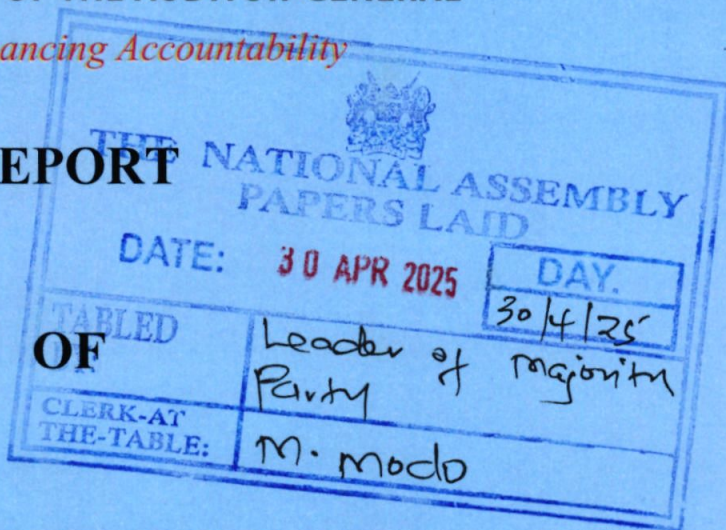
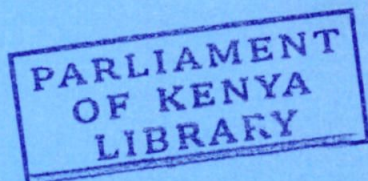


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



THE AUDITOR-GENERAL

ON

**SHANZU TEACHERS TRAINING
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2024**



SHANZU TEACHERS TRAINING COLLEGE.

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2024**

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

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Table of Contents

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	The Board of Management.....	viii
4.	Key Management Team	xiv
5.	Chairman’s Statement	xvi
6.	Report of the Chief Principal	xvii
7.	Statement of Performance against Predetermined Objectives	xix
8.	Corporate Governance Statement.....	xxii
9.	Management Discussion and Analysis.....	xxiv
10.	Environmental And Sustainability Reporting Statement	xxvii
11.	Report of the Board of Management.....	xxix
12.	Statement of Board of Management’s Responsibilities	xxx
13.	Report of the Independent Auditor	xxxii
14.	Statement of Financial Performance For The Year Ended 30 June 2024	1
15.	Statement of Financial Position As At 30th June 2024.....	2
16.	Statement of Changes in Net Asset For The Year Ended 30 June 2024	3
17.	Statement of Cash Flows For The Year Ended 30 June 2024.....	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024	5
19.	Notes to the Financial Statements	7
20.	Appendices	30

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Shanzu Teachers Training College is a government institution that offers training for primary school teachers, early childhood development teachers, business studies, and other technical courses. Established in 1966, the college has consistently held graduations, producing some of the best students in academics and co-curricular activities. The college is situated along the Mombasa-Malindi highway, about 17 km from Mombasa town. The institution draws students from all over the country, preparing them to teach in early primary or primary institutions and work anywhere in the country.

Initially, the college offered a two-year certificate course, but it currently offers a three-year diploma course in both primary and early childhood teacher education, as well as business-related courses.

b) Principal Activities

The Principal Activity /mission/mandate of college is as follows:

Activities

- **Teacher Training:** The college provides comprehensive training programs for aspiring primary school teachers and early childhood development educators, equipping them with the knowledge, skills, and methodologies necessary to excel in the classroom.
- **Technical and Business Studies:** The institution offers courses in business studies and various technical fields, preparing students for careers in administration, management, and technology
- **Curriculum Development:** The college actively participates in the development and enhancement of educational curricula to ensure that it meets the current demands of the education sector and aligns with national and international standards.
- **Professional Development:** The college provides continuous professional development opportunities for in-service teachers and education professionals, enabling them to upgrade their skills and stay updated with the latest educational trends.
- **Research and Innovation:** The institution engages in research activities to contribute to the body of knowledge in education, business, and technology. It also fosters innovation in teaching and learning practices.
- **Community Engagement:** Shanzu Teachers Training College is committed to engaging with the local community through outreach programs and initiatives aimed at promoting education and socio-economic development.

Key entity information and management(continued)

Mission

To provide high-quality education and training that produces professional and competent teachers, human resource personnel, business administrators, and technology experts who contribute to the socio-economic development of Kenya and beyond.

Mandate

The mandate of Shanzu Teachers Training College is to train teachers and produce quality human resource personnel, business administrators, and technology experts. The college is responsible for providing leadership in designing and implementing strategies that support sustainable socio-economic development.

Core value

Professionalism, Discipline, Integrity, Accountability, Commitment, Team work, Quality assurance and Courtesy.

Our Motto and Slogan

"Elimu Huangaza. It can be done; play your part."

Objectives

- To attain a 100% trainee completion rate.
- To support trainees by requesting CDF to provide bursaries and sponsorships.
- To improve and expand the college's infrastructure.
- To instill a high level of professionalism in all college operations.
- To implement security measures for safeguarding college assets.
- To enhance competitiveness by ensuring continuous improvement in all areas of the college's training and service delivery.
- To increase the application of ICT within the college.
- To develop and implement a human capital development program.
- To develop and institutionalize wellness programs within the college.
- To increase the college's level of corporate social responsibility.

Key entity information and management(continued)

c) Key Management

The day-to-day management of the college is overseen by the following key personnel:

- Board of Management(B.O.M)
- Accounting Officer/Chief Principal/Secretary, B.O.M.
- Deputy Principal
- Registrar/Dean of Curriculum
- Dean of Students
- Finance Officer
- Procurement Officer

d) Fiduciary Management

The Key Management personnel who held office during the period ended 30th June,2024 and who had direct fiduciary responsibility were:

	Name	Designation
1.	Dr.Peter K.Ekabu	Chief Principal/Secretary, B. O. M.
2.	Lilian M.Musembi	Deputy Principal
3.	Harun Njoroge	Dean of Curriculum
4.	Selina Abuko	Dean of Students
5.	Khadija Awadh	Head of Finance
6.	William Baraka	Procurement Officer

(e) Fiduciary Oversight Arrangements

The fiduciary oversight of Shanzu Teachers Training College is structured through a set of key committees and activities that ensure accountability, transparency, and effective management of resources. These arrangements include:

Audit and Risk Committee Activities:

- The Audit and Risk Committee is responsible for overseeing the financial reporting process, audit activities, and internal controls.
- The committee reviews financial statements, audits, and risk management policies to ensure compliance with relevant regulations and standards.
- It identifies and mitigates potential risks that could affect the college's operations and financial health.

Finance and Operations Committee Activities:

- This committee monitors and reviews the college's financial planning, budgeting, and operational performance.
- It ensures that financial resources are allocated effectively and that operations align with the college's strategic goals.
- The committee also oversees procurement processes, ensuring transparency and adherence to procurement regulations.

Key entity information and management(continued)

Academic Committee Activities:

- The Academic Committee is tasked with overseeing the quality and standards of education provided by the college.
- It reviews and approves curricula, academic policies, and programs to ensure they meet both national and international standards.
- The committee also monitors student performance, faculty qualifications, and the overall academic environment.

Development Partner Oversight Activities:

- The college collaborates with various development partners, and this committee oversees the proper use of funds and resources provided by these partners.
- The committee ensures that projects funded by development partners are implemented according to agreed-upon terms and that reporting and accountability standards are maintained.
- Regular audits and evaluations are conducted to assess the impact and effectiveness of development partner contributions.

Other Oversight Activities:

- Additional oversight activities include the establishment of internal audit functions, periodic external audits, and the implementation of an ethics and compliance program.
- The college also engages in regular reviews and assessments to ensure continuous improvement and adherence to best practices in governance and management.

