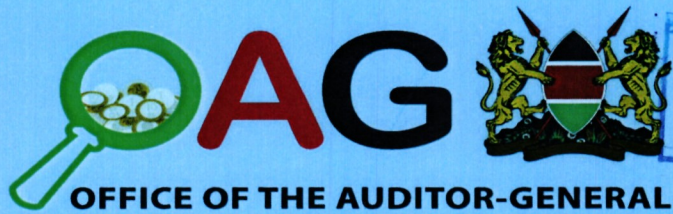



REPUBLIC OF KENYA



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Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS T A I D	
DATE: 02 MAR 2023	DAY: REPORT Thursday
TABLED BY:	Leader of the Majority Party
CLERK-AT THE-TABLE:	Joyce Kemerelle

OF

THE AUDITOR-GENERAL

ON

ASUMBI TEACHERS TRAINING COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2021**



ASUMBI TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2021

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

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

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I KEY ENTITY INFORMATION AND MANAGEMENT**(a) Background information**

Asumbi Teachers College was formally established through the effort of Catholic Church in 1936. The college is registered under the Basic education Act 2013. The mandate of Asumbi Teachers College is to offer Diploma in Primary Teachers Education and Diploma in Early Childhood Teacher Education.

It has a mandate to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable social economic development.

(b) Principal Activities

The Principal's Activities include;

- To lead other educators and administrators in the institution
- Manage and Implement College Curriculum
- Administer teaching functions in the institution including the evaluation of curriculum delivery
- Be responsible for implementation of education policy and professional practice and maintenance of teaching standard at institutional level.
- Procure goods and services within the procurement guidelines for institutional use.
- Be custodian of records of the institution.
- Be secretary to BOM and ensure execution of decision of the board.
- Ensure proper utilizations of the college resources.
- Responsible for resource mobilization, project planning, administration of human resource.
- Ensure discipline of students and staff.
- Ensure compliance to statutory requirement and other relevant laws related to employment.
- Be responsible for establishment and maintenance of safe and conducive learning environment.
- Be conversant with relevant provision in the constitution and other laws that relate to education and the professionalism.

i) Vision

To be a Centre of Excellence in Teacher Education and Training Globally.

ii) Mission Statement

Promoting quality teacher education and training within an aesthetic environment so as to produce competent, effective and caring teacher for national development.

iii) Core Values

- Respect for human dignity
- Professionalism
- Integrity
- Team work
- Innovation

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

iv) Core Functions

- Training Teachers
- Research and consultancy services
- Seminar/Workshop facilities
- Income generating Activities
- Planning and implementation of diversified training



(c) Key Management

- (d) Board of Management
- (e) Principal
- (f) Deputy Principal
- (g) Deans
- (h) Head of Departments
- (i) Head of subjects/sections

(j) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

PHOTO	DESIGNATION	NAME
	Principal	SIKUKU STELLA
	Deputy principal	Willy Muhenge
	Dean of Curriculum	Kennedy Kaunda
	Dean of students	John Mathenge
	Director of Teaching Practice	Evans Mwaka
	Head of Finance	Francis Otieno
	Head of Education	Esther Nyanchama
	Head of Sciences	Peter Nani
	Head of Mathematics	George Kebwaro

PHOTO	DESIGNATION	NAME
	Head of Social Science	Richard Keraro Ogeto
	Head of Guidance & Counselling	Tobis Aduke
	Head of Exams	George Bonga

(k) Fiduciary Oversight Arrangements

The primary purpose of institution audit committee is to provide oversight of financial reporting process, the audit process, the institution's system of internal controls and compliance with laws and regulations.

i) Audit and Risk Committee

The following are some the activities of audit and risk committee;

- Overseeing the financial reporting and disclosure process.
- Monitoring choice of accounting policies and principles.
- Oversight hiring, performance and independence of the external auditors.
- Oversight of regulatory compliance, ethics and whistle blower hotlines.
- Discussing risk management policies and practices with management.

ii) Finance and Operations Committee

The finance and operation committee does the following activities;

- Maintaining accurate and complete financial records of the institution.
- Preparing and presenting accurate, timely and meaningful financial statements to the board of management.
- Help the board of management and anticipating financial problems.
- Monitor adherence to the budget.
- Present all financial goals and proposals to the board of management for approval.
- Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
- Set long –range financial goals along with funding strategies to achieve them.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(g) Entity Headquarters

P.O. Box 119 - 40309
ASUMBI
KENYA

(h) Entity Contacts

Telephone: (254) 707831679
E-mail: asumbittc@yahoo.com
Website: www.asumbittc.ac.ke

(i) Entity Bankers

ABSA BANK- KISII BRANCH
P.O BOX 99-40200
KISII, KENYA

KENYA COMMERCIAL BANK- HOMABAY BRANCH
P.O BOX 368-40300
HOMABAY, KENYA

EQUITY BANK-HOMABAY BRANCH
P.O BOX 500-40300
HOMABAY, KENYA.

(j) Independent Auditors

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

(k) Principal Legal Adviser

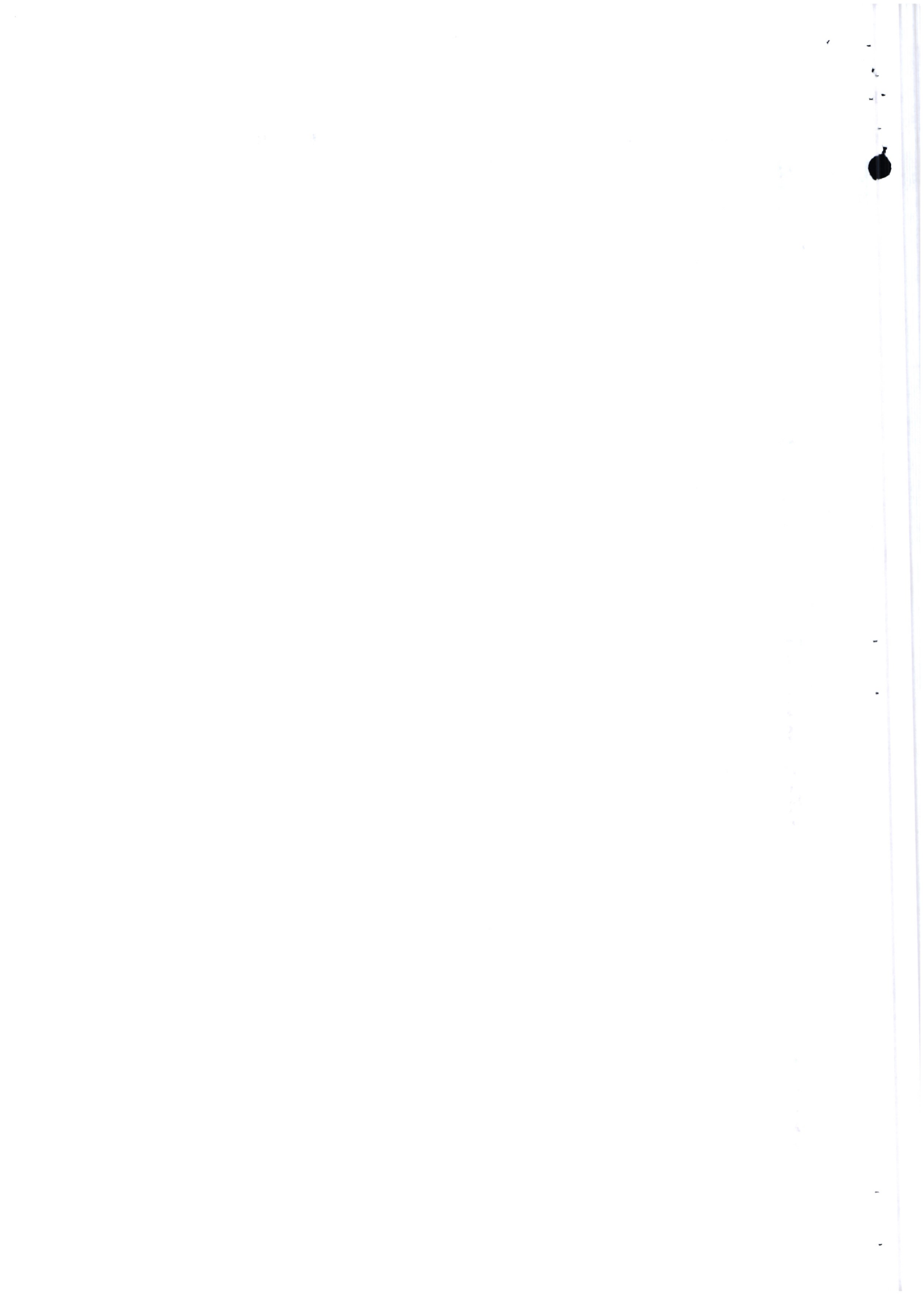
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

