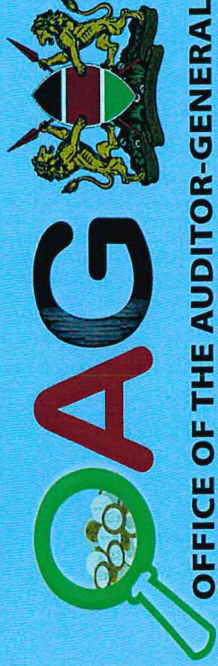


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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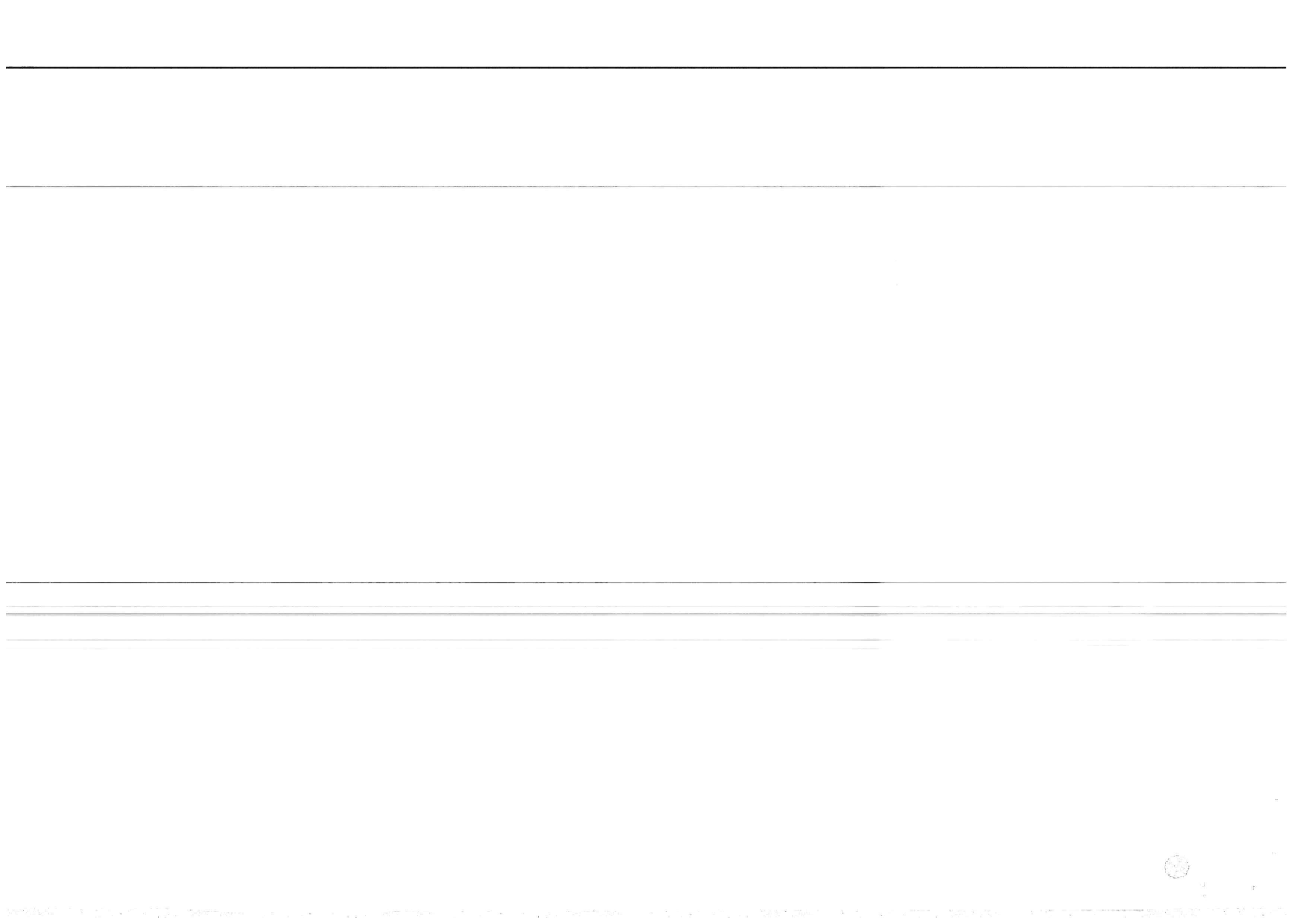
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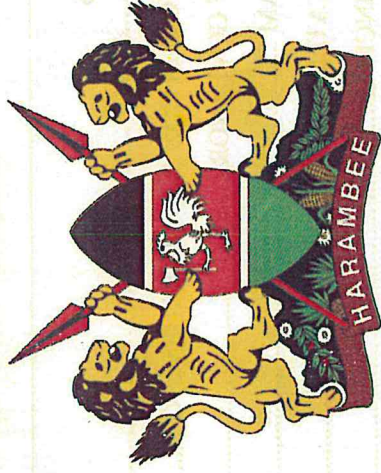
THE AUDITOR-GENERAL

ON

**MUKIRIA TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE 2020**





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MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30 2020

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

TABLE OF CONTENTS	
TABLE OF CONTENTS.....	i
I. KEY ENTITY INFORMATION AND MANAGEMENT.....	i
II. THE BOG/BOARD OF GOVERNORS.....	v
III. MANAGEMENT TEAM.....	vii
IV. CHAIRPERSON 'S STATEMENT.....	ix
V. REPORT OF THE PRINCIPAL.....	x
VI. REVIEW OF MUKIRIA TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2019-2020.....	2019-2020
VII. CORPORATE GOVERNANCE STATEMENT.....	xv
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xvi
IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	xix
X. REPORT OF THE BOARD OF GOVERNORS.....	xxi
XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES.....	xxii
XII. REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON MUKIRIA TECHNICAL TRAINING INSTITUTE.....	xxiii
XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30 2020 .1	1
XIV. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30 2020.....	2
XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED JUNE 30 2020.....	3
XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30 2020.....	4
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30 2020.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	6
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	34
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	35
APPENDIX III: INTER-ENTITY TRANSFERS.....	36
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	37

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

- i. Mukiria Technical Training Institute (MTTI) is located in Nyweri Location, Abocentral Sub-county in Meru County. It is approximately 1 kilometre off Meru-Nkubu road along Mariara stage It occupies an area of approximately 2.5 acres. The area receives an annual rainfall of between 400 and 600 mm. The road transport infrastructure in the area is good; meaning that accessibility to this Institute has been made easy by available trunk roads.
- ii. It was established in 1985 as a youth polytechnic. It was assessed and upgraded to a technical training institute by then Ministry of Higher Education Science and Technology in 2011 and started its operations in 2013. The first intake was January 2014
- iii. MTTI is managed by a Board of Governors (BOG) under the direction of the Ministry of Education. It operates under the TVET Act (2013) of the Laws of Kenya as well as Constitution of Kenya 2010, KNEC Act, PSC Act, KASNEB ACT, Policy guidelines among others.

(b) Principal Activities

VISION

To be a Centre of Excellence in the development and provision of innovative Technical Vocation Education and Training (TVET) programs.

MISSION STATEMENTS

To nurture and impact Technical Vocation Education and Training (TVET) knowledge skills and attitudes through research, innovation and technology for self-reliance and national development.

