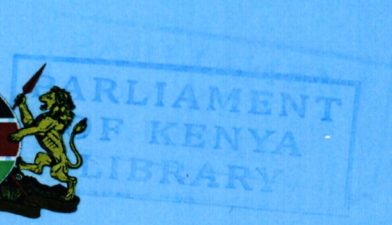
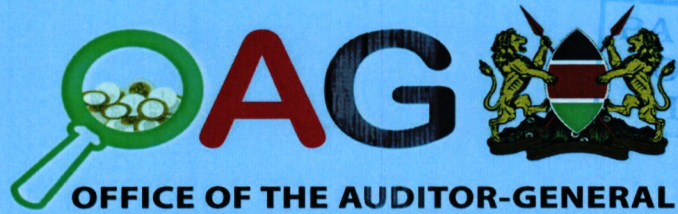



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY	
REPORT 02 MAR 2022	
DAY: WEDNESDAY	
TABLED BY:	MAJORITY WHIP HON. E. WANGWE
CLERK-AT-TABLE:	OF SAMUEL KALAMA.

THE AUDITOR-GENERAL

ON

WERU TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR
ENDED 30 JUNE, 2020**





MINISTRY OF EDUCATION

State Department of Technical and Vocational Training

Weru Technical and Training Institute



P.O. BOX 5227- 80200, Malindi; Tel:0714 742246, 0738 750418

WERU TECHNICAL TRAINING INSTITUTE

ANNUAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2020**

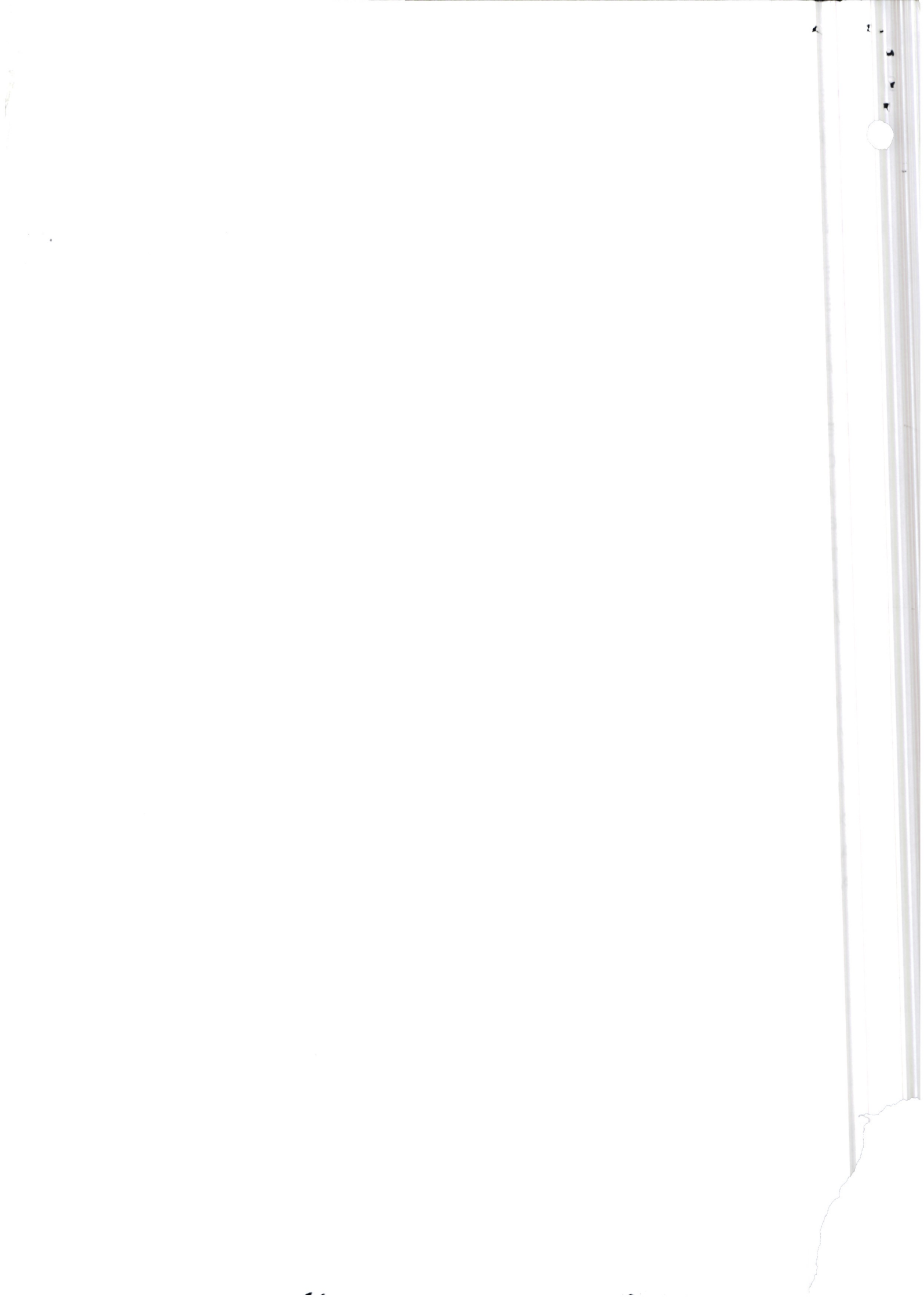
Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



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

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WERU TECHNICAL TRAINING INSTITUTE
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Weru Technical Training Institute is a government owned Technical Training Institution established under TVET Act in 2016. It is located in Baolala location, Jilore ward, Malindi constituency, Kilifi County. It is duly registered by the Technical and Vocational Education and Training Authority(TVETA) under registration number TVEA/PUBLIC/RC/0024/2016. The institution offers Technical and Business courses with a goal to increase access to technical and business training to youths in Kenya. The construction of the college was funded by the Government of Kenya assisted by Malindi constituency Development Fund (CDF) which contributed KSh 10million and donated 10-acre piece of land where the college is premised. The institute is under the Ministry of Education.