ASUMBI TEACHER TRAINING COLLEGE



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

II. THE COUNCIL/BOARD OF GOVERNORS

PHOTO	MEMBER/DIRECTOR	DATE OF BIRTH	KEY QUALIFICATION	WORK EXPERIENCE	INDEPENDENT OR EXECUTIVE	COMMITTEE THE MEMBER CHAIRS
	Mrs. Alice Manoti	30/7/1967	BSC.	Livestock Officer	Executive	Overall
	Rev. Fr. Dr. Tom Mboya	1/1/1969	PhD	Education Secretary in Diocese of Homabay(Catholic)	Executive	
	Md. Stellah Sikuku	29/5/68	BED	Principal	Executive	
	Mrs Pauline Korir	1976	BED	Lecturer	Independent	
	Mr. Eluid Onyango	14/8/1955	PGDE	Retired Edu. Officer	Independent	
	Mrs. Martha Achien	1959	MBA	Lecturer	Independent	
	Mr. Jeremiah Wao	1/7/58	PTE/P1	Retired Teacher	Independent	
	Mr. Gilbert Aluoch	1966	MA-Philosophy	Consultant	Independent	
	Mr. Amwata Barrack Oketch	1949	BED-Science	Teacher	Independent	
	Mrs. Zilpher Oracha	30/12/1962	PTE/P1	Teacher	Executive	
	Mr. Richard Ogeto	1962	Bed	Lecturer	Independent	












ASUMBI TEACHER TRAINING COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

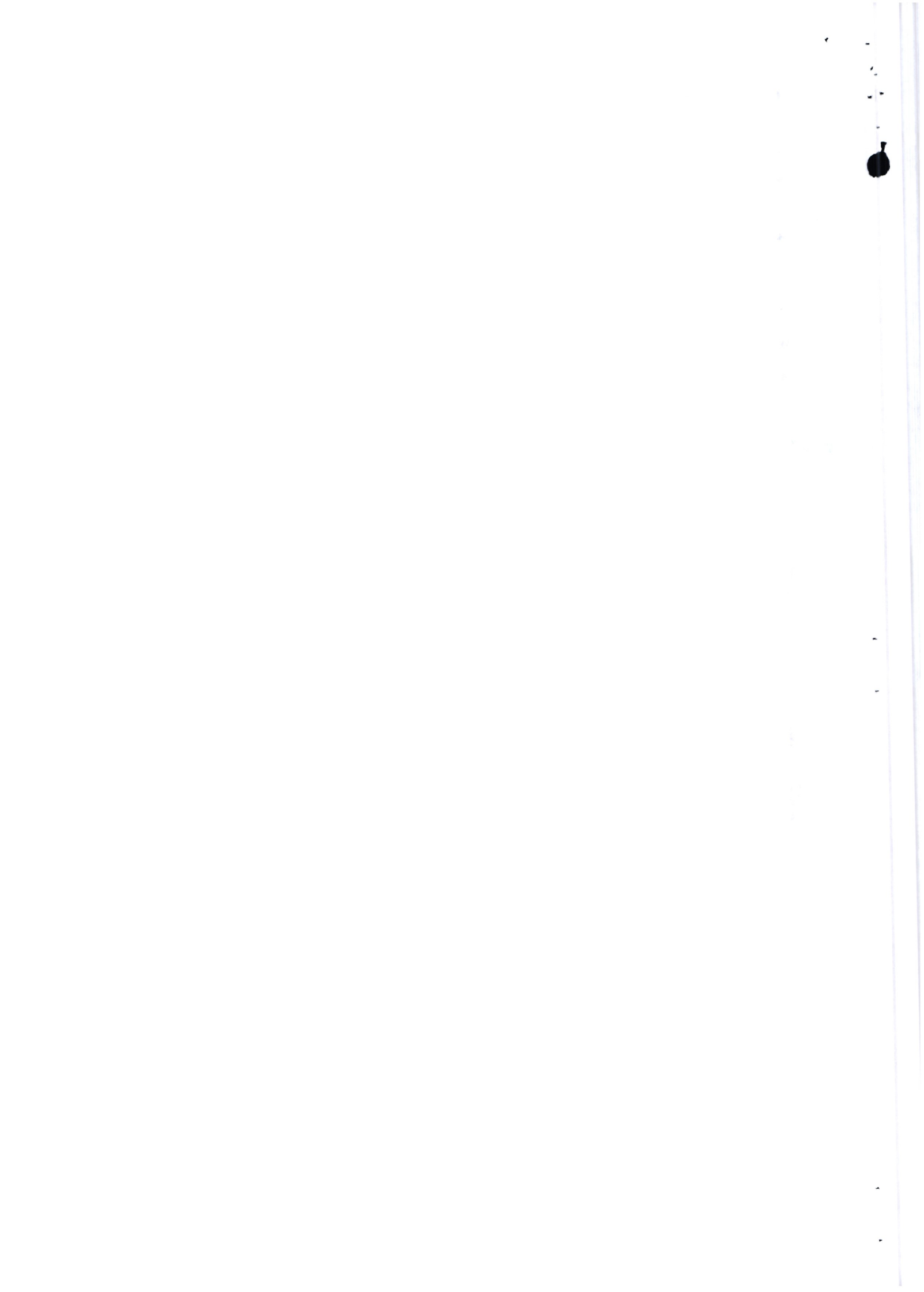
	Eng. Benard Asuma	2/5/198 2	BSC. Eng.	Engineer	Executive	
	Mrs. Antoni na Zamzu	31/3/19 59	Cert. Social Work	Social Work	Independent	

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

III. MANAGEMENT TEAM

PHOTO	Member/ Director	Details
	SIKUKU STELLA	BED PRINCIPAL
	WILLY MUHENGE	MED DEAN OF CURRICULUM/TP DIRECTOR
	JOHN MATHENGE	BED DEAN OF STUDENTS
	ESTHER NYANCHAMA	MED HEAD OF EDUCATION
	GEORGE KEBWARO	MED
	GEORGE BONGA	BED
	TOBIS ADUKE	BED
	RICHARD OGETO	BED
	RUTH KERONGA	BED



IV. CHAIRPERSON'S STATEMENT

The Ministry of Education has phased out P1 course in readiness for Competency Based Curriculum (CBC) which is a very good idea. Globally the Millennium Development Goals (MDGs) came to an end in September 2015 and World leaders gathered in New York to unveil the Sustainable Development Goals (SDGs). The post 2015 Education Agenda shifted from "Education For All" to Education "2030" which seeks to transform Kenya into a middle income country providing a high quality life to all its citizen by 2030.