THE CORE MANDATE:

To teach and train in Technical and Vocational Education & Training; Research and Innovation and Community Service.

(c) Key Management

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

- Board of Governor members
- Board of Governors committee
- Accounting officer (Principal)
- Deputy Principal
- Heads of Departments

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

(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	David M.Mwangi
2	Deputy Principal(administration)	Julia Mutwiri
3	Deputy Principal(academics)	Cecilia Mwonjera
3	Registrar	Joy Nkonge
4	Dean of Students	Jane Muringi
5	Finance Officer	Alfred Mugira
6	Head of procurements	Rooney mwenda
7	Quality assurance	Doris Muturi

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
1 Executive Committee	<ol style="list-style-type: none"> 1. Everlyn Mutave – Chairperson 2. David M.Mwangi – Secretary 3. Joy Riungu- Member 4. Antony Muriuki- Member
2 Development Committee	<ol style="list-style-type: none"> 1. Brown Kairaria – Chairperson 2. David Mwangi- Secretary 3. Maureen Njeri – Member 4. Stanely Mwatsumma - Member
3 Academic Committee	<ol style="list-style-type: none"> 1. Joy Riungu- Chairperson 2. David Mwangi- Secretary 3. Isaboke Ouko- Member 4. David Mbaritu- Member

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Institute Headquarters
P.O. Box P O Box 1093-60200
Meru
Meru Nkubu Highway
Meru County
Kenya

(g) Institute Contacts
Telephone: 0716674848
E-mail: mukiriartechnical@gmail.com
Website: www.mukiriartechnical.ac.ke

(h) Entity Bankers

1. Co-operative bank Kenya
Meru –Meru branch
P.O.Box 1328
Meru-Kenya
2. National Bank
Meru Branch
P.O.Box 1174
Meru-Kenya

(i) Independent Auditors




Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser





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

MUKIRIA TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30 2020

II. THE BOG/BOARD OF GOVERNORS

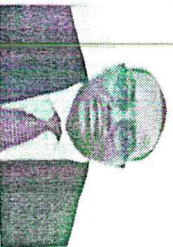


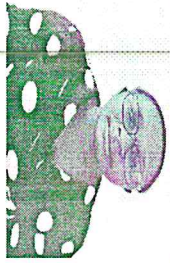
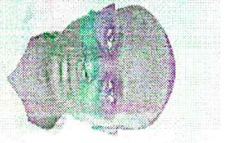
	<p>Financial Management Consultant MSc. Finance & Investments, BA (Economics & Mathematics), CPA (K), CP(S)(K) Experience: 9 years in finance and audit, 3 years in research. Date of birth 24/09/1984</p>
<p>Everlyn Mutave Chairperson of the Board</p>	<p>MSc. Purchasing and Supply Chain Management, BA(Administration and Management.) Higher National Diploma (Entrepreneurship Development). Diploma in Education Experience 28 years of experience in training. Date of Birth: 9/5/1966</p>
	<p>MSc. Environmental Engineering and Management, BSc. Agricultural Engineering (Water and Irrigation option) Experience 11 years' experience as researcher in non-sewered sanitation Date of Birth: 03/12/1974</p>
<p>Ms Joy Nyawira Ritungu -Board Member</p>	<p>Quantity Surveyor Certified Trainer of Trainees Experience: 7 years' experience as a professional Quantity Surveyor. 4 years as Trainer of Trainees Date of Birth: 26/09/1987</p>
	<p>Financial Managements Consultants</p>
<p>Maureen Njeri – Board Member</p>	

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**


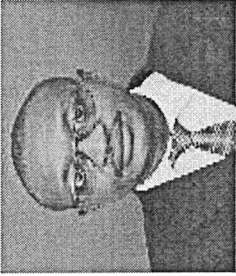


	<p>MSC finance and investments. B,A economics and business administration CPA, K CISA Experience 12 years in finance and audits Date of Birth: 08/09/1983</p>
<p>Rephah Mumbua Kitavi-BOG Member</p>	<p>Marketing and public relations B, COM marketing Experience 20 years of experience in finance and audits Date of Birth: 02/02/1964</p>
	<p>International Technology Professional Date of Birth: 24/08/1967</p>
<p>Mary Kanana- BOG –member</p>	<p>Professional civil engineer Experience 28 years' experience in building and highway design contract managements and maintenance Date of Birth: 24/08/1967</p>
	<p>IBA Finance, CPA - K, Years of Experience – 28 Specialization – Commercial & Finance Expert, Certified Professional Mediator, Certified Productivity Coach Memberships: A member of ICPAK, Member of Women on Boards Network (WOBN), Accredited Mediator – Mediation Accreditation committee (MAC) Date of Birth: 28/10/1971</p>
<p>Stanley Mwatsuma – Board Member</p>	
<p>Mungeria Kirimania – BOG Member</p>	<p>Shelmith Mugo-BOG member</p>

MUKIRIA TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30 2020

III. MANAGEMENT TEAM

 <p>Name :David M.Mwangi</p>	<p>principal of the institute/secretary to the BOG holds MSc: Purchasing and Supply Chain Management,</p>
 <p>Cecilia M Mwonjera</p>	<p>Deputy Principal academics holds BED science physics and mathematics</p>
 <p>Muturi Juliah Kabiru</p>	<p>Deputy principal administration holds BED home economics MED guidance and counselling</p>
 <p>Joy Nkonge</p>	<p>Registrar holds BED Art and linguistic</p>
 <p>Alfred Mugira</p>	<p>Finance officer holds CPA.K and Diploma in business managements</p>

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

 <p>Diana Wanja</p>	<p>Procurement officer holds Diploma in Supply chain managements</p>
 <p>Antony K Ndege</p>	<p>Dean of Students holds BSC General agriculture</p>
 <p>Veronicah Kirigo Chege</p>	<p>Performance contracting coordinator holds BSc fashion design and clothing technology</p>
 <p>Doris Wangui Muturi</p>	<p>Quality assurance officer holds BSc building and civil engineering</p>

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

IV. CHAIRPERSON 'S STATEMENT

I am pleased to present the annual report and financial statement of Mukiria Technical & Training Institute for the year ended JUNE 30 2020.

The demand for TVET programmes in the county has continued to rise prompting the institution to continually introduce academic programme that respond to the demand of the market. The objective of the board is to position the MTTI main programmes within the context of the market requirements, cost rationalisation, equity and customer satisfaction.

During the financial 2019-2020 period, key achievements were realized, these are

- Increased student's enrolment from 1642 at the beginning of the year to 2488
- Substantial physical infrastructure
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees.
- Established collaboration with the sister institutions.
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI activities at both the regional and national levels.
- Strengthen marketing strategies which have prompted population growth.

During this 2019-2020 financial year, financial commitment was geared towards physical development of the institute infrastructures, implementation of the institute strategic plan which has sets out the process and timeframe of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am proud to note that most of the goals set out within the year of the strategic plan have indeed been achieved. These include:

- Growth in student's numbers,
- Competitive recruitment of staff both trainers and other support staff.
- Development of the infrastructures to support academic programmes.
- Development of various physical infrastructures in the college.
- Implementation of the ISMS procedures.

