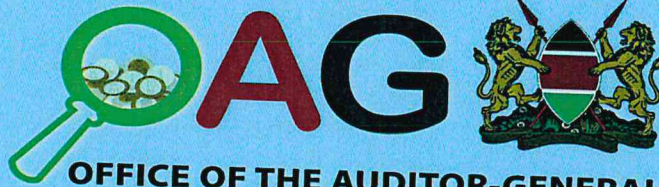



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



 REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 02 FEB 2022	DAY: Wed
TABLED BY: LOM	OF
CLERK-AT THE-TABLE: Perpe Karam	

THE AUDITOR-GENERAL

ON

MICHUKI TECHNICAL TRAINING INSTITUTE

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



MICHUKI TECHNICAL TRAINING INSTITUTE

**P.O. BOX 4 10202
KANGEMA**



ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



MICHUKI TECHNICAL TRAINING INSTITUTE FINANCIAL STATEMENTS FOR THE
YEAR ENDED ON 30TH JUNE 2019

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MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

Michuki Technical Training Institute, MTTI is located in Iyego Location, Kangema Sub-county in Murang'a County. It was started in 1956 under the name Michuki Youth Centre offering artisan courses. The institute is represented by the Cabinet Secretary for Education who is responsible for the general policy and strategic direction of the institution.

(b) Principal Activities

The Mandate of Michuki Technical Training Institute is to provide Technical, Vocational and Entrepreneurship Training (TVET) using appropriate technology to empower trainees for individual and national development. The Institute provides leadership in designing suitable plans and strategies that contribute to high and sustainable socio-economic development; The Institute has a credible strategic plan and performance contract that delivers the desired goals. It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

(c) Vision

Our vision is "A leader in the provision of Technical, Vocational, and Entrepreneurial Training".

(d) Mission

Our mission is to provide quality technical, vocational and entrepreneurship training (TVET) to empower graduates for individual development and global competitiveness.

(e) Key Management

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

- Board of council members
- Principal
- Accounting officer
- Heads of departments

(f) 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	John G Ndirangu
2.	Head of Finance	Nelius Mwangi
3.	Head of Procurement	Gibson Kariuki

(g) Entity Headquarters

P.O. Box 4-10202 Kangema
Muranga County
Kangema Sub County
1st Marys - Iyego road off Karugia Shopping Centre

(h) Entity Contacts

Telephone :(+254)0725-912313
E-mail: michukitech@yahoo.com
Website: www.michukitech.co.ke

(i) Bankers

i) Kenya Commercial Bank Ltd
Muranga Branch
Muranga Town

ii) Equity Bank Ltd
Kangema Branch
Kangema Town

iii) Amica Savings & Credit
Kangema Branch
Kangema Town

(j) Independent Auditors




i) Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(k) Principal Legal Adviser




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

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.




(I) Board of governors

Director's passport-size photo, name, and key profession/academic qualifications	Date of birth, key qualifications and work experience
<p>1. Board of governor (chairman)</p>  <p>Silas Muguongo Githinji Profession: Medical Laboratory technologist Academic qualifications : A - Level</p>	<p>Date of birth: 07. 08.1961</p> <p>Qualifications: Candidate Msc (Micro biology) Bsc medical laboratory Science HND Micro biology Dip (medical laboratory Technology) Certificate (medical laboratory Technology) Advanced Dip (Technical Education)</p> <p>Work experience: Laboratory Technology (1986-1989) Lecturer KMTTC (1990 - 2010) Lecturer Outspan (2010 - todate) Dean of student</p>
<p>2. Board member</p>  <p>Dr James Gichana Ongwae Profession: Academic qualifications Ph.D Entrepreneurship Msc Entrepreneurship B.E.D Vocational Education Dip Ed Technical Education (Electrical Engineering)</p>	<p>Date of birth:20/11/1953</p> <p>Qualifications:ph.D Enterprenneurship</p> <p>Work experience : Assistant Director (Retired) Cnsltant in education research and training Lecturer in innovation and development finance</p>
<p>3. Board member</p>  <p>Dr Bashir Bachami Profession:Business Administrator Academic qualifications MBA in Business Administrator</p>	<p>Date of birth:1950</p> <p>Qualifications:MBA</p> <p>Work experience :Business man</p>