(f) Entity Headquarters

P. o. Box 90533 80100
Shanzu Teachers Training College,
Along Mombasa Malindi Road.
MOMBASA.

(g) College Contacts

Telephone: (254 724 993 746)
Email: shanzuttc@yahoo.com
Website: info@shanzuttc.ac.ke

(h) College Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O Box 60000
City Square 00200
Nairobi, Kenya

Key entity information and management(continued)

Other Commercial Banks.

1. National Bank,
Nkrumah Road Branch,
P. O. Box 90363 80100,
MOMBASA.
Email: Nkrumah@nationalbank.co.ke

2. Equity Bank,
Digo Road Branch,
P. O. Box 90016 80100
MOMBASA.
Email: info@equitybank.co.ke

3. Kingdom Bank
Mtwapa Branch,
P. O. Box 22741 00400
NAIROBI.
Email: infor@kingdombankltd.co.ke
Website: www.kingdombakltd.co.ke

(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

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

3.The Board of Management

SN	Name	Designation
1.	Rev.Dr.Alphonse Mwaro Baya	Chair Person
2.	Ms.Dorothy Auma	Vice Chairperson
3.	Rev.Patrick Kimuu	Member
4.	Dr. Winfred Kithinji	Member
5.	Fr.Simoki Dodoy	Member
6.	Mr.Abdulaziz Shekuwe Athman	Member
7.	Mr.Benjamin Mwawasi	Member
8.	Mr.Juma Muhamed Mshimu	Member
9.	Dr.Eric Katana Lewa	Member
10.	Mr.Athrash Muhamed Ali	Member
11.	Ms.Elizabeth Kabui	Member
12.	Ms.Saumu O.Mumbo	Member
13.	Ms.Everlyne Simiyu	Member
14.	Dr.Peter K.Ekabu	Chief Principal /Secretary B.O.M

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024
The Board of Management(Continued)



Rev. Dr. Alphonse Baya

Rev. Dr. Alphonse Mwaro Baya was born in 1978. He holds a Doctor of Divinity degree from Nations Christians University International, Texas, USA, a Master of Arts in Mission from Kenya Methodist University (KEMU), and a Master of Philosophy in Theology from St. Alcuin House, USA. He has attended numerous courses in church ministry and leadership, both domestically and internationally. Currently, he serves as the Bishop of the Anglican Church of Kenya (ACK) in Mombasa and holds the position of Chairman of the Board of Management (B.O.M) at Shanzu Teachers Training College.



Ms. Dorothy Auma

Ms. Dorothy Auma was born in 1978 and is a lawyer by profession, with extensive experience in the legal field. She holds a Bachelor of Laws degree (LLB) from the University of Nairobi and is currently pursuing a Master of Laws degree (LLM) in Corporate Law at the University of South Africa. Currently, she works at the County Assembly of Mombasa as the Director of Legislative, Procedural, and Committee Services. She is a B.O.M member of Shimo La Tewa High school. She also serves as the Vice Chairperson of the Board of Management, representing the local community



Rev. Patrick Kimuu

Rev. Patrick Kimuu was born in 1984 and holds a bachelor's degree in Theology from Kenya Methodist University, along with a postgraduate diploma in Leadership and Ministerial Formation. With extensive experience in church leadership and community services, he currently serves as a senior minister with the Methodist Church in Kenya. Additionally, he represents the sponsor in the board and a member of various committees of the Board.



Dr. Winfred Kithinji

Dr. Winfred Kithinji is a trained teacher with over 20 years of experience in education, teacher training, leadership, and management. She has been extensively involved in education research and policy development. She holds a Ph.D. in Education with a focus on Curriculum Studies and Instruction from the Catholic University of East Africa, a master's degree in Distance Education from the University of Nairobi, and a bachelor's degree in Education from Kenyatta University. Additionally, she has various professional training and certifications in education. She has been a BOM member of various schools. Previously worked as a lecturer at Kenya Methodist University (KEMU) and rose to the position of Director. She currently works at Aga Khan University as a project Director. She represents the local community and the chair of Academic committee of the Board.



Fr. Simoki Dodoy

Fr. Simoki Dodoy is a Catholic priest. Currently in charge of our lady perpetual catholic church Makupa-Mombasa. He holds a B.A degree in philosophy from Catholic University, a B.A degree in Theology from Urbanian university-Rome. He is also the Director Jesemaria Escriva Academy-Makupa. He serves as a representative of sponsors in the board.



Mr. Abdulaziz S. Athman

Mr. Abdulaziz Shekuwe Athman is an ICT expert with various certifications and extensive experience in the sector. He is also a community worker and a Board of Management (BOM) member of Shimo La Tewa High School. Currently, he works with the County Assembly of Mombasa as a nominated member, representing persons with disabilities in the legislative office. He also represents persons with disabilities in the Board and a member of the Audit committee of the Board.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024
The Board of Management (Continued)



Mr. Benjamin Mwawasi

Mr. Benjamin Mwawasi holds a masters degree in Education with a focus on Curriculum Studies, as well as a Bachelor's degree in Education from Kenyatta University. Presently, he serves as a lecturer and coordinator at the School of Education and Social Science, Mombasa branch, of Kenya Methodist University (KEMU). He serves as a BOM member of several schools. He represents the local community on the board.



Mr. Juma M. Mshimu

Mr. Juma Muhammed Mshimu was born in 1962. He holds bachelor's and master's degrees in Education from the University of Nairobi. He is an experienced educator who has served as the head of several schools, including Shimo La Tewa High School and Alidina Visram High School, until his retirement in 2022. Additionally, he has previously served as the chairman of the Kenya Secondary Schools Heads Association (KSSHA) in Mombasa County. He represents the local community in the board.



Dr. Eric Katana Lewa

Dr. Eric Katana Lewa was born in 1978. He holds a Ph.D. degree in Business Administration from J.K.U.A.T, With a wide range of experience in the corporate world. He has held various positions such as Chief Manager at K.R.A., Principal at Kenya Revenue Authority School, and recently appointed as CEO of Bandari College, Mombasa. Additionally, he represents the county education board in the board and is the chairman of the Finance, Procurement, and General-Purpose Committee.

The Board of Management(Continued)



Mr. Athrash M. Ali

Mr. Athrash M. Ali is a career educationist who has served as a District Education Officer and Development Officer at Aga Khan foundation. He has a wide experience in project management in the Education sector and N.G.O.



Ms. Elizabeth Kabui

Ms. Elizabeth Kabui was born in 1960 .She holds a bachelor's degree in education and is a retired school principal. She chairs the committee of Audit in the board.She also represents special interest in the Board.



Ms. Saumu O. Mumbo

Ms. Saumu O. Mumbo was born in 1960. She holds a bachelor's degree in education .She is a career teacher who advanced through the ranks to the position of Curriculum Support Officer before retiring. Additionally, she serves as a Board of Management (BOM) member at Shimo La Tewa High School. She represents the community in the board.



Ms. Everlyne Simiyu

Ms. Everlyne Simiyu was born in 1972. She holds a bachelor's degree in Education specializing in Arts and Crafts. Currently, she serves as the Practicum Director in the college. She represents the college tutors in the board.







Dr. Peter K. Ekabu

Dr Peter K. Ekabu, Chief Principal


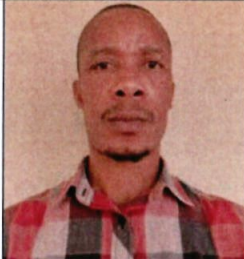
Born in 1965. He possesses a rich teaching career spanning over 34 years. He has held various roles in the education sector, including 5 years as a Deputy Principal, 17 years as a secondary school Principal, and 5 years as a college Principal. Dr. Ekabu holds both a Bachelor's and a Master's degree in Education from Kenyatta University. He also earned a Ph.D. in Education Administration and Planning from the University of Nairobi and holds certificates in strategic leadership and management from the Kenya Institute of Management, among others. He is an active member of professional organizations, including the Kenya Institute of Management (KIM), the Society for Human Resource Management (S.H.R.M), and the Kenya Association of Education Administrators and Management (KAEAM).