The college received HELB loans /bursary and GOK capitation for the college trainees'. These funding has enabled the college acquire equipment that will make it go –a-long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

The college has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and work closely with all the stake holders in order to realise further development. The board is pleased with efforts of the MTTI to ensure prudent management of resources and the level of compliance with the government regulations and statutory requirement.

I thank the government for its financial support so far that has made it possible to implement the MTTI functions and programmes.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.



**Everlyn Mutave
Chair of the Board of Governor'**

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

V. REPORT OF THE PRINCIPAL

Presented herein is the annual report and financial statement of Mukiria Technical Training Institute for the year ended June 30 2020 as per requirements of the Public Finance Management Act of 2012 and Public Audit Act, 2015.

Non-financial information

(a) Academic programme

During the financial year under review the college had 9 academic programme. Namely

- o Business department
- o Information communication technology
- o Automotive engineering
- o Hair & beauty
- o Building technology
- o Hospitality and tourism
- o Fashion and design
- o Electrical and electronics

(b) Student population

The institute admits students allocated by KUCCPS, walk in placements and outsourcing them from high population catchment areas. By the end of the 2019/2020 financial year, the institute had a population 2488 students. The number is expected to rise to over 3000 students in the 2020/2021 financial year. This will be achieved through

- o Aggressive marketing of the college programmes
- o Expansion of the college training facilities to accommodate more trainees
- o Mounting of academic programmes that are attractive to trainees
- o Improved internal and external academic performance
- o Strengthened collaborations with local industrials and other institutions of higher learning

(c) ISO/ISMS Certification

The college received ISO 9001 2015 & ISMS certification in the year under review. This certification led to improved internal operation efficiency mainly because the documented procedures are articulately documented and are being observed. Surveillance, certification audits and several internal audits were conducted in the year to determine the level of adherence with the ISO/ISMS and QMS procedures.

(d) Provision of requisite facilities

As a strategy to increase competitive advantage, the management of the institute continued to expand the existing facilities to attract and accommodate more students.

(d) Performance contract

In the financial year 2019/2020, the institute made the following achievements;

- o Reviewed and translated the Citizens' Delivery Charter to sign language displayed at the Customer Care office.
- o Upgraded the website to enable students access past papers and Institute news during holiday's online.
- o Introduced a course in General Agriculture.
- o Increased students' enrolment from 650 to 2600
- o Operationalized the Institute clinic by employing Institute nurse and procuring medicine and basic equipment.
- o Overseen the construction of Igembe Technical Vocational Centre 30%.
- o Constructed Catering and Accommodation Workshop.
- o Procured 10 straight treadle sewing machines in the Fashion Design Workshop.
- o Procured and configured a serve.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

- Constructed 40 meters' perimeter wall.
- Constructed 30 meters' drainage system.
- Fabricated 30 decker beds.
- Held the first graduation with 420 grandaunts.
- Was ISO 9001:2015 and ISO/IEC 27001:2013 certified.
- Acquired 4 acres' land at Nyweri and sectioned it into playing fields.

Challenges that hindered 100% achievement of the targets during the year

- Lack of sufficient resources
- Disruption of the school calendar year caused by COVID-19 Pandemic

(e)CORPORATE SOCIAL RESPONSIBILITY

The institute embarked on the following CSR activities within the year.

- Constructed a shed at Mariara stage
- Hiring the neighbours on casual basis
- Lobbied for a wheelchair for physically challenged neighbour from Meru National Library
- Cleaning at kariene market
- Mentorship programmes:

Financial information

During the financial year under review, the institute realized a surplus of **Kshs. 6, 173, 045** compared to the surplus of **Kshs 18, 174, 728** for the year ended on 30th June 2019.

This has been attributed to increased student's population and receivables from exchange & non exchange transactions.

On behalf of the management and staffs of MTTI, I take this opportunity to thank the Board of the Governors for the support accorded to the key management and for its visionary direction in development of the college.

I appreciate the support from the GOK through -out the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainers in Kenya and beyond.

I thank all the staffs and trainees of MTTI for their continued cooperation in this challenging but noble task of building the institute and I look forward to the same cooperation and enthusiastic participation in 2020 – 2021 financial year.



David Mwangi

Chief Principal/Secretary of the board

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

VI. REVIEW OF MUKIRIA TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR FY 2019-2020
Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.
Mukiria TTI has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018-2023 These strategic pillars are as follows:

- Pillar 1: governance
- Pillar 2: Access and equity
- Pillar 3: Physical Infrastructure
- Pillar 4: Training and research
- Pillar 5: Collaboration

Mukiria Technical Training Institute develops its annual work plans based on the above seven (5) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institute achieved its performance targets set for the FY 2019-2020 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements/output
Pillar 1: Governance	Improve institutional corporate governance	<ul style="list-style-type: none"> • Developed Policies • Competent leaders • Competent Finance and Procurement 	<ul style="list-style-type: none"> • Review all institutional policies to align with the strategic plan. • Carry out capacity building for the Top Management and the Staff on leadership. • Carry out Benchmarking on leadership, finance, procurement and curriculum implementation. • Develop and issue Job descriptions to all staff in the institute. 	<ul style="list-style-type: none"> • Reviewed policies • Capacity building for staff undertaken • Benchmarking carried out • Staff Job descriptions developed

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

		officers		
	Mobilize financial resource to fund strategic plan	<ul style="list-style-type: none"> Proposals 	<ul style="list-style-type: none"> Prepare and present 3 proposals per year for funding to the government through the MoE Enhance income generating activities 	<ul style="list-style-type: none"> More funding for the Institute Income generating activities enhanced
Pillar 2: Access and equity	Increase student enrollment	<ul style="list-style-type: none"> Student enrollment increased 	<ul style="list-style-type: none"> Marketing through advertisements, use of posters and brochures, Participation in trade fairs and exhibitions and one on one meeting. Introduce new programme Sensitize students and parents on various avenues of funding 	<ul style="list-style-type: none"> Increased student population and branding of the Institution
	Promote equity on the programs offered in the institute		<ul style="list-style-type: none"> Capacity building and training of staff Sensitization on the programs offered in the institute Industrial exposure through educational trips 	Electronic and Print Advertisements
Pillar 3: Physical Infrastructure	Improve and expand Institutional Infrastructure	<ul style="list-style-type: none"> Workshops, lecture rooms and ICT infrastructure improved 	<ul style="list-style-type: none"> Complete the electrical mechanical workshop Equip the library Equip all the academic departments Maintain current infrastructure in good condition Construct a tuition block with a library and ICT lab. Construct a food and beverage complex Acquire additional 2 acres of land Construct a tuition block funded by the board 	Print outs of brochures <ul style="list-style-type: none"> Workshops, lecture rooms and ICT infrastructure in place

Pillar 4: Training and research	Introduce new academic programs	• Increased learning programs	• Establish general agriculture program • Establish at least 2 CBET curriculum	• Increased student population	• Well-coordinated project writing process	• Assign trainee's supervisors during research project • Purchase research guide books • Establish research coordinator office	• Projects undertaken and written	• Innovations developed	Enhance innovation	Enhance collaboration with the industry	Pillar 5: Collaboration the industry
					• Cordial relationship with industries	• Sensitization on skills offered at the institute • Sign MoUs • Timely feedback • Timely information • Competent personnel handling information	• Signed MoUs				

