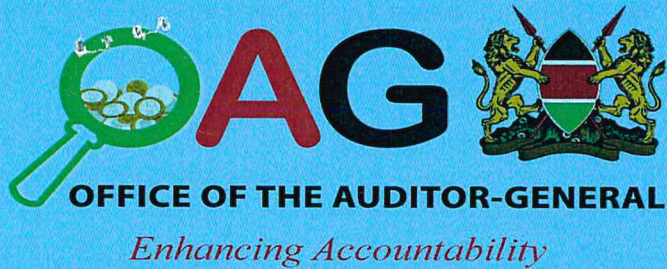



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY REPORT	
DATE: 21 OCT 2021	
DAY: Thursday	
TABLED BY: OF	LOMP.
CLERK-AT THE-TABLE:	Mr Mairu Wanyiku

THE AUDITOR-GENERAL

ON

THIKA TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2019**



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THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2019

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

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I. Table of Contents

II.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
	KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	iii
	KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	iv
	KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	v
	THE FORMER BOARD OF GOVERNORS – This Board exited in October 2019	vii
	THE CURRENT BOARD OF GOVERNORS – This Board took over in October 2019	viii
III.	CHAIRMAN’S STATEMENT	x
IV.	REPORT OF THE PRINCIPAL	xii
V.	CORPORATE GOVERNANCE STATEMENT	xiv
VI.	MANAGEMENT DISCUSSION AND ANALYSIS	xv
VII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xvii
VIII.	REPORT OF BOARD OF GOVERNORS	xviii
IX.	STATEMENT OF BOARD OF GOVERNORS MEMBERS’ RESPONSIBILITIES	xx
X.	REPORT OF THE INDEPENDENT AUDITOR ON THE THIKA TECHNICAL TRAINING INSTITUTE	xxi
XI.	STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2019..	1
XII.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019	- 2 -
XIII.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2019-	3 -
XIV.	STATEMENT OF CASHFLOWS AS AT 30/06/2019	- 4 -
XV.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30/06/2019	5
XVI.	NOTES TO THE FINANCIAL STATEMENTS	- 7 -
26.	APPENDIX II: INTER-ENTITY TRANSFERS	26

1
2
3
4
5
6
7
8
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14
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II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

i) Vision

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

ii) Mission

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

iii) Core functions

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

iv) Core values

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

v) Mandate

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

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**(c) Key Management**

The day – to day management of Thika Technivcal training Institute in under the following key organs

- The Board of Governors
- Accounting Officer
- Management team

(d) Fiduciary Management

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

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

e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance & Audit Committee	1. Julius Musotu 2. Brenda Wambua 3. Rebecca Mpaayei
Academic Committee	1. Brenda Wambua 2. Rebecca Mpaayei 3. George Iraki
Development Committee	1. Eng. ElephasGikungi 2. George Iraki 3. Florence Akumu

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**Finance & Audit committee activities**

The Committee shall exercise the powers of B.O.G in financial matters as provided in the TVET act 2013, on which the Committee shall advise B.O.G.

Terms of Reference: The role of the Committee will be to coordinate and mobilization of resources on financial status of the institute on behalf of B.O.G. In addition to advising B.O.G on those matters referred to above, the Committee's responsibilities shall include:

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

Senior Management Activities

The main purpose of the Senior Management Team is to:

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



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Specifically, the Senior Management Team:

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

Government oversight activities

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

f) Ministry of Education

State department of vocational and Technical training

P.O. Box 9583-00200

Teleposta Tower

Nairobi, KENYA

g) Thika Technical Training Institute

P.O Box 91 - 01000

Telephone : (020) 2044965

E-mail: thikatechnical@gmail.com

Website: www.thikatechnical.ac.ke

h) Thika Technical Training Institute Bankers

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









i) Independent Auditors

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








j) Principal Legal Adviser

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

THE FORMER BOARD OF GOVERNORS – This Board exited in October 2019







Name, and key Academic qualifications		DOB, key qualifications and work experience
	PROF. JERRY MAGUTU (BoG Chairman) -Ph.D. in Architecture, -M.Arch. (1985), UC Berkeley -B.Arch. (Hons.)	- Date of Birth: 21 st April 1957 - Professor of Architecture & Building Science, University of Nairobi - Registered Architect with BORAQS - Fellow, Architectural Association of Kenya - Principal, ZED - ARCH (K) Architects.
	MS. BRENDA WAMBUA -On-going Ph.D. -Masters of arts – KU -B.E.D- Kenyatta University	- Date of Birth: 31 st August 1969 - Full Time Lecture Daystar university - Part-time Lecture USIU
	REBECCA R. MPAAYEI Master of Science - B A. Usiu Bachelor of Science - Usiu	- Date of Birth: 9 th August 1971 - 23 years of experience in management, leadership, capacity building - Manager, Gender Mainstreaming & Women E.Dev,-
	JULIUS MOSOTI -MBA degree U.O. Nairobi -B. Com finance & Accounting -CPAK (1991)	- Date of Birth: 19 th June 1962 - Internal Auditor Unga Group Ltd as the Group.
	FLORENCE AKUMU -Bachelors' Degree in Public Health -Diploma in Public Health.	- Date of Birth: 4 th Dec. 1985
	ENG. ELEPHAS K. GIKUNGI -Masters In Energy Management -Masters in B.A CUEA-2018 -B Sc in Mechanical Engineering	- Date of Birth: 5 th June 1965. - M& E Consultant Services - Date Skywood Company Limited - Registered Engineer, Engineers Board of Kenya.
	7. GEORGE IRAKI - Bachelor of Science	- Date of Birth: 2 nd August 1978
	SAMMY K. CHERUIYOT – (Principal/BOG Secretary)	- Date of Birth: 12 th May 1972 - Masters in Education (M. ED BED ARTS) - One and half years of experience as Principal in Thika TTI.