(b) Principal Activities

The principal activity is to offer technical and business courses geared towards increasing technical and business skills to Kenyan Youths.

(c) Key Management

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

- Board of governors
- Principal
- Finance officer
- Procurement officer

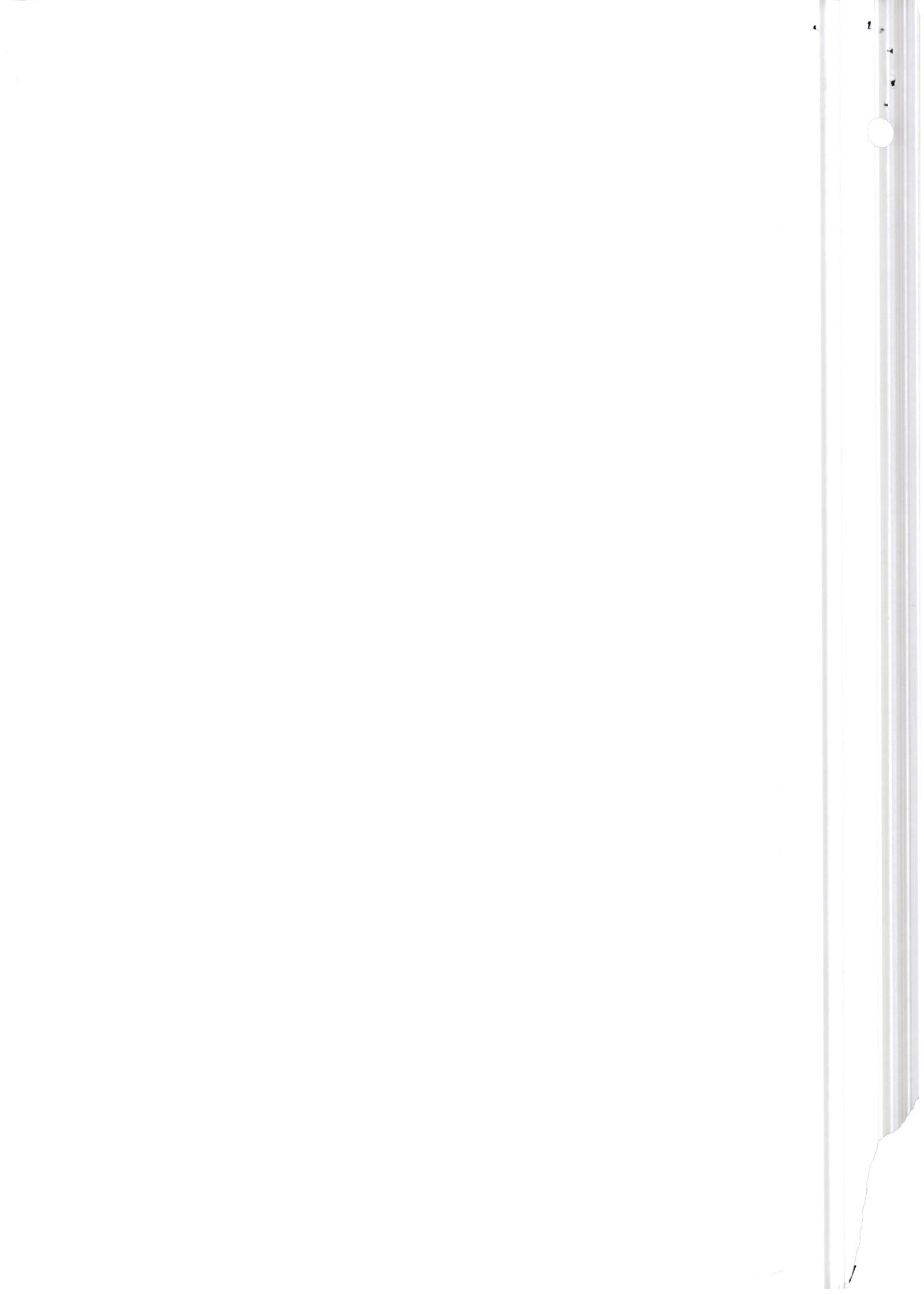
(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Edward Lewah Chotorobi
2.	Head of Finance	Sebastian Charo Chembe
3.	Head of Procurement	Haroun Haro Deche

(e) Fiduciary Oversight Arrangements

- Audit and Risk Management Committee
- Finance and General-Purpose Committee
- Academic Implementation Committee



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

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.o. Box 5227 code 80200
Salagate road,
Malindi, Kenya.

(g) Entity Contacts

Telephone: 0714742246,0738750418
Email:werutvc@gmail.com
Website: www.werutvc.ac.ke

(h) Entity Bankers

Kenya commercial bank
Malindi – branch
P.O. Box 9-80200
Malindi, Kenya.
Account no: 1217145907.