4.Key Management Team

<i>SN.</i>	<i>Member</i>	<i>Details</i>
1.	 <p>Dr. Peter K. Ekabu B.E.D,M.E.D(KU),PHD(Nairobi),Diploma in Education Management(KEMI), Cert in Strategic Leadership and Management (K.I.M)</p>	Chief Principal
2.	 <p>Mrs. Lilian M. Musembi B.E.D(KU),M.E.D(KU).Diploma in Education management(KEMI)</p>	Deputy Principal
3.	 <p>Mr. Njoroge Harun B.E.D(KU)</p>	Dean of Curriculum/Registrar
4.	 <p>Mrs.Selina Abuko B.E.D (KU) & M.E.D(Guidance & Counselling)</p>	Dean of Students

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Key Management Team (Continued)

<i>SN.</i>	<i>Member</i>	<i>Details</i>
5.	 <p>Ms. Khadija Awadh ACNC 1&2, CPA 1)</p>	College Bursar
6.	 <p>Mr. William Baraka Bcom(procurement option), Dip. in PMN</p>	Procurement officer

5. Chairman's Statement



I am pleased to present this report highlighting the key activities and milestones achieved during the financial year 2023/2024. Our college continues to make significant strides in providing quality education and training to our students, preparing them to excel in their respective fields and contribute positively to society.

Key Activities and Successes

During the year, the college successfully consolidated its efforts in enhancing academic standards and improving the overall learning environment. We have made notable progress in the implementation of our strategic plan, particularly in expanding our infrastructure and integrating ICT in our teaching and administrative processes. Our dedicated staff and faculty have continued to uphold the highest standards of professionalism, ensuring that our students receive the best possible education and training.

Grants and Financial Support

We are grateful to the Ministry of Education for the grants and financial support received during the year. These funds have been instrumental in supporting various initiatives, including the expansion of our infrastructure. The continued support from the ministry is vital to our growth and success, and we remain committed to utilizing these resources effectively to achieve our objectives.


Challenges

Despite our successes, we have faced several challenges during the year. The rising costs of infrastructure development, coupled with the need for more advanced technology and equipment, have strained our financial resources. Additionally, we continue to grapple with the challenge of maintaining a high trainee completion rate in the face of socio-economic factors that affect our students. Security concerns and the need for more robust measures to safeguard our assets have also been a priority.

The Way Forward

Looking ahead, we are focused on addressing these challenges and positioning Shanzu Teachers Training College as a leader in education and training. We plan to intensify our efforts in resource mobilization, seeking partnerships with both local and international stakeholders to support our programs. We are also committed to further enhancing our infrastructure, renovating college buildings, and improving our security systems. In addition, we will continue to foster a culture of excellence, ensuring that our students and staff uphold the values that define our institution.

In conclusion, I would like to extend my sincere gratitude to the entire Board of Management, our staff, students, and all our stakeholders for their unwavering support and dedication. Together, we will continue to build on our successes and overcome the challenges we face, ensuring a bright future for Shanzu Teachers Training College.


Rev. Dr. Alphonse Baya
Chairman, Board of Management
Shanzu Teachers Training College
Date: 23/09/2024

6. Report of the Chief Principal



It is with great pleasure and appreciation that I present the report for the financial year 2023/2024. This year has been marked by significant achievements, bolstered by the continued support from the Ministry of Education, our partners and stakeholders, as well as the unwavering dedication of our staff and students.

Grants and Financial Support

The Ministry of Education provided us with a generous grant totaling Kshs. 17,283,739 during this financial year. This funding was crucial in covering the salaries of our non-teaching staff and catering to other essential vote heads, as directed by the Ministry. This financial assistance has enabled us to maintain smooth operations and ensure that our non-teaching staff, who play a vital role in the day-to-day functioning of the college, are adequately compensated.

Infrastructure Developments and Renovations

This year, we have also seen significant improvements in our infrastructure, thanks to the generous contributions from our partners. The Safaricom Foundation undertook the renovation of our ICT lab, equipping it with the latest technology and installing CCTV cameras to enhance the security of the facility. This development has greatly improved our capacity to deliver modern, technology-driven education to our students.

Additionally, the Ministry of Education, through the Kenya Primary Education Learning Levels (KPELL) project, facilitated the renovation and partitioning of our Learning Resource Centre (LRC). This upgrade has transformed the LRC into a more functional and conducive learning environment, benefiting both our students and faculty.

Furthermore, we completed renovations of several key facilities within the college. These include the Shapa classrooms, DPTE classrooms, Nyayo Hall, and the college canteen. These renovations have not only improved the aesthetics of our college but have also created a more comfortable and efficient environment for learning and social interaction.

Challenges and Financial Performance

Despite our successes, we faced challenges during the year, particularly in managing the rising costs associated with infrastructure development and maintenance. The financial performance of the institution remains stable, though we must continue to be vigilant in resource management to ensure sustainability. The grant from the Ministry of Education was instrumental in offsetting some of these costs, but we will need to explore additional funding sources and partnerships to meet future demands.

The Way Forward

As we look ahead, our focus will be on further enhancing our infrastructure, expanding our academic programs, and improving the overall quality of education and training provided at Shanzu Teachers Training College. We are committed to fostering a culture of excellence and innovation, ensuring that our students are well-prepared to meet the challenges of the modern world.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Report of the Chief Principal(continued)

In closing, I would like to extend my heartfelt thanks to our Board of Management, staff, students, and all our partners for their continued support and commitment. Together, we have made significant strides this year, and I am confident that we will continue to build on these successes in the years to come.



Dr. Peter K. Ekabu
Chief Principal/Secretary BOM
Shanzu Teachers Training College
Date: 23/09/2024

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

7. Statement of Performance against Predetermined Objectives

In compliance with Section 81, Subsection 2(f) of the Public Finance Management Act, 2012, this statement outlines the performance of Shanzu Teachers against predetermined objectives as articulated in the Strategic Plan for FY 2024-FY 2028. The institution's strategic pillars are crucial in shaping our objectives, driving activities, and measuring success.

These strategic pillars are as follows:

1. **Academic Performance Standards**
2. **Inadequate Funds for Various College Activities and Programmes**
3. **Inadequate Physical Facilities and Maintenance**
4. **Enhancing Professionalism**
5. **Security of College Assets**
6. **Competition from Other Institutions**
7. **Management of Transport for Local Errands**
8. **Application of ICT in the College**
9. **Enhancement of Appropriate Human Capital Development**
10. **Prioritization of Cross-Cutting Issues**
11. **Enhancement of Social Corporate Responsibility**

The institution's annual work plans are developed around these strategic pillars, with quarterly assessments of the Board's performance against these plans. The performance targets set for FY 2023/2024 were achieved across all strategic pillars, underscoring the effectiveness of our strategic approach. Below is a detailed performance analysis based on the key strategic pillars.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1. Academic Performance Standards	To enhance academic performance through improved teaching standards and student support.	-Improvement in student pass rates -Number of professional development sessions for teachers	Implementation of teacher training programs Introduction of student mentorship initiatives	100%
Pillar 2. Inadequate Funds for Various College Activities and Programmes	To secure and optimize financial resources for college activities.	Percentage increase in funding Number of new funding sources identified	Engagement with potential donors and stakeholders Budget reallocation for priority activities	100%

