).

In addition, the Institution lacked a depreciation policy to guide on how the assets would be depreciated. This is contrary to paragraph 88 of International Public Sector Accounting Standards (IPSAS) No. 17 which states that the financial statements shall disclose, for each class of property, plant and equipment recognized in the financial statements; the measurement bases used for determining the gross carrying amount; the depreciation methods used; the useful lives or the depreciation rates used; the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and a reconciliation of the carrying amount at the beginning and end of the period showing depreciation".

Further, the fixed assets register which was provided for audit review lacked the information on the cost, date purchased, asset coding and serial number of the assets. In addition, asset ownership documents such as title deeds and motor vehicle log books were not provided for audit review.

In the circumstances, the accuracy, completeness and valuation of the property plant and equipment balance of Kshs.47,628,617 as at 30 June, 2019 could not be ascertained.

12.0 Non-Provision of Audit Fees

The statement of financial performance for the year under review reflects Kshs.40,872,122 in respect to total expenses. However, the expenses for the year do not include provision for audit fee of Kshs.1,179,856 for the financial years 2017/2018 and 2018/2019 which is payable to the Office of the Auditor–General.

In the circumstances, for the accuracy and completeness of the statement of financial performance for the year under review could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects final budgeted receipts Kshs.56,596,412 and an actual receipt of Kshs.92,217,609 resulting to over collection of revenue by Kshs.35,621,197 or 63% comprising of transfers from other government entities (Government Grants) and revenue from facilities and equipments. The Institute also had an under collection of Kshs.11,104,622 from rendering of services (students fees). Further it was noted that the Institute collected revenue amounting to Kshs.12,143,588 from revenue from facilities and equipments which had not been included in the final budget.

In addition, the statement of comparison of budget and actual amounts for the year under review reflect a final budgeted expenditure of Kshs.54,340,976 and actual expenditure of Kshs.57,878,552 resulting to an over expenditure of Kshs.3,537,576. However, a recast of the respective balances gave a budgeted expenditure of Kshs.52,592,866 and an actual expenditure of Kshs.54,547,984 resulting to a net over expenditure of Kshs.1,955,118. This comprised an over expenditure of Kshs,4,437,463 on four items and under expenditure of Kshs.2,482,345 on nine items. This was an indication of unrealistic budgeting process.

2.0 Submission of Financial Statements

2.1 Non-Submission of Financial Statements

As reported in the previous year, the Institute's Board of Governors and Management did not submit financial statements for audit by the Auditor-General for four (4) financial years ended 30 June, 2014 to 30 June, 2017. This was contrary to Section 29(2) of the Technical and Vocational Education and Training Act, 2013 which provides that a Board of Governors of a public institution shall within a period of four months from the end of each financial year, submit to the Auditor-General the accounts of the institution together with a statement of the income and expenditure of the institution during that year and balance sheet of the institution on the last day of that year.

2.2 Late Submission of the Financial Statements

The financial statements for the year under review were submitted to the Auditor- General on 7 January, 2020. This was contrary to Section 164(3) and (4)(a) of the Public Finance Management Act, 2012 requires accounting officers to prepare the financial statements and submit them to the Auditor-General within three months after the end of each financial year.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resource section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Laikipia West Technical Training Institute

Management entered into a contract for the construction and completion of twin workshop, classrooms and offices at the Laikipia West Technical Training Institute on 17 May, 2016 which was expected to take 52 weeks at a contract sum of Kshs.55,471,853. Physical verification in January, 2020 revealed that the project was still incomplete, three (3) years after the expected completion date. Further, the Institute had not sought compensation in the form of liquidated damages in line with clause 27.1 of the contract which provides for liquidated damages in case of delay in completion of the project.

In addition, a total of Kshs.26,088,444 was paid to the contractor during the year under review. This included Kshs.3,862,173 for certificate number six (6) for which the valuation of the works completed was not provided for audit review.

In the circumstances, the value for money has not been realised from the project.

2.0 Proposed Renovation of Boardroom into Hostels

The Institute Management incurred expenditure of Kshs.1,952,500 on hostel renovation. This included Kshs.681,616 incurred in the conversion of the boardroom into student's hostel. Review of the procurement records indicated that quotations were received from three firms. However, the quotations did not contain engineering estimates. Further, the quotations did not include the name and address of the procuring entity nor did they indicate where and when the quotations were to be submitted.