THE CURRENT BOARD OF GOVERNORS – This Board took over in October 2019

Name, and key Academic qualifications	DOB, key qualifications and work experience
 <p>DR. JOSEPH MUGUTHU (BOG Chairman)</p> <ul style="list-style-type: none"> -Ph.D. in Mech manufacture & Automation -Master of Philosophy in Technological Education -BED – Technology Education 	<ul style="list-style-type: none"> - Date of Birth: Date of Birth 14th Dec 1972 - Lecturer Kenyatta university 6 years - Assistant Lecturer Thika T.T.I – 9 years - Assistant Lecturer Mombasa Poly – 2 years - Maths Physic teacher – Hekima Girls - 2 years - Has published many peer reviewed journals and papers
 <p>PERIS MUNIAFU</p> <ul style="list-style-type: none"> - Date of Birth ... 1967 - MBA-Strategic Management - BSC – Strategic Management 	<ul style="list-style-type: none"> - Certified Custodian from IFF (UK) - Bank Manager - NBK - Trustee NBK Staff Pension Fund - Executive Career coach and RMT chairperson
 <p>STEPHEN CHONGOTI</p> <ul style="list-style-type: none"> - Date of Birth 16th Dec 1963 - BSc - (Maths) –B.University Canada - Diploma – Farm Machinery Mechanics Canada 	<ul style="list-style-type: none"> - Director & Founder – Contour Construction & Engineering Ltd - Director & Founder -Mtandao ltd - Manager/Systems administration – Telkom Kenya - Deputy Chief Information Technology Officer
 <p>GEORGE M.K MATOKE</p> <ul style="list-style-type: none"> - Date of Birth ... 7th July 1959 - Pursuing PHD - Renewal energy - MSc– Engineering systems & management - Bachelor of Industrial Technology 	<ul style="list-style-type: none"> - Long serving Engineering Assistant in public service - Strategic Development programme - Performance management - Project implementation programme
 <p>DAN OCHIENG OGOLA</p> <ul style="list-style-type: none"> - Date of Birth 6th April 1967 - Masters –Community health & development - BSc – (Hons) KU 	<ul style="list-style-type: none"> - Project technical advisor – HIV/AIDS program - Consultancy – National Agriculture Sector Growth and Transformation Strategy (ASGTS) - Project officer – Skilled care initiative (SCI) project.
 <p>ALEX MWANIKI</p> <ul style="list-style-type: none"> - Date of Birth 12th Sept 1972 - BSC Computer Science 	<ul style="list-style-type: none"> - Management courses – British Council - Microsoft Certified professional – Data Canter - Project management - Senior data analyst
 <p>REBECCA RAYON MPAAYEI</p> <ul style="list-style-type: none"> - Date of Birth 9th August 1971 - Master of Science – Usiu - Bachelor of Science - Usiu 	<ul style="list-style-type: none"> - 23 years of experience in management, leadership, capacity building and exporting - Manager, Gender Mainstreaming & Women E-Dev,- EXPORT PROMOTION COUNCIL
 <p>SAMMY K. CHERUIYOT – (Principal/BoG Secretary)</p> <ul style="list-style-type: none"> - Date of Birth: 12th May 1972 - Masters in Education (M.ED BED ARTS) 	<ul style="list-style-type: none"> - Masters in Education (M. ED BED ARTS) - One and half years of experience as Principal in Thika TTI

MANAGEMENT TEAM

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Name of the Staff		Responsibility
	SAMMY K. CHERUIYOT - Date of Birth: 12 th May 1972 - Masters in Education (M. ED BED ARTS)	Principal/BoG Secretary - One and half years of experience as Principal in Thika TTI
	GERALD KIGIA - Date of birth: 9 th July 1966 - Degree in Mechanical Engineering	Deputy Principal – Administration - Eleven years of experience
	BENSON KIOKO -Date of birth: 9 th April 1965 -Master in Business Administration	Deputy Principal – Academics Affairs - One and half years of experience as deputy
	J. GACHAU MUCHANGI - Date of birth: 7 th Sept 1964 - Degree in Mechanical Engineering	Registrar - Thirteen years of experience as Registrar
	FRANCO MUNDIA - Date of birth: 22 nd Nov 1959 - Diploma in Automotive /Mechanical Engineering	Dean of Students - Four years of experience as Dean of students
	STEPHEN N. WAIRIMA - Date of Birth: 28 th Aug 1979 - MBA (Finance) - B.com (Finance) - CPA Final - Certificate in Forensic Audit – Contract and Procurement Fraud (ICPAK)	Finance Officer - Four years as Accountant - Five years as Bursar - Two years as finance Officer

III. CHAIRMAN'S STATEMENT

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

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 30% annual growth for 2020, based on the current 6,800 in 2019 from that of 5,000 students in 2018.

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

Review of the Sector and Changes

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

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. TTTI has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Operation and Management

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

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at TTTI, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward TTTI is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

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



Dr Joseph Muguthu

CHAIRMAN, BOARD OF GOVERNORS

8th Sept, 2020.

IV. REPORT OF THE PRINCIPAL

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

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

HIGHLIGHTS OF FY 2018/2019 PERFORMANCE

The Financial Year 2018/2019 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

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

Other notable observation includes:

Students Enrolment;

FY 2018/19 enrolment was encouraging closing the year at 6,800 students which was a record breaking compared to previous year of <5,500 students.

Students Enrolment was as follows:

- | | |
|---|---------------|
| ➤ Kenya Universities & Colleges Central Placement Service | 2316 students |
| ➤ Regular students | 334 students |

N/B. Due to high number of students, the Institute had to result to converting hostels to class rooms. This led to students renting accommodation outside the compound and hence enabled the Institute embark on Social & Sustainability objectives through economic benefits to the Local communities who are putting up hostels to provide accommodation to growing number of students.

Projects Undertaken

During the Financial Year under review, The Board was able to successfully complete and hand over Mwea TVC which was under her mentorship and continues to mentor other institutions namely; Gichugu TVC and Maragwa TVC.

Departmental Equipment:

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

Contribution to the Big 4 Agenda

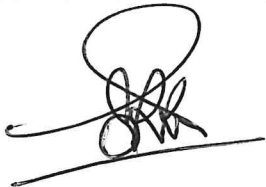
During the Financial Year 2018 / 2019, a total of 1,800 students were released to the market having successfully completed their courses and attained relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that the grandaunts are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