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar3. Inadequate Physical Facilities and Maintenance	To improve and maintain college infrastructure.	-Number of facilities renovated or constructed - Maintenance completion rate	Renovation of classrooms Regular maintenance schedules implemented.	50% Ongoing
Pillar4. Enhancing Professionalism	To promote professionalism among staff and students.	Compliance with professional codes of conduct Number of professionalism training sessions	Professionalism workshops for staff and students Implementation of a professional code of conduct	100%
Pillar5. Security of College Assets	To ensure the safety and security of college assets.	Reduction in incidents of asset loss or damage Installation of security systems	Installation of CCTV cameras Regular security audits	On going On going
Pillar6 Competition from Other Institutions	To enhance the college's competitive edge.	Increase in student enrollment Expansion of course offerings	Marketing campaigns to attract new students Development of new academic programs	100% 100%
Pillar 7. Management of Transport for Local Errands	To streamline the management of transport resources.	Reduction in transport costs Efficiency in transport logistics	Optimization of transport schedules	
Pillar 8. Application of ICT in the College	To enhance ICT integration in teaching, learning, and administration.	Increase in digital literacy among staff and students Implementation of ICT systems	ICT training for staff and students Installation of new ICT infrastructure	On going 100%

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Statement of Performance against Predetermined Objectives (continued)

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 9: Enhancement of Appropriate Human Capital Development	To develop and retain skilled personnel.	Staff retention rate	Professional development programs	100%
		Number of training and development programs	Performance appraisal systems	Ongoing
Pillar 10: Prioritization of Cross-Cutting Issues	To integrate cross-cutting issues into the college's strategic planning.	Number of initiatives addressing cross-cutting issues	Workshops on gender, environment, and inclusivity	100%
		Integration of issues into curriculum and policies	Policy revisions to include cross-cutting issues	100%
Pillar 11: Enhancement of Social Corporate Responsibility	To strengthen the college's engagement with the community.	Number of community projects undertaken	Community service programs	Ongoing
		Level of community engagement and satisfaction	Partnership with local organizations	

Shanzu Teachers' performance during the FY 2023/2024 has demonstrated substantial progress across all strategic pillars, fulfilling our predetermined objectives and furthering our commitment to excellence in education and community engagement. The institution remains focused on sustaining and enhancing these achievements in the coming years.

8. Corporate Governance Statement

This report provides an overview of the corporate governance practices and activities undertaken during the financial year 2023/2024. Our commitment to upholding the highest standards of governance has been demonstrated through our adherence to a well-defined governance framework, including the establishment of a Board Charter, the structured process for Board appointments and removals, and ongoing efforts to ensure effective leadership and oversight.

Board Charter

The Board operates under a comprehensive Board Charter that outlines its roles, responsibilities, and the principles guiding its operations. The Charter serves as a foundational document that ensures the Board functions with transparency, accountability, and in alignment with the organization's strategic objectives. It also defines the scope of the Board's authority and the responsibilities of individual Board members, including their duties in relation to the organization's stakeholders.

Appointment and Removal of Board Members

The process of appointing and removing Board members is conducted with strict adherence to our governance policies and the provisions of the Board Charter. During the financial year 2023/2024, the tenure of the former Board of Management (BOM) expired on 22nd October 2023. In line with our succession plan, a new Board of Management was appointed, and the inaugural meeting took place on 23rd November 2023. The selection process for new members focused on ensuring a diverse and skilled Board capable of guiding the organization towards achieving its goals.

Succession Planning

Our succession plan is designed to ensure continuity in leadership and the seamless transition of responsibilities within the Board. The plan identifies potential future leaders and provides opportunities for their development. This proactive approach ensures that the Board remains resilient and prepared to address the evolving needs of the organization.

Roles and Functions of the Board

The Board is responsible for providing strategic direction, oversight, and guidance to the organization. It plays a critical role in setting the overall strategy, approving major decisions, and monitoring the implementation of policies. The Board also ensures that the organization operates in compliance with legal and regulatory requirements, maintains financial integrity, and upholds ethical standards. Each Board member is expected to contribute their expertise and judgment to the decision-making process, ensuring that the organization's interests are always prioritized.

Board Meetings and Attendance

During the financial year 2023/2024, the Board held several meetings for each of its key committees. These meetings were convened to review and approve strategic initiatives, monitor financial performance, and address challenges facing the organization. Attendance at these meetings was consistently high, reflecting the commitment of Board members to fulfilling their duties. All members were expected to attend unless extenuating circumstances prevented them from doing so.

Corporate Governance Statement(continued)

Conflict of Interest

The Board maintains a strict policy on conflict of interest, requiring all members to declare any potential or actual conflicts before deliberating on relevant matters. This policy ensures that decisions are made impartially and in the best interest of the organization. Any declared conflicts are recorded in the minutes of the meeting, and affected members are required to recuse themselves from the discussion and decision-making process.

Induction and Training

To ensure that new Board members are well-equipped to perform their roles effectively, an induction and training program was conducted on 23rd and 24th February 2024 at Mombasa Beach Hotel. This program provided the new members with a comprehensive understanding of the organization's operations, governance framework, and their responsibilities as Board members. Continuous training and development are also encouraged to ensure that all members remain informed of the latest trends and best practices in corporate governance.

Board and Member Performance

The performance of the Board and its individual members is evaluated regularly to ensure that they are fulfilling their responsibilities effectively. This evaluation process includes self-assessments, peer reviews, and feedback from key stakeholders. The results of these evaluations are used to identify areas for improvement and to enhance the overall effectiveness of the Board.

Board Remuneration

Board members are compensated in accordance with the organization's remuneration policy, which is designed to attract and retain qualified individuals while ensuring that remuneration is fair and reflective of the time and effort contributed by each member. The policy is reviewed periodically to ensure alignment with industry standards and organizational performance.

Ethics and Conduct

The Board upholds the highest standards of ethics and conduct, as outlined in the organization's Code of Conduct. All members are required to act with integrity, transparency, and accountability in their dealings with the organization and its stakeholders. Any breaches of the Code of Conduct are addressed promptly and in accordance with the organization's disciplinary procedures.

Governance Audit

A governance audit was conducted during the financial year 2023/2024 to assess the effectiveness of the Board's governance practices. The audit report highlighted areas of strength, such as the Board's commitment to ethical conduct and transparency, as well as areas for improvement. The Board has since implemented the recommended changes to enhance its governance framework and ensure continued alignment with best practices.

In conclusion, the financial year 2023/2024 was a period of significant transition and growth for the organization. The successful inauguration of a new Board of Management and the implementation of a robust governance framework have positioned the organization for continued success in the years to come. We remain committed to maintaining the highest standards of corporate governance and to serving the best interests of our stakeholders.

9. Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) report provides an overview of the operational and financial performance of the organization during the financial year 2023/2024. It includes key projects and investment decisions, compliance with statutory requirements, major risks, material arrears, and other relevant information to aid users of the financial statements in understanding the organization’s performance and outlook.

Operational Performance

Student Enrolment

One of the most significant achievements this year has been the substantial increase in student enrollment. During the financial year 2022/2023, the total number of enrolled students was 501. In 2023/2024, enrollment surged to 803 students, reflecting a growth rate of approximately 60.3%. This increase is indicative of the growing demand for our programs and the effectiveness of our recruitment and retention strategies.

Student Enrollment Comparison (2022/2023 vs. 2023/2024)

Academic year	Number of students
2022/2023	501
2023/2024	803

This rise in enrollment has positively impacted our revenue streams, allowing us to reinvest in educational resources, infrastructure, and student services.

Financial Performance

Ministry Grant Funding

The organization received a grant from the Ministry of Education, which forms a crucial part of our funding. In the last financial year (2022/2023), we received a total grant of Kshs. 18,681,047. However, in the current financial year 2023/2024, the grant amount decreased slightly to Kshs. 17,283,739, marking a reduction of approximately 7.5%. While this reduction posed some budgetary constraints, the organization managed to maintain operational efficiency without compromising the quality of services provided.

Ministry Grant Comparison (2022/2023 vs. 2023/2024)

Financial year	Grant Amount(kshs.)
2022/2023	18,681,047
2023/2024	17,283,739

Management Discussion and Analysis(continued)

Revenue and Expenditure Analysis

Despite the reduction in grant funding, the significant increase in student enrollment has bolstered our tuition revenue, which helped to offset the lower grant. The management implemented cost-saving measures and optimized resource allocation to ensure the financial sustainability of the organization.