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
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<p>4. Board member (Independent Member)</p>  <p><u>M/S Veronicah W Maina</u> Profession: Environmentalist Academic qualifications Masters in climate change and Environmental Sustainability</p>	<p>Date of birth: 19 July 1972 Qualifications: Bsc Natural Resources Management Environmental Inspector</p> <p>Work experience: Nominated councillor Murang'a county Council Untrained graduate Teacher District Environmental Officer Senior Compliance and Enforcement officer (NEMA)</p>
<p>5. Board member</p>  <p><u>M/S Jane N Muthoka</u> Profession: Information Technology Academic qualifications Masters Degree in Computer systems ongoing Bachelors degree in Information science</p>	<p>Date of birth: 16th June 1979 Qualifications: Project management Software development implementation Database management</p> <p>Work experience: 2013 to date Technical director – Highend Solutions 2007 – 2012 Software project manager – Circuit business systems 2005 – 2006 system librarian – Kenya Technical Teachers College</p>
<p>6. Board member</p>  <p><u>Mr Alexander Mukui</u> Profession: Civil Engineer</p> <p>Academic qualifications Msc civil Engineering Bsc Civil Engineering</p>	<p>Date of birth: 16/01/1972</p> <p>Qualifications: Registered Civil Engineer</p> <p>Work experience : Since 1996</p>

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

<p>7. Board member</p>  <p>Mr Paul Kubai Profession:instrumentor &Electical engineering Academic qualifications Engineer</p>	<p>Date of birth:10/01/1983</p> <p>Qualifications :Bphil in Electrical Engineering</p> <p>Work experience : Site service Engineering(Rotor Africa Pty)ltd</p>
<p>8. Board member(CDTVET)</p>  <p>M/S Margaret Nduhiu Profession: Academic qualifications</p>	<p>Date of birth:</p> <p>Qualifications :</p> <p>Work experience :</p>
<p>9. Principal/ BOG Secretary</p>  <p>John G Ndirangu Profession: Academic qualifications</p>	<p>Diploma in Education HND E.P.E</p> <p>Date of birth: 01/04/1959</p> <p>Qualifications : MBA – Strategic management BBA – Business management</p> <p>Work experience : TSC teacher 1990 – 2017 TSC Trainer 2017 – to date Principal Michuki TTI since 2005</p>

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
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(m) Board Committees

Name of the Committee	Members
Finance and quality Assurance Committee	1. Dr James Gichana Ongwae 2. Veronicah W Maina 3. Paul Kubai 4. John G Ndirangu
Governance and Ethics Committee	1. Eng. Alexander Mukui 2. Jane N Muthoka 3. Dr Bashir Bachami 4. John G Ndirangu
Strategic and Development committee	1. Eng. Alexander Mukui 2. Jane N Muthoka 3. Dr Bashir Bachami

Name	Responsibility
TOP MANAGEMENT	
John G Ndirangu	Chief Executive Officer/ Principal
Joseph Njuguna	Deputy Principal/ Administration
Mercy N Kamau	Deputy Principal/Academic
Henry Kihara	Registrar
Michael N Muthembwa	Dean
Nelius W Mwangi	Finance Officer
Gibson Kariuki	Procurement Officer
ACADEMIC MANAGEMENT	
Philip Mutisya	H O D Electrical
Lydia Watheka	H O D Institutional Management
Leah W Chege	H O D I C T
James I Mukura	H O D Mechanical
John Gakinya	H O D Building
Simon Njoroge	H O D Business
Newton shivachi	H O D Mathematics
NON ACADEMIC	
Gerald Wachira	ISO Management Representative
Hannah Mutiga	Industrial Liaisons' Officer
Hosea Yegon	Sports Office
June Karea	Guidance & Counselling

(II) MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

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SECTION B

compliance with statutory requirements

Michuki Technical Training Institution has been submitting the monthly statutory deductions on the due date.