VII. CORPORATE GOVERNANCE STATEMENT

The mandate of TVET in Kenya is spelled out in the TVET Act.2013. Every TVET Institution is governed by a governing body in the form of a Council/BOG which is responsible for providing the required leadership in developing appropriate plans and strategies that will contribute to a sustainable execution of its mandate to satisfy the socioeconomic advancement of the nation and the region. Each Institution is headed by a Principal/Director, who acts as the secretary to the governing Council/BOG. The Council/BOG consists of the Chairperson and other members as may be spelled out in the existing Act. In Kenya, the TVET Act 2013 gives the composition of the Council/BOG as follows:

- (a) A chairperson;
- (b) A representative of the PS in the Ministry responsible for TVET
- (c) A representative of the Governor in the county
- (d) Six other persons appointed from the fields of;

- (i) Leadership and management;
- (ii) Financial management;
- (iii) Technology;
- (iv) Industry;
- (v) Engineering;
- (vi) Information Communication Technology/legal

There must be at least two thirds gender representation in the membership. The Council/BOG meets quarterly on average, with a three-year term renewable once and for memory, one or two members are re-appointed. The Council/BOG may have working sub-committees to like;

- i. Education, Research and Training;
- ii. Finance, Infrastructure and Human Resource,
- iii. Audit and Risk Management.

The Sub-Committees can co-opt persons of special expertise during their deliberations. At the operational level, the Principal/Director is the team leader (CEO) assisted by the Deputy Principal(s)/Director(s) to ensure a smooth work/learning environment. For proper management and mentorship for sustainability, he/she appoints departmental heads, section heads and supervisors at each operational area. Together, the team ensures sustainable quality, access, relevance and equity in the programs and services offered to its customers and a back and forth smooth flow of feedback.

Each institution has clearly espoused its mandate in its statements of intention in the form of Vision, Mission and core values. There also exists a documented Strategic Plan (SP) with achievable strategic objectives with clear strategies and goals. The achievement of these objectives is monitored at the operational levels through measurable documented quality objectives

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The BOG of the Institute has been very supportive to the management and has fully performed its oversight role in whole and through the BOG committees. The management team is also well constituted with the Principal being the team leader, two deputy principals (One in administration and one in Academics), the Registrar, dean of students, head of guidance and counselling and the industrial liaison officer. The Institute has a robust team of professional non-academic staff with a qualified finance officer, an accountant, procurement officer

During the financial year, the management has endeavoured to satisfy both legal and regulatory requirement as espoused in its mandate under the TVET act 2013, the education act 2013, PFM Act 2012 and its regulations etc. Our operations were smooth and undisturbed for four quarters of the year

During the period, we were able to complete most of our Performance key projects as follows: -

FY 2019/2020 Key Projects Completion Rate

Project Name	Project Description	Location	Total Estimated Cost KSHS	Current status	Allocation for FY 2019/2020 KSHS	Expected Deliverables (output for FY 2019/2020)	End of FY Completion status
Construction of Tuition block	Preparing drawing and bill of quantities	Mukiria Technical Training Institute	38,000,000	new	38,000,000	BQs and Drawings prepared	Stalled
Mentoring Igembe Central TVC	Construct Sub-structure -Construct ground floor slabs	Mentoring Igembe Central TVC	59,000,000		59,000,000	-sub-structure constructed -Ground floor slabs constructed	10% Completed.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

						-Walling of ground floor completed	
Equipping library	Procure 200 textbooks - Introduce health corner	Mukiria Technical Training Institute	700,000	New	700,000	200 textbook procured -Health concern established	100 % Done
Renovation of D/principal Administration Office	Preparing bill of Quantities -Procure building Materials -Renovate D/Principal Administration office	Mukiria Technical Training Institute	100,000	New	100,000	Bill of Quantities prepared -Building materials procured - D/Principal Administration office renovated	100% done
Construction drainage system 30 meters	Preparation of Bill of Quantities -Procure building materials -Procuring Labour on casual basis	Mukiria Technical Training Institute	90,000	New	90,000	30 M drainage system Constructed	100% done
Construction of perimeter wall 40 meters	-Preparation of Bill of Quantities -Procure building materials -Procuring Labour	Mukiria Technical Training Institute	150,000	New	150,000	40 M perimeter wall constructed	100% done
Equipping fashion design workshop	-Procuring ten sewing machines	Mukiria Technical Training Institute	100,000	New	100,000	10 sewing machines available	100% done

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

TOTAL							
Fabrication of 30 decker beds	-Procure raw Materials -Procure Labour	Mukiria Technical Training Institute	150,000	New	150,000		100% done
Construction and Catering and Accommodation Workshop	Prepare drawings and Bill of Quantities -Procure materials -Procure labour on Casual basis	Mukiria Technical Training Institute	2.1 million	New	2.1 million		100% done
Establish a Career Service Office	- Renovate the Career Service Office - Equipping the office	Mukiria Technical Training Institute	110,000		110,000		100% done
Renovate D/Principal Administration office	Prepare of Bill of Quantities -Procure building materials -Renovate the office	Mukiria Technical Training Institute	100,000		100,000		100% done
						100,600,006	

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Mukiria T.T.I exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

Mukiria Technical Training Institute has established several strategies to ensure sustainability of its programs amidst many challenges facing the management. The Board has engaged collaborations with the National Government through MOE under the State Department of Vocational and Technical Training for policy direction and funding on major projects. In addition; we have also enhance collaborations with the County Government through the CDF of Abothuguchi Sub –County for students' sponsorships and community mobilization in development activities. Mukiria Technical Training Institute will strive to acquire additional land for expansion of the institute and identity.

The management has aggressively invested in the installation Management Information Software for efficiency and effectiveness in management process and data processing. In addition, we are refurbishing the institute website for marketing and for effective communication to all our stakeholders. Marketing of courses both locally and nationally to attract trainees to equip them with hand on skills for employability and self-employment. The institute's location in a low settlement area with adverse cold climatic weather conditions has affected its growth. The management is committed to continual improvement of the face of the institute by, paving the pathways to improve cleanliness as well securing the facility by proper fencing.

2. Environmental performance

The management has implemented policy on planting of trees under the green economy for sustainable environment. In addition, we have improved our environment by planting flowers along designated pathways and gardens for general aesthetics. The Institute disposes its wastes appropriately both the W/C waste and waste waters through the sewerage system. Adequate sanitation areas with hand wash have been provided for maintenance of hygiene. Provision of clean water for consumption and for general cleaning through collaborations with water companies in the locality. Need for increase water reservoirs and connectivity for treated water systems to prevent water borne diseases.

3. Employee welfare

The management recruits BoG staff both trainers and support staff equity based on the need. The recruitment is guided by an MoU which details the terms and references of engagement of staff. The management observes integrity, professionalism, gender and disability inclusivity, as well as stakeholder involvement. The Board has developed staff establishment and career progression policy for Mukiria Technical Training Institute BoG staff. We undertake annual staff appraisal and training Needs assessment to establish gap for capacity building. Mukiria Technical Training Institute Occupational Safety and Health Act of 2007, (OSHA) regulations by providing protection clothing to our staff while on duty.