Key Projects and Investments

During the financial year 2023/2024, the organization focused on several key projects (Renovation of college buildings) in order to enhance quality of education and improving infrastructure:

- **Infrastructure Development:** We invested in upgrading classrooms and dorm facilities to accommodate the increased student population. This project is ongoing and expected to be completed in the next financial year.
- **Staff Training and Development:** Continuous professional development programs were conducted for staff members to ensure they are equipped with the latest skills and knowledge, particularly in using new technologies and teaching methodologies.

Compliance with Statutory Requirements

The organization has consistently complied with all statutory requirements throughout the financial year 2023/2024. We faced no challenges in meeting our obligations, which include tax filings, audit requirements, and adherence to educational regulations. This compliance underscores our commitment to operating within the legal framework and maintaining the highest standards of governance.

Major Risks and Mitigation Strategies

While the organization has performed well, certain risks were identified during the financial year 2023/2024:

- **Funding Volatility:** The reduction in grant funding is a significant risk that could impact our financial stability. To mitigate this, the management has focused on diversifying revenue sources, including expanding our academic programs and enhancing marketing efforts to attract more students.
- **Infrastructure Capacity:** With the increase in student enrollment, there is a risk of overburdening our current infrastructure. Ongoing repairs and fabrication of student chairs and beds are part of strategy to manage the risk.

Material Arrears and Financial Obligations

There were no material arrears in statutory or other financial obligations during the financial year 2023/2024. The organization has maintained a strong financial position, ensuring that all financial commitments are met in a timely manner.

Management Discussion and Analysis(continued)

Conclusion

The financial year 2023/2024 has been marked by both achievements and challenges. The significant increase in student enrollment and the successful implementation of key projects underscore the organization's commitment to growth and excellence. Despite the reduction in grant funding, our prudent financial management has ensured continued operational efficiency. Moving forward, the organization will continue to focus on strategic investments, risk mitigation, and compliance to sustain its growth and fulfill its mission.

This Management Discussion and Analysis provides a comprehensive overview of the year's performance, and we remain optimistic about the organization's future prospects.

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

At Shanzu Teachers Training College, sustainability is not just a policy but a core principle guiding our operations. The top management, led by the accounting officer, is committed to embedding sustainable practices across all levels of the institution. We recognize that our activities must align with broader societal and environmental goals, and we strive to contribute positively to both the local and global community.

Environmental Performance

Shanzu Teachers Training College has a comprehensive environmental club aimed at minimizing our ecological footprint. It outlines our commitment to reducing energy consumption, managing waste responsibly, and promoting biodiversity within and around our college.

Our successes include the implementation of the college-wide recycling program and the installation of solar panels to reduce our reliance on non-renewable energy sources. We are planning to make strides in water conservation through the use of rainwater harvesting systems.

Employee Welfare

Our hiring policies are designed to be inclusive, ensuring a balanced gender ratio and reflecting the diversity of our community. Stakeholder engagement is a key component of our hiring process, with regular consultations held to review and improve our policies.

We are committed to the continuous professional development of our staff. Regular training sessions, workshops, and seminars are organized to enhance skills and career progression. Our appraisal and reward systems are merit-based, recognizing and rewarding excellence and commitment.

Shanzu Teachers Training College strictly adheres to the Occupational Safety and Health Act of 2007 (OSHA). We have comprehensive safety policies in place, including regular safety drills and training for all staff. We are proud to maintain a safe and healthy working environment for all employees.

Marketplace Practices

- **Responsible Competition Practice**

Our institution is committed to fair and responsible competition. We adhere to anti-corruption laws, maintain transparency in our operations, and respect our competitors. We ensure that our involvement in political activities is responsible and aligned with our ethical standards.

- **Responsible Supply Chain and Supplier Relations**

We uphold high standards in our supply chain management, ensuring that all suppliers are treated fairly. Contracts are honored, and payments are made promptly. We also engage with our suppliers regularly to ensure that they adhere to ethical and sustainable practices.

Environmental And Sustainability Reporting Statement (continued)

• **Responsible Marketing and Advertisement**

Our marketing and advertisement efforts are conducted with integrity, ensuring that all information provided to prospective students and the public is accurate and ethical. We do not engage in misleading advertising and uphold the highest standards of honesty in all our communications.

• **Product Stewardship**

Shanzu Teachers Training College is committed to safeguarding consumer rights and interests. We ensure that our educational services meet the highest standards of quality and that our students are treated with respect and fairness. Feedback mechanisms are in place to continuously improve our offerings and address any concerns.

We actively promote education, sports, and healthcare initiatives within our community. Our staff are encouraged to participate in continuous training and development programs. Additionally, we support local water and sanitation projects, contributing to the well-being of our community.

Corporate Social Responsibility / Community Engagements

Shanzu Teachers Training College is deeply committed to community engagement through a variety of Corporate Social Responsibility (CSR) activities. Over the past year, we have conducted several impactful initiatives.

These activities have not only benefited the communities we serve but have also strengthened the relationship between the college and the local population, contributing to our reputation as a socially responsible institution

This report reflects our ongoing commitment to sustainability and community engagement. We are proud of the progress made but recognize that there is always room for improvement. We remain dedicated to advancing our sustainability efforts, enhancing employee welfare, and maintaining responsible marketplace practices.

11. Report of the Board of Management

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the college's affairs.

Principal activities

The principal activities of the college are stated on page v

Results

The results of the college for the year ended June 30 are set out on page 1-4

Board of Management

The members of the Board who served during the year are shown on page x-xv.

Auditors

The Auditor General is responsible for the statutory audit of the college in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the college for the year ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Secretary of the Board
Shanzu Teachers Training College
Date: 23/09/2024

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

12. Statement of Board of Management’s Responsibilities

Section 81 of the Public Finance Management Act, 2012, requires the Board of Management members to prepare financial statements in respect of Shanzu Teachers Training College, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of the College for that year. The Board of Management members are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board of Management members are also responsible for safeguarding the assets of the College.


The Board of Management members are responsible for the preparation and presentation of the College’s financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2024. 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 College, (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 College, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management members accept responsibility for the College’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012. The Board of Management members are of the opinion that the College’s financial statements give a true and fair view of the state of the College’s transactions during the financial year ended June 30, 2024, and of the College’s financial position as at that date. The Board of Management members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the principal has assessed the College’s ability to continue as a going concern. Nothing has come to the attention of the Board of Management members to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The College’s financial statements were approved by the Board on 23/09/2024 and signed on its behalf by:

.....

Name: Rev. Dr. Alphonse Baya
Chairperson of the Board of Management

.....

Name: Dr. Peter K. Ekabu
Accounting Officer/ Chief Principal

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SHANZU TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Shanzu Teachers Training College set out on pages 1 to 31 which comprise the statement of financial position as at 30 June, 2024 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

Report of the Auditor-General on Shanzu Teachers Training College for the year ended 30 June, 2024

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Shanzu Teachers Training College as at 30 June, 2024, 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.

Basis for Qualified Opinion

1. Inaccurate in Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.16,861,900. However, the prior year balance brought forward of Kshs.23,740,988 was overstated by Kshs.1,839,873 due to incorrect opening balance brought forward from the financial year 2021/2022 of Kshs.27,546,932. No restatement of the financial statements has been done to correct the error.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.16,861,900 could not be confirmed.

2. Inaccurate Property, Plant and Equipment Balance

The statement of financial position and Note 23 to the financial statements reflects property, plant, and equipment balance of Kshs.49,747,000 which includes additions during the year of Kshs.9,747,000 and Kshs.40,000,000 in respect of motor vehicles and computers respectively. However, Management did not depreciate the motor vehicles and the computers. Further, the balance excludes unknown value of land, buildings and furniture and fittings.