In addition, only the winning bidder was in the register of suppliers while the other two were not contrary to Sections 95 (3) of the Public Procurement and Assets Disposal Act, 2015 which states that a procuring entity shall invite tenders from only the approved persons who have been pre-qualified.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Receipts from National Youth Service (NYS) Sponsored Students

The statement of financial performance and as disclosed under Note 10 to the financial statements reflects a total of Kshs.27,929,511 in respect to rendering of services. This includes Kshs.1,096,500 in respect to activity fees which further includes Kshs.530,000 received from the National Youth Service (NYS). However, the NYS sponsored students were not issued with individual receipts indicating how the lump-sum received from NYS was allocated to the students. As a result, the basis on which Kshs.530,000 was apportioned to activity fees could not be ascertained.

In the circumstance, control over the distribution of the fees for student sponsored under NYS are weak.

2.0 Lack of Internal Audit Department

The Institute had not established an Internal Audit Unit as at 30 June, 2019 as required by Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that the entity should ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. The Internal Audit Unit would have performed various roles stipulated by Section 73(3) of the Public Finance Management Act, 2012 including risk assessment, putting in place a risk register, and assessment of the internal controls mechanism.

In the circumstances, the risks may have remained unidentified with no mitigation policies in place.

3.0 Non-Establishment of Audit Committee

The Institute had not established an Audit Committee as at 30 June, 2019 as required by Section 73(5) of Public Finance Management Act, 2012 which stipulates that every national government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the Regulations. The Audit Committee would have performed various functions stipulated by Section 175 of Public Finance Management

(National Government) Regulations, 2015 including supporting the Accounting Officer with regard to their responsibilities on issues of risk, control and governance and associated assurance and follow up on the implementation of the recommendations of internal and external auditors.

In the circumstance, it was not possible to confirm that the Institute had established an effective internal control mechanism in the absence of such an oversight committee.

4.0 Information, Communication and Technology (ICT) Environment

Review of the Institute's ICT environment revealed that there was no formal approved ICT policy including data security policy and disaster recovery plans. Further, the ICT structure was not provided for review.

In addition, during the year under review, the Technical Institute did not have an Information Technology (IT) Steering Committee or Strategic Committee for ensuring effective IT controls and strategies.

In the circumstance, the security and reliability of the Institute's data including its Management Information System could not be ascertained.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Institute's policies and procedures may deteriorate.
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to continue to sustain its services.

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

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

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

23 August, 2021

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

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenuefromnon-exchangetransactions			
Transfers fromthe National Government–Unconditional grants	6	10,760,000.00	19.267.776.00
Grants from donors and development partners			
Transfers from other levels of government			
Publiccontributionsanddonations			
		10,760,000.00	**19,267,776.00**
Revenuefromexchangetransactions			
Renderingofservices- Fees from students	10	27,929,511.00	17,611,070.00
Sale of Tender Documents	14		21,000.00
Rentalrevenuefromfacilitiesandequipment	11	12,143,588.00	7,475,275.00
Financeincome-externalinvestments			
Consultancy fees			
Otherincome			
Revenuefromexchangetransactions		**40,073,099.00**	**25,108,344.00**
Totalrevenue		**50,833,099.00**	**44,376,121.00**
Expenses			
Use of goods and services	15	1,214,283.00	1,406,622.00
Employeecosts	16	6,832,929.00	4,940,656.00
Remunerationofdirectors	17	1,945,032.00	1,463,385.00
Repairsandmaintenance	19	160,352.00	867,750.00
Pay as You Eat (PAYE) – Kitchen Expenses		5,837,151.00	5,000,633.00
Generalexpenses	22	23,399,630.00	16,002,400.00
Hostels rent Paid		836,970.00	657,640.00
Hairdressing Training Materials		72,500.00	
Timau Campus		125,750.00	
Lighting Spotlight		30,000.00	
HELB		417,525.00	
Totalexpenses		**40,872,122.00**	**30,339,086.00**
Othergains/(losses)			
Gainonsaleofassets			
Total othergains/(losses)			
Net Surplus for the year		**9,960,977.00**	**14,037,035.00**
Attributableto:			
Surplus/(deficit)attributabletominorityinterest			
Surplusattributabletoownersofthecontrolling entity			