They include

- H E L B loan recoveries
- N I T A contributions
- KRA PAYE & Withholding taxes
- N S S F
- N H I F

SECTION C

Key projects the institute is implementing

Project 1. Perimeter fence

Project tender sum: K.sh 3,240,250

Financing of the project : A – in - A

Sustainability of the project: The institute has set funds in the saving account for the project

Mandate of the project in line with government agenda: improve on institute security

Project management: MOPW & institute building committee

Project 2. Finishing of electrical & electronic workshop

Project tender sum: Ksh. 2,148,685

Financing of the project: A – in - A

Sustainability of the project: The institute has set funds in the saving account for the project

Mandate of the project in line with government agenda: increase on the training space

Project management: MOPW & institute building committee

Project 3: construction of Kigumo T V C

Project tender sum: Ksh 52,480,855.00

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
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Financing of the project :government in partnership with Kigumo Constituency
Sustainability of the project: funds to be released in phases as the project process
Mandate of the project in line with government agenda: job creation to the youth after acquiring skills
Project management: MOPW & institute building committee

Project 4: completion of the library block

Project tender sum: Ksh. 8,968,330

Financing of the project: A – in - A

Sustainability of the project: Institute has set funds in the saving account for the project

Mandate of the project in line with government agenda: increase on the training space

Project management: MOPW & institute building committee

SECTION D

Material arrears in statutory/financial obligations

The institute does not have any pending obligations

SECTION E

The entity's financial probity and serious governance issues

The institute does not have any improbity and governance issues

III. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION F

MAJOR RISKS FACING THE ENTITY						
RISK	INTERNAL CONTROLS IN PLACE	MITIGATION MEASURES	RESPONSIBILITY	TIMELINE	KPI/OVI	
System hacking	<ul style="list-style-type: none"> Assigned individual user accounts in place Use of passwords Bank reconciliation 	Accept the risk	Finance Officer	Accept and Continually monitor	Maintain a register on incidences of interference with payments	
Unbudgeted expenditure	<ul style="list-style-type: none"> Engagement of all HODs in the budgeting process Budget review 	Accept the risk	Principal	Accept and Continually monitor	Minutes of BoG on budget review	
Unauthorized expenditure	<ul style="list-style-type: none"> Compliance with of Financial Management and EACC Acts 	Accept the risk	Principal	Accept and Continually monitor	Accounting records	
Uncollected fees	<ul style="list-style-type: none"> Use of exam cards Admission upon payment of at least 75% of total fees 	Accept the risk	Principal	Termly		
Theft college property	<ul style="list-style-type: none"> Circumference fence Security office Rock and keys Security light 	Installation of CCTV	Principal	By June 2019	Installed CCTV	
Accidents	<ul style="list-style-type: none"> Comprehensive insurance for institute vehicles Employment of competent drivers 	Accept the risk	Transport manager	Annual	Insurance covers Driver records	
RISK	INTERNAL CONTROLS IN PLACE	MITIGATION MEASURES	RESPONSIBILITY	TIMELINE	KPI/OVI	

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 30TH JUNE 2019.

Loss of revenue due to payment for hours not worked.	<ul style="list-style-type: none"> • Clocking in register for workers • Time table for lecturers • Lecturer monitoring tool • Disciplinary measures 	Accept the risk	Principal	<ul style="list-style-type: none"> • Daily • Every Term / Semester 	<ul style="list-style-type: none"> • Lecture attendance reports • Clocking register reports • Disciplinary records
Delayed in completion of budgeted projects due to delayed Gok/ sponsor grants	Lobbying with MoE/sponsors for funds Intensify internal revenue collection	Accept the risk	Principal	Accept and Continually monitor	Receivables records

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

II. REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activity of the entity to provide Technical, Vocational and Entrepreneurship Training (TVET) using appropriate technology to empower trainees for individual and national development

Results

The results of the entity for the year ended June 30 are set out on page 14

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 3-5.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Institute's Secretary

Date..... 13/9/2020

PRINCIPAL
MICHUKI Technical Training Institute
P.O. Box 4,
LANGERA - Kenya

III. STATEMENT OF 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 that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year and the operating results of the *entity* for that year. The board members are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The board members are also responsible for safeguarding the assets of the *entity*.