In the circumstances, the accuracy and completeness of the balance for property, plant and equipment of Kshs.49,747,000 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year's Audit Matters

In the audit report for the previous financial year, several issues were raised in respect of the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Management has indicated that some of the issues have been resolved while others have not been addressed. However, no evidence was provided to show action taken by Management to resolve the prior year's audit matters.

Other Information

Management is responsible for the other information set out on page iii to xxx which comprise of Key Entity Information and Management, Chairman's statement, Report of the Chief Principal, Statement of performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement, Report of the Board of Management and Statement of Board of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Shanzu Teachers Training College financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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 effect of 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. Non-compliance with the Law on Ethnic Composition

The statement of financial performance and Note 13 to the financial statements reflects employee costs of Kshs.18,447,841. Review of personnel records provided for audit revealed that the college had forty (40) employees as at 30 June, 2024, out

of which twenty-nine (29) or 72.5% were from the dominant ethnic community in the region contrary to the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff.

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

2. Irregular Finance Costs

The statement of financial position reflects borrowings balance of Kshs.35,014,740 . Further, the statement of financial performance reflects finance costs of Kshs.5,017,425 in respect of loan interest charged on the borrowings during the year. The accrued interest and principal amount to date total to Kshs.149,397,226 which is higher than the initial principal amount of Kshs.59,461,520 by Kshs.89,935,706 resulting to irregular extra payments of Kshs.30,474,186 above the allowable interest payable. The payments were contrary to Section 44A(2)(b) of the Banking Act, CAP.488, which provides that the maximum interest in accordance with the contract between the debtor and the institution, shall not exceed the principal owing when the loan becomes non-performing.

In the circumstances, the regularity of the payment of interest of Kshs.5,017,425 could not be confirmed.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Fund Management Committee

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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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.

The Management is responsible for overseeing the Shanzu Teachers Training College financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance For The Year Ended 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	17,283,739	18,681,047
		17,283,739	18,681,047
Revenue from Exchange transactions			
Rendering of services- fees from students	7	56,977,591	38,206,887
Sale of goods	8	1,457,240	1,942,185
Rental revenue from facilities and equipment	9	13,296,378	21,461,127
Finance income	10	13,359	12,197
Miscellaneous income	11	29,837,331	32,991,957
Revenue from Exchange transactions		101,581,899	94,614,353
Total Revenue		118,865,638	113,295,400
Expenses			
Use of goods and services	12	39,699,815	23,074,999
Employee costs	13	18,447,841	21,676,082
Board Expenses	14	739,000	991,000
Miscellaneous expenses	15	26,169,301	20,393,149
Repairs and maintenance	16	5,395,848	2,485,124
Income Generating activities Expenses	17	11,617,716	13,016,427
Rent expenses	18	156,235	1,035,616
Finance costs	19	5,017,425	5,402,892
Total Expenses		107,243,181	88,075,289
Net surplus/(deficit) for the year		11,622,457	25,220,111

(The notes set out on pages 20 to 29 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 4 were signed by:

.....

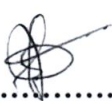

Chairman of Board

Date:23/09/2024

.....


Chief Principal

Date:23/09/2024

.....


Finance Officer

ICPAK No

Date:23/09/2024

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	20	16,861,900	23,740,988
Current receivables from exchange transactions	21	20,964,018	25,227,355
Inventories	22	862,314	645,203
Total Current Assets		38,688,232	49,613,546
Non-Current Assets			
Building		48,750,898	15,405,846
Property, plant, and equipment	23	49,747,000	
Total Non-Current Assets		98,497,898	15,405,846
Total Assets (A)		137,186,130	65,019,372
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	25	5,344,791	22,787,956
Refundable deposits from customers	26	-	1,500
Current provisions	27	60,261	110,931
Employee benefit obligation	28	-	894,840
Total Current Liabilities		5,405,052	23,795,227
Non-Current Liabilities			
Borrowings	29	35,014,740	39,172,316
Total non-current liabilities		35,014,740	39,172,316
Total Liabilities (B)		40,419,792	62,967,543
Net Assets(A-B)		96,766,338	2,051,829
Represented By:			
Revaluation Reserves		98,497,898	15,405,846
Capital Fund		-	-
Accumulated Surplus		(1,731,560)	(13,354,017)
Net Assets		96,766,338	2,051,829

The Financial Statements set out on pages 1 to 4 were signed by:

.....
Chairman of Council/Board

.....
Principal

.....
Finance Officer

Date:23/09/2024

Date:23/09/2024

ICPAK No
Date:23/09/2024

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

16. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated Fund	Capital Fund	Total
At July 1, 2022		(38,574,128)	-	(38,574,12)
Surplus/(deficit) for the year	-	25,220,111	-	25,220,111
At June 30, 2023	15,405,826	(13,354,017)		(13,353,997)
At July 1, 2023	15,405,826	(13,353,997)		2,051,829
Re-adjusted 1 July 2023	33,345,052		-	33,345,052
Revaluation gain	49,747,000			49,747,000
Re-adjusted 30 June 2024				33,345,072
Surplus/(deficit) for the year		11,622,457	-	11,622,457
At June 30, 2024	98,497,898	(1,731,560)	-	96,766,338

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

17. Statement of Cash Flows For The Year Ended 30 June 2024

Description		2023/2024	2022/2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		17,283,739	18,681,047
Rendering of services- fees from students		54,790,563	35,436,581
Sale of goods		1,457,240	1,942,185
Rental revenue from facilities and equipment		12,867,898	21,461,127
Finance income		13,359	12,197
Miscellaneous income		27,936,922	31,828,330
Prepayments		2,328,152	1,401,778
Fees arrears paid		8,555,754	2,016,177
Total Receipts		125,233,627	112,779,422
Payments			
Use of goods and services		42,730,632	23,074,999
Employee costs		21,810,204	21,676,082
Income gen. Activities expenses		11,617,716	13,016,427
Repairs and maintenance		5,395,848	2,485,124
Miscellaneous expenses		26,084,226	20,393,149
Board of Management		739,000	991,000
Rent expenses		156,235	1,035,616
Creditors paid		14,403,853	13,104,253
Finance cost		5,017,425	5,402,892
Total Payments		127,955,139	101,179,542
Net Cash Flows from operating activities		(2,721,512)	11,599,880
Cash flows from investing activities			
Construction of Msambweni TTC		-	(11,633,715)
Net Cash flows from investing activities		-	(11,633,715)
Cash flows from financing activities			
Repayment Of Borrowings		(4,157,576)	(3,772,110)
Net cash flows used in financing activities		(4,157,576)	(3,772,110)
Net Increase/(Decrease) in Cash and Cash equivalents		(6,879,088)	(3,805,945)
Cash and Cash equivalents at 1 July	20	23,740,988	27,546,933
Cash and Cash equivalents at 30 June	20	16,861,900	23,740,988

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization on Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	18,681,047	(1,448,563)	17,232,484	17,283,739	51,255	100%
Rendering of services	32,495,000	25,127,968	57,622,968	54,790,563	(2,832,405)	95%
Sale of goods	3,650,055	(2,330,055)	1,320,000	1,457,240	137,240	110%
Rental revenue from facilities	13,000,000	(1,000,000)	12,000,000	11,414,848	(585,152)	95%
Miscellaneous Income	35,042,710	-	35,042,710	27,936,922	(7,105,788)	80%
Rental Income	1,663,200	-	1,663,200	1,453,050	(205,150)	88%
Total Income	104,532,012	20,349,350	124,881,362	114,336,362	(10,540,000)	92%
Expenses						
Use of goods and services	33,526,339	17,732,581	51,258,920	48,865,480	2,393,440	88%
Employee costs	22,008,467	(1,757,592)	20,250,875	21,810,204	(1,559,329)	108%
Hire of Facilities	9,500,000	1,000,000	10,500,000	10,690,936	(109,936)	101%
Sale of goods	2,475,025	(1,402,275)	1,072,750	926,780	145,970	86%
Rental Expenses	1,163,200	(963,200)	200,000	156,235	43,765	78%
Miscellaneous Expenses	33,444,598	-	33,444,598	30,241,802	3,202,796	90%
Total Expenditure	102,117,629	14,609,514	116,727,143	112,691,438	4,116,706	97%
Surplus For the Period	2,414,383	5,739,836	8,154,219	1,644,924	(14,656,706)	
Capital Expenditure						

Budget notes

1.