(i) Independent Auditors




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

(j) Principal Legal Adviser

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

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



THE BOARD OF GOVERNORS

 <p>Chairman: Mr. Duncan N. Mwanjila</p>	<p>Mr. Duncan N. Mwanjila was born on 3rd November 1949. He is currently the chairman of the board of governors. He has MSC Agronomy PLPF University – Moscow Russia. He worked as the project manager, Tana Delta Irrigation project {TDIP} under TARDA until 2004, and as a consultant until 2011.</p>
 <p>Member: Mr Dzumbe Saro Mae</p>	<p>Mr. Dzumbe Saro Mae was born on 14th February 1981. He is a member of the board of governors. He has holds a Bed (Technology Education) and MICA sales champion Equity bank Kenya.</p>
 <p>Member: Mr. Dennis O. Omenda.</p>	<p>Mr. Dennis O. Omenda is a member of the board of governors. He holds an Executive Master of Business Administration. He is the Principal at Kenya power lightening Company Limited (KPLC) Training school.</p>

WERU TECHNICAL TRAINING INSTITUTE
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 <p>Member: Mr. Athuman Seif</p>	<p>Mr. Athuman Seif. He was born on 28th of February 1957. He is a member of the board of governors. He worked with world division as a programs manager at Garisa.</p>
<p>Principle: Mr. Edward Lewah Chitorobi</p>	<p>Mr. Edaward LewahChitorobi. He was born on 23rd November 1962. He has diploma in technical electrical engineering.</p>
 <p>Member: Mr. C. Mwanyoha Ndegwa</p>	<p>Mr. C. Mwanyoha Ndegwa. He was born on 10th of August 1960. He is the county Director of Education DTVET.</p>
 <p>Member:</p>	<p>Ms. Elma Tatu Changawa. He was born on 26th of August 1977. She is a member of the board of governors. She is an ICT manager kilifi county government.</p>

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

<p>Ms. Elma Tatu Changawa</p>	
 <p>Member: Ms. Nancy SaumuPite</p>	<p>MS. Nancy Saumu Pite is a member of the board. She was born on 7th of JULY 1983. She is a member of board of governors. Bsc. Forestry facilitator at Gatsbya Africa.</p>
 <p>Member: Ms. Philister Kathunu Kahindi</p>	<p>Ms. Philister Kathumu Kahindi is a member of the board. She was born on 12th of February 1985. She is a member of the board of governors. Bachelor of Commerce (Accounting option) chief internal auditor –county government of kilifi. P.O.BOX 519-80108-KILIFI. 0728166542.</p>

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

MANAGEMENT TEAM

<p>Principal. Mr. Edward LewahChitorobi</p>	<p>Accounting officer /Head of the institution.</p>
<p> Finance Officer: Mr Sebastian C. Chembe</p>	<p>He was born on 8th July 1994. He has Diploma in Accountancy and he is a Certified Public Accountancy (CPA 2). Finance Officer</p>
<p> Procurement officer: Mr Haroun HaroDeche</p>	<p>He was born on 28th October 1995. He has Bachelor's degree in Purchasing and Supplies Management. He is a student member of Kenya Institute of Supplies Management (KISM). Procurement Officer</p>

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

CHAIRMAN'S STATEMENT

Weru Technical Training Institute is well placed to provide adequate and relevant knowledge and skills to the trainees which will enable them to contribute towards the attainment of our country vision 2030 strategic objectives and supporting the drive in realising the objectives of the National Government Big Four agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate academic programs in several ways that will ensure their competitiveness in terms of quality and relevance. The sources of funding to the technical at the end of this period i.e. 30th June 2020, was internally generated revenue {Appropriations-rendering of services ksh.4,498,397, and student's capitation where Ksh7,275,000 and other incomes kshs.2,236,670 . Included in the A-I-A is the expected capitation of KSh 15000 per student from the national Treasury for three quarters translating to a proportionate amount cited below to cover up to the period. The college realized an aggregate income of KSh 14,010,067.00 in revenue during the period ended 30th June 2020. The recurrent expenditure totalled KSh 15,414,763. The college closed the year with a deficit of Kshs. 1,404,696

The surplus is attributed to the accumulated accrual of the expected treasury student capitation for the quarter three and the students NYS. Under the capitation recurrent exchequer allocations, the college receive ksh. 3,796,419 from the National Government CDF for the construction of the college chain-link fence, gate and sentry development during the period. The college requires a lot of support from the National Government and other stakeholders in terms of funding, material support and other contributions.

We shall continue to appeal for such support for several years to come. On behalf of the college, I take this opportunity to thank the national government for its support. I also appreciate the management team all staff and our students for their cooperation during this period. I wish to register my gratitude to them all.

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



Mr. Duncan. N. Mwanjila



BOG Chairman:

Date: 27-03-2021.

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

REPORT OF THE PRINCIPAL

Dear Stake holders,

Weru Technical Training Institute has continued to position itself as the leading technical training institution in the region. In line with the Institute growth aspirations, the strategic plan (2019-2023) was reviewed in the year ending June 2019. The strategic plan was reviewed on the basis of the vision 2030 and other strategic priorities of the government as outlined in the constitution of Kenya 2010. Our commitment to service delivery, efficiency and leadership.

The Institute's core values of uprightness and honesty, transparency and accountability, integrity, respect for change, prudent environmental management, professionalism, respect for cultural diversity, provision of equal opportunities for all and respect for humanity have played a great role in realizing the Institute's dream of impacting skills for self-reliance.

The college planned for and embarked on infrastructure development in order to increase access to technical education. This included improvement of other facilities aimed at accommodating the increasing students enrolment.

Key Projects.

During the year, Weru Technical Training Institute partnered with the National Youth Service to impact skills of self-reliance to 200 recruits from NYS. However, due to the COVID-19 the recruits could not report to the institution for training but we managed to differ the courses to the next financial year. In addition to overseeing construction, implementation and accountability of funds, the Institute lead by the Board of Governors joint efforts in building capacity in mentees personnel, employing participatory development and collaborative principles to enhance capability and institutional knowledge transfer as part of a wider change management process.

Operational and Financial Performance.