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

The board members accept responsibility for the *entity'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). The board members are of the opinion that the *entity'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 the *entity's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *entity's* financial statements were approved by the Board on 27/9/2019 2019 and signed on its behalf by:



John G Ndirangu
Principal/Sec BoG



Silas G Muguongo
BOG Chairman

PRINCIPAL
MICHUKI Technical Training Institute
P.O. Box 4
KALOLELA - Kamp.

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 MICHUKI 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 Michuki Technical Training Institute set out on pages 13 to 29, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and 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 Michuki Technical Training Institute as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical Training Education and Training Act, 2013.

Basis for Adverse Opinion

1. Unaudited Opening Balances and Comparatives Figures

Section 47 of the Public Audit Act, 2015 provides that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. However, Management did not submit financial statements for the year ended 30 June, 2018 and earlier years to the Auditor General for audit. Consequently, the validity, completeness and accuracy of the opening balances of retained earnings and revaluation reserves of Kshs.33,189,205 and Kshs.524,614,000 respectively reflected in the statement of changes in net assets and of the opening cash and cash equivalents balance of Kshs.26,649,419 reflected in the statement of cash flows could not be confirmed. In addition, the accuracy of the financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Accuracy of Property, Plant and Equipment Balance

The statement of financial position reflects a property, plant and equipment balance of Kshs.497,456,451. However, information available, indicated that the Institute occupied various parcels of land which were not valued or disclosed under property, plant and equipment. Further, no ownership documents were presented for the land occupied by the Institute.

Under the circumstances, the accuracy and completeness of the reported property, plant and equipment balance of Kshs.497,456,451 could not be confirmed.

Further, Note 15 to the financial statements gives a schedule of the property, plant and equipment (PPE) giving details of the various assets under the ownership of the Institute. Included in the PPE schedule are furniture and fittings with a net book value indicated as Kshs.13,065,000. However, the re-computed net book value is Kshs.13,993,000 thereby resulting in an unexplained variance of Kshs.928,000. It should however be noted that the total net book value of all the assets of Kshs.497,456,451 is correctly stated and agrees with the statement of financial position balance.

3. Erroneous Classification, Presentation and Disclosure of Account Balances

The statement of financial performance reflects a total expenditure of Kshs.84,985,622 on use of goods and services. Further, disclosure on the expenditure was provided under Note 6 to the financial statements. However, the following anomalies were noted:

- (i) The expenditure balance included an amount of Kshs.709,055 which has been described as trade payables. It was not clear why the item was classified as an expenditure instead of a liability.
- (ii) The expenditure included an amount of Kshs.1,920,627 described as savings account expenses. However, the amount was in respect of government grants transferred from the main account to a savings account of the Institute and did not constitute an expenditure.
- (iii) The expenditure included an amount of Kshs.1,100,000 received on behalf of Ndia Technical Training Institute and described as government grant transfer.
- (iv) The expenditure included an amount of Kshs.5,003,134 described as development which was incurred in respect of construction of buildings for the Institute. However, the amount was expensed in the statement of financial performance instead of being recognized as an addition to non-current assets.

Consequently, the accuracy and validity of the Kshs.84,985,622 expenditure in respect of use of goods and services could not be confirmed.