The college has prioritised the following activities during this year for its success;

- Improving the computer labs.
- Improving the dining hall.
- Improving classrooms.
- Installation of Wi-Fi.
- Improvement water harvest.
- Improving of hostels.

Success achieved during the year;

- Containing measures towards Covid-19.

Challenges faced;

- Covid-19 and its repercussions.
- Lack of students in college currently.
- Insufficiency of funds to pay the service providers.

Way forward;

- Mobilise resources from major stakeholders of the institutions.
- To sensitise the community on importance of training as teachers.
- Improve on college income generating activities.

V. REPORT OF THE PRINCIPAL

Our college is registered under the Basic Education Act, 2013. Therefore as public institution it is managed by a competent board of Management (BOM) and qualified teaching staff. The college continue to work towards achieving its core mandate as an institution. As mentioned above by the chairperson the following are being implemented at the college.

a) Improving Computer Lab

The college management is planning to improve the learning condition for students in the computer lab.

b) Improvement of Water Harvesting System

The institution is in the process of installing gutters to harvest rain waters. There is need also to improve drainage system to allow good flow of excess waters from the roofs.

c) Internet connectivity

The college intends to install Local Area Network for learning and efficiency of college operations.

SIGN.....

Chief Principal

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Asumbi Teachers College in Financial Year 2020/2021 strategic plan formulated eighteen strategic objectives, namely;

- To train competent and quality teachers.
- To promote teaching and learning activities for effective Curriculum Implementation.
- To enhance the capacity of the staff through continuous training and skill development.
- To enhance good governance.
- To create an enabling environment for moulding, caring, respective and adaptive teachers.
- To enhance innovativeness, creativity and efficiency in teaching and learning.
- To ensure financial viability and sustainability in the College.
- To improve the existing infrastructure.
- To integrate ICT in the College operations.
- To increase the efficiency and effectiveness of the human resources.
- To promote and improve the corporate image of the College.
- To improve on HIV/AIDS Capacity building.
- To mainstream Gender Issues in the College.

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Enrolment		No students	N/A	N/A	N/A
Curriculum Implementation		All lectures to embrace ICT integration in Curriculum implementation	Capacity building for lecturers	Supervision by top management Regular internal exams administered.	Improved PTE performance index Improve Awards in co-curriculum activities
Learning resource centre		<ul style="list-style-type: none"> • Introduce WI-FI To update college website.	Use of modem instead of Wi-Fi.	Purchasing modems	To next financial year
Computer Studies		<ul style="list-style-type: none"> • To introduce WI-FI • To update College website To add more computers	Use of modem and more laptops	Purchases of computers	Addition of desk-top and laptops.
Education for Sustainable Development		Financial viability	Tree seedlings Maize cereals	Growing of seedlings	Seedlings
Farm		Allocate funds to procurement better breeds	Number/kilogram of farm produce.	Cultivation of the farm.	Food security improved

VII. CORPORATE GOVERNANCE STATEMENT

The following are the members of Board of Management at Asumbi Teachers Training College.

1. Mrs Alice Manoti - BoM Chairperson
2. Rev. Fr. Dr. Tom Mboya - BoM Vice Member
3. Eng. Benard Asuna - BoM Member
4. Mrs. Zilpher Oracha - BoM Member
5. Mrs. Antonina Zamzu - BoM Member
6. Hon. Eliud Onyango Owino - BoM Member
7. Mrs. Pauline Korir -BoM Member
8. Mr. Barrack O. Amwata - BoM Member
9. Mr. Jerry Ouma Wao - BoM Member
10. Mr. Richard Ogeto - BoM Member
11. Mr. Gilbert Aluoch - BoM Member
12. Mrs. Martha Achieng - BoM Member
13. Md. Stellah Sikuku - C/Principal/Secretary BoM

The number of Board Meetings held in the financial year 2020/2021 were as follows;

Full Meeting – At least once a term

Executive Meeting – As frequent as the needs may arise. For exam this FY 2020/2021 there were 9 meetings due to Corona pandemic.

The appointment of the board members is based on;

- One person nominated by the county education board.
- One person representing teaching staff.
- Three representative of the sponsors of the school.
- One person to represent special interest group in community.
- One person to represent persons with special needs.
- A representative of the students' council.
- Co-opted members.

➤ **Removal of a board member;**

A board member may be removed from board due to the following grounds;

- Because of gross misconduct.
- Because of conflict of interest.

The removal should be approved by the full board meeting and the replacement be done by the advice of the county education board.

In case of conflict of interest in various committee e.g discipline committee, ethics and integrity committee, a member may decide not to attend by walking out until the case is determined.

➤ **Remunerations**

The following are the rates used to remunerate the members of the Board of Management per seating;

Chairperson	- Ksh. 14,000
Vice Chairperson	-Ksh. 12,000
Members outside the county	- Ksh 8,000
Members within the meeting	- Ksh. 7000

➤ ROLES OF THE BOARD MEMBERS

The following are the roles of the BoM;

- Promote the best interest of the institution and ensure its development
- Promote quality education for all students in accordance with standards set under the Act of Basic education 2013.
- Ensure the provision of proper adequate physical facilities for the institution.
- Manage the institution's affairs in accordance with the rules and regulation governing occupational safety and health.
- Advice county education board on the staffing needs of the institution.
- Determine cases of discipline and make reports to the education county boards.
- Facilitate and ensure provision of guidance and counselling to all learners.
- Promote the spirit of cohesion, integration, peace, tolerance, inclusion, elimination of hate speech and tribalism in the institution.
- Administer and manage resources of the institution.
- Receive, collect, and account any funds accruing to the institution.
- Recruit, employ and remunerate non-teaching staff as may be required by the institution within this Basic Education Act 2013.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The operation and financial performance of the institution was affected greatly by the fact that PTE course was ending in readiness for Competency Based Curriculum hence the college remained with no students. This status affected the financial flow of the institution. This was also compounded with Covid-19 pandemic that affected the College badly the financial performance and its operation.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Established in 1936, Asumbi Teachers' College is playing a pivotal role in spearheading various green economy activities in the country in addition to the core mandate of training effective teachers for primary schools. Teachers are strategically placed to champion the process of restoring environmental normalcy, in Kenya. The fact that teachers are ever in contact with board spectrum of the Kenya populace avails a credible chance to positively transform the environment in the country. Teachers ought to be instrumental pacemaker in addressing all the key aspects of sustainable development. Mahatma Gandhi once said "the Earth provides enough to satisfy every man's needs, but not every man's greed". Hence, there is need to conserve the environment for a better tomorrow, our environment, our responsibility, our life and future.