11. STATEMENT OF FINANCIAL POSITIONAS AT 30/06/2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
Assets			
Currentassets			
Cashandcashequivalents	27	89,537,322.00	55,986,325.00
Receivablesfromexchangetransactions	34	30,817,217.00	1,231,562.00
Receivablesfromnon-exchangetransactions	35	1,448,639.00	1,028,640.00
Inventories			
		121,803,178.00	**58,246,527.00**
Non-currentassets			
Property,plantandequipment	38	47,628,617.00	28,217,692.00
Investments			
Totalassets		**169,431,795.00**	**86,464,219.00**
Liabilities			
Currentliabilities			
Trade and other payables from exchange transactions	41	4,914,413.00	14,638,215.00
Refundabledepositsfromcustomers	42	440,361.00	396,841.00
Development Fund		503,218.00	96,078.00
Bus Project		1,174,200.00	1,174,200.00
Jua Kali Project		504,915.00	504,915.00
Production Unit		18,821.00	18,821.00
		7,555,928.00	**16,829,070.00**
Non-currentliabilities			
Non-currentemployeebenefitobligation			
Totalliabilities		**7,555,928.00**	**16,829,070.00**
Reserves,Surplus& Capital Fund			
Reserves			
Accumulatedsurplus		107,101,711.00	57,683,225.00
Capital Fund		54,774,155.00	11,951,924.00
Total Capital & Reserves		**161,875,866.00**	**69,635,149.00**
Totalnetassetsandliabilities		**169,431,794.00**	**86,464,219.00**

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

Chairman of Board of Governors

Finance Officer
ICPAK No

Principal

Date...11-02-2020

Date……………..

Date..10-02-2020

VI. STATEMENT OF CHANGES IN NET ASSETFOR THE YEAR ENDED 30 JUNE 2019

	Revaluation reserve	Fair value adjustment reserve	Retained earnings /Accumulated surplus	Capital/ Development Grants/Fund	Total
At July 1, 2017			**31,887,531.00**		**31,887,531.00**
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			25,795,694.00		25,795,694.00
Capital/Development grants received during the year				11,951,924.00	11,951,924.00
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2018			57,683,225.00	11,951,924.00	**69,635,149.00**
At July 1, 2018			**57,683,225.00**	**11,951,924.00**	**69,635,149.00**
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			49,418,486.00		49,418,486.00
Capital/Development grants received during the year				42,822,231.00	
Transfer of depreciation/amortisation from capital fund to retained earnings					
At June 30, 2019			**107,101,711.00**	**54,774,155.00**	**161,875,866.00**

VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Cashflowsfromoperatingactivities			
Receipts			
Transfers from other Government entities/Govt. grants	6b	53,582,231.00	31,219,700.00
Renderingofservices- Fees from students	10	27,929,511.00	17,611,070.00
SaleofTender Documents			21,000.00
Rental revenue from facilities and equipment	12	12,143,588.00	7,475,275.00
Total Receipts		**93,655,330.00**	**56,327,045.00**
Payments			
Compensationofemployees	16	6,832,929.00	4,940,656.00
Use of goodsandservices	15	1,214,283.00	1,406,622.000
Remuneration of Directors	17	1,945,032.00	1,463,385.00
Rentpaid		836,970.00	657,640.00
Repair & Maintenance	19	160,352.00	867,750.00
General Expenses	22	23,399,630.00	16,002,400.00
PAYE (Pay as You Eat) – Kitchen Expenses		5,837,151.00	5,000,633.00
Development Account		14,118,710.00	
Hairdressing Training Materials		72,500.00	
Timau Campus		125,750.00	
Lighting Spotlight		30,000.00	
HELB		417,525.00	
Total Payments		**54,990,832.00**	**30,532,350.00**
Netcashflowsfromoperatingactivities		**38,664,498.00**	**25,795,694.00**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	32	47,628,617.00	28,217,692.00
Proceeds from sale of property, plant and Equipment			
Decreaseinnon-currentreceivables			783,140.00
Increaseininvestments			
Netcashflowsusedininvestingactivities		**47,628,617.00**	**29,000,832.00**
Cashflowsfromfinancingactivities			
Increaseindeposits		709,368.00	5,348,271.00
Netcashflowsusedinfinancingactivities		**709,360.00**	**(5,348,271.0)**
Netincrease/(decrease)incashandcash equivalents		**-9,673,487.00**	**-8,553,409.00**
Cashandcashequivalentsat1JULY 2018		79,863,835.00	64,539,734.00
Cashandcashequivalentsat30 JUNE 2019		**89,537,322.00**	**55,986,325.00**