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

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

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

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



SAMMY K. CHERUIYOT

PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

Date: 8th Sept, 2020

V. CORPORATE GOVERNANCE STATEMENT

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

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

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

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

VI. MANAGEMENT DISCUSSION AND ANALYSIS

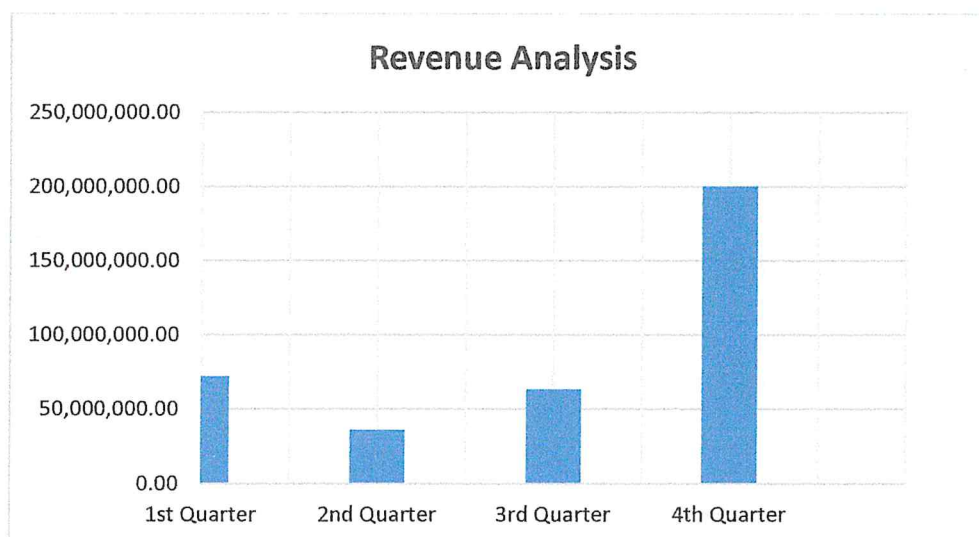
Thika Technical Training Institute being a Key driver to the attainment of the BIG 4 agenda ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally,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

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

Operational and financial Performance

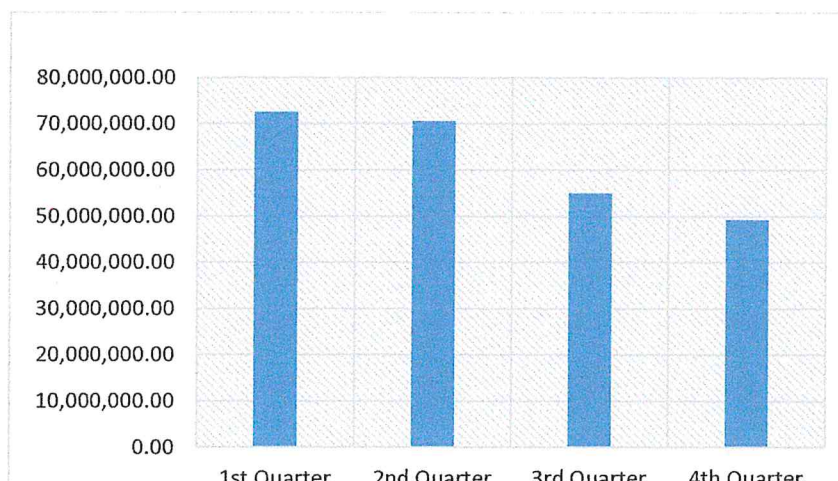
During the financial year 2018/2019, the operations of the institution both current and development were affected by delay in receipt of the capitation that was received at the end of the fourth quarter. This delayed the implementation of the budget per quarter.

The revenue collected per quarter was as follows:



The institution could not undertake new development projects due to financial performance. However, an existing project was sustained during the year. The New tuition block was on completion stage hence was managed with the available finances. Major repairs, maintenance and improvements were done on existing assets costing a total of Kshs 8,641,675

The general expenses incurred KShs 39,569,517 of the total revenue while cost on good and services was KSh 41,636,567.

Expenditure Analysis per quarter

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

1. Delayed / Failure to honour financial obligations as and when they fall due. This was necessitated by delay in capitation
2. Failure to collect fees as projected. The budgeted A.I.A was affected by introduction of capitation that reduced the fee payable by students. This also
3. Failure to absorb 100% of revenue collected as budgeted (FY 2018/2019 Budget) . This was due to unable to finance budgeted expenditure.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Technical Training Institute's strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

- **Socially responsible graduates**

Our graduates are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities.

- **Responsible processes**

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

- **Environmental sustainability**

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

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

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VIII. REPORT OF BOARD OF GOVERNORS

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

Principal activities

The principal activities of Thika Technical Training Institute are;

- Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
- Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development;
- Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
- Examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation;
- Promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students;
- Develop an institution with excellence in training, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within the country, regionally and globally.
- provide a multi-level system of post-secondary school education and training programs relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programs;
- Provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
- Advance knowledge and its practical application by research and other means, the dissemination of outcomes of research by various means, and the commercial exploitation of search results;
- Promote critical enquiry within the Institute and in the general community;
- Participate in commercial ventures and activities;
- Foster the general welfare of all staff and students;
- Provide opportunities for development and further training for staff of the National Institute;
- Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;

THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- Facilitate student mobility between different programs at different technical training institutions and other National Institutes;
- Conduct examinations for and grant such academic awards as provided under this Order;

Results

The results of Thika Technical Training Institute for the year ended June 30, 2019 are set out on page 1 to 24

Governing Board

The members of the Board who served during the year are shown on page vii in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education. This Board exited on October 2019 and a new board was constituted as shown on page viii. The new Board approved the financial statements.

Auditors

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

By Order of the Board of Governors



Dr Joseph Muguthu
CHAIRMAN, BOARD OF GOVERNORS
8th Sept, 2020.



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IX. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the board members to prepare financial statements in respect of Thika Technical Training Institute, which give a true and fair view of the state of affairs of Thika Technical Training Institute at the end of the financial year/period and the operating results of Thika Technical Training Institute for that year. The board members are also required to ensure that Thika Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Thika Technical Training Institute. The board members are also responsible for safeguarding the assets of Thika Technical Training Institute.

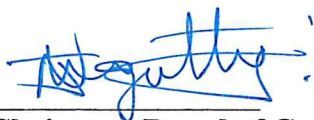
The Board members are responsible for the preparation and presentation of Thika Technical Training Institute's financial statements, which give a true and fair view of the state of affairs of Thika Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Thika Technical Training Institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Thika Technical Training Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Thika Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The board members are of the opinion that Thika Technical Training Institute's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of Thika Technical Training Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for Thika Technical Training Institute, which have been relied upon in the preparation of Thika Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

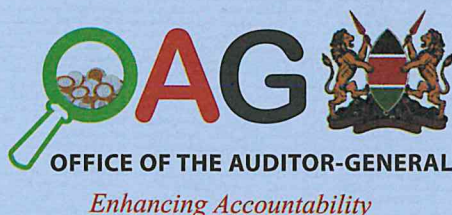
Thika Technical Training Institute's financial statements were approved by the Board on 7th Sept 2020 and signed on its behalf by:

**Chairman, Board of Governors****BoG Member****Principal/BoG Secretary**

X. REPORT OF THE INDEPENDENT AUDITOR ON THE THIKA TECHNICAL TRAINING INSTITUTE

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON THIKA 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 Thika Technical Training Institute set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Thika 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 Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1. Unsupported Opening Balances and Comparative Figures

The Management did not submit financial statements for the 2017/2018 financial year to the Auditor General for audit. This is contrary to the requirements under Section 47 (1) of the Public Audit Act, 2015 which requires the financial statements to be submitted to the Auditor General within three months after the end of the fiscal year.