4. Market place practices-

Mukiria Technical Training Institute has outlined its efforts to:

a) Responsible competition practice.

The institute upholds section 6 of the constitution of Kenya for all of the officers while on duty. The management has continually sensitized both staff and students on corruption prevention matters. The service charter in English and Swahili has clearly been displayed at the main gate and at strategic service points such as the customer care office, library, registrar's office, dean's office, Guidance and counselling office, dining hall and procurement office.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

4. Market place practices (Continued)

- b) Responsible Supply chain and supplier relations – The management implement the Public Procurement and Disposal Act of 2012 and its Regulations of 2016 in all its procurement for goods, services and contracts.

Mukiria Technical Training Institute advertises our training programs through our website, the media, door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.

5. Product stewardship –

Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean's office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorized communication channels the official addresses, mobile numbers and emails.

6. Community Engagements-

Mukiria Technical Training Institute engages in social corporate responsibility activities by provision of face masks to the local administration nearby. We also visit children's homes in our locality through the Christian movement in the institute and support them with food and clothing. We undertake annual cleaning up of the Kariene Market and its environs and sensitize them on the government policies in relation to access to TVET courses, Procurement opportunities among others.

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

X. REPORT OF THE BOARD OF GOVERNORS

The BOG/Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the institute's affairs.

Principle activities

The principle activities of the entity are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To determine curricula appropriate for training of the various manpower category and specialization required by the labour market through careful selection of available syllabi from local or international institutions recognized by the Ministry of Education (MoE).
- c. To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- d. To promote and inculcate Entrepreneurial skills and culture within the institute's staff and students.
- e. To conduct Applied Research.
- f. To undertake income-generating activities through production, consultancy and tailor-made short courses, in-service courses, equipment and facility hiring and hospitality services to compliment Government grants and fees revenue.
- g. Foster spiritual growth among community members both staff and students.

Results

The results of the entity for the year ended June 30 2020 are set out on page 1-37

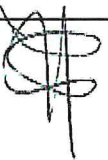
BOG/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v & vi During the year there has been no change in the board of governors.

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.



Everlyn Mutave
Chair of the Board of Governor

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes:

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

The board members accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The board members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2020 and of the Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Mukiria Technical Training Institute financial statements were approved by the Board on...*16-10-2020* and signed on its behalf by:



Board Chair



Board Secretary

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

XII. REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON MUKIRIA TECHNICAL TRAINING
INSTITUTE



REPORT OF THE AUDITOR-GENERAL ON MUKIRIA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mukiria Technical Training Institute set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2020, 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 2010 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mukiria Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1.0 Inaccurate Comparative Balance

Note 27 to the financial statements reflects Kshs.19,810,600 in respect to comparative balance for related party transactions. However, the audited financial statements for the period ended 30 June, 2019 reflected Kshs.29,810,600 in respect to the other related parties resulting to unexplained variance of Kshs.10,000,000.

In the circumstances, the accuracy of the comparative balance for related party transactions of Kshs.19,810,600 disclosed in the financial statements could not be confirmed.

2.0 Cash and Cash Equivalents

Note 17(a) to the financial statements reflects Kshs.19,300,080 in respect to cash and cash equivalents. However, the respective bank reconciliation statement reflects Kshs.2,650 in respect to payments in the bank statements not entered in the cashbooks and therefore overstating the cash and cash equivalents by the same amount.

In view of the above, the accuracy of the cash and cash equivalents balance of Kshs.19,300,080 as at 30 June, 2020 could not be ascertained.

3.0 Property, Plant and Equipment

3.1 Land and Buildings

As disclosed in Note 21(a) to the financial statements, the statement of financial position reflects Kshs.41,371,867 in respect to property, plant and equipment which includes a nil balance in respect to land and buildings. As reported in the previous year, the land and buildings balance excludes two parcels of land numbers Abo/Mariene 2/781 and Nyweri/Mariene/779 measuring 2.75 and 2.6 acres respectively but whose ownership documents and valuation reports were not availed for audit review.

Further, the land and building balance excludes two (2) parcels of land measuring 70ft by 70ft and 84ft by 124ft leased for a period of ten (10) years from two different parties. However, details of the parcels of leased land including ownership and valuation reports were not availed for audit review.

In the circumstances, the accuracy, completeness and ownership of the Institute's land and buildings as at 30 June, 2020 could not be ascertained.

3.2 Motor Vehicle with Private Number Plates

Note 21(a) to the financial statements reflects Kshs.41,371,867 in respect to property, plant and equipment which includes Kshs.1,785,000 in respect to motor vehicles. However, the motor vehicle balance included Kshs.652,500 in respect to motor vehicle registration KCM 841D which had private registration number instead of State Corporation reflective sheet as required. No justification or explanation was given for the anomaly. This is contrary to Section 12 of the Traffic (Registration Plates) Rules, 2016 which states that the registration plate for a state corporation vehicle shall bear the required number of optical recognizable characters depending on the type of motor vehicle embossed and printed in white on blue aluminium reflective sheet.

Further, Section 14 of the Act provides that the registration plate of a Government of Kenya vehicle shall bear seven optical recognizable characters with prefix "GK" embossed and printed in black on white aluminium reflective sheet for the front plate and yellow reflective sheet for the rear plate.

In the circumstances, the validity, ownership and security of the Motor Vehicle worth Kshs.652,500 as at 30 June, 2020 could not be confirmed.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.111,609,581 and Kshs.60,937,957 respectively resulting to a budget under performance of Kshs.50,671,624 or 45% of the budget. Further, the statement reflects a final expenditure budget and actual on comparable basis of Kshs.111,609,581 and Kshs.54,764,912 respectively, resulting to underutilization of Kshs.56,844,669 or 51% of the approved budget.

The budget underperformance is an indication that most of the programs and activities that had been planned were not implemented. The Management need to review its budget making process with a view to formulating a realistic budget that would be actualized for better service delivery.

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 matters 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

1.0 Budget Over Expenditure

The statement of comparison of budget and actual amounts reflect over expenditure amounting to Kshs.22,484,356 on compensation of employees, board allowances, RMI, provision for audit fees, depreciation and amortization, contracted services and transfer to Igembe Technical Training Institute. However, no supplementary budget approval was provided for audit review for the Kshs.22,484,356 over expenditure contrary to Section 40(5) of the Public Finance Management (National Government) Regulations, 2015 which states that accounting officers may seek supplementary budget if the expenditure cannot be met by budget reallocation under Section 43 of the Act.

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

2.0 Staff Ethnic Composition

Personnel records provided indicates that the Institute's Board of Governors had employed Fifty-one (51) staff members from different ethnic communities. However, 37(73%) members of staff were from the dominant community contrary to Section 7(2)

3.3 Unsupported Work-In-Progress

Note 21(a) to the financial statements reflects Kshs.41,371,867 in respect to property, plant and equipment which includes Kshs.12,396,096 in respect to work in progress which further includes Kshs.6,661,214 incurred in construction of catering hall, masonry workshop, bus sheds and mabati lecture rooms. However, supporting documents including bills of quantities, quotations, opening and evaluation committee minutes, professional opinion, letters of offer and acceptance, contract agreements and minutes/reports of the site meetings were not provided for audit review. This is contrary to Section 9(1)(e)(i) of the Public Audit Act, 2015 which gives the Auditor-General unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities listed under Article 229(4) of the Constitution.