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

	Originalbudget	Adjustments	Finalbudget	Actual on comparable basis	Performance difference
	2018-2019	**2018-2019**	**2018-2019**	**2018-2019**	**2018-2019**
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Transfers from other Govt entities Govt grants	19,000,000.00		19,000,000.00	53,582,231.00	-34,582,231.00
Publiccontributionsanddonations					
Renderingofservices- Fees from students	37,596,412.00		37,596,412.00	26,491,790.00	11,104,622.00
Revenue from Facilities & Equipment				12,143,588.00	- 12,143,588.00
FinanceIncome					
Consultancy Income					
Gainsondisposal,rentalincomeandagencyfees					
Totalincome	**56,596,412.00**		**56,596,412.00**	**92,217,609.00**	**-35,621,197.00**
Expenses					
Compensationofemployees	7,356,676.00		7,356,676.00	6,832,929.00	523,747.00
Use of Goodsandservices	1,000,000.00		1,000,000.00	1,214,283.00	-214,283.00
PAYE (Pay as You Eat)	5,931,412.00		5,931,412.00	5,837,151.00	94,261.00
Development Account	10,000,000.00		10,000,000.00	14,118,710.0	-4,118,710.00
BCE Workshop	2,000,000.00		2,000,000.00	1,603,164.00	396,836.00
Repair & Maintenance	501,650.00		501,650.00	160,352.00	341,298.00
Rentpaid	800,000.00		800,000.00	836,970.00	-36,970.00
Remuneration of directors	1,589,365.000		1,589,365.000	1,463,385.00	125,980.00
General expenses	22,413,763.00		22,413,763.00	22,185,290.00	228,473.00
Grantsandsubsidiespaid					
Timau Campus	300,000.00		300,000.00	125,750.00	174,250.00
HairDressing Training Materials	300,000.00		300,000.00	72,500.00	227,500.00
Kinyozi& Salon massage Bed				67,500.00	-67,500.00
Lighting spotlight	400,000.00		400,000.00	30,000.00	370,000.00
Totalexpenditure	**54,340,976.00**		**54,340,976.00**	**57,878,552.00**	**-3,537,576.00**
Surplusfortheperiod	**2,255,436.00**		**2,255,436.00**	**30,520,237.00**	**-39,158,773.00**

Budget notes

a. Pay As You Eat increased due to the increase in the number of students who took meals from the kitchen that is NYS students who were admitted in the course of the year.
b. The use of goods increased due to changes of power charges in the year.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kiirua TTI is established by and derives its authority and accountability from TVET Act. Kiirua T.T.I is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is offering technical training courses.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2022:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. 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.
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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

ii) Revenue from exchange transactions

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 ***22/06/2018.*** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations on the FY 2018/2019budgetfollowing the 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quotedin an active market. After initial measurement, such financial assets are subsequently measured at amortized costusing the effective interest method, less impairment. Amortized cost is calculated by taking into account anydiscount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Lossesarising 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 tomaturity 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, lessimpairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and feesor costs that are an integral part of the effective interest rate. The losses arising from impairment are recognizedin surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or anentity offinancial assets is impaired. A financial asset or aentity 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 initialrecognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairmentmay 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 aentity 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 arrearsor 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 ordeficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities atinitial recognition.

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized costusing the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities arederecognized 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 thatare 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-exchangetransactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date ofacquisition.

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 ofmanufacturing 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 theextent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class ofinventory 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 ofcompletion 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 ofoperations of the Entity.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The definedbenefitfunds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified arerecovered 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, orto exercise significant influence over the Entity, or vice versa. Members of key management are regarded asrelated 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 theappropriate accounting treatment and disclosure requirements. In particular, where a private party contributes anasset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates theservices. The operator must provide together with the asset, to whom it must provide them, and at what price. Inthe case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement orotherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognizedare measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes acorresponding 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 impresses 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 makejudgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets andliabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertaintyabout these assumptions and estimates could result in outcomes that require a material adjustment to thecarrying 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 withinthe next financial year, are described below. The Entity based its assumptions and estimates on parametersavailable when the consolidated financial statements were prepared. However, existing circumstances andassumptions about future developments may change due to market changes or circumstances arising beyond thecontrol 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 futureuse 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. Additionaldisclosure 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 atthe reporting date, and are discounted to present value where the effect is material.