Consequently, the validity, completeness and accuracy of the opening balances of total assets, total liabilities and, total capital and reserves of Kshs.63,119,903, Kshs.15,000,000 and Kshs.48,119,903, respectively and the comparative figures for 2017/2018 financial year reflected in these financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Misclassified Development Fund

The statement of changes in net assets and statement of financial position reflects a development fund balance of Kshs.10,472,525 as at 30 June, 2019. The balance comprised brought forward amount of Kshs.8,434,725 and development grants received during the year of Kshs.2,037,800. According to Note 23 to the financial statements, the latter amount of Kshs.2,037,800 is in respect of deferred income. However, deferred income is not a long-term liability and was therefore inappropriately reported under capital and reserves.

In addition, the opening balance of Kshs.8,434,725 in respect of development fund should have been classified and reported as part of capital fund instead of disclosing it as a separate line item in both the statement of changes in net assets and statement of financial position.

Consequently, the accuracy and completeness of the development fund balance of Kshs.10,472,525 as at 30 June, 2019 could not be confirmed.

3. Overstated Accumulated Surplus

Disclosed in the statement of changes in net assets is accumulated surplus balance of Kshs.249,569,787. However, the balance includes an amount of Kshs.48,326,359 described as "transfer of depreciation from retained earnings to capital fund" which ordinarily is included and expensed through the statement of financial performance for the year.

The amount was therefore double counted as an expenditure and reversed in the statement of changes in net assets thus overstating the accumulated surplus for the year. Consequently, the completeness and accuracy of accumulated surplus of Kshs.249,569,787 as at 30 June, 2019 could not be confirmed.

4. Inaccuracy of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total final expenditure budget of Kshs.309,999,000 while re-casted balance amounts to Kshs.311,799,000, resulting to unexplained nor reconciled variance of Kshs.1,800,000.

As a result, the accuracy of the statement of comparison of budget and actual amounts for the year ended 30 June, 2019, could not be ascertained.

5. Understated Revenue

The statement of financial performance reflects total revenue of Kshs.391,172,127 for the financial year ended 30 June, 2019. However, the re-casted balance is Kshs.392,172,127 resulting to an unexplained and unreconciled variance of Kshs.1,000,000.

Consequently, the accuracy and completeness of the reported total revenue of Kshs.391,172,127 for the financial year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Thika Technical Training Institute 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

Budget Control

The statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure of Kshs.309,999,000 against actual revenue and expenditure of Kshs.190,307,818 and Kshs.172,960,403, indicating budget and expenditure performance of 61% and 56%, respectively.

Further, the Institute incurred over expenditure on compensation of employees and remuneration of directors amounting to Kshs.42,099,655 and Kshs.540,104, respectively. However, no evidence was provided to show that the budget variations or the over expenditure was approved by the Board of Governors.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Contractual Employees

Records presented for audit revealed that Thika Technical Training Institute had a total of ninety employees on contractual terms as at 30 June, 2019. However, there was no evidence indicating that the contracts were discussed and approved by the Board of Governors contrary to the provisions of paragraph 3.5.2 of the Institute's Human Resource Policies Manual, which requires the Board's approval for all contractual engagements.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Corporate Governance

A review of records of the Institute revealed that some Members of the Board of Governors were signatories to the Institute's bank accounts and were therefore involved in day to day management of the affairs of the institution. This is contrary to the provisions of Paragraph 22(6) of the second schedule to the Technical and Vocational Education and Training Act, 2013 which authorizes only the Principal, as a Member of the Board to be involved in day to day management of the affairs of the institution. In addition, it would be impractical for the Board to oversight over the same activities they manage.

2. Internal Audit Function

During the year under review, the Institute operated without an internal audit function and audit committee pointing at a weak governance structure. Although as at the time of audit in August, 2020, Management had established an internal audit function and put in place an audit committee, the internal audit function had only one staff member. Further, there is no internal audit charter detailing audit work plan, scope, responsibilities and purpose of the internal audit to effectively promote transparency and accountability in the management of resources of the Institute.

3. Weaknesses in IT Controls

A review of Information Technology (IT) control environment revealed lack of an ICT policy, ICT strategic plan and IT steering committee in place. Absence of the policy and strategic plan may lead to inconsistent approach towards addressing ICT issues and data confidentiality, accuracy, reliability, integrity and availability may be compromised.

Further, an inspection carried out during the audit revealed that some desktop computers lacked antivirus which could expose the institution to loss of data. In addition, computer server room lacked temperature regulation system thus exposing the hardware to possible damages.

4. Weaknesses in Revenue Collection

The statement of financial performance reflects revenue from exchange transactions totaling Kshs.236,132,127 consisting of fees from students, rental income revenue and other income streams. A review of Thika Technical Training Institute's Enterprise Resource Planning (ERP), management system and finance module together with academic policy revealed that the institution issues acknowledgment receipts to students upon presentation of bank slips at the finance department.

However, the finance department relies entirely on hard copies of bank slips as primary evidence of fees payment without integration or online bank account confirmations on whether the fees had actually been credited into the account. Thus, fictitious deposit slips could be presented and issued with acknowledgment receipts leading to loss of revenue.

Further, a review of the Institutes' ERP revealed a lack of segregation of duties as some officers with administrator rights had access to database and complete data processing including initiation of deletion of data. The system security and data integrity are therefore compromised or unreliable.