In the circumstances, the propriety and value for money of the Kshs.6,661,214 expenditure for the year ended 30 June, 2020 could not be confirmed.

4.0 Repairs and Maintenance

Note 15 to the financial statements reflects Kshs.2,856,614 in respect to repairs and maintenance which includes an expenditure of Kshs.176,900 comprising of Kshs.34,450 and Kshs.142,450 in respect to supply of stationery and building materials respectively.

However, low value procurement method was irregularly used in procuring the items worth the Kshs.176,900 contrary to legal notice 106 of 18 June, 2013, first schedule of threshold matrix for Class C procuring entities which stipulates that low value procurement maximum level of expenditure under this method is Kshs.5,000 per procurement per item. Further, no requisition for materials or repairs were availed for audit review.

In the circumstances, the Institute is in breach of the law and propriety of the Kshs.176,900 expenditure for the year ended 30 June, 2020 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mukiria 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 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 are no key audit matters report in the year under review.

of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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 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

1.0 Lack of Internal Audit Function

As reported in the previous year, the Institute had not established an internal audit function as at 30 June, 2020. This is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that every national government entity shall have appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the Institute lacks internal structures, which could provide advice and assurance to the management regarding effectiveness of the Institute's internal controls risk management and governance.

2.0 Failure to Establishment an Audit Committee

As reported in the previous year, the Institute had not established an audit committee as at 30 June, 2020 contrary to Section 73(5) of the Public Finance Management Act, 2012. The law requires every national government entity to establish an Audit Committee to support the Accounting Officer with regard to issues of risk, control, governance and associated assurance and follow up on the implementation of the recommendations of internal and external auditors.

In the circumstances, the effectiveness of the internal controls, risk management and governance of the Institute could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable 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 Institute's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in

compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

01 February, 2022

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from the national government's grants/gift in kind	6	23,898,100	19,810,600
Transfers from other government entities – CDF		-	10,000,000
Total Revenue from non-exchange transactions		23,898,100	29,810,600
Revenue from exchange transactions			
Rendering of services- Fees from students	8	36,563,465	37,758,267
Other income	9	455,392	474,520
Rental income	10	21,000	34,250
Revenue from exchange transactions		37,039,857	38,267,037
Total revenue		60,937,957	68,077,637
Expenses			
Use of goods and services	11(a)	20,848,891	30,321,413
Provision for audits fee	11(b)	660,267	660,267
Employee costs	12	10,513,669	7,781,281
Remuneration of directors	13	869,000	911,315
Depreciation and amortization expense	14	8,583,271	8,293,937
Repairs and maintenance	15	2,856,614	1,587,780
Contracted services	16	433,200	346,916
Transfer to Igembe technical training institute	25	10,000,000	-
Total expenses		54,764,912	49,902,909
Net Surplus for the year		6,173,045	18,174,728

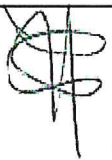
The notes set out on pages 6 to 27 form an integral part of the Annual Financial Statements.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

XIV. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30 2020


	Notes	2019/2020 Kshs	2018/2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	17(a)	19,300,079	23,536,222
Receivables from exchange transactions	18	45,503,871	25,260,905
Other receivables		-	-
Total Current Assets		64,803,950	48,797,127
Non-current assets			
Property, plant and equipment	21(a)	41,371,867	42,755,883
Long term receivables from exchange transactions		-	-
Total Non-current Assets		41,371,867	42,755,883
Total assets		106,175,817	91,553,010
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22(a)	20,531,195	16,817,300
Audits fees	22(b)	1,320,534	660,267
Refundable deposits from customers	16	442,000	442,000
Total Current Liabilities		22,293,729	17,919,567
Total liabilities		22,293,729	17,919,567
Capital and Reserves			
Accumulated surplus		28,323,167	22,150,122
Capital fund		55,558,921	51,483,321
Total Capital and Reserves		83,882,088	73,633,443
Total Liabilities and Capital & Reserves		106,175,818	91,553,010

The Financial Statements set out on pages 1 to 39 were signed on behalf of the Institute Board/ Board of Governors by:


Chairman Board of Governors
Everlyn Mutave

Date: *17/02/2021*


Finance Officer
Alfred Mugira
ICPAK No:24009
Date: *17/02/2021*


Principal
David Mwangi
Date: *17/02/2021*

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED JUNE 30 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earning	Capital/ Development Grants/ Fund	Total
Balance b/f at July 1, 2018	-	-	3,975,394		3,975,394
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/ Deficit	-	-	18,174,728	-	18,174,728
Capitalized fund and Development grants received during the year(Appendix V)	-	-	-	51,483,321	51,483,321
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2019	-	-	22,150,122	51,483,321	73,633,443
Balance b/f at July 1, 2019			22,150,122	51,483,321	73,633,443
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/ Deficit	-	-	6,173,045		6,173,045
Capitalized fund and Development grants received during the year	-	-	-	4,075,600	4,075,600
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-		-
Balance c/d as at June 30, 2020	-	-	28,323,167	55,558,921	83,882,088

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30 2020

		2019/2020	2018/2019
	Note	Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers from other Government entities/Govt. grants	6(a)	23,898,100	19,810,600
Transfers from other government entities - CDF	7	-	10,000,000
Rendering of services	8	36,563,465	37,758,267
Other income,	9	455,392	474,520
Rental income	10	21,000	34,250
Total Receipts		60,937,957	68,077,637
Payments			
Use of goods and services	11(a)	20,848,891	30,321,413
Audits fees	11(b)	660,267	660,267
Compensation of employees	12	10,513,669	7,781,281
Board of governor's allowances	13	869,000	911,315
Depreciation and amortization expense	14	8,583,271	8,293,937
Repair maintenances and development	15	2,856,614	1,587,780
Contracted services	16	433,200	346,916
Transfer to Igembe technical training institute	25	10,000,000	-
Total Payments		54,764,912	49,902,909
Net Surplus		6,173,045	18,174,728
Non-cash movements			
Depreciation		8,583,271	8,293,937
Less: (Increase)/Decrease in Receivable from Exchange trans.		(20,242,966)	(20,505,642)
Less: Increase/(decrease) in Trade and other payables		3,713,895	14,168,565
Less: Increase/(decrease) in Provision for audit fees		660,267	660,267
Less: (Increase)/Decrease in Refundable Deposit		-	299,660
Net cash flow from operating activities		(1,112,488)	21,091,455
cash flow from investing activities			
Purchase of property, plant, equipment and intangible assets		(7,199,255)	(6,888,841)
Proceeds from sale of property, plant and Equipment		-	-
Net cash flows used in investing activities		(7,199,255)	(6,888,841)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Government Development Grants		4,075,600	4,075,600
Net cash flows used in financing activities		4,075,600	4,075,600
Net increase/(decrease) in cash and cash equivalents		(4,236,143)	18,278,274
Cash and cash equivalents at 1 July 2019		23,536,222	5,258,008
Cash and cash equivalents as at 30 June 2020		19,300,079	23,536,222