6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019 KShs	2017-2018 KShs
Unconditionalgrants		
Operationalgrant	4,500,000.00	19,267,776.00
Capitation Grants	4,260.000.00	0
Merti T.V.C Grants	2,000,000.00	
TotalUnconditionalgrants	**10,760,000.00**	**19,267,776.00**
Conditionalgrants		
Library grant	2,547,250.00	2,500,000.00
Igembe South T.T.I	23,394,453.00	4,725,962.00
Laikipia West T.T.I	16,880,528.00	4,725,962.00
Otherorganizationalgrants	0	
TotalConditionalgrants	**42,822,231.00**	**11,951,924.00**

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferredunder deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
Ministry/State Department	10,760,000.00	0.00	42,822,231.00	53,582,231.00	53,582,231.00
Ministry	0	0	0	0	0
Total	**10,760,000.00**	0	42,822,231.00	53,582,231.00	53,582,231.00

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2018-2019	2017-2018
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
Other grants	0	0
Total grants from development partners	**0**	**0**

Reconciliations of grants from donors and development partners

Description	2018-2019	2017-2018
	KShs	KShs
Balance unspent at beginning of year	**0**	**0**
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	**0**	**0**

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from County		
Transfer from xxx University		
Transfer from xxx institute		
Total Transfers		

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	**0**	**0**

10. RENDERING OF SERVICES

Description	2018-2019 KShs	2017-2018 KShs
Tuition fees	5,031,500.00	4,956,000.00
Activity fees	1,096,500.00	1,239,000.00
Examination fees	4,599,740.00	3,192,975.00
Personal Emoluments	6,560,300.00	4,336,500.00
Students Insurance	396,260.00	159,500.00
Registration fees	149,000.00	159,500.00
Administration Cost	1,045,200.00	743,400.00
ICT Fund	1,156,500.00	1,239,000.00
PTA	51,000.00	319,000.00
BoG Teacher Levy	1,096,500.00	1,239,000.00
Student Welfare	1,230,700.00	1,270,900.00
Local,Transport& Travel	1,106,500.00	1,239,000.00
Repair,Maintenance& Improvement	1,060,311.00	991,200.00
Contigency	225,500.00	619,500.00
Electricity,Water& Conservancy	1,762,000.00	1,239,000.00
Bus Project	1,353,000.00	3,717,000.00
Attachment Fees	9,000.00	61,400.00
Totalrevenuefromtherenderingofservices	**27,929,511.00**	**17,611,070.00**

11. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019 KShs	2017-2018 KShs
Sale of goods		
Bus Hire	397,800.00	358,330.00
Pay As You Eat (Kitchen Income)	9,975,838.00	5,616,195.00
Hostels	1,769,950.00	1,500,750.00
Totalrevenuefromthesaleofgoods	**12,143,588.00**	**7,475,275.00**

12. SALE OF GOODS

Description	2018-2019 KShs	2017-2018 KShs
Straight-linedoperatingleasereceipts	0	0
Contingentrentals	0	0
Totalrentals	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. FINANCE INCOME

Description	2018-2019 KShs	2017-2018 KShs
Cashinvestmentsandfixeddeposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Totalfinanceincome	**0**	**0**

14. OTHER INCOME

Description	2018-2019 KShs	2017-2018 KShs
Insurancerecoveries	0	0
Income from sale of tender	0	21,000.00
Servicesconcessionincome	0	0
Skillsdevelopmentlevy	0	0
Income from disposal of assets	0	0
Totalotherincome	**0**	**21,000.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. USE OF GOODS AND SERVICES

Description	2018-2019 KShs	2017-2018 KShs
Electricity& water	1,214,283.00	1,406,622.00
Security	0	0
Professional services	0	0
Subscriptions	0	0
Totalgood and services	**1,214,283.00**	**1,406,622.00**