4. Unreconciled Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalents balance of Kshs.28,670,788 which as disclosed at Note 10 to the financial statements comprised of Kshs.28,327,299 and Kshs.343,489 for current bank account balance and cash in hand

respectively. However, the current account balance of Kshs.28,327,200 was not analyzed and reconciled to the bank statement balances totaling Kshs.47,765,628.51 as at 30 June, 2019 as analyzed below:

Account Number	Bank	Amount (Kshs.)
1106617541	KCB Muranga	14,661,107
1107220416	KCB Muranga	2,188,172
30298366348	Equity Bank-Muranga	24,175,169
5109000000030	AMICA	6,741,181
Total		47,765,629

The bank reconciliation statements in support of the balance of Kshs.28,670,788 were also not provided for audit review.

Further, an amount of Kshs.5,099,847 received on behalf of the Institute during the year under review in the KCB Bank Account No.1175635790 was credited to the account without a corresponding entry in the revenue ledgers and the corresponding cashbook.

As a result, the completeness and accuracy of cash and bank balances of Kshs.28,670,788 as at 30 June, 2019 could not be confirmed.

5. Accuracy of Statement of Cashflows

The statement of cashflows reflects a cash and cash equivalents balance of Kshs.28,670,788 as at 30 June, 2019. However, the re-calculated amount of cash and cash equivalents is Kshs.36,583,334 resulting into a difference of Kshs,7,912,546 which has not been explained.

The accuracy of the statement of cash flows could therefore, not be ascertained.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, , based on the audit procedures performed, I confirm that, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of an Internal Audit Function and Audit Committee

The Institute had not established an internal audit function and an audit committee as required Section 73(1) and (5) of the Public Finance Management Act, 2012. As a result, the Institute did not have internal structures to provide advice and assurance to the Management regarding systems of internal control and risk management.

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 Michuki Technical Training Institute to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease operations.

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

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

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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to 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 Michuki 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 January, 2022

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

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 – grants	2	36,910,557	
Total Revenue from non-exchange transactions		36,910,557	
Revenue from exchange transactions			
Rendering of services- Fees from students	3	141,420,230	
Rental revenue from facilities and equipment	4	64,340	
Other income	5	8,599,089	
Michuki for Tetu income	14	5,737,906	
Revenue from exchange transactions		155,821,565	-
Total revenue		192,732,122	-
Expenses			
Use of goods and services	6	84,985,622	-
Employee costs	7	12,629,747	-
Depreciation and amortization expense	15	34,887,591	-
Repairs and maintenance	8	8,250,620	-
General expenses	9	2,020,037	-
Michuki for Tetu expenses	14	7,177,835	-
Total expenses		149,951,452	-
Net Surplus /deficit for the year		42,780,670	-

The Financial Statements were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Council/Board of Governors

Date 15/9/2020



Finance Officer

ICPAK No 24462

Date 15/09/2020



Principal

Date 15/9/2020


PRINCIPAL
Michuki Technical Training Institute
P.O. Box 4,
KANGEMA - Kenya

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	10	28,670,788	-
Cash and cash equivalent for mentoring institution	14	5,099,847	
Receivables from exchange transactions	11	75,073,895	-
Total Current Assets		108,844,530	-
Non-current assets			
Property, plant and equipment	15	497,456,451	-
Biological assets		200,000	
Total Non-current Assets		497,656,451	-
Total assets		606,500,981	-
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	12	5,917,106	-
Total Current Liabilities		5,917,106	-
Total liabilities		5,917,106	-
Capital and Reserves			
Reserves		-	-
Accumulated surplus		75,969,875	
Valuation reserve		524,614,000	
Total Capital and Reserves		600,583,875	-
Total Liabilities and Capital & Reserves		606,500,981	-

The Financial Statements were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Council/Board of Governors

Date: 15/9/2020



Finance Officer

ICPAK No 24462

Date: 15.09.2020



Principal

Date: 15/9/2020

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Valuation reserve	Total
Opening cash and bank balances			33,189,205	-	33,189,205
Assets valuation amount				524,414,000	
Biological assets				200,000	
Balances as at 1st July 2018			33,189,205	524,614,000	524,614,000
Total comprehensive loss/gain			42,780,670	-	42,780,670
Balance c/d as at June 30, 2019	-	-	75,969,875	524,614,000	600,583,875