▪ Sustainability strategy and profile

The college has spearheaded the development of a green economy in the following ways;

1. By initiating the formation of the environmental/wildlife club within the college and teaching practice schools.
2. By mobilizing students to take part in the green economy oriented competitions at national level in collaboration with AFEW (African Fund for Endangered Wildlife) and the WCK (Wild Clubs of Kenya).
3. By adopting the energy saving technology such as the stoves, jikos and bulbs.
4. By switching off light when days are naturally bright.
5. By exploring the prospects of producing green energy types such as biogas and solar energy.
6. By adopting the use of the 45-67 seater buses to scale down on carbon emissions.

▪ **Environmental performance**

The college has developed a tree nursery and fish farm for the purposes of income generation. Labour is provided by the students on the basis of having serious fee payment constraints. Equal chances are availed to students who work in the two projects sites on gender basis. The tree nursery produces over 300,000 tree seedlings for commercial purposes annually. The capacity of fish pond is 1000 fish of tilapia type. A cat fish pond will be established in the future. Plans to produce fruits seedlings are also underway.

▪ **Employee welfare**

The College Self Help Group was started in 1996 to assist its members whenever they have financial problems. The group offers its members short-term loans which can take depending on the amount of shares that one has. These loans usually aid the members in payment of school fees, hospital bills and other emergencies.

▪ **Market place practices**

The College has involved multiple vendors or suppliers to submit proposals for specific tender that is publicly issued. This allows transparency, equality of opportunity and ability to demonstrate that the outcomes represent the best value.

For a vendor or supplier to be selected to fulfil the tender requirement, they must demonstrate their capability, history and readiness to execute the tender. In competitive bidding process, negotiations may be necessary before the award. Negotiations are conducted fairly and with all bidders in the competitive range.

To ensure tendering is done right the following are observed;

- The institution has a well-defined procurement process which staff are required to follow.
- All tender information and records are documented.
- The college focuses on competitive procurement to deliver best value.
- The institution has checks and balances process where a senior staff member approves customer quotations.

To have fairness the institutions has created a Code of Conduct for vendors and suppliers, thereby involving them in responsible business practices, and holding them accountable to standards and expectations. The Code of Conduct clearly describes institution's expectations for building sustainable and reliable relationships with its vendors and suppliers.

The code covers the following areas;

- Transparent, fair, accountability and honest procurement practices.
- Compliance with applicable laws and regulations regarding fair competition.
- Corruption, fraudulent, collusive, ant-competitive or coercive practices.
- Compliance with country specific laws and regulations.
- Maintaining complete records in appropriate books of account of all financial and business transactions.
- Disclosing actual, perceived, or potential conflicts of interest.

The institution is endeavouring always fairness and respect to all bidders in the process of meeting the goals of students in the college in providing service to them.

a) Responsible Supply chain and supplier relations

Supplier's relationship with college forms a major part of the procurement cycle. The college maintain good business practices with suppliers through;

i) Communication

The institution maintains good business practices with the suppliers through effective communication, whereby the institution express their thought clearly and precisely. Respect of both parties is vital. The institution demonstrates integrity and appreciates the suppliers for adding value to the institution. This helps to build trust thus increase performance through innovation and problem solving.

ii) Openness

As an institution we are open to our suppliers. Openness where we share our challenges and results is done. This promote willingness to work together to achieve the objectives of the management. If there is a problem in either side it must be discussed.

iii) Fairness

This aims at treating both parties reasonably based on the requirements of the contract and relationship.

iv) Terms

The institution and suppliers should be based on the provisions of the abiding principles. Thus also forms the basis for how the relationship will be monitored and state what each party has agreed to do. Such terms include prices, delivery and qualities.

b) Responsible marketing and advertisement

Effort to maintain ethical marketing practices include the following;

- Ethical marketing should always aim to honesty and fairness. Unethical practices will no guarantee the institution and the supplier to cut costs in long term. The following are efforts the college has put in place to maintain ethical marketing practices.
 - Transparency
 - Being committed to sustainably and human rights
 - Respond meaningfully to suppliers concerns
 - Not making unverified claims without providing any evidence to back this up.

c) Product stewardship.

This is based on Consumer Protection Act, 2019 and Consumer Protection Act 2012. The Acts state the following and the College is committed strictly to adherence to these Acts;

- Making all required payment in time.
- Verifying all receipts, statement and transaction records.
- Raising complains with the suppliers in first instance.
- Retaining receipts, product manuals, maintenance/warranty documentation.
- Consumer should be treated fairly without discrimination.
- Terms of service of consumer must be respected.
- Consumer should receive high level of quality service as stated in the service agreement as provided by service provider.

Finally, Asumbi Teachers College has undergone tremendous growth and continues to play a pivotal role in Teacher Education and Training. In carrying our duties as a college effort has been put towards contributing effective and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030. In promoting Education, the college passing Primary Teacher Examinations (PTE) is a prerequisite for TSC registration. The College Management has embarked on a number of strategies to prepare these young people for their future life. Among them include mentoring programmes which are meant to empower learners with life skills necessary for sound character formation, appropriate life choices, decision making and inculcate positive attitudes necessary for hard work and academic success. The College also aim at supporting students with spiritual nourishment which prepares young people to inculcate virtues necessary for life after college.

Furthermore, the college continually equip our students with skills in Creative Arts, Sports, Drama, Music and Art. The College is a Powerhouse in Sporting activities, Drama and Music. In the year 2017 our Drama Students Performed up to East Africa Film Festival in Zanzibar. In recognition of these efforts our former Drama Patron was recognized with a commendation letter by TSC who are his employer.

In addition as social responsibility we equip our students with skills in tree planting and income generating activities (IGA) through Education for Sustainable Development. We do this with stakeholders and partner primary schools where our students undertake teaching practice.

d) Corporate Social Responsibility / Community Engagements

The College has taken into considerable philanthropic responsibility to the community around. The activities varies from economic to social such philanthropic activities to the society include;

- When tender is advertised the locals get a higher percentage of 40%
- The students going to for teaching practice always plant at least fifty seedlings in their teaching practice schools.
- Religious groups such as Young Christian Union (CU) and seventh Day Adventist (SDA) often offer charitable activities in the community.
- The College do offer the college buses to the community at a subsidised cost.
- Schools around the college normally use our tuition areas during contest and symposium.
- The sports clubs within the locality use the College fields for games freely.
- The locals at times allowed selling some commodities to students, staff and non-teaching staff.
- The schools around and other interested group normally make educational trips to College farm and weather station.
- Large percentage of non-teaching staff hails from the locality.

X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the *entity's* affairs.

Principal activities

The principal activities of the entity are (continue to be)

Results

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

COUNCIL/BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on page (x). During the year 2020-2021 Dr. Gideon Mwanda director resigned and Mr Richard Ogeto was appointed with effect from 17th June 2021.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2021 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

Corporate Secretary
Nairobi
Date:.....

XI. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under*). The council members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2021, and of the *entity's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *entity's* financial statements were approved by the Board on 29th September 2021 and signed on its behalf by:

Name: Alice Manoti

Name Sikuku Stella

Signature... Signature... 