16. EMPLOYEE COSTS

	2018-2019 KShs	2017-2018 KShs
Salariesandwages	6,832,929.00	4,940,656.00
Employeerelatedcosts-contributionstopensionsand medical aids	0	0
Travel,motorcar,accommodation,subsistenceandother allowances	0	0
Housingbenefitsandallowances	0	0
Overtimepayments	0	0
Performanceandotherbonuses	0	0
Social contributions	0	0
Employeecosts	**6,832,929.00**	**4,940,656.00**

17. REMUNERATION OF DIRECTORS

Description	2018-2019 KShs	2017-2018 KShs
Chairman's Honoraria	0	0
Directors emoluments	1,945,032.00	1,463,385.00
Other allowances	0	0
Total director emoluments	1,945,032.00	1,463,385.00

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019 KShs	2017-2018 KShs
Property,plantandequipment	0	0
Intangibleassets	0	0
Investmentpropertycarriedatcost	0	0
Totaldepreciationandamortization	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Property	0	0
Investmentproperty–earningrentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
General repairs	160,352.00	867,750.00
Totalrepairsandmaintenance	**160,352.00**	**867,750.00**

20. CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Actuarialvaluations		
Investmentvaluations		
Propertyvaluations		
Totalcontractedservices		

21. GRANTS AND SUBSIDIES

Description	2018-2019	2017-2018
	KShs	KShs
Communitydevelopment	0	xxx
Educationinitiativesandprograms	0	0
Socialdevelopment	0	0
Communitytrust	0	0
Sportingbodies	0	0
Totalgrantsandsubsidies	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertising	44,500.00	442,375.00
Adminfees	3,103,822.00	2,513,793.00
Local,Transport& Subsistence	1,750,159.00	1,466,073.00
ISO,PC,Surveys& Policies	879,548.00	2,044,275.00
Registration	40,080.00	36,800.00
Consumables – Tuition Materials	4,342,524.00	4,187,274.00
Students Insurance	77,571.00	180,123.00
Students welfare	396,856.00	256,075.00
Research & Innovation	1,503,961.00	1,236,945.00
Bus Expense	536,262.00	243,600.00
Graduation	1,238,490.00	0
Bank charges	1,500.00	4,740.00
ICT Fund	135,019.00	0
Examination Fees	4,166,590.00	388,847.00
Hostel Renovation	1,952,500.00	0
Contingencies	0	30,000.00
Activity	1,246,044.00	
Training expenses	1,984,204.00	2,971,480.00
Totalgeneralexpenses	**23,399,630.00**	**16,002,400.00**

23. FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Borrowings(amortizedcost)*	0	0
Financeleases(amortizedcost)	0	0
Unwindingofdiscount	0	0
Interest on Bankoverdrafts	0	0
Interest on loans from commercial banks	0	0
Totalfinancecosts	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. GAIN ON SALE OF ASSETS

Description	2018-2019	2017-2018
	KShs	KShs
	0	0
Property,plantandequipment	0	0
Intangible assets	0	0
Otherassets not capitalised	0	0
Totalgainonsaleofassets	**0**	**0**

25. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Investmentsatfairvalue	0	0
Totalgain	**0**	**0**

26. IMPAIRMENT LOSS

Description	2018-2019	2017-2018
	KShs	KShs
Property,plantandequipment	0	0
Intangibleassets	0	0
Totalimpairmentloss	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. CASH AND CASH EQUIVALENTS

Description	2018-2019 KShs	2017-2018 KShs
Current account	0	0
On - call deposits	0	0
Fixed deposits account	0	0
Staff car loan/ mortgage	0	0
Others(specify)	0	0
Totalcashandcashequivalents	**0**	**0**