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

Responsibilities of Management and 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 ability of Thika Technical Training Institute to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 ability of Thika Technical Training Institute 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 sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Thika Technical Training 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

08 October, 2021

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

| | Notes | 2018/2019 | 2017/2018 |
|--|-------|--------------------|--------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the National Government – Capitation and Operation grants | 6 | 155,440,000 | 22,296,225 |
| Total Revenue from non-exchange transactions | | 155,440,000 | 22,296,225 |
| Revenue from exchange transactions | | | |
| Rendering of services- Fees from students | 7 | 222,737,821 | 189,290,963 |
| Rental revenue from facilities and equipment | 8 | 11,603,396 | 12,568,512 |
| Other income | 9 | 2,390,910 | 1,079,025 |
| Revenue from exchange transactions | | 236,732,127 | 202,938,500 |
| Total revenue | | 391,172,127 | 225,234,725 |
| Expenses | | | |
| Use of goods and services | 10 | 41,636,567 | 78,135,665 |
| Employee costs | 11 | 90,099,655 | 63,366,703 |
| General expenses | 12 | 39,569,517 | 21,616,269 |
| Depreciation | 25 | 48,326,359 | - |
| Remuneration of directors | 13 | 2,340,104 | 4,531,554 |
| Repairs and maintenance | 14 | 8,641,675 | 9,464,631 |
| Total expenses | | 230,613,877 | 177,114,822 |
| Net Surplus for the year | | 161,558,250 | 48,119,903 |

The notes set out on pages 6 to 24 form an integral part of the Annual Financial Statements.

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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | Notes | 2018/2019 | 2017/2018 |
|---|--------|----------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 15 | 82,637,086 | 63,119,903 |
| Receivables from exchange transactions | 16 (a) | 53,424,309 | - |
| Receivables from Non-exchange transactions | 16 (b) | 148,440,000 | - |
| Total Current Assets | | 284,501,395 | 63,119,903 |
| Non-current assets | | | |
| Property, plant and equipment | 22 | 1,223,525,163 | - |
| Total Non-current Assets | | 1,223,525,163 | |
| Total assets | | 1,508,026,559 | 63,119,903 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 17 | 8,454,115 | 15,000,000 |
| Refundable deposits from customers | 18 | 873,000 | - |
| Payable to mentored institutions | 19 | 35,462,787 | - |
| Total Current Liabilities | | 44,789,902 | 15,000,000 |
| Total liabilities | | 44,789,902 | 15,000,000 |
| Reserves | | | |
| Accumulated surplus | | 249,569,787 | 39,685,178 |
| Development Fund | | 10,472,525 | 8,434,725 |
| Capital Fund | | 1,203,194,345 | - |
| Total Capital and Reserves | | 1,463,236,657 | 48,119,903 |
| Total Liabilities and Capital & Reserves | | 1,508,026,559 | 63,119,903 |

The Financial Statements set out on pages 1 to 24 were signed on behalf of the Institute Board of Governors by:

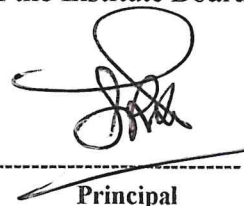


Chairman of the Board of Governors

Date. 8th Sept, 2020.



Finance Officer
ICPAK No: 21023
Date. 8th Sept, 2020.



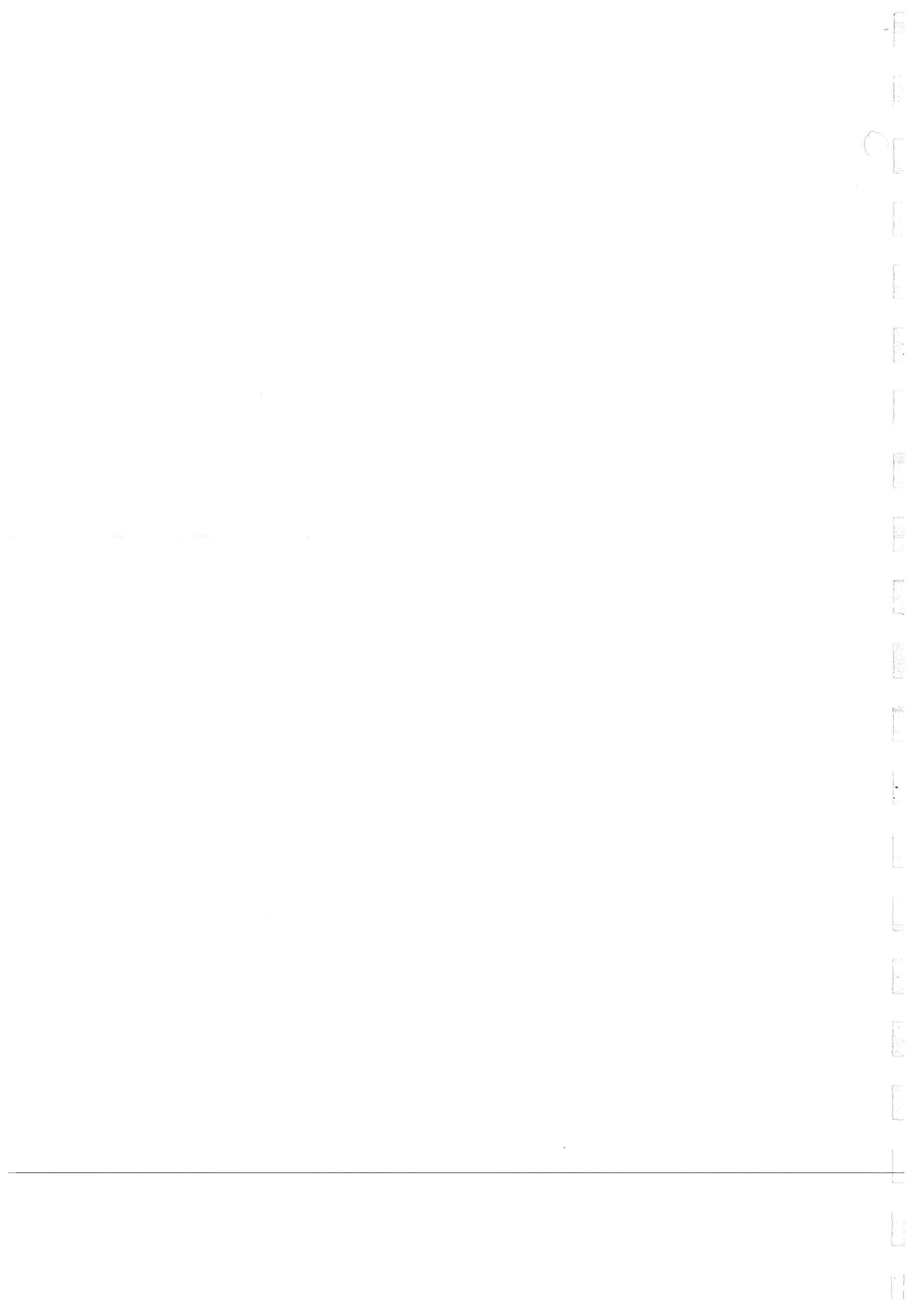
Principal
Date. 8th Sept, 2020.