Chairperson of the Board/Council

Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ASUMBI TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Asumbi Teachers Training College set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, 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 Asumbi Teachers Training College as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

As disclosed in Note 31 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.333,720,892. However, the reported net book values of land, buildings and motor vehicles including motor cycles of Kshs.26,000,000, Kshs.256,000,000 and Kshs.22,550,000, respectively were estimates as Management had not undertaken professional valuation.

In the circumstances, the accuracy, completeness and fair presentation of property, plant and equipment balance of Kshs.333,720,892 could not be confirmed.

2. Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.96,095,588 as disclosed in Note 27(b) to the financial statements. The balance relates to student debtors which have remained unpaid with no repayment received during the year under review, with some balances dating as far back as the year 2014. No evidence of efforts to recover the debts was provided for audit. Further, no provision for the impairment of debts has been made in the financial statements.

In the circumstances, the recoverability of the long-term receivables from exchange transactions of Kshs.96,095,588 due from students could not be confirmed.

3. Long Term Trade and Other Payables from Exchange Transactions

The statement of financial position reflects long term trade and other payables from exchange transactions balance of Kshs.25,087,063 and as disclosed in Note 41(b) to the financial statements. However, an aging analysis and review of records revealed that the College has been unable to meet its creditor obligations for a long period time with a balance of Kshs.19,881,098 having remained unsettled for more than three (3) years at the closure of the financial year under review.

In the circumstances, the College's ability to settle the outstanding amount of Kshs.25,087,063 is doubtful.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Asumbi Teachers Training College Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Staff Ethnic Composition

Review of employees' records revealed that out of seventy-one (71) employees, sixty-seven (67), or 94% were from the dominant community. This is contrary to 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 and no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Inadequate Safeguards for Prompt Collection of Fees from Students

Included in the current and non-current receivables from exchange transactions under Note 27(a) and (b) to the financial statements are balances of Kshs.14,295,555 and Kshs.96,095,588, respectively for student debtors. However, the College does not have an effective fee collection policy in place to ensure outstanding fees are remitted by students in a timely manner. This is contrary to Regulation 64(1) (a) of the Public Finance

Management (National Government) Regulation, 2015 which states that, “an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all national government revenue and other public moneys relating to their ministries, departments or agencies”.

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

3. Stalled Construction of Students Hostel

Included in the property plant and equipment balance of Kshs.333,720,892 as disclosed in Note 31 to the financial statements is work in progress of Kshs.4,962,292 in respect of construction of a students’ hostel. Review of records revealed that the project commenced in the year 2017. However, physical inspection of the project in March, 2022 revealed that the hostel was still at the foundation level and the works had stalled with no contractor on site.

In the circumstances, the value for money on expenditure of Kshs.4,962,292 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Staff Establishment

Review of human resource records revealed that the College has been operating without an approved staff establishment to ensure that appropriate systems, procedures, structures, skilled and competent staff are in place at the optimal level to deliver its mandate to the students and other stakeholders.

In the circumstances, it was not possible to confirm whether the total staff in employment of the College was the optimal number required for effective operations.

2. Lack of an Internal Audit Function Unit and Audit Committee

The College has not established an internal audit unit to provide assurance on the state of risks, its management and controls in the entity. The College does not have an audit committee to monitor the entity's governance process, accountability process and control systems and to offer objective advice on issues concerning risk, control, regulatory requirements and governance.

In the circumstances, risks and weaknesses existing in the systems of internal controls could not be confirmed.

3. Lack of Risk Management Policy

The College does not have an approved Risk Management Policy and Risk Management Framework including strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks in the College.

In the circumstances, the Management lacks a mechanism to help in detection and mitigation of any possible risk to the institution.

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

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the College's 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2022

Report of the Auditor-General on Asumbi Teachers Training College for the year ended 30 June, 2021

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XIII. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	6	15,462,176
Grants from donors and development partners	7	0
Transfers from other levels of government	8	0
Public contributions and donations	9	0
		15,462,176
Revenue from exchange transactions		
Rendering of services- Fees from students	10	22,938,231
Sale of goods	11	1,597,030
Rental revenue from facilities and equipment	12	935,829
Finance income - external investments	13	0
Other income	14	0
Revenue from exchange transactions		25,471,090
Total revenue		40,933,266
Expenses		
Use of goods and services	15	11,082,811
Employee costs	16	16,404,904
Remuneration of directors	17	692,400
Depreciation and amortization expense	18	0
Repairs and maintenance	19	693,838
Contracted services	20	0
Grants and subsidies	21	0
Finance costs	22	0
Total expenses		28,873,953
Other gains/(losses)		
Gain on sale of assets	23	0
Unrealized gain on fair value of investments	24	0
Impairment loss	25	(0)
Total other gains/(losses)		0
Net Surplus for the year		12,059,312
Attributable to:		
Surplus/(deficit) attributable to minority interest		0
Surplus attributable to owners of the controlling entity		0
		0

Opening balances for the financial year 2019-2020 are not disclosed because it's the first time of adoption.

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2021

	Notes	2021 Kshs
Assets		
Current assets		
Cash and cash equivalents	26	2,658,229
Current portion of receivables from exchange transactions	27(a)	14,989,734
Receivables from non-exchange transactions	28	7,606,088
Inventories	29	0
Investments	30	0
		25,254,051
Non-current assets		
Property, plant and equipment	31	333,720,892
Investments	30	0
Intangible assets	32	0
Investment property	33	0
Long term receivables from exchange transactions	27(b)	96,095,588
		429,816,480
Total assets		455,070,531
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	34	878,572
Refundable deposits from customers	35	0
Current Provisions	36	0
Finance lease obligation	37	0
Current portion of borrowings	41	934,527
Deferred income	38	0
Employee benefit obligation-Salaries in Arrears	39	3,616,002
Payments received in advance		0
		5,429,101
Non-current liabilities		
Non-current employee benefit obligation	39	0
Non-current provisions	40	0
Borrowings	41	0
Service concession liability	42	0
Deferred tax liabilities	49	0
Long term trade and other payables from exchange transactions	41(b)	25,087,063
Total liabilities		30,516,164
Net assets		424,554,367
Reserves		0
Accumulated surplus		90,833,475
Capital Fund		333,720,892
Total net assets and liabilities		455,070,531

ASUMBI TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

The Financial Statements set out on pages 1 - 20 were signed on behalf of the Board of Management by:







Chairman Board of Management

Finance Officer
ICPAK No. 20939

Principal

Date 29/9/2021

Date 29/9/2021

Date 29/9/2021

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2020				
Revaluation gain	-	-	-	-
Fair value on property plant and equipment	333,720,892	-	-	333,720,892
Total comprehensive income	-	-	-	-
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
At June 30, 2021	-	-	-	-
At July 1, 2020	-	-	-	-
Revaluation gain	-	-	-	-
Amount carried forward from college incomplete records	-	78,774,163	-	78,774,163
Total comprehensive income	-	12,059,312	-	12,059,312
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
At June 30, 2021	333,720,892	90,833,475	-	424,554,367