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

27 a.DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018-2019 KShs	2017-2018 KShs
a) Current account			
Cooperative Bank - operations	01139020668101	42,657,637.00	4,428,502.00
Co-operative Bank - Development	01139020668100	24,149,100.00	34,127,887.00
Co-operative bank- MertiT.v.c	01141437222600	4,617,717.00	1,692,296.00
Equity Bank – Institute Fund	1040298395060	7,284,508.00	5,737,640.00
Equity Bank – Laikipia West TTI	1040273638568	10,000,000.00	10,000,000.00
Sub- total		**88,708,962.00**	**55,986,325.00**
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank - etc		0	0
Sub- total		**0**	**0**
c) Fixed deposits account			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		**0**	**0**
d) Staff car loan/ mortgage			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		**0**	**0**
e) Others(specify)		0	0
Cash in transit		0	0
cash in hand		83,635.00	0
M pesa		744,725.00	0
Sub- total		**828,360.00**	**0**
Grand total		**89,537,322.00**	**55,986,325.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Currentreceivables		
Student debtors	30,817,217.00	1,231,562.00
Rent debtors	0	0
Other exchange debtors	0	0
Less:impairmentallowance	0	0
Totalcurrentreceivables	**30,817,217.00**	**1,231,562.00**
Non-currentreceivables		
Refundable deposits		0
Advance payments	0	0
Publicorganizations	0	0
Less:impairmentallowance	0	0
Total		**0**
Currentportiontransferredtocurrentreceivables	0	0
Totalnon-currentreceivables	**0**	**0**
Totalreceivables	**30,817,217.00**	**1,231,562.00**

29. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Currentreceivables		
Transfers from other govt. entities	0	0
Undisbursed donor funds	0	0
Otherdebtors(non-exchangetransactions)		
Laikipia West T.T.I	758,640.00	639,640.00
Igembe South T.T.I	295,000.00	171,000.00
Merti T.V.C	348,000.00	218,000.00
Library complex	46,999.00	
Less:impairmentallowance	0	0
Totalcurrentreceivables	**1,448,639.00**	**1,028,640.00**

30. INVENTORIES

Description	2018-2019	2017-2018
	KShs	KShs
Consumablestores	0	0
Maintenance stores	0	0
Health Unit stores	0	0
Electrical stores	0	0
Cleaning materials stores	0	0
Catering stores	0	0
Totalinventoriesatthelowerofcostandnetrealizablevalue	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	**0**	**0**
b) Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	**0**	**0**
c) Equity investments (specify)		
Equity/ shares in company xxx	0	0
Sub- total	**0**	**0**
Grand total	**0**	**0**

d) Shareholding in other entities

For investments in equity share listed under note 31 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Shs	Shs	Shs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	00	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1July 2017	0	0	0	0	0	0	28,217,692.00	28,217,692.00
Additions								
Disposals								
Transfers/adjustments								
At 30th June 2018							**28,217,692.00**	**28,217,692.00**
Additions			547,500.00	1,401,600.00	581,500.00		16,880,325.00	**19,410,925.00**
Disposals								
Transfer/adjustments								
At 30th June 2019			**547,500.00**	**1,401,600.00**	**581,500.00**		**45,098,017.00**	**47,628,617.00**
Depreciation and impairment								
At 1July 2019								
Depreciation								
Impairment								
At30 June 2017								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2018								
Net book values								
At 30th June 2019			**547,500**	**1,401,600.0**	**581,500.00**		**45,098,017.00**	**47,628,617.00**
At30th June 2018			**547,500.00**	**1,401,600.00**	**581,500.00**		**45,098,017.00**	**47,628,617.00**
[Include brief description of WIP as a footer]								

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INTANGIBLE ASSETS-SOFTWARE

Description	2018-2019 KShs	2017-2018 KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions–internal development	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of theyear	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

34. INVESTMENT PROPERTY

Description	2018-2019 KShs	2017-2018 KShs
At beginning of the year	0	0
Additions	0	0
Fair value gain	0	0
Depreciation(where investment property is at cost)	0	0
At end of the year	0	0

35. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019 KShs	2017-2018 KShs
Tradepayables	4,205,045.00	9,289,944.00
Fees paid in advance	709,368.00	5,348,271.00
Employeeadvances	0	0
Third-partypayments	0	0
Otherpayables	0	0
Totaltradeandotherpayables	**4,914,413.00**	**14,638,215.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018-2019	2017-2018
	KShs	KShs
Consumerdeposits	0	0
Caution money	440,361.00	396,841.00
Other refundable deposits	0	0
Totaldeposits	**440,361.00**	**396,841.00**

37. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	**0**	**0**	**0**	**0**
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Transfers from non -current provisions	0	0	0	0
Total provisions	**0**	**0**	**0**	**0**

38. FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2018-2019
	KShs	**KShs**	**KShs**	**KShs**
Within current year	0	0	0	0
Long term portion of lease payments	0	0	0	0
Total provisions	**0**	**0**	**0**	**0**