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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

| | Accumulated Surplus | Development Fund | Capital Fund | Total |
|---|---------------------|------------------|---------------|---------------|
| Balance b/f at July 1, 2017 | | | | |
| Total comprehensive income | | | | - |
| Balance c/d as at June 30, 2018 | 39,685,178 | 8,434,725 | 1,251,520,704 | 1,299,640,607 |
| | | | | |
| Balance b/f as at July 1, 2018 | 39,685,178 | 8,434,725 | 1,251,520,704 | 1,299,640,607 |
| Utilization during the year | - | - | | - |
| Total comprehensive income | 161,558,250 | | | 161,558,250 |
| Transfer of depreciation from retained earnings to capital fund | 48,326,359 | | (48,326,359) | - |
| Development grants received during the year | | 2,037,800 | | 2,037,800 |
| Balance c/d as at June 30, 2019 | 249,569,787 | 10,472,525 | 1,203,194,345 | 1,463,236,657 |



XIV. STATEMENT OF CASHFLOWS AS AT 30/06/2019

| | | 2018/2019 | 2017/2018 |
|---|------|--------------|------------|
| | Note | Kshs | Kshs |
| Operating activities | | | |
| Cash generated by operations | 24 | 37,810,202 | 48,119,903 |
| Net cash from operating activities | | 37,810,202 | 48,119,903 |
| Investing activities | | | |
| Cash paid for purchase of property, plant and equipment | 22 | (20,330,819) | - |
| Net cash (used in) investing activities | | (20,330,819) | - |
| Financing activities | | | |
| Development funds from the government | 23 | 2,037,800 | - |
| Net cash from financing activities | | 2,037,800 | - |
| Increase in cash and cash equivalents | | 19,517,183 | 48,119,903 |
| Movement in cash and cash equivalents | | | |
| At start of year | | 63,119,903 | - |
| Increase in cash and cash equivalents | | 19,517,183 | 63,119,903 |
| At end of year | 15 | 82,637,086 | 63,119,903 |

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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30/06/2019

| | Original budget
2018-2019 | Adjustments
2018-2019 | Final budget
2018-2019 | Actual on
comparable basis
2018-2019 | Performance
difference
2018-2019 |
|--|------------------------------|--------------------------|---------------------------|--|--|
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs |
| Transfers from Government entities - grants | 30,000,000 | | 30,000,000 | 7,000,000 | 23,000,000 |
| Rendering of services- Fees from students | 263,099,000 | | 263,099,000 | 169,313,512 | 93,785,488 |
| Gains on disposal, rental income and agency fees | 16,900,000 | | 16,900,000 | 13,994,306 | 2,905,694 |
| Total income | 309,999,000 | - | 309,999,000 | 190,307,818 | 119,691,182 |
| Expenses | | | | | |
| Compensation of employees | 48,000,000 | | 48,000,000 | 90,099,655 | (42,099,655) |
| Use of Goods and services | 186,842,000 | | 197,042,000 | 32,309,452 | 154,958,403 |
| Repairs, maintenance & Improvements | 9,600,000 | | 1,200,000 | 8,641,675 | 958,325 |
| Remuneration of directors | 1,800,000 | | 1,800,000 | 2,340,104 | (540,104) |
| General expenses | 63,757,000 | | 63,757,000 | 39,569,517 | 24,187,483 |
| Total expenditure | 309,999,000 | - | 309,999,000 | 172,960,403 | 137,038,597 |
| Surplus for the period | - | - | - | 17,347,415 | (17,347,415) |

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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note:

1. The variance of 77% on transfer from Government was due to the change of funding from Operation grant to capitation.
2. The variance of 36% on revenue from rendering of service was due reduced fees per year as per GoK regulation
3. The variance of 17% on rental income was due to reduced hire of facilities during the holiday
4. The variance of (88%) on employee cost is due to the CBA that was negotiated after the budget and also production unit amount paid to trainers for teaching pararell students, this was captured as employee cost.
5. The variance of 83% on use of goods & services as well as general expenses 38% was due to reduction in revenue and delayed funding.
6. Total Revenue as per statement of Financial Performance is KShs 392,172,127 if we less receivables of KShs 201,864,309 we get the total revenue as per the budget which is KShs 190,307,818. Total payments as per statement of Financial Performance of KShs 182,287,518 excluding depreciation charge if we less the payables from exchange transactions of Kshs 9,327,115 we get the total expenditure as per the budget which is Kshs 172,960,403

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XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Thika Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under the Ministry of Higher Education, Science and Technology via certificate number **MOHEST/GC/1459/011A**. The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act , TSC Act, KIE Act KASNEB Act and others.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 41:
Financial
Instruments | Applicable: 1st January 2022:
The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.
IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: |

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| Standard | Effective date and impact: |
|----------|---|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |

ii. 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 – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

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

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ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on **3rd July 2018**.

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.

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

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

f) Intangible assets

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

g) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

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Impairment of financial assets

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

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

ii) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

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

i) Inventories – IPSAS 12

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

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

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



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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

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

j) Provisions – IPSAS 19

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

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

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

Contingent assets

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

In this light then, the institute is a defendant in various legal actions. As per the notice of the judgement that was entered against the institution on 19th day of July 2019 (case no. 345 of 2019), the outcome of such actions will give rise to loss amounting to Shs. 9,463,028.



THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

| Description | 2018-2019 | 2017-2018 |
|--|--------------------|-------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | 7,000,000 | 22,296,225 |
| Capitation – (Receivable) | 148,440,000 | - |
| Total Government grants and subsidies | 155,440,000 | 22,296,225 |

b) Transfers from Ministries, Departments and Agencies

The transfers from the ministry of Education relates to amount for other Training Institutes being mentored by Thika Technical Training Institute. The amounts are transferred directly to Thika TTI main bank account in Barclays bank by the ministry and subsequently transferred to **specific** bank accounts opened by Thika TTI for each mentee institution.

The balances held in the bank accounts on-behalf of the mentored Tvets as at end of the year are recognised as current liabilities in the statement of financial position.