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
Revenue	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Transfers from other Govt entities	38,000,000	-	38,000,000	23,898,100	14,101,900
Rendering of services- Fees from students	73,095,581	-	73,095,581	36,563,465	36,532,116
Other income	460,000	-	460,000	455,392	4,608
Rental revenue/hire of facility	54,000	-	54,000	21,000	33,000
Total income	111,609,581	-	111,609,581	60,937,957	50,671,624
Expenses					
Use of goods and services	100,177,916	-	100,177,916	20,848,891	79,329,025
Compensation of employees	8,307,064	-	8,307,064	10,513,669	(2,206,605)
Board allowances	616,000	-	616,000	869,000	(253,000)
RMI	2,166,601	-	2,166,601	2,856,614	(690,013)
Provision for audits fee	-	-	-	660,267	(660,267)
Depreciation and amortization expenses	-	-	-	8,583,271	(8,583,271)
Contracted services	342,000	-	342,000	433,200	(91,200)
Transfer to Igembe technical training institute	-	-	-	10,000,000	(10,000,000)
Total expenditure	111,609,581	-	111,609,581	54,764,912	56,844,669
Surplus/Deficits for the year	-	-	-	6,173,045	(6,173,045)

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mukiria Technical Training Institute entity is established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to train

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 (IPSSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Mukiria Technical Training Institute accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note

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

The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act, 2012 the TVET Act, 2013 and International Public Sector Accounting Standards (IPSSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30th June, 2020**

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>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:</p> <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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41,</p>	<p>Applicable: 1st January 2022: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p>

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

Standard	Effective date and impact:
Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis. IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

The entity did not adopt early any new or amended standards in year 2020

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition (Continued)

iii) Budget information

The original budget for FY 2019/2020 was approved by the Board on 6th July 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. According to the entity, there were no additional appropriations or adjustments made during the year 2019/2020

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 10 of these financial statements.

Taxes

Current income tax

The entity is exempt from paying taxes as per schedule

Sales tax/ Value Added Tax

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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

iv) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **10** years.

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

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

v) Property, plant and equipment

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

vi) Leases

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

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

vi) Leases (continued)

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

vii) 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

viii) Research and development costs

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

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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

i) Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement

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

The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit

Impairment of financial assets

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

Impairment of financial assets (Continued)

- 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

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of financial assets (Continued)

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)
- 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)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) **Inventories**

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

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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 i) inventory (continued)

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

ii) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

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

Contingent assets

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

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent assets (Continued)

i) Nature and purpose of reserves

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

ii) Changes in accounting policies and estimates

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

iii) Employee benefits

Retirement benefit plans

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

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

iv) Foreign currency transactions

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Related parties

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

vi) Service concession arrangements

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

vii) Cash and cash equivalents

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

viii) Comparative figures

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

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

ix) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 (a). TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	KShs	
	2019-2020	2018-2019
Unconditional grants		
Capitation	12,735,000	3,000,000
Capitation	2,602,500	12,735,000
Capitation	2,122,500	-
Capitation	2,362,500	-
	19,822,500	15,735,000
Conditional grants		
Workshop grants	4,075,600	2,037,800
Workshop grants	-	2,037,800
Total government grants and subsidiaries	23,898,100	19,810,600

6(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

6(b) Name of the entity sending grants	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year
	KShs	KShs	KShs	KShs
State Department of Technical Training	23,898,100	-	4,075,600	-
Total	23,898,100	-	4,075,600	-

The details of the reconciliation have been included under appendix III

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020		2018-2019	
	KShs		KShs	
Unconditional grants				
Transfer from CDF	-	-	10,000,000	10,000,000
Total				10,000,000

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. RENDERING OF SERVICES

Description	2019-2020 KShs	2018-2019 KShs
Activity fee	654,458	3,192,514
Administration	163,902	1,429,812
Attachment	-	2,410,920
Computer production units	-	160,520
Development	-	1,500,150
Electricity water and conservancy	559,994	872,513
Exams	6,593,494	5,994,566
Industrial attachments/insurance	759,469	214,901
Local travel and transport	534,553	956,841
Mechatronic Training	-	698,000
Medical	-	112,595
Personal emoluments	1,926,735	5,398,463
Practical	-	1,771,050
Registration	-	226,400
Repair maintenance and improvements	464,240	1,524,491
Student identity card	-	115,300
Students governing council	-	585,186
Tuition	24,906,621	10,283,145
Uniform	-	310,900
Total revenue from rendering of services	36,563,465	37,758,267

9. OTHER INCOME

Description	2019-2020 KShs	2018-2019 KShs
Cosmetology sales	5,560	16,165
Gown fee	272,422	-
Smart card	9,000	-
Hotel sales	42,940	57,820
Bus hire	125,000	388,200
Agriculture production units	470	-
Tender sales	-	9,000
Production units	-	3,335
Total	455,392	474,520

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENTAL REVENUE FROM FACILITY & EQUIPMENTS

Description	KShs 2019-2020	2018/2019 Kshs
Hire of Facility	-	12,000
Hostel	21,000	22,250
	21,000	34,250

11(a) USE OF GOODS AND SERVICES

Description	KShs 2019-2020	2018/2019 Kshs
Activity	1,604,420	3,249,747
Administration	1,557,265	2,625,009
Agriculture production units	18,950	-
Attachments	295,000	411,700
Automation	659,000	-
Bank charges	137,321	242,950
Bus hire	8,000	266,910
Commonwealth association of polytechnic in Africa subscription	57,000	-
Computer production units	-	115,074
Cosmetology production units	-	5,000
Electricity water and conservancy	618,231	795,803
Exam	2,159,230	5,660,385
Students welfare	100,200	-
Graduation	1,426,560	-
Insurance	-	112,356
Internets services	149,653	-
International standard organization certification (ISO)	1,143,540	84,000
Kenya association of technical training	60,000	90,000
Value added tax withholding	186,083	-
Local travel and transport	2,047,668	1,815,519
Marketing	1,151,713	453,328
Medical fees	213,252	148,531
Mechatronic	-	253,800
Performance contracts	521,100	197,600
Practical	-	1,255,384
Tuition expenses	3,364,014	6,650,433
Refund	-	54,200

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

Robotics/trade fair	612,711	1,382,843
Students identity card	-	101,150
Students welfare	100,200	227,121
Telephone/communication	309,100	198,400
Tender	-	14,000
Training/developments	2,348,680	2,885,890
Uniform	-	424,280
Smart card	-	600,000
Total	20,848,891	30,321,413

11 b). AUDIT FEES

Description	2019-2020	2018-2019
Audit fees	660,267	660,267
Total	660,267	660,267

12.EMPLOYEE COSTS

DESCRIPTION	2019-2020	2018-2019
Name	KShs	KShs
Helb Deductions	134,022	23,828
National Hospital insurance fund	286,750	243,750
Nita Levy	17,450	9,150
National Social Security Fund	332,984	404,477
Paye as you earn	101,434	176,486
Personal Emoluments /Basic Salary	9,641,029	6,804,566
Part - time Teaching	-	119,023
Total	10,513,669	7,781,281

13. REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Board of governor's allowances	869,000	911,315
Total remuneration of directors	869,000	911,315

14. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	8,583,271	8,293,937
Total depreciation and amortization	8,583,271	8,293,937

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Repairs maintenance and improvements	2,856,614	1,587,780
TOTAL	2,856,614	1,587,780