The Institute continues to deliver on its key mandate to providing quality training in technical, vocational and entrepreneurship skills for sustainable development. This financial year recorded a deficit of Kshs1,404,696 which was an improvement compared to last financial year which recorded a deficit of Kshs2,047,670. Net deficit for the year is attributed to closure of Schools this was a result of the Covid-19 pandemic where students could not report.

Compliance with Statutory Requirements.

During the period under review, the Institute complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, Pension and HELB within the stipulated deadlines. The Institute does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

Major Risks and Challenges Facing the Institution.

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

Weru Technical Training Institute continues to face pressure on existing resources due to inadequate learning infrastructure exacerbated by the increasing student enrolment. The teachers and non-teaching staff to student ratio remains low. Budgetary constraints have contributed to stalled projects.

REPORT OF THE PRINCIPAL (continued)

Future Outlook.

We are looking forward to harness the ISO 9001:2005 certification and strategic plan (2019 - 2023) to guide the Institute's future developments, improve service delivery and achieve set goals and objectives. We also anticipate an increase in student enrolment, attain adequate staffing levels and improve learning infrastructure. Our ultimate objective is to acquire polytechnic status.

Conclusion.

During the year under review, the Institute has introduced several new initiatives and measures to make its services more efficient and accessible. I take this opportunity to thank our stakeholders for their continued support and partnership in the realization of our mandate.

I commend the Board, Management and staff for their tireless efforts and commitment to the attainment of Weru Technical Training Institute set targets. I am truly honoured to serve alongside you as we endeavour to redefine the role played by Weru Technical Training Institute and drive the Institute towards the realization of its strategic goals and objectives.

On behalf of Board, Management, Staff and Students, I would like to appreciate the support accorded to Weru Technical Training Institute by the GOK through The National Treasury & the Ministry of Education, State Department for Vocational and Technical Training. We look forward to your continued support.



Mr. Edward Lewah Chitorobi
Principal/Secretary BOG

WERU TECHNICAL & VOCATIONAL COLLEGE
PRINCIPAL
P.O. Box 5227-80200, MALINDI

Date: 22nd March 2021

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

REVIEW OF WERU TECHNICAL TRAINING INSTITUTE PERFORMANCE FOR THE YEAR ENDED JUNE 30 2020.

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting to include in the financial statement, a statement of the national government entity's performance Predetermined objectives.

Weru Technical Training Institute has 4 strategic pillars and objectives within its Strategic Plan for the FY2019-2023. These strategic pillars are as follows:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Human Resource Development	To improve human resource capacity	Number of additional BOG staff engaged.	Employ more BOG staff	Additional BOG staff employed.
Pillar 2:	ICT	To fully integrate ICT in the Institute.	Number of ICT equipment purchased	Purchase additional ICT equipment for the Institute	ICT equipment purchased
Pillar 3:	Gender and youth development	To develop responsible youth to contribute to national development	Number and type of information provided	Provision of information	Information on drugs provided
Pillar 4:	Education and training	New and modern methods of Training enhanced	Number of new techniques introduced	New and modern methods of Training enhanced	Modern Training techniques in place

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

CORPORATE GOVERNANCE STATEMENT

The Weru Technical Training Institute, is committed to the values and principles of good corporate governance as an integral part of corporate culture and guides the manner in which its Governors, management, staff and students conduct the business of the organisation. As a public-sector organization dedicated to providing quality service to its stake holders, the Institution decisions are guided by the core tenets prescribed in the public Officers Ethics Act, The leadership and Integrity Act, The Authorities Code of Conduct, corporate Governance guidelines Board and Board Committee Charters. The Institution endeavours to develop, strengthen and sustain the trust that the Government, employees, students and public has placed in it. The board is committed to regularly evaluate national and international emerging standards in responsible, transparent and efficient management with a view of enhancing corporate governance at the Institution and consistently deliver on its statutory mandate.

Role of the Board of Governors

The primary function of the Board of Governors ‘(The Board) is to provide effective strategic leadership and direction to enhance the long-term achievement of Weru Technical Training Institute strategic plan. The strategic plan overall objective is to enhance the achievement of the institute’s objectives on priority basis and in line with the policies of the Ministry of Education (MOE), the Vision 2030 and the big 4 agenda of the government.

The Board Size, Composition and Independence

The Board consists of 9 Governors. The Board composition draws a good mix of skills, experience and proficiencies in various fields. The Governors’ biographies are shown on pages iv to vi.

Board Remunerations

The non-executive Board members are paid sitting allowances for every meeting attended. Governor’s fees are paid to non-executive Board members who are not representing any Government institution.



Mr. Edward Lewah Chitorobi
Principal/Secretary BOG

WERU TECHNICAL & VOCATIONAL COLLEGE
PRINCIPAL
P. O. Box 5227-80200, MALINDI

Date: 22nd March 2021

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

MANAGEMENT DISCUSSION AND ANALYSIS

Weru Technical Training Institute has continued to position itself as the leading technical training institution in the region. In line with the Institute growth aspirations, the strategic plan (2019-2023) was reviewed in the year ending June 2019. The strategic plan was reviewed on the basis of the vision 2030 and other strategic priorities of the government as outlined in the constitution of Kenya 2010. Our commitment to service delivery, efficiency and leadership.

The Institute's core values of uprightness and honesty, transparency and accountability, integrity, respect for change, prudent environmental management, professionalism, respect for cultural diversity, provision of equal opportunities for all and respect for humanity have played a great role in realizing the Institute's dream of impacting skills for self-reliance.

The college planned for and embarked on infrastructure development in order to increase access to technical education. This included improvement of other facilities aimed at accommodating the increasing students enrolment.