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	2	36,910,557	
Rendering of services- Fees from students	3	69,395,281	
Rental revenue from facilities and equipment	4	64,340	
Other income	5	8,599,089	
Clearance accounts	13	2,141,318	
Total Receipts		117,110,585	-
Payments			
Employee cost	7	12,629,747	
Use of goods and services	6	84,276,266	
Repair and maintenance	8	8,250,620	
General expenses	9	2,020,037	
Total Payments		107,176,670	-
Net cash flows from operating activities		9,933,915	-
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities		-	-
Net (decrease) in cash and cash equivalents		9,933,915	-
Cash and cash equivalents at 1 July 2018		26,649,419	
Cash and cash equivalents at 30 June 2019	10	28,670,788	-

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

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

	Original budget	Adjustments	Final budget	Actual	Performance difference	Reason
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from other Govt entities Govt grants	55000000		55,000,000	36,910,557	18,089,443	Less Funding received
Rendering of services- Fees from students	95,557,926		95,557,926	147,222,476	(51,664,550)	Increase in enrollment
Other income	12,061,500		12,061,500	8,599,089	3,462,411	Reduced Hire of facilities
Total income	162,619,426		162,619,426	192,732,122	(30,112,696)	
Expenses						
Employee cost	12,152,136		12,152,136	12,629,747	(477,611)	
Use of Goods and services	141,123,140		141,123,140	84,985,622	56,137,518	Increase in enrollment
Repair and maintenance	7,006,150		7,006,150	8,250,620	(1,244,470)	Increase tuition facilities
Michuki for Tetu expense				7,177,835		
General expenses	2,338,000		2,338,000	2,020,037	317,963	Decrease in other services rendered
Depreciation				34,887,591		
Total expenditure	162,619,426		162,619,426	149,951,452	54,733,400	
Deficit for the period	-	-	-	42,780,670	(84,846,096)	

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The Michuki Technical Training Institute financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the institute and all values are rounded to the nearest shilling (Ksh0.00). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The 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 institute and the fair value of the asset can be measured reliably.

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 institute and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The institute 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 Institute.

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 – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or The institute differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

e) Property, plant and equipment – IPSAS 17

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

g) Intangible assets – IPSAS 31

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) 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 institute determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the 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.

Impairment of financial assets

The institute assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated. Evidence of impairment may include the following indicators:

- The major debtors or some 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)

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The 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.

IPSAS 29.65

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.

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

Costs incurred in bringing each product to its present location and condition 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

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

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

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

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

p) Related parties – IPSAS 20

The MTTI regards a related party as a person or an officer/member with the ability to exert control individually or jointly, or to exercise significant influence over MTTI, or vice versa. Members of key management are regarded as related parties and comprise the Chairman, the Chief executive officer(principal), Governing Council members, top management members and any other officer working for the institute

r)Cash and cash equivalents

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

s)Comparative figures

Comparative figures have been eliminated since the institute is preparing its financial statements on accrual basis and not cash basis which was in use last financial year.

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

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

State all judgements, estimates and assumptions made: e.g

Estimates and assumptions

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

Useful lives and residual values

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

- The condition of the asset based on the assessment done for the insurance purposes
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

u)Subsequent events – IPSAS 14

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

v) Fixed assets and depreciation –IPSAS 17

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

The annual depreciation rates of assets in use are as follows:-

<u>Assets</u>	<u>Rate (p.a)</u>
Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25 %
Computers	33.3 %

Freehold land is not depreciated as it is deemed to have an infinite life.

v)Agriculture – IPSAS 27

Biological assets were dealt as per IPSAS 27 which outlines the accounting treatment for agricultural activity, the biological transformation and harvest of biological assets and conversion into agricultural produce. Biological assets were measured at fair value less costs to sell unless fair value measurement is unreliable. In regard to agricultural produce, we presumed that the fair value could be determined reliably by the Farm Manager who is also a member of Agricultural Society of Kenya as stated in basis of valuations given below.