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Kshs
Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants	6(c)	7,856,088
Public contributions and donations	7	50,000
Rendering of services- Fees from students	10(b)	8,642,676
Sale of goods	11	1,597,030
Rental revenue from facilities and equipment	12 (b)	241,650
Finance income		0
Other income		0
Total Receipts		18,387,444
Payments		
Compensation of employees	16(b)	12,788,902
Use of goods and services	15(b)	11,044,792
Finance cost		0
Rent paid	15	50,000
Taxation paid		0
Other payments		0
Grants and subsidies paid		0
Total Payments		23,883,694
Net cash flows from operating activities	43	(5,496,250)
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(0)
Proceeds from sale of property, plant and equipment		4,144,947
Decrease in non-current receivables		(0)
Increase in investments		(0)
Net cash flows used in investing activities		4,144,947
Cash flows from financing activities		
Proceeds from borrowings		0

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

Net cash flows used in investing activities		4,144,947
Cash flows from financing activities		
Proceeds from borrowings		0
Repayment of borrowings		(1,850,235)
Increase in deposits		25,869
Net cash flows used in financing activities		(1,824,366)
Net increase/(decrease) in cash and cash equivalents		(3,175,669)
Cash and cash equivalents at 1 JULY	26	5,833,898
Cash and cash equivalents at 30 JUNE	26	2,658,229

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities Govt grants	18,100,041	0	18,100,041	15,462,176	2,637,865	14.60%
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Fees from students	17,482,188	0	17,482,188	22,938,231	5,456,043	31.21%
Sale of goods	5,797,000	0	5,797,000	1,597,030	4,199,970	72.5%
Finance Income	-	0	-	-	-	-
Other Income	-	-	-	-	-	-
Gains on disposal, rental income and agency fees	670,400.00	0	670,400.00	935.829	265,429	39.6%
Total income	42,049,629	0	42,049,629	40,933,266	1,116,363	2.65%
Expenses						
Compensation of employees	19,285,200	0	19,285,200	16,404,904	2,880,296	14.93%
Use of Goods and services	21,294,497	0	21,294,497	11,032,811	10,261,686	48.19%
Repairs and Maintenance	693,838	0	693,838	693,838	-	-
Rent paid	197,520	0	197,520	50,000	147,520	74.69%
Remuneration of directors	354,592	0	354,592	692,400	337,808.00	48.80%
Grants and subsidies paid	0	0	0	0	0	0
Total expenditure	41,825,647	0	41,825,647	28,873,953	12,951,694	33.13%
Surplus for the period	223,982	0	223,982	12,059,312		0

Budget notes

Grants- The government reduced the capitation during the financial period ended 30th June 2021.

Sale of goods- Students who were major customers were at home due to covid-19.

Rental income- some college staffs who had huge arrears paid.

Both original and final budget are in agreement.

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

INCOME	KSHS.
GRANTS: actual receipt	7,856,088
Add grants in arrears	7,606,088
Statement of financial performance	15,462,176
Rent: Actual	241,650
Add arrears	694,179
Statement of financial performance	935,829
Services rendered: Actual	8,642,676
Add fees arrears from students	14,295,555
Statement of financial performance	22,938,231
EXPENSES	
Employees compensation- actual	12,788,902
Add salary arrears	3,616,002
Statement of financial performance	16,404,904
Service rendered: actual	11,032,811
Add rent paid	50,000
Statement of financial performance	11,082,811

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Asumbi TTC entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of teacher Education.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 19

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for re-valued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

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 2020/2021 was approved by the Board of Management on 6th August 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 0 on the FY 2020/2021 budget following the Board's approval.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The 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.

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity

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recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021	2020
	KShs	KShs
Unconditional grants		
Capitation grants	0	-
Operational grant	0	-
Personal Emolument & Other Recurrent Exp.	15,462,176	-
	15,462,176	-
Conditional grants		
Library grant	0	-
Hostels grant	0	-
Administration block grant	0	-
Laboratory grant	0	-
Learning facilities grant	0	-
Other organizational grants	0	-
Total government grants and subsidies	15,462,176	-

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2020
			KShs	KShs	KShs
Education Ministry/State Department	15,462,176.00	-	7,606,088	15,462,176	-
Xxx Ministry	-	-	-	-	-
Total	15,462,176.00	-	7,606,088	15,462,176	-

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix 1)

(c) Amount as per Statement of Financial Performance	= 15,462,176
Less : Grants in Arrears	<u>7,606,088</u>
Actual grants received	= <u>7,856,088</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2021
	KShs
JICA- Research grant	-
World Bank grants	-
In-kind Donations	-
Other grants-UNESCO	50,000
Total grants from development partners	50,000

Reconciliations of grants from donors and development partners

Description	2021
	KShs
Balance unspent at beginning of year	-
Current year receipts	50,000.00
Conditions met - transferred to revenue	-
Conditions to be met - remain liabilities	-

(The money is to assist the college on an income generating project of its preference)

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2021
	KShs
	-
Transfer from County	-
Transfer from University	-
Transfer from institute	-
Total Transfers	-

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2021
	KShs
Public donations	-
Donations from local leadership	-
Donations from religious institutions	-
Donations from alumni	-
Other donations	-
Total donations and sponsorships	-

(Provide brief explanation for this revenue)

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11. SALE OF GOODS

Description	2021
	KShs
Sale of goods	
Sale of books	-
Sale of publications	-
Sale of farm produce	287,170
Cafeteria	-
Other(include in line with your organisation)	
Seminars	390,900
Tree Nursery	123,010
Bakery	473,860
Horticulture	322,090
Total revenue from the sale of goods	1,597,030

(Revenues from income generating activities)

12. (a) HIRE OF FACILITIES AND EQUIPMENT

Description	2021
	KShs
Hire of facilities and equipment	-
Contingent rental/Rental income	935,829
operating lease revenue	-
Total	935,829

(b) Rent income

Rental revenue	935,829
Less rent arrears	<u>694,179</u>
Actual rent receipts	<u>241,650</u>

(Rent revenues from staff houses)

13. FINANCE INCOME

Description	2021
	KShs
Cash investments and fixed deposits	-
Interest income from Treasury Bills	-
Interest income from Treasury Bonds	-
Interest from outstanding debtors	-
Total finance income	-

(No income)

14. OTHER INCOME

Description	2021
	KShs
Insurance recoveries	-
Consultancy fees	-

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Income from sale of tender	-
Services concession income	-
Reimbursements and refunds	-
Graduation fees	-
Miscellaneous (<i>Specify</i>)	-
Total other income	-

15. USE OF GOODS AND SERVICES

Description	2021
	KShs
Teaching and learning materials	
Industrial attachment costs	-
Electricity	-
Water	-
Security	-
Professional and Consultancy services	-
Subscriptions	-
Advertising	-
Examination fees	-
Audit fees	-
Catering, Conferences, and delegations	-
Travelling and accommodation	-
Fuel and oil	-
Insurance	-
Legal expenses	-
Licenses and permits	-
Postage	-
Printing and stationery	-
Hire charges	-
Rent expenses	50,000
Skills development levies	-
Telephone expenses	-
Internet expenses	-
Training expenses	-
Other (<i>Specify</i>)	-
ECDE	431,370
Administration cost	991,687
Electricity water & conservancy	1,507,910
Boarding Equipment and stores	3,901,458
Teaching / learning materials	497,508
Local transport and travels	465,481
Teaching practice	127,895
Gratuity	251,000
Farm	156,440
Tree Nursery	26,650
Computer	19,000