• **Miscellaneous Income:**

Budget: Kshs 35,042,710

Actual: Kshs 27,936,922

Performance Difference: (Kshs 7,105,788)

Utilization: 80%

Explanation: The shortfall is due to low enrollment in Business school.

• **Rental Income:**

Budget: Kshs 1,663,200

Actual: Kshs 1,453,050

Performance Difference: (Kshs 205,150)

Utilization: 88%

Explanation: The difference is due to rent arrears.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Use of Goods and Services:

Budget: Kshs 51,258,920

Actual: Kshs 48,865,480

Difference: Kshs 2,393,440

Utilization: 88%

Explanation: The underspend was due to cost-saving measures also the low enrollment than what was budgeted for.

- **Sale of Goods (Cost of Goods Sold):**

Budget: Kshs 1,072,750

Actual: Kshs 926,780

Difference: (Kshs 145,970)

Utilization: 86%

Explanation: The underspend was due to less demand on animal feed for we sold some during the year.

- **Rental Expenses:**

Budget: Kshs 200,000

Actual: Kshs 156,235

Difference: (Kshs 43,765)

Utilization: 78%

Explanation: Lower-than-expected for the college staff houses were in good condition during the year.

2.Changes between the original and final budgets were due to a combination of reallocations and adjustments in revenue and expenditure expectations. Some changes, such as the increase in the budget for rendering services and use of goods, reflect reallocation to meet higher demand, while others, like reductions in employee costs and rental expenses reflects cost-saving measures.

3.Reconcilliation

TOTAL Revenue as per the financial performance	118,865,638
<u>LESS:</u>	
Fees arrears	(4,087,437)
Rent arrears	(428,480)
Finance Income	<u>(13,359)</u>
TOTAL Revenue as per the comparison of budget	<u>114,336,362</u>

TOTAL Expenses as per the financial performance	113,679,978
<u>LESS:</u>	
Finance cost	<u>(5,017,425)</u>
Creditors	<u>(128,692)</u>
	108,533,861

<u>ADD:</u>	
Repayment of Borrowings	<u>4,157,576</u>
TOTAL expenditure as per the comparison of budget	<u>112,691,438</u>

19. Notes to the Financial Statements

1. General Information

Shanzu Teachers Training College is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is the training of teachers and providing educational services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities, and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's 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 notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The values are rounded off to the nearest shilling.

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

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards in the year ended 30th June 2024

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an college. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

Shanzu Teachers Training college did not early adopt any new or amended standards in year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have 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 college.

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Board of management on 22nd July 2023. 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 to conclude the final budget. The college'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 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 on page 6 under section 18 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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 derecognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the college's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss. (ECL).

Financial liabilities

Classification

The college classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) 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.

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.

Inventories (Continued)

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 college.

k) Provisions

Provisions are recognized when the college 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 college 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 college 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 college 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 college 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The college recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the college will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The college provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a college 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.

p) 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.

q) 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.

r) Related parties

The college 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 college, or vice versa. Members of key management are regarded as related parties and comprise the directors, the principal and senior managers.

s) Service concession arrangements

The college 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 college 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 college also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the college'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 college 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 college. 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 college.
- 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 notes.

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.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

6. Transfers from other National Government entities

Description	2023/2024	2022/2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	17,283,739	18,681,047
Total Government Grants and Subsidies	17,283,739	18,681,047

7. Rendering of Services

Description	2022/2023	2023/2024
	Kshs	Kshs
Boarding, Equipment's and stores	20,989,688	11,874,092
Contingencies	2,095,438	1,070,675
Teaching, Equipment's and store	2,159,861	1,865,458
Local Transport and travelling	3,054,371	3,158,882
Activity	2,776,461	1,708,834
Electricity, Water and conservancy	3,396,951	2,266,649
Repair maintenance and improvement	2,377,643	1,113,329
Vehicle repair and maintenance	4,582,022	2,183,555
I.C.T	3,125,126	1,481,974
Medical fund	830,345	359,341
Students' governance	303,300	189,600
Personal Emolument subsidy	6,767,957	3,531,941
Clubs & environmental subsidy	317,000	189,000
KNEC Assessment fee	779,384	5,363,355
KNEC practicum	1,217,020	1,402,875
KUCCPS	2,205,384	447,327
Total Revenue from The Rendering of Services	56,977,591	38,206,887

(This revenue is generated from students fees)

8. Sale of Goods

Description	2023/2024	2022/2023
	Kshs	Kshs
Sale of Farm Produce	1,345,240	650,340
Pastry sales	-	1,243,275
Cafeteria sales	112,000	48,570
Total Revenue from Sale of Goods	1,457,240	1,942,185

This is revenue generated from income generating activities i.e, sale of milk, cows, and cafeteria sales.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

9. Rental revenue from facilities and equipment

Description	2023/2024	2022/2023
	Kshs	Kshs
Hire of Facilities / Equipment & Contingent rentals	11,414,848	19,821,397
Rental income	1,881,530	1,639,730
Total	13,296,378	21,461,127

This income is generated from hire of college facilities and equipment's like; grounds , halls, kitchen ,buses, projectors etc and rent from staff houses.

10. Finance Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest from fixed deposits	13,359	12,197
Total finance income	13,359	12,197

Interest from fixed deposit account.

11. Miscellaneous Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Graduation fees		179,000
Photocopy		1,000
Center fee		212,800
Disposals	20,000	29,930
Shanzu Business school	29,727,781	32,467,377
Sale of Empty jericans	2,550	1,850
Tender	87,000	100,000
Total other income	29,837,331	32,991,957

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

12. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Boarding, Equipment's and stores	18,193,447	11,719,707
Contingencies	1,845,452	832,781
Teaching, Equipment's and store	1,023,847	1,345,831
Local Transport and travelling	3,801,782	2,008,868
Electricity, Water and conservancy	2,892,211	2,693,736
Medical fund	227,422	81,132
Activity	4,415,504	1,510,864
KNEC Assessment fee	452,684	948,750
Students' governance	369,036	188,070
KNEC practicum	765,915	556,777
ICT	2,812,748	1,000,833
Clubs & environmental subsidy	301,200	187,650
Kuccps	727,500	-
Others-Contracted security service	1,871,067	-
Total good and services	39,699,815	23,074,999

13. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	17,561,810	18,411,829
Employee related costs - Gratuity	886,031	3,264,253
Employee Costs	18,447,841	21,676,082

14. Board/Council Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
BOM Allowances	739,000	991,000
Total	739,000	991,000

15. Miscellaneous expense

Description	2023/2024	2022/2023
	Kshs	Kshs
Business school	25,919,821	19,764,692
Tender Advertising	149,480	74,900
Msambweni TTC	-	414,588
Graduation	-	138,969
Development Account	100,000	-
Total	26,169,301	20,393,149

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

16. Repairs and Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, Furniture and fittings	3,829,701	1,044,277
Vehicles	1,566,147	1,440,847
Total Repairs and Maintenance	5,395,848	2,485,124

17. Income Generating Activities expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Hire of facilities	10,690,936	12,019,487
Sale of goods	814,780	996,940
Canteen/Cafeteria	112,000	-
Total	11,617,716	13,016,427

18. Rent Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Rent expenses	156,235	1,035,616
Total Rent expenses	156,235	1,035,616

19. Finance Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest on Loans from Kingdom Bank	5,017,425	5,402,892
Total Finance Costs	5,017,425	5,402,892