The movement schedule for the amount transferred is as follows:

| Name of the Entity sending the grant | Institution's name | Brought forward balances for mentored institutions | Amount received from the ministry during the year | Date received | Amount utilised by the mentored institution | Statement of financial position as payables/liabilities | Statement of financial performance |
|--------------------------------------|--------------------|--|---|----------------------------|---|---|------------------------------------|
| Ministry of education | Mwea TVC | 462,320 | 6,872,290 | 8 th Oct 2018 | | 7,909,735 | - |
| Ministry of education | | | 1,000,000 | 27 th June 2019 | (424,876) | | |
| Ministry of education | Gichugu TVC | 12,309,158 | 1,717,409 | 8 th Oct 2018 | (4,356,801) | 14,885,805 | - |
| Ministry of education | | | 5,216,041 | 27 th June 2019 | | | - |
| Ministry of education | Maragwa TVC | 16,309,654 | 13,939,000 | 8 th Oct 2018 | (17,581,408) | 12,667,247 | - |
| Ministry of education | Thika TTI | N/A | 7,000,000 | 8 th Oct 2018 | N/A | - | 7,000,000 |
| Ministry of education | Thika TTI | N/A | 148,440,000 | 10 th July 2019 | N/A | - | 148,440,000 |
| Ministry of education | | | 47,195,000 | 12 th July 2019 | 0 | 47,195,000 | |
| Total | | 29,081,132 | 231,379,740 | | (22,363,087) | 82,657,787 | 155,440,000 |

THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| Fiscal Year | FY/2018/ 2019 | FY/2017 /2018 |
|--|----------------------|----------------------|
| Currency | Kshs | Kshs |
| 11 Employee Costs | | |
| Salaries and wages | 51,237,027 | 35,163,267 |
| Travel, subsistence and other allowances | 16,675,348 | 9,221,525 |
| Production Unit | 22,187,280 | 18,981,911 |
| Total Employee costs | 90,099,655 | 63,366,703 |
| 12 General Expenses | | |
| Advertising | 666,005 | 1,234,160 |
| Administrative fees | 11,336,228 | 3,905,457 |
| Insurance expense | 879,115 | 2,366,577 |
| Hire charges | 5,629,385 | - |
| Rent expenses | 7,733,663 | 1,092,511 |
| Cafeteria expenses | 3,701,178 | 1,549,609 |
| Development A/c | 208,156 | - |
| Provision for bad debts | 2,811,806 | 81,250 |
| Internet cost | 2,627,450 | - |
| Other expenses | 3,976,530 | 11,377,704 |
| Total general expenses | 39,569,517 | 21,616,269 |
| 13 Remuneration of Directors | | |
| Chairman's honoraria | 525,000 | - |
| Directors emoluments | 1,815,104 | 4,531,554 |
| Total director emoluments | 2,340,104 | 4,531,554 |
| 14 Repairs and Maintenance | | |
| Other | 8,641,675 | 9,464,631 |
| Total Repairs and Maintenance | 8,641,675 | 9,464,631 |
| 15 Cash and cash equivalents | | |
| Equity bank | 2,853,449 | 10,483,286 |
| Barclays Main | 37,517,355 | 39,925,587 |
| Barclays Development | 4,703,478 | 8,434,725 |
| Cash on hand | 149,103 | 707,200 |
| Family Cafeteria A/c | (27,956) | 1,390,249 |
| NIC Exam A/c | 1,978,870 | 2,178,856 |
| Barclays Maragwa | 12,667,247 | - |
| Barclays Gichugu | 14,885,806 | - |
| Barclays Mwea | 7,909,734 | - |
| Total cash and cash equivalents | 82,637,086 | 63,119,903 |

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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(b)Detailed analysis of the cash and cash equivalents

| Financial institution | Account number | 2018/2019 | 2017/2018 |
|---|-----------------------|-------------------|-------------------|
| | | Shs | Shs |
| i) Current a/c - Fees Collection | | | |
| Equity bank | 0090292436622 | 2,853,449 | 10,483,286 |
| Barclays bank | 0311190628 | 37,517,355 | 39,925,587 |
| Sub- total | | 40,370,804 | |
| ii) Exam fee collection a/c | | | |
| NIC bank | 1000231378 | 1,978,870 | 2,178,856 |
| Sub- total | | 1,978,870 | |
| iii) Development – | | | |
| Barclays bank | 2035938330 | 4,703,478 | 8,434,725 |
| Sub- total | | 4,703,478 | |
| iv) Cafeteria a/c | | | |
| Family bank | 005000036290 | (27,956) | 1,390,249 |
| Sub- total | | (27,956) | |
| v) Mentored Inst | | | |
| Mwea TVC- Barclays bank | 2038121084 | 7,909,734 | |
| Gichugu TVC Barclays bank | 2038121076 | 14,885,806 | |
| Maragwa TVC Barclays bank | 2038121033 | 12,667,247 | |
| Sub- total | | 35,462,787 | |
| Grand total | | 82,487,983 | 63,119,903 |

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| Fiscal Year | FY/2018
/2019 | FY/2017
/2018 |
|---|--------------------------|--------------------------|
| Currency | Kshs | Kshs |
| 16 Receivables | | |
| (a) Receivables from Exchange Transactions | | |
| Current receivables | | |
| Student debtors | 40,037,349 | - |
| Rent debtors | 927,062 | - |
| Other exchange debtors – KNEC exam | 15,271,704 | - |
| Less: impairment allowance (5%) | (2,811,806) | |
| Total current receivables | 53,424,309 | - |
| (b) Receivables from Non-Exchange Transactions | | |
| Receivables from Non - Exchange Transactions | 148,440,000 | - |
| Total current receivables | 148,440,000 | - |

Amount owed by the students includes KShs. 18,000,000 for students being sponsored by NYS.

| | | |
|---|-------------------|-------------------|
| 17 Trade and other Payables from Exchange transactions | | |
| Trade payables | 5,316,695 | 15,000,000 |
| Fees paid in advance | 3,137,420 | - |
| Total trade and other payables | 8,454,115 | 15,000,000 |
| 18 Refundable deposits from customers/students | | |
| Caution money | 873,000 | - |
| Total deposits | 873,000 | - |
| 19 Payable to mentored institutions | | |
| Maragwa Technical Institute | 12,667,247 | - |
| Gichugu Technical Institute | 14,885,806 | - |
| Mwea Technical Institute | 7,909,734 | - |
| | 35,462,787 | - |

Amounts payable to mentored institutions relates to transfers by the ministry of education to Thika Technical Training Institute on- behalf to the institutions being mentored.

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

20 Related parties

| | |
|--|-------------|
| Balances | |
| Receivables from Non - Exchange Transactions | 148,440,000 |
| Transactions | |
| Government of Kenya (Ministry of Education) | 7,000,000 |
| Chair of the Governing Board | (525,000) |
| Other Board allowances | 1,815,104 |

21 Contingent liabilities

The institute is engaged in various legal actions.