In the fore-going the biological assets in the financial statements were dealt with in consideration of the following assumptions:

- Conversion into agricultural produce or into additional biological assets for sale or for distribution at no charge or for a nominal charge.
- Agricultural produce means the harvested product of the Institute's biological assets.
- Biological asset means a living animal or plant.
- Harvest means the detachment of produce from a biological asset or the cessation of a biological asset's life processes.
- Costs to sell means the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Recognition

A biological asset or agriculture produce was recognized only when

- a) the entity controls the asset as a result of past events
- b) it is probable that future economic benefits will flow to the entity
- c) the fair value or cost of the asset can be measured reliably

Basis for valuation

All farm biological assets are valued based on market rates. Apart from market rates, valuation for all the farm biological assets is based on the following factors:

Dairy cows

All the cows were valued differently based on:

1. *Age*- Older cows in a higher lactation stage will have a lower value than a cow in its first lactation. An in calf heifer that has never given but before will have the highest value than any cow in the herd. Younger cows also have a lower value.
2. *Sex*: Bull cows in the same age are valued differently from heifer cows in the same age.
3. *Registration*: All our female cows are registered with Kenya Stud Book and all have registration certificates. Registered cows are valued highly.
4. *Pedigree*: The institution cows have been bred and upgraded for many years using artificial insemination. Their pedigree information and records is well known through continued record keeping. They are superior breeds with *high milk production*. Pedigree cows have a higher value than other cows.

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Financial Year	FY/2018/2019	FY/2017/2018
	Currency	Kshs	Kshs
2	Revenue from Non exchange transection		
	08/10/2018 Rec 0010004386	5,959,305	
	08/10/2018 Rec 0030001421	1,920,626	
	18/02/2019 Rec 0010005403	1,100,000	
	18/02/2019 Rec 0010005402	26,010,000	
	11/03/2019 Rec 0030001721	1,920,626	
	Total revenue from non exchange transaction	36,910,557	
3	Rendering of Services		
	Tuition fees	36,751,621	
	Administration	5,207,197	
	Practicals	1,406,120	
	capacity building	415,054	
	P/E non teaching staff	3,023,847	
	Gratuity	679,251	
	local transport and Travel	3,798,187	
	Repair and maintenance	1,640,910	
	Electricity Water and Conservation	4,140,140	
	Activity fees	3,625,290	
	Student welfare	1,250,217	
	Computer maintenance	44,600	
	school fund	19,914	
	Students attachment	951,200	
	Insurance	432,977	
	Medical	14,329	
	P/E teaching staff	4,027,681	
	P/E Casual	1,936,209	
	P/Emolument	30,537	
		69,395,281	
	Receivable from National Youth Service	71,568,544	
	Receivable from student fees	456,405	
	Total Rendering of Services	141,420,230	-
4	Rental Revenue from Facilities and Equipment		
	House rent	64,340	
	Total rentals	64,340	-

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	FY/2018/2019	FY/2017/2018
	Kshs	Kshs
5 Other income		
College ID Cards	14,720	
Library Cards	1,690	
Hostel fee (Accommodation)	5,411,430	
Computer packages	217,790	
Driving course	1,621,796	
Driving Truck	7,179	
Registration fees	18,348	
Sale of t- shirts	141,126	
Contingencies	714,499	
Miscellaneous	416,637	
Farm Account	10,000	
caution money	23,874	
Total other income	8,599,089	-
Expenditure		
6 Use of Goods and Services		
Electricity Water & Conservation	5,945,872	
Hostel expenses(Accommodation)	260,392	
Pay As You Eat	7,699,090	
Activity & sports	3,537,505	
Caution money refunds	165,500	
Students Welfare	623,251	
saving account expenses	1,920,627	
government grant transfer	1,100,000	
loan repayment	684,716	
Students attachment	1,179,794	
Contingencies expenses	1,054,524	
Practical Materials	5,729,227	
Development	5,003,112	
College id expenses	224,000	
Administration cost	26,631,938	
Capacity building expenses	1,668,387	
School Equipment &Store(Learning and Training Material)	17,365,134	
Local Transport and Travelling	1,644,643	
Fuel and gas	1,838,554	
	84,276,266	
Trade payable	709,356	
Total good and services	84,985,622	-