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Student Council	39,780
Vehicle replacement Fund	2,059,965
Student work programme	42,600
Seminars	49,700
Horticulture	320,150
Medical	144,217
Total good and services	11,082,811

(b) Use of goods and services as per statement of financial performance	11,082,811
Less Trade Payables	<u>38,019</u>
Actual cash outflow	<u>11,044,792</u>

16. EMPLOYEE COSTS

	2021
	KShs
Salaries and wages	11,471,765
Employee related costs - contributions to pensions and medical aids	980,988
Travel, motor car, accommodation, subsistence and other allowances	2,221,151
Housing benefits and allowances	1,731,000
Overtime payments	0
Performance and other bonuses	0
Social contributions	0
Employee costs	16,404,904

(b) Employee cost as per statement of financial performance	16,404,904
Less salary Arrears	<u>3,616,002</u>
Actual employee cost	<u>12,788,902</u>

17. REMUNERATION OF DIRECTORS

Description	2021
	KShs
Chairman's Honoraria	126,000
Directors emoluments	566,400
Other allowances	0
Total director emoluments	692,400

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021
	KShs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
Total depreciation and amortization	-

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19. REPAIRS AND MAINTENANCE

Description	2021
	KShs
Property	0
Investment property – earning rentals	0
Equipment and machinery	0
Vehicles	388,310
Furniture and fittings	0
Computers and accessories	0
Other-Repair and Maintenance	305,528
Total repairs and maintenance	693,838

20. CONTRACTED SERVICES

Description	2021
	KShs
Actuarial valuations	-
Investment valuations	-
Property valuations	-
Total contracted services	-

21. GRANTS AND SUBSIDIES

Description	2021
	KShs
Community development	-
Education initiatives and programs	-
Social development	-
Community trust	-
Sporting bodies	-
Total grants and subsidies	-

22. FINANCE COSTS

Description	2021
	KShs
Borrowings (amortized cost)*	-
Finance leases (amortized cost)	-
Unwinding of discount	-
Interest on Bank overdrafts	-
Interest on loans from commercial banks	-
Total finance costs	-

*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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23. GAIN ON SALE OF ASSETS

Description	2021
	KShs
	-
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain on sale of assets	-

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2021
	KShs
Investments at fair value	-
Total gain	-

25. IMPAIRMENT LOSS

Description	2021
	KShs
Property, plant and equipment	-
Intangible assets	-
Total impairment loss	-

26. CASH AND CASH EQUIVALENTS

Description	2021
	KShs
Current account	235,345
On - call deposits	0
Fixed deposits account	0
Staff car loan/ mortgage	0
Others(specify)Cash	2033
Savings Account	2,420,851
Total cash and cash equivalents	2,658,229

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

26 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021 KShs
a) Current account		
ABSA Bank	0081014574	96,328
ABSA Bank	0081014558	139,017
Sub- total		235,345
b) On - call deposits		
Kenya Commercial bank		-
Equity Bank –		-
Sub- total		-
c) Fixed deposits account		
Kenya Commercial bank		-
Bank B		-
Sub- total		-
d) Staff car loan/ mortgage		
Kenya Commercial bank		-
Bank B		-
Sub- total		-
e) Others(specify)		
Cash in transit		-
Cash in hand Main Account		78
cash in hand Fund Account		1955
Mobile Money account		-
Savings Account - KCB	1160244286	2,401,246
- EQUITY	980268534868	19,605
Sub- total		2,422,884
Grand total		2,658,229

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS**27(a) Current Receivables from Exchange Transactions**

Description	2021 KShs
Current receivables	
Student debtors	14,295,555
Rent debtors	694,179
Consultancy debtors	-
Other exchange debtors	-
Less: impairment allowance	-
Total current receivables	14,989,734

27(b) Long- term Receivables from Exchange Transactions

Description	2021
	KShs
Non-current receivables	
Refundable deposits	0
Advance payments	0
Public organizations	0
Student Debtors	96,095,588
Less: impairment allowance	0
Total	96,095,588
Current portion transferred to current receivables	0
Total non-current receivables	96,095,588
Total receivables	96,095,588

27 (c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2021
	KShs
At the beginning of the year	105,841,600
Provisions during the year	-
Recovered during the year	-
Write offs during the year	-
At the end of the year	96,095,588

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2021
	KShs
Current receivables	
Capitation grants*	-
Transfers from other govt. entities GRANTS	7,606,088
Undisbursed donor funds	-
Other debtors (non-exchange transactions)	-
Less: impairment allowance	-
Total current receivables	7,606,088

**Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.*

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2021
	KShs
At the beginning of the year	-
Additional provisions during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2021
	KShs
Consumable stores	-
Maintenance stores	-
Health unit stores	-
Electrical stores	-
Cleaning materials stores	-
Catering stores	-
Total inventories at the lower of cost and net realizable value	-

30. INVESTMENTS

Description	2021
	KShs
a) Investment in Treasury bills and bonds	
Financial institution	
CBK	0
CBK	0
Sub- total	0
b) Investment with Financial Institutions/ Banks	
Bank x	0
Bank y	0
Sub- total	0
c) Equity investments (specify)	
Equity/ shares in company xxx	0
Sub- total	0
Grand total	0

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

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

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
31. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets (Specify) Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
At 1 July 2021	282,000,000	22,550,000	19,123,600	1,285,000	0	3,800,000	4,962,292	333,720,892
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
At 30 th June 2020	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals								
Transfer/adjustments	0	0	0	0	0	0	0	0
At 30 th June 2020	0	0	0	0	0	0	0	0
Depreciation and impairment								
At 1 July 2021	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
At 30 June 2020	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0
At 30 th June 2020	0	0	0	0	0	0	0	0
Net book values								
At 30 th June 2020	0	0	0	0	0	0	0	0
At 30 th June 2020	282,000,000	22,550,000	19,123,600	1,285,000	0	3,800,000	4,962,292	333,720,892

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Valuation**

Land and buildings values were management figures awaiting valuation.

31 (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:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	26,000,000	-	26,000,000
Buildings	284,000,000	28,000,000	256,000,000
Plant and machinery	4,750,000	950,000	3,800,000
Motor vehicles, including motorcycles	39,561,400	17,011,400	22,550,000
Computers and related equipment	2,165,000	880,000	1,285,000
Office equipment, furniture, and fittings	27,319,428	8,195,828	19,123,600
Work in progress	4,962,292	-	4,962,292
Total	383,795,828	55,037,228	333,720,892

32. INTANGIBLE ASSETS-SOFTWARE

Description	2021 KShs
Cost	0
At beginning of the year	0
Additions	0
At end of the year	0
Additions–internal development	0
At end of the year	0
Amortization and impairment	0
At beginning of the year	0
Amortization	0
At end of the year	0
Impairment loss	0
At end of the year	0
NBV	0

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

33. INVESTMENT PROPERTY

Description	2021
	KShs
At beginning of the year	0
Additions	0
Disposal during the year	0
Depreciation	0
Impairment	0
At end of the year	0

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021
	KShs
Trade payables	878,572
Fees paid in advance	0
Employee advances	0
Third-party payments	0
Other payables	0
Total trade and other payables	878,572

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2021
	KShs
Consumer deposits	0
Caution money	0
Other refundable deposits	0
Total deposits	0