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

22 Property, plant and equipment

| | Buildings | Land | Motor vehicles | Furniture and fittings | Computers | Plant and equipment | Total |
|-------------------------------|-------------|-------------|----------------|------------------------|------------|---------------------|---------------|
| Cost | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| At 30 th June 2018 | 439,474,981 | 500,000,000 | 11,406,250 | 41,546,045 | 35,801,344 | 223,292,084 | 1,251,520,704 |
| Additions | 20,330,819 | - | - | - | - | - | 20,330,819 |
| At 30 th June 2019 | 459,805,800 | 500,000,000 | 11,406,250 | 41,546,045 | 35,801,344 | 223,292,084 | 1,271,851,523 |
| Depreciation and impairment | | | | | | | - |
| At 30 June 2018 | - | - | - | - | - | - | - |
| Depreciation | 9,196,116 | - | 2,281,250 | 3,776,913 | 8,261,849 | 24,810,232 | 48,326,359 |
| At 30 th June 2019 | 9,196,116 | - | 2,281,250 | 3,776,913 | 8,261,849 | 24,810,232 | 48,326,359 |
| Net book values | | | | | | | |
| At 30 th June 2019 | 450,609,684 | 500,000,000 | 9,125,000 | 37,769,132 | 27,539,495 | 198,481,853 | 1,223,525,163 |

Note:

The institution assets are stated at cost less the depreciation charge. All institution's assets were valued by professional valuers (Benchmark valuers limited) on February 2020 and the revalued amounts will be incorporated in the financial statements for year ended 30 June 2020.



THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

23 Deferred Income

GoK resource Centre- fund
Total deferred income

| 2018/2019 | 2017/2018 |
|-----------|-----------|
| 2,037,800 | - |
| 2,037,800 | - |

24 Cash generated from operations

| | 2017-2018
KShs | 2016-2017
KShs |
|---|-------------------|-------------------|
| Surplus for the year | 161,558,250 | 48,119,903 |
| Adjusted for: | | |
| Depreciation | 48,326,359 | - |
| Contribution to impairment allowance | 2,811,806 | - |
| Working Capital adjustments | | |
| (Increase) in receivables | (204,676,115) | - |
| Decrease in payables | 29,789,902 | - |
| Net cash flow from operating activities | 37,810,202 | 48,119,903 |

25 Depreciation

| | 2017-2018
KShs | 2016-2017
KShs |
|---------------------------|-------------------|-------------------|
| Buildings | 9,196,116 | - |
| Motor vehicles | 2,281,250 | - |
| Furniture and fittings | 3,776,913 | - |
| Computers | 8,261,849 | - |
| Equipment | 24,810,232 | - |
| Total depreciation | 48,326,359 | - |

26 FINANCIAL RISK MANAGEMENT**(i) Credit risk management**

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

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

THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| | Total
amount | Fully
performing | Past due | Impaired |
|--|--------------------|---------------------|---------------------|------------------|
| At 30 June 2018 | Kshs | Kshs | Kshs | Kshs |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2019 | | | | |
| Receivables from exchange transactions | 56,236,115 | 50,612,503 | 2,811,805.75 | 2,811,806 |
| Receivables from non-exchange transactions | 148,440,000 | 148,440,000 | - | - |
| Bank balances | - | - | - | - |
| Total | 204,676,115 | 199,052,503 | 2,811,805.75 | 2,811,806 |

Debtors ageing is as below:

| Less than 1 year | 1 year old | 2 years old | More than 3 threes | Total |
|------------------|--------------|--------------|--------------------|------------|
| 30,741,669 | 14,247,223.0 | 8,435,417.25 | 2,811,805.75 | 56,236,115 |

(ii) Liquidity risk management

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

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

| | Less than 1
month | Between 1-3
months | Over 5
months | Total |
|-----------------|----------------------|-----------------------|------------------|------------------|
| At 30 June 2018 | Kshs | Kshs | Kshs | Kshs |
| Trade payables | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2019 | | | | |
| Trade payables | 2,126,678.00 | 31,900,170 | - | 5,316,695 |
| | - | - | - | - |
| Total | 2,126,678.00 | 31,900,170 | - | 5,316,695 |

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THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

25 APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY
Projects

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

Status of Projects completions

| Project | Total project
Cost | Total expended
to date | Completion % to
date | Budget | Actual per
quarter | Sources |
|---------------------------------------|-----------------------|---------------------------|-------------------------|----------------|-----------------------|------------------------|
| 1 Thika TTI Library & resource Centre | 35,862,300.00 | NIL | Not started BQ on going | 35,862,300.00 | | MOE government funding |
| 2 Mwea TVC Mentor institute | 55,231,665.00 | 52,558,808.56 | 98% | 55,231,665.00 | | MOE government funding |
| 3 Maragwa TVC Mentor institute | 317,767,102.34 | 156,811,268.88 | 65% | 317,767,102.34 | | MOE government funding |
| 4 Gichugu TVC Mentor institute | 51,300,055.00 | 12,282,818.00 | 38% | 51,300,055.00 | | MOE government funding |
| 5 Kiharu TVC Mentor institute | 50,602,615.00 | Not started. | Site handover Scheduled | 50,602,615.00 | | MOE government funding |

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

26. APPENDIX II: INTER-ENTITY TRANSFERS

| | | | |
|--|------------------------------------|---------------|---|
| ENTITY NAME: | THIKA TECHNICAL TRAINING INSTITUTE | | |
| Break down of Transfers from the State Department for Vocational and Technical Education | | | |
| FY 2018/2019 | | | |
| a. Recurrent Grants | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| Operation Grant | 8 th Oct 2018 | 7,000,000 | 2018/2019 |
| Capitation | 10 th July 2019 | 148,440,000 | 2018/2019 |
| | Total | 155,440,000 | |
| b. Development Grants | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| Resource Centre fund | 8 th Oct 2018 | 2,037,800 | 2018/2019 |
| Mwea TVC Development fund | 8 th Oct 2018 | 6,872,290 | 2018/2019 |
| Mwea TVC Operation Grant | 27 th June 2019 | 1,000,000 | 2018/2019 |
| Gichugu TVC Development fund | 8 th Oct 2018 | 1,717,409 | 2018/2019 |
| Mwea TVC Development fund | 27 th June 2019 | 5,216,041 | 2018/2019 |
| Maragwa TVC Development fund | 8 th Oct 2018 | 13,939,000 | 2018/2019 |
| Maragwa TVC Development fund | 12 th July 2019 | 47,195,000 | 2018/2019 |
| | Total | 77,977,540 | |
| c. Direct Payments | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| | | - | |
| | Total | - | |
| d. Donor Receipts | | | |
| | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| | | - | |
| | Total | - | |