During the year, Weru Technical Training Institute partnered with the National Youth Service to impact skills of self-reliance to 200 recruits from NYS. However, due to the COVID-19 the recruits could not report to the institution for training but we managed to differ the courses to the next financial year. In addition to overseeing construction, implementation and accountability of funds, the Institute lead by the Board of Governors joint efforts in building capacity in mentees personnel, employing participatory development and collaborative principles to enhance capability and institutional knowledge transfer as part of a wider change management process.

During the period under review, the Institute complied with all its statutory obligations including compliance with Public Procurement Regulations, remittance of PAYE, NHIF, NSSF, Pension and HELB within the stipulated deadlines. The Institute does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligations.

Weru Technical Training Institute continues to face pressure on existing resources due to inadequate learning infrastructure exacerbated by the increasing student enrolment. The teachers and non-teaching staff to student ratio remains low. Budgetary constraints have contributed to stalled projects.

We are looking forward to harness the ISO 9001:2005 certification and strategic plan (2019 - 2023) to guide the Institute's future developments, improve service delivery and achieve set goals and objectives. We also anticipate an increase in student enrolment, attain adequate staffing levels and improve learning infrastructure. Our ultimate objective is to acquire polytechnic status.

During the year under review, the Institute has introduced several new initiatives and measures to make its services more efficient and accessible. I take this opportunity to thank our stakeholders for their continued support and partnership in the realization of our mandate.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

In line with its mission and values, Weru Technical Training Institute is sensitive to the impact of our activities on our students, employees, partners and other stakeholders, as well as on the community and its environment.

The College is committed to the maintenance of principled standards, respect and accountability across all its activities; this includes and is not limited to the following;

- Treating employees with fairness and respect, support staff development through allowing its staff to attend trainings and workshops, volunteering in community and county, and national government activities
- The student council has a budget on community day where students visit children's homes around Malindi and in the Coast region, they also participate in cleaning and tree planting in Malindi town during environmental days.
- Our students mostly reside in Weru and other areas around Lango Bay town. These have boasted local investors who have rental houses and cafeterias respectively.

The College shall continue to collaborate with all stakeholders on issues that benefit the development of the country, growth of industries as well as giving back to the society. Weru Technical Training Institute therefore shall continue to play its crucial role towards attainment of vision 2030 and the "Big Four Agenda" as spelt out clearly in the Government priorities areas under the social, political and economic pillars.

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

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of Weru Technical Training Institute affairs.

Principal activities

The principal activity is to offer technical and business courses geared towards increasing technical and business skills to Kenyan Youths.

Results

The results of the entity for the year ended June 30, 2020 are set out on pages 1 to 27

Board of governors

The members of the Board who served during the year are shown on page iv, v and vi.

Auditors

The Auditor General is responsible for the statutory audit of the Weru Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Mr. Edward Lewah Chitorobi
Principal/Secretary BOG

WERU TECHNICAL & VOCATIONAL COLLEGE
PRINCIPAL
P.O. Box 5227-80200, MALINDI

Date 22-03-2021

WERU TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

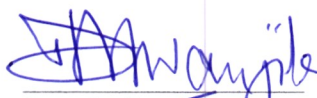
The Board of governors are responsible for the preparation and presentation of the Weru Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Weru Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Weru Technical Training Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of governors accept responsibility for the Weru Technical Training Institute 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. The Board of governors are of the opinion that the Weru Technical Training Institute financial statements give a true and fair view of the state of Weru Technical Training Institute transactions during the financial year ended June 30, 2020, and of the Weru Technical Training Institute financial position as at June 30, 2020. The Board of Governors further confirm the completeness of the accounting records maintained for the Weru Technical Training Institute which have been relied upon in the preparation of the Weru Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements


The Weru Technical Training Institute amended financial statements were approved by the Board on 22-03-2021 and signed on its behalf by:



Board of governor



Board of governor



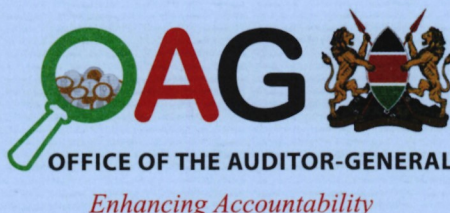
Board of governor

WERU TECHNICAL & VOCATIONAL COLLEGE
CHAIRMAN, BOG
P. O. BOX 5227 - 80200, MALINDI

WERU TECHNICAL & VOCATIONAL COLLEGE
PRINCIPAL
P. O. BOX 5227 - 80200, MALINDI

REPUBLIC OF KENYA

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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 WERU TECHNICAL TRAINING INSTITUTE FOR YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Weru Technical Training Institute set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Weru Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies of the Financial Statements

The financial statements for the year ended 30 June, 2020 submitted for audit had the following inaccuracies:

- i. Note 21 to the financial statements for the year ended 30 June, 2020 reflects surplus for the year before tax of Kshs.6,419,763 against the statement of financial performance deficit of Kshs.1,404,696, resulting to a variance of Kshs.7,824,459 which has not been explained nor reconciled.
- ii. The statement of financial position comparative figures for 2018/2019 vary with the supporting notes to the financial statements as follows:

	Details	Note	Statement of Financial Position Balance (Kshs.)	Supporting Note Amount (Kshs.)	Variance (Kshs.)
1	Current Portion of Receivables from Exchange Transactions	15(a)	-	1,250,000	(1,250,000)
2	Inventories	16	-	750,000	(750,000)