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

20. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account	10,333,175	10,136,082
On - Call Deposits	2,018,763	2,018,763
Savings Account	2,943,208	7,197,264
Fixed Deposits Account	424,409	411,050
Others (Business school Accounts)	1,062,957	3,925,433
Mobile money payment	-	29,800
Cash In hand	79,388	22,596
Total Cash and Cash Equivalents	16,861,900	23,740,988

20 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	Account	2023/2024	2022/2023
		name	Kshs	Kshs
a) Current Account				
National Bank	01021007524800	Main A/C	7,138,940	7,989,877
National Bank	01021007598000	College fund a/c	2,936,065	1,783,774
National Bank	01022007965301	Development a/c	35,324	136,524
National Bank	01285072978600	Chapel a/c	222,846	225,906
Sub- Total			10,333,175	10,136,081
b) Savings account				
National Bank	01242007718000	Examination a/c	2,265,907	6,466,233
National Bank	01242007717900	Caution money	617,040	620,100
National Bank	01242007965400	Gratuity a/c	60,261	110,931
Sub- Total			2,943,208	7,197,264
c) On-Call Deposit				
Co-operative bank	01139838900000	Msambweni ttc	2,018,763	2,018,763
Sub- Total			2,018,763	2,018,763
d) Fixed Deposit Account				
National Bank	01300007524801		424,409	411,050
Sub- Total			424,409	411,050

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Detailed Analysis of Cash and Cash equivalents(continued)

Financial Institution	Account number	Account	2023/2024	2022/2023
		name	Kshs	Kshs
e) Business School Accounts			Kshs	Kshs
Equity Bank	0460292639081	Income Gen.A/C	653,916	2,496,792
Kingdom Bank	2101711931007	P1 module	128,830	656,765
Kingdom Bank	2101711931004	Examination a/c	280,211	518,400
Kingdom Bank	2101711931006	Caution money	closed	164,731
Kingdom Bank	2101711931002	Graduation a/c	closed	88,745
Sub- Total			1,062,957	3,925,433
Cash in Hand			79,388	22,596
Mobile Money				29,800
Sub- Total			79,388	52,396
Grand Total			16,861,900	23,740,988

21. Receivables from Exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Receivables		
Student Debtors	20,535,538	25,003,855
Rent Debtors	428,480	223,480
Total Current Receivables	20,964,018	25,227,335

22. Inventories

Description	2023/2024	2022/2023
	Kshs	Kshs
Stationary stores	247,745	284,825
Health Unit stores	43,922	64,503
Catering stores	545,895	295,875
Boarding store	24,752	
Total Inventories at lower of Cost and Net Realizable Value	862,314	645,203

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

23. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022	-	15,405,846	-	-	-	-	-	-	15,405,846
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	(-)	(-)	-	(-)	-	(-)
At 30th June 2023	-	15,405,846	-	-	-	-	-	-	15,405,846
Additions	-	33,345,052	9,747,000	-	40,000,000	-	-	-	83,092,052
Disposals	-	-	-	-	(-)	-	(-)	(-)	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)	-	(-)	-	(-)
At 30th June 2024	-	48,750,898	9,747,000	-	40,000,000	-	-	-	98,497,898
Depreciation	-	(-)	-	-	(-)	(-)	(-)	(-)	(-)
Disposals	-	-	-	-	-	-	-	-x	-
Impairment	-	(-)	-	-	(-)	-	(-)	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	(-)	-	(-)	(-)	-
At 30th June 2024	-	48,750,898	9,747,000	-	40,000,000	-	-	-	98,497,898
Net Book Values									

Included in the Buildings category is the value of Kshs 48,750,898, which relates to the buildings of Msambweni Teachers Training College. This college was under the mentorship of Shanzu Teachers Training college, as part of a developmental partnership initiative.

Valuation

The assets (Motor vehicles) were revalued by Regional Mechanic Engineer professional valuers from Public works on September 2023. These amounts were adopted in the financial statements on 8 September, 2023.

23 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles including Motorcycles	34,375,382	24,628,382	9,747,000
Computers and Related Equipment	40,000,000	-	40,000,000
Land	-	-	-
Buildings	48,750,898	-	48,750,898
Office Equipment, Furniture, And Fittings	-	-	-
TOTAL	123,126,280	24,628,382	98,497,898

The value of the buildings belongs to the Msambweni TTC, the college we have been mentoring.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

24. Biological Assets

	2023/2024	2022/2023
	Kshs	Kshs
Cattle	-	-
Trees	-	-
Others (Specify)	-	-
Total	-	-

25. Trade and other Payables

	2023/2024	2022/2023
	Kshs	Kshs
Trade payables	128,692	14,299,841
Fees paid in advance	2,328,152	1,397,828
Caution money account	617,040	620,100
Examination account	2,265,907	6,466,233
Other Payables prepaid rent	5,000	3,950
Total Trade and Other Payables	5,344,791	22,787,956

26. Refundable Deposits from Customers/Students

Description	2023/2024	2022/2023
	Kshs	Kshs
Caution money	-	1,500
Total Deposits	-	1,500

27. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of The Year	-	-	110,931	-	110,931
Additional Provisions	-	-	2,270,228	-	2,270,228
Provision Utilised	-	-	(2,320,898)	-	(2,320,898)
Total Provisions	-	-	60,261	-	60,261

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

28. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2023/2024	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation				-	894,840
Total Employee Benefits Obligation				-	894,840

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The college's obligation under the scheme is limited to specific contributions legislated from time to time and is currently ranging from Kshs.1377-2160 per employee per month. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

29. Borrowings

Description	2023/2024	2022/2023
	Kshs	Kshs
Balance at beginning of the year	39,172,316	42,944,426
Repayments of external borrowings during the year	(4,157,576)	(3,772,110)
Balance at end of the year	35,014,740	39,172,316

30. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) County Government of Mombasa;
- iv) Board of Management;
- v) Senior Management Staff.

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

The transactions and balances with related parties during the year are as

Description	2023/2024	2022/2023
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
B) Purchases from related parties		
Purchases of electricity from kplc	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	17,283,739	18,681,047
Grants from County Government	-	-
Donations in Kind	-	-
Total	17,283,739	18,681,047
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	-	-
Payments for Goods and Services for XX	-	-
Total	-	-
d) Key Management Compensation		
Directors' emoluments	739,000	991,000
Compensation to Key Management	-	-
Total	739,000	991,000

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

20. Appendices


Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/CR/AUD/14/1/2 022/23(4) 1.	Casting errors in the Statement of Comparison of Budget and Actual Amounts	Errors rectified and financial report amended.	Resolved	
2.	Inaccuracies in cash and cash equivalents	Error rectified.	Resolved	
3.	Failure to prepare statement of changes in Net Assets	Statement of Changes in Net Assets was prepared and amended our financial report.	Resolved	
4.	Unsupported Current receivables from Exchange transactions.	The current receivables were supported with the required documents.	Resolved	
5.	Undisclosed Assets.	Assets were disclosed although evaluation not done .	Not resolved	Partly solved but by the end June 2025 it will be fully solved.
6.	Unsupported inventories	Inventories were supported with the required documents.	Resolved	
7.	Unsupported repairs and Maintenance Expenses	Expenses for the repairs and maintenance were supported with the required documnts.	Resolved	
8.	Budgetary control and performance	Under expenditure was explained .	Resolved	

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Irregular Board Allowances	Irregularity noticed and rectified.	Resolved	
	Irregular Finance costs	Irregularity noticed and were still making follow-ups.	Not resolved	By end of June 2025.
	Stalled Project	The project relates to the Construction of Msambweni TTC and its fully complete.	Resolved	

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Name: Dr. Peter K. Ekabu
Accounting Officer
Shanzu Teachers Training College
Date:23/09/2024

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix II: Projects Implemented by the college

Projects

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

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1						
2						
3						

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix III- Inter-EntiAppendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

Shanzu Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments



11

11