16. Contracted services

Description	2019-2020	2018-2019
	KShs	KShs
Security services	433,200	346,916
Total contracted services	433,200	346,916

17(a) CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account		
Cooperative bank	11,338,631	12,406,338
National bank developments accounts	4,322,373	-
National bank recurrent accounts	3,614,576	10,984,884
Cash at hand	24,500	145,000
Total cash and cash equivalents	19,300,080	23,536,222

17(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	2019-2020	2018-2019
	KShs	KShs
a) Current account		
Accounts number		
Cooperative bank	1129,021590500	12,406,338
National bank developments accounts	1071,226198200	-
National bank recurrent accounts	1248040062400	10,984,884
Sub- total	19,275,579	23,391,222
b) Others(specify)		
cash in hand	24,500	145,000
Sub- total	24,500	145,000
Grand total	19,300,079	23,536,222

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	45,503,871	25,260,905
Total receivables	45,503,871	25,260,905

MUKIRIA TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	KShs	KShs
Current receivables		
Transfers from other govt. entities	-	-
Total current receivables	-	-

20. INVENTORIES

Description	2018-2019 KShs	2017/2018 KShs
Consumable stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)
21(a) PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor Vehicles	Furniture and fittings	Computers	Plant and Equipment	Work In Progress	Total
Depreciation rate		25%	12.5%	33%	12.5%		
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	-	7,140,000	225,000	249,887	51,180,134	-	58,795,021
Additions	-	-	777,000	466,000	295,000	5,350,841	6,888,841
At June 2019	-	7,140,000	1,002,000	715,887	51,475,134	5,350,841	65,683,862
Additions	-	-	-	-	154,000	7,045,255	7,199,255
At end of year - June 2020	-	7,140,000	1,002,000	715,887	51,629,134	12,396,096	72,883,117
At 1 July 2018	-	1,785,000	-	113,258	12,735,783	-	14,634,041
Depreciation	-	1,785,000	28,125	83,296	6,397,517	-	8,293,937
At 30 June 2019	-	3,570,000	28,125	196,554	19,133,300	-	22,927,979
Depreciation	-	1,785,000	125,250	238,629	6,434,392	-	8,583,271
At 30 June 2020	-	5,355,000	153,375	435,183	25,567,692	-	31,511,249
At 30 June 2019	-	3,570,000	973,875	519,333	32,341,834	5,350,841	42,755,883
At 30 June 2020	-	1,785,000	848,625	280,704	26,061,442	12,396,096	41,371,867

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 (b) Intangible Assets

Description	2018-2019 KShs	2017/2018 KShs
Intangible assets (software)	-	-
Total	-	-

22(a) TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020 KShs	2018-2019 KShs
Trade payables	589,084	1,148,574
Fees paid in advance	7,207,109	2,518,260
Other Payables	12,735,002	13,150,466
Total trade and other payables	20,531,195	16,817,300

22 (b) PROVISION FOR AUDIT FEES

Description	2019-2020 KShs	2018-2019 KShs
Audit fees	1,320,534	660,267
Total	1,320,534	660,267

23. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020 KShs	2018-2019 KShs
Caution money	442,000	442,000
Total deposits	442,000	442,000

24. DEFERRED INCOME

Description	2019-2020 KShs	2018-2019 KShs
National government	-	-
Total deferred income	-	-

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24.DEFERRED INCOME(Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

25. TRANSFERS TO MINISTRY DEPARTMENTS AND AGENCIES

DESCRIPTION	2019-2020		2018-2019	
	KShs		KShs	
Deployments grants	10,000,000		-	
Total	10,000,000		-	

26.FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

26. FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	45,503,871	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	19,300,079	-	-	-
Total	64,803,950	-	-	-
At 30 June 2019				
Receivables from exchange transactions	25,260,905	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	23,536,222	-	-	-
Total	48,797,127	-	-	-

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

The entity has significant concentration of credit risk on amounts due from The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

26. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Deferred income	-	-		
Trade payables	20,531,195	-	-	20,531,195
Total	20,531,195	-	-	20,531,195

(iii) Market risk

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

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

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

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

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

Foreign currency sensitivity analysis

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

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
2020			
Euro	10%		
USD	10%		
2019			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 00 (2016: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 00 (2012 – KShs 00)

iv) Capital Risk Management

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

	2019-2020 Kshs	2018-2019 Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing		

27. RELATED PARTY BALANCES

Nature of related party relationships

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RELATED PARTY BALANCES

Government of Kenya

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

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

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total		
b) Grants from the Government		
Grants from National Govt	23,898,100	19810,600
Grants from County Government	-	-
Donations in kind	-	-
Total	23,898,100	19810,600
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total		
d) Key management compensation		
Directors' emoluments	869,000	911,315
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	869,000	911,315

28. SEGMENT INFORMATION

Mukiria Technical Training Institute operates in one geographical region and therefore IPSAS 18 on segmental reporting doesn't apply.

29. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. CAPITAL COMMITMENTS

Capital commitments	2019-2020 Kshs	2018-2019 Kshs
Authorised for (masonry shed)		-
Authorised and contracted for (Tuition Block)		-
Total		-

31. EVENTS AFTER THE REPORTING PERIOD

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

32. ULTIMATE AND HOLDING ENTITY

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

33. CURRENCY

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

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

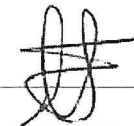
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Ist year to be audited by office of auditor general				
1.0					
1.1					

Principal



Chairman of the Board



Date.....

17/02/2021

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Tuition Block	1	Ministry of Education	2018/2019		no	yes
	2					

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
						Ministry of education capital development fund.

**MUKIRIA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2020**

APPENDIX III: INTER-ENTITY TRANSFERS

INSTITUTE NAME:	Mukiria Technical Training Institute		
	Break down of Transfers from the State Department of technical and vocational training		
FY 2019/2020			
a. capitataion Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	10/7/2019	12,735,000	2018/2019
	18/10/2019	2,602,500	2019/2020
	7/5/2019	2,122,500	2019/2021
	3/7/2020	2,362,500	2019/2020
	Total	19,822,500	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	8/7/2019	4,075,600	2018/2019
	Total	4,075,600	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Total	0	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Total	0	

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

Finance Officer
Mukiria Technical Training Institute

Sign -----



MUKIRIA TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30 2020

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	as per bank statement	Nature: Recurrent/Dev elopment/Other s	Total Amount - KES	Statement of Financial Performan ce	Capital Fund	Defer red Inco me	Recei vable s	Others - must be specific	Total Transfers during the Year	Where Recorded/recognized										
Ministry of Education	10/7/2019		Capitation	12,735,000	-	-	-	-	-	12,735,000											
Ministry of Education	18/10/2019		Capitation	2,602,500	-	-	-	-	-	2,602,500											
Ministry of Education	7/5/2019		Capitation	2,122,500	-	-	-	-	-	2,122,500											
Ministry of Education	3/7/2020		Capitation	2,362,500	-	-	-	-	-	2,362,500											
Ministry of Education	11/3/2019		Development	2,037,800	-	-	-	-	-	2,037,800											
Ministry of Education	8/10/2018		Development	2,037,800	-	-	-	-	-	2,037,800											
Total				23,898,100	0	0	0	0	0	23,898,100											