- iii. The statement of financial position reflects total net assets and liabilities of Kshs.70,462,653 against a re-casted figure of Kshs.65,274,623 resulting to a variance of Kshs.5,188,030 which has not been explained nor reconciled.
- iv. The accumulate losses of Kshs.1,404,696 shown in the statement of changes in net assets excludes accumulated losses of Kshs.2,047,670 as at 30 June, 2019. No explanation has been given for the exclusion.
- v. The statement of changes in net assets reflects capital fund of Kshs.58,837,759. However, details of how the figure was arrived at were not provided for audit review.
- vi. The statement of cashflows reflects increase in student deposits of Kshs.9,845,055 which varies with actual increase of Kshs.9,784,055 by Kshs.61,000 which has not been explained nor reconciled.
- vii. The statement of cashflows reflects nil surplus for the year before tax while the statement of financial performance indicates a deficit of Kshs.1,404,696, resulting in variance of the same amount which has not been explained nor reconciled.
- viii. The statement of cashflows reflects depreciation of Kshs.1,413,750 which varies with the figure as per the statement of financial performance of Kshs.1,508,660 by Kshs.94,910 which has not been explained nor reconciled.
- ix. The statement of cashflows reflects purchase of property, plant, equipment and intangible assets of Kshs.58,837,759 while Note 17 reflects additions of Kshs.3,796,419, resulting to an unexplained variance of Kshs.55,041,340.
- x. The statement of cashflows reflects increase in deposits of Kshs.375,200 while the re-computed figure is a decrease of Kshs.558,675, resulting to a variance of Kshs.933,875 which was not explained nor reconciled.
- xi. The statement of cashflows for the comparative figures for 2018/2019 had the following casting errors which have not been corrected:

S/No.	Details	Amount as per Statement Cashflows (Kshs.)	Re-casted Amount (Kshs.)	Variance (Kshs.)
1	Cashflows from Operating Activities (2018/2019)	35,460	66,180	(30,720)
2	Net Cashflows used in Financing Activities (2018/2019)	58,000,000	663,850	57,336,150

- xii. The statement of comparison of budget and actual amounts reflects total income of Kshs.14,010,067 against a re-casted amount of Kshs.20,290,882, resulting to a variance of Kshs.6,280,815 which has not been explained or reconciled.
- xiii. The statement of comparison of budget and actual amounts reflects a performance difference of Kshs.17,274,933 against a re-casted amount of Kshs.10,994,118 varying by Kshs.6,280,815 which has not been explained or reconciled.
- xiv. Note 19 to the financial statements for the comparative figures for 2018/2019 reflects total deposits of Kshs.602,850 against a re-casted figure of Kshs.60,850 resulting to a variance of Kshs.542,000 which has not been explained or reconciled.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

2.0 Rendering of Services – Fees from Students

The statement of financial performance reflects rendering of services - fees from students of Kshs.4,498,397, out of which Kshs.3,891,810 is in respect of student fees paid by Higher Education Loans Board (HELB). The amount received from HELB was posted as a block figure without details of the benefitting students.

Consequently, the accuracy and completeness of the receipts of Kshs.4,498,397 from rendering of services - fees from students could not be confirmed.

3.0 Other Income

As disclosed in Note 8 to the financial statements, the statement of financial performance reflects other income of Kshs.2,236,670. However, the following unsatisfactory issues were observed:

3.1 Registration Fees

The note reflects registration fees of Kshs.26,600. However, audit of student records revealed that one hundred and thirty (130) students were registered during the year under review with a registration fee charge of Kshs.300 per student. Therefore, expected total registration fees would have been Kshs.39,000, resulting to an unexplained variance of Kshs.12,600.

Consequently, the accuracy and completeness of registration fees of Kshs.26,600 could not be confirmed.

3.2 Students Outstanding Debtors

the note reflects students' outstanding debtors of Kshs.392,140. However, ageing analysis was not provided for audit verification.

Consequently, the accuracy and completeness of students outstanding balances of Kshs.392,140 could not be confirmed.

4.0 Use of Goods and Services

As disclosed Note 9 to the financial statements, the statement of financial performance reflects use of good and services of Kshs.5,704,546 However, the following unsatisfactory issues were observed:

4.1 Security Costs

The note reflects security costs of Kshs.1,252,744, out of which Kshs.427,744 was in respect of security services offered from December, 2018 to April, 2019 at a rate of Kshs.75,000 per month. However, the recognition of previous year's expenditure in the current year is contrary to accrual basis of accounting which requires transactions to be recorded in the time and period in which they occur.

Further, the supporting documents indicated that the security expenses amounted to Kshs.75,000 per month or an annual cost of Kshs.900,000 in respect of five (5) guards at a cost of Kshs.15,000 per guard. However, expenditure recorded was Kshs.1,252,744, resulting to unexplained or unreconciled variance of Kshs.352,744.

Consequently, the accuracy and completeness of security costs of Kshs.1,252,744 could not be confirmed.

4.2 Consumable Materials

The note also reflects consumable materials of Kshs.2,026,900 out of which Kshs.165,000 is in respect of purchase of a motor vehicle. However, classification of the motor vehicle as consumable material is contrary to International Public Sector Accounting Standard No. 19 Paragraph 13 which defines property, plant and equipment as tangible items that: (a) are held for use in the production or supply of goods and services, for rent to others, or for administrative purposes; and (b) are expected to be used for more than one reporting period.

Further, the Management did not provide evidence to confirm that the transfer process to the Institute had been initiated as the logbook was not yet in the name of the Institute.

Consequently, the accuracy and propriety of consumable materials expenditure of Kshs.165,000 could not be confirmed.

5.0 Employee Costs

As disclosed in Note 10 to the financial statements, the statement of financial performance reflects employee costs of Kshs.5,787,557 out of which Kshs.3,863,062 is in respect of salaries and wages. The Institute had a total of thirty-eight (38) employees out of whom salaries for sixteen (16) are paid by the Ministry of Education. However, the salary payments to the teachers was not recognized as revenue grant in the financial statements.