36. CURRENT PROVISIONS

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

ASUMBI TEACHER TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2021

37. FINANCE LEASE OBLIGATION

Description	2021
	KShs
At the start of the year	-
Discount interest on lease liability	-
Paid during the year	-
At end of the year	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned interest	-

Analysed

Description	Amount
Current	-
Non- Current	-
Total	-

38. DEFERRED INCOME

Description	2021
	KShs
National government	-
International funders	-
Public contributions and donations	-
Total deferred income	-

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

The deferred income movement is as follows:

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

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021
	KShs	KShs	KShs	KShs
Current benefit obligation				3,616,002
Non-current benefit obligation				
Total employee benefits obligation				3,616,002

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2020. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2021
	Kshs
Discount rates	0%
Future salary increases	0%
Future pension increases	0%
Mortality (Pre- retirement)	0%
Mortality (Post- retirement)	0%
Withdrawals	0
Ill health	0
Retirement	60 years

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Recognition of Retirement Benefit Asset/ Liability****a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:**

	2021
Description	Kshs
The return on defined plan assets	0
Actuarial gains/ losses arising from changes in demographic assumptions	0
Actuarial gains/ losses arising from changes in financial assumptions	0
Actuarial gains and losses arising from experience adjustments	0
Others (Specify)	0
Adjustments for restrictions on the defined benefit asset	0
Re measurement of the net defined benefit liability (asset)	0

b) Amounts recognised in the Statement of Financial Position

	2021
Description	Kshs
Present value of defined benefit obligations(a)	-
Fair value of plan assets(b)	-
Funded Status(=a-b)	-
Restrictions on asset recognised	-
Others	-
Net Asset or liability arising from defined benefit obligation	-

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 entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs.1080 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Pension Fund. Employees contribute 0% while employers contribute 0% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

ASUMBI TEACHER TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

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

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 34)

41. BORROWINGS

Description	2021
	KShs
Balance at beginning of the year	2,784,762
External borrowings during the year	-
Domestic borrowings during the year	-
Repayments of external borrowings during the year	-
Repayments of domestic borrowings during the year	1,850,235
Balance at end of the year	934,527

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2021
	KShs
External Borrowings	
Dollar denominated loan from 'xxx organisation'	-
Sterling Pound denominated loan from 'yyy organisation'	-
Euro denominated loan from 'zzz organisation'	-
Domestic Borrowings	
Kenya Shilling loan from KCB	934,527
Kenya Shilling loan from Barclays Bank	-
Kenya Shilling loan from Consolidated Bank	-
Total balance at end of the year	934,527

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**41 b) LONG-TERM TRADE AND OTHER PAYABLES**

Description	2021
	KShs
Long term trade and other payables from exchange transactions	25,087,063
Total	25,087,063

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

42. SERVICE CONCESSION ARRANGEMENTS

Description	2021
	KShs
Fair value of service concession assets recognized under PPE	-
Accumulated depreciation to date	-
Net carrying amount	-
Service concession liability at beginning of the year	-
Service concession revenue recognized	-
Service concession liability at end of the year	-

43. CASH GENERATED FROM OPERATIONS

	2021
Surplus for the year before tax	KShs
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Finance income	-
Finance cost	-
Working Capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**44. FINANCIAL RISK MANAGEMENT**

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20xx				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				
At 30 June 20xx				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables			-	-
Current portion of borrowings			-	-
Provisions			-	-
Deferred income			-	-
Employee benefit obligation			-	-
Total			-	-
At 30 June 2021				
Trade payables			25,965,635.50	-
Current portion of borrowings			934,527.00	-
Provisions			-	-
Deferred income			-	-
Employee benefit obligation			3,616,002	-
Total			30,516,164.50	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets (investments, cash, debtors)	121,349,639	-	121,349,639
Liabilities	-	-	-
Trade and other payables	29,581,638		29,581,638
Borrowings	934,527	-	934,527
Net foreign currency asset/(liability)	90,833,475	-	90,833,475

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)	121,349,639.20	-	121,349,639.20
Liabilities	-	-	-
Trade and other payables	29,581,637.50	-	20,581,637.50
Borrowings	934,527	-	934,527
Net foreign currency asset/(liability)	90,833,475	-	90,833,475

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%	0	0
USD	10%	0	0
2021			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****44 FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2021: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2020 – KShs 0)

iv)Capital Risk Management

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

	2021
	Kshs
Revaluation reserve	-
Retained earnings	-
Capital reserve	90,833,474.70
Total funds	90,833,474.70
Total borrowings	30,516,164.50
Less: cash and bank balances	(2,658,228.73)
Net debt/(excess cash and cash equivalents)	33,174,393.23
Gearing	31%

45. 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.

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**Government of Kenya**

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

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

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

	2021
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to Govt agencies	0
Rent Income from govt. agencies	0
Water sales to Govt. agencies	0
Others (Specify)	0
Total	0
b) Purchases from related parties	
Purchases of electricity from KPLC	0
Purchase of water from govt service providers	0
Rent expenses paid to govt agencies	0
Training and conference fees paid to govt. agencies	0
Others (specify)	0
Total	0
b) Grants /Transfers from the Government	
Grants from National Govt	7,856,088
Grants from County Government	0
Donations in kind	0
Total	7,856,088
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	16,365,262
Payments for goods and services for xxx	11,471,121
Total	27,836,383
d) Key management compensation	
Directors' emoluments	692,400
Compensation to key management	0
Total	692,400

46. SEGMENT INFORMATION

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2021**47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES****Contingent Assets**

	2021
	Kshs
Contingent assets	
Insurance reimbursements	0
Assets arising from determination of court cases	0
Reimbursable indemnities and guarantees	0
Others (Specify)	0
Total	00

Contingent Liabilities

	2021
	Kshs
Contingent liabilities	
Court case against the entity	0
Bank guarantees in favour of subsidiary	0
Contingent liabilities arising from contracts including PPPs	0
Others (Specify)	0
Total	00

*(Give details)***48. CAPITAL COMMITMENTS**

Capital commitments	2021
	Kshs
Authorised for	0
Authorised and contracted for	0
Total	00

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and on-going)

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE
2021**49. DEFERRED TAX LIABILITY**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2021
	Kshs
Accelerated capital allowances	0
Unrealised exchange gains/(losses)	0
Revaluation surplus	0
Tax losses carried forward	0
Provisions for liabilities and charges	0
Net deferred tax liability/(asset)	0
The movement on the deferred tax account is as follows:	0
Balance at beginning of the year	0
Credit to revaluation reserve	0
Under provision in prior year	0
Income statement charge/(credit)	0
Balance at end of the year	0

[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12]

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

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

52. CURRENCY

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

ASUMBI TEACHER TRAINING COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Accounting Officer

Name Sikuku Stellah P.

Chief principal

Signature

Date.

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie 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							

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Education				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	00	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	00	

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

Finance Manager
Asumbi ttc

Head of Accounting Unit
Ministry

Sign -----

Sign-----



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	01/06/21	Recurrent	7,856,088	0	0	0	0	0	7,856,088
Ministry of Education	-	Development	0	0	0	0	0	0	0
USAID	-	Donor Fund	0	0	0	0	0	0	0
Ministry of Education	-	Direct Payment	0	0	0	0	0	0	0
Total			7,856,088	00	00	0	00	00	7,856,088