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		FY/2018/2019	FY/2017/2018
		Kshs	Kshs
7	Employee Costs		
	P/E teaching staff	6,281,204	
	P/E Non teaching staff	3,601,938	
	Gratuity	52,875	
	Casual	1,162,136	
	NSSF	246,800	
	NHIF	375,250	
	PAYE	736,489	
	HELB loan repayment	173,055	
	Total Employee costs	12,629,747	
8	Repairs and maintenance		
	Repairs and Maintenance	8,167,084	
	withholding tax	83,536	
	Total	8,250,620	-
9	General Expenses		
	Advertising	59,000	
	Driving course expenses	1,083,167	
	Farm expenses	319,520	
	Computer packages	40,500	
	T-shirts expenses	517,850	
		2,020,037	-
10	Cash and Cash Equivalents		
	Current account	28,327,299	
	Cash on hand	343,489	
	Total cash and cash equivalents	28,670,788	-

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	FY/2018/2019	FY/2017/2018
	Kshs	Kshs
11 Receivables from Exchange Transactions		
Current receivables		
Student debtors	456,405	
Receivable from NYS	71,568,544	
Receivable from Tetu Tvc	3,048,946	
Total current receivables	75,073,895	-
12 Trade and other Payables from Exchange Transactions		
Fees paid in advance	3,690,819	
Less refund of prepaid fee	624,387	
Prepaid fees	3,066,432	
Trade payables	709,356	
NITA	235,779	
KASNEB	8,293	
KNEC	1,897,246	
Total trade and other payables	5,917,106	-
13 Clearance account		
A NITA Exam		
Receipts during the year	750,729	
Less payment during the year	514,950	
	235,779	
B KASNEB Exam		
Receipts during the year	898,343	
Less payment during the year	890,050	
	8,293	
C KNEC Exam		
Receipt during the year	18,443,665	
Less payment during the year	6,546,419	
	1,897,246	
Sub-Total	2,141,318	
14 Mentoring institution		
Opening balance	6,539,776	
Add receipts	5,737,906	
Less payment	7,177,835	
Closing balance	5,099,847	

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION							
	BUILDINGS	MACHINERY	MOTOR	COMP	FURNITURE	LIBRARY	TOTAL
			VEHICLES	EQUIP	& FITTINGS	BOOKS	
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Valuation	313,000,000	157,000,000	15,000,000	9,350,000	15,064,000	15,000,000	524,414,000
Additions	7,002,042				928,000		7,930,042
Total	320,002,042	157,000,000	15,000,000	9,350,000	15,992,000	15,000,000	532,344,042
Depreciation							
At 1 July 2018	-	-	-	-	-	-	-
Depreciation for the period	6,400,041	19,625,000	3,750,000	3,113,550	1,999,000	-	34,887,591
Total depreciation carried forward	6,400,041	19,625,000	3,750,000	3,113,550	1,999,000	-	34,887,591
Net Book value at end of period	313,602,001	137,375,000	11,250,000	6,236,450	13,065,000	15,000,000	497,456,451

NOTE

The valuation for Property, plant and equipment is based on the current valuation for insurance purposes. The management is in the process of contracting a professional valuer who will carry out the exercise in the current financial year.

The board is of the opinion that the values might not change materially and until the valuation is done, the institute books will disclose the amounts provided for insurance purposes.