Consequently, the accuracy and completeness of employee cost of Kshs.3,863,062 could not be confirmed.

6.0 Remuneration of Directors

As disclosed in Note 11 to the financial statements, the statement of financial performance reflects remuneration of directors of Kshs.1,859,782 out of which Kshs.1,718,506 was not supported by evidence of invitation to the board meetings, signed meeting attendance registers and details of venues and dates when the meetings were held.

Consequently, the accuracy and completeness of remuneration of directors of Kshs.1,859,782 could not be confirmed.

7.0 Cash and Cash Equivalents

As disclosed in Note 14 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.6,420,267. The statement of financial performance for the year ended 30 June, 2020, indicates that the institution received a grant of Kshs.3,796,419 from National Government Constituency Development Fund - Malindi Constituency for construction of a fence through a Project Management Committee (PMC) bank account. However, the bank account balance was not disclosed in the financial statements while the PMC cashbook, bank statements and certificate of bank balance were not provided for audit verification.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,420,267 could not be confirmed.

8.0 Receivables from Exchange Transactions

As disclosed in Note 15 to the financial statements, the statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.2,454,678 and long-term receivables from exchange transactions balance of Kshs.44,175, all totalling to Kshs.2,498,853. However, the details of the debtors and an ageing analysis, were not provided for audit review.

Consequently, the accuracy, completeness and recoverability of Kshs.2,498,853 could not be confirmed.

9.0 Inventories

As disclosed in Note 16 to the financial statements, the statement of financial position reflects inventories balance of Kshs.2,705,774. However, a stock take certificate and a schedule detailing the specific inventory items, quantities, and values to support the inventories balance were not provided for audit review.

Consequently, the accuracy, completeness, and existence of the inventories of Kshs.2,705,774 could not be confirmed.

10.0 Property, Plant and Equipment

As disclosed in Note 17 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.58,837,759. The following anomalies were noted:

10.1 Land and Buildings

The note reflects land and building net book value of Kshs.55,136,250. However, audit review of the property, plant and equipment schedule revealed the following matter:

- i) As previously reported, Note 17 to the financial statements reflected land and building additions at inception of Kshs.58,000,000. However, no records to support the value of land and buildings and nor handing over report for these assets from Kenya National Coast Polytechnic (the mentoring Institution) were provided for audit verification.
- ii) As previously reported, land and buildings net book value as at the beginning of the year of Kshs.56,550,000 was depreciated at 25%. However, Note 4 to the financial statements – summary of significant accounting policies on property, plant and equipment does not indicate the rate of depreciation applicable to different classes of assets and the method of depreciation adopted by the Institute.
- iii) As previously reported, Note 17 to the financial statements for the year ended 30 June, 2020 reflects land and buildings with a combined net book value of Kshs.55,136,250. However, the individual values of land and buildings have not been disclosed separately, contrary to the template prescribed by the Public Sector Accounting Standards Board which has separate columns for land and buildings. Further, the net book value was arrived after a depreciation charge of Kshs.1,413,750, an indication that depreciation was charged on both land and buildings. However, land is not normally depreciated.

Under the circumstances, the accuracy and completeness of land and buildings balance of Kshs.55,136,250 could not be confirmed.

10.2 Omitted Fixed Assets

As previously reported, records provided for audit review indicated that the Institute received high value automotive training equipment, computers and computer accessories, furniture and fittings of undetermined value from the State Department of Technical and Vocational Training. However, these assets have not been included in the property, plant and equipment schedule.

Consequently, the accuracy and completeness of property, plant and equipment balance of Kshs.58,837,759 could not be confirmed.

11.0 Trade and Other Payables from Exchange Transactions

As disclosed in Note 18 to the financial statements, the statement of financial position reflects trade and other payables of Kshs.9,845,055, out of which Kshs.6,236,100 is in respect of fees paid in advance by National Youth Service and others. However, a supporting schedule detailing the students' names and fees paid in advance was not provided for audit review.

Further, included in the balance are third party payments(suppliers) and other payables balances of Kshs.3,608,955. However, the balances were not supported by a schedule detailing the supplier's names, amount owed, invoices issued, services rendered and delivery notes.

Consequently, the accuracy and completeness of trade and other payables of Kshs.9,845,055 could not be confirmed.

12.0 Refundable Deposits from Students

As disclosed in Note 19 to the financial statements, the statement of financial position reflects refundable deposits from students of Kshs.44,175. However, the balance was not supported by a schedule indicating the list of students and amount of refundable deposits owed.

In addition, the Institution did not maintain a separate bank account for the refundable deposits from students and therefore the same may be spent on operations.

Consequently, the accuracy and completeness of refundable deposits from students of Kshs.44,175 could not be confirmed.

12.0 Repairs and Maintenance

The statement of financial performance reflects repairs and maintenance of Kshs.554,218, out of which Kshs.402,675 was paid in cash without acknowledgment of receipt, cash payment vouchers and cash receipts from the suppliers.

Further, included in the expenditure is Kshs.507,438 incurred through cash payments above Kshs.5,000 maximum limit contrary to the Public Procurement and Disposal

Regulations, 2006 Threshold Matrix for Class C procuring entities for low value procurements.

Consequently, the accuracy, regularity of repairs and maintenance of Kshs.554,218 could not be confirmed.

13.0 Sustainability of Services

The statement of financial performance reflects a net loss of Kshs.1,404,696, resulting to an accumulated retained deficit of Kshs.3,452,366. This is an indication that the Institute may not be able to finance its operations in future. The Institute's continued existence as a going concern is therefore highly dependent on support by the National Government.