39. DEFERRED INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Nationalgovernment	0	0
Internationalfunders	0	0
Publiccontributionsanddonations	0	0
Totaldeferredincome	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	Nationalgovernment	Internationalfunders/ donors	Publiccontributionsand...
Balance brought forward			
Additions during the year			
Transfers to Capital fund			
Transfers to income statement			
Other transfers			
Balance carried forward			

40. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2018-2019	2017-2018
	KShs	**KShs**	**KShs**	**KShs**	**KShs**
Current benefit obligation					
Non-current benefit obligation					
Totalemployee benefits obligation					

The entity does notoperate a defined benefit scheme for all full-time employees.

	2018-2019 KShs	2017-2018 KShs
Valuation at the beginning of the year		
Changes in valuation during the year		
Valuation at end of the year		

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. NON-CURRENT PROVISIONS

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year				0
Additional Provisions				0
Provision utilised				0
Change due to discount and time value for money				0
Less: Current portion				0
Totaldeferredincome				0

42. BORROWINGS

Description	2018-2019	2017-2018
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestics borrowings during the year		
Balance at end of the period		

42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2018-2019	2017-2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'		
Sterling Pound denominated loan from 'yyyorganisation'		
Euro denominated loan from zzzorganisation'		
Domestic Borrowings		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Total balance at end of the year		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2018-2019 KShs	2017-2018 KShs
Short term borrowings(current portion)		
Long term borrowings		
Total		

43. SERVICE CONCESSION ARRANGEMENTS

Description	2018-2019 KShs	2017-2018 KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Serviceconcessionliabilityat beginning of the year		
Serviceconcessionrevenuerecognized		
Serviceconcessionliabilityat end of the year		

44. CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
Surplus for the year before tax	KShs	KShs
Adjustedfor:		
Depreciation		
Non-cashgrantsreceived		
Contributedassets		
Impairment		
Gainsandlossesondisposalofassets		
Contributiontoprovisions		
Contributiontoimpairmentallowance		
Financeincome		
Financecost		
Working Capital adjustments		
Increaseininventory		
Increaseinreceivables		
Increaseindeferredincome		
Increaseinpayables		
Increaseinpaymentsreceivedinadvance		
Net cash flow from operating activities		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. 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 20xx				
Receivables from exchange transactions				
Receivables from non exchange transactions				
Bank balances				
Total				
At 30 June 20xx				
Receivables from exchange transactions				
Receivables from non exchange transactions				
Bank balances				
Total				

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets(investments, cash ,debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%		
USD	10%		
20xx			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

	2018-2019 Kshs	2017-2018 Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx		
Sales of services xxx		
Total		
b) Grants from the Government		
Grants from National Govt		
Grants from County Government		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the CEO		
Compensation to key management		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. SEGMENT INFORMATION

48. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2018-2019	2017-2018
	Kshs	Kshs
Court case xxx against the company	0	0
Bank guarantees in favour of subsidiary	0	0
Total	**0**	**0**

(Give details)

49. CAPITAL COMMITMENTS

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	**0**	**0**

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

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

52. 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)*

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.

Director General/C.E.O/M.D (enter title of head of entity)
Chairman of the Board

Date.......................................

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Library Complex	110,790,566.00	53,381,439.00	48.18			GoK
2	Merti T.T.I	57,834,143.00	52,138,447.25	90.15			GoK
3	Laikipia West T.T.I	55,471,853.00	26,088,451.00	47.03			GoK
4.	Igembe South T.T.I	57,520,415.00	12,919,846.00	22.46			GoK
	Total	**281,616,977.00**	**144,528,183.25**				

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of XXX			
	FY xx/xx			
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	**XXX**	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	**XXX**	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	**XXX**	
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			xx	
			xx	
			xx	
		Total	**XXX**	

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

Finance Manager
....

Head of Accounting Unit
....

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	xxx	Recurrent	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Education	xxx	Development	xxx	xxx	xxx	xxx	xxx	xxx	xxx
USAID	xxx	Donor Fund	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Education	xxx	Direct Payment	xxx	xxx	xxx	xxx	xxx	xxx	xxx
			xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total			xxx	xxx	xxx	xxx	xxx	xxx	xxx