However, the going concern issue has not been disclosed in the financial statements concerning the existence of this material uncertainty or how the Management intends to reverse the poor performance.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020, reflects a final revenue budget of Kshs.31,285,000 against actual revenue of Kshs.20,290,882, resulting to under collection of Kshs.10,994,118 or 35% of the budget.

The overall under collection is an indication that the Institution may not be able to meet its core mandate, a situation which could negatively affect delivery of quality training to the students.

1.2 Expenditure Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020, reflects a final expenditure budget of Kshs.31,285,000 against actual

expenditure of Kshs.15,414,763 resulting to an overall under absorption of Kshs.15,870,237 or 51% of the budget.

The under expenditure is an indication that the Institution may not have realized its core mandate of providing quality training to students.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Presentation of Financial Statements

The financial statements for the year ended 30 June, 2020 submitted for audit contained the following presentation anomalies:

- 1.1 The Corporate Governance Statement do not include the number of board meetings held, attendance of the meetings, succession plan, existence of a board charter, process of appointment and removal of council members, roles and functions of the Board, induction and training, board and member performance, conflict of interest, board remuneration, ethics and conduct as well as governance audit as required by Public Sector Accounting Standards Board financial reporting template.
- 1.2 Management discussion and analysis does not include the following as per the requirements by Public Sector Accounting Standards Board financial reporting template:
 - i) The institutions key projects or investments decision implemented or ongoing.
 - ii) Entity's compliance with statutory requirements.
 - iii) Major risks facing the organisation.
 - iv) Material arrears in statutory and other financial obligations.
- 1.3 The statement of financial position as at 30 June, 2020 refers to eighteen months ended 30 June, 2019 instead of as at 30 June, 2019 on the comparative column.
- 1.4 The statement of changes in net assets does not have comparative movement for the prior period.

1.5 Appendix 1 – progress on follow up of auditor recommendations does not disclose the issues raised by the Auditor-General in the prior year

Consequently, the financial statements are not prepared in accordance with requirements of International Public Sector Accounting Standard 1 as prescribed and published by the Public Sector Accounting Standards Board.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of a Finance and Accounting Policy Manual

As previously reported, the Institute has not developed finance and accounting manual to guide Management in processing financial transactions. This is contrary to Section 68 (2)(e) of The Public Finance Management Act, 2012 which states that 'an Accounting Officer for a National Government entity is accountable to the National Assembly for ensuring that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods, adequate arrangements are made for their custody, safeguarding and maintenance'.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 February, 2022



WERU TECHNICAL TRAINING INSTITUTE
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IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	For eighteen months ended 30 June 2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government—grants/ gifts in kind	6	7,275,000	2,500,000
		7,275,000	2,500,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	4,498,397	7,212,977
Other income	8	2,236,670	1,308,130
		6,735,067	
Total revenue		14,010,067	11,021,107
Expenses			
Use of goods and services	9	5,704,546	4,263,184
Employee costs	10	5,787,557	5,020,032
Remuneration of directors	11	1,859,782	2,005,452
Depreciation and amortization expense	12	1,508,660	1,450,000
Repairs and maintenance	13	554,218	330,109
		15,414,763	13,068,777
Total expenses		15,414,763	13,068,777
Net Surplus for the year		(1,404,696)	(2,047,670)

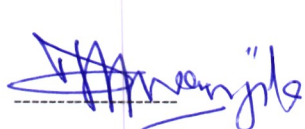
The notes set out on pages 7 to 25 form an integral part of the Annual Financial Statements.

WERU TECHNICAL TRAINING INSTITUTE.
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V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020	For eighteen months ended 30 th June 2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	6,420,267	35,460
Current portion of receivables from exchange transactions	15(a)	2,454,678	0
Inventories	16	2,705,774	0
		11,580,719	
Non-current assets			
Property, plant and equipment	17	58,837,759	56,550,000
Long term receivables from exchange transactions	15(b)	44,175	0
Total assets		70,462,653	56,585,460
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	9,845,055	61,000
Refundable deposits from customers /students	19	44,175	602,850
Payments received in advance			0
Total current liabilities		9,889,230	663,850
Non-current liabilities			
Total liabilities		9,889,230	
Capital and Reserves			
Reserves			
Accumulated surplus		(3,452,366)	(2,047,670)
Capital Fund		58,837,759	58,000,000
Total net assets and liabilities		70,462,653	56,616,180

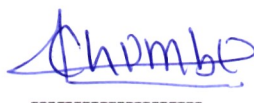
The Financial Statements set out on pages 6 to 24 were signed on behalf of the Institute Board of Governors by:



Chairman of Board of Governors

WERU TECHNICAL & VOCATIONAL COLLEGE
CHAIRMAN, BOG
 P. O. BOX 5227 - 80200, MALINDI

Date 22-02-2021 Date 22-03-2021



Finance Officer

Date



Principal

WERU TECHNICAL & VOCATIONAL COLLEGE
PRINCIPAL
 P. O. Box 5227-80200, MALINDI

22-03-2021

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

	Retained earnings	Capital Fund	Total
Balance at July 1,2018	-	-	-
Capital fund	-	58,000,000	55,952,330
Total comprehensive income	(2,047,670)	-	-
Balance c/d as at June 30,2019	(2,047,670)	58,000,000	55,952,330
Capital Fund	(1,404,696)	58,837,759	57,433,063
Total comprehensive income	(1,404,696)	-	-
Balance c/d at June 30, 2020	(1,404,696)	58,837,759	57,433,063

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VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	For eighteen months ended 30th June 2019
Surplus for the year before tax			(2,047,670)
depreciation	17	1,413,750	1,450,000
Increase in students' deposits	18	9,845,055	663,850
Net cash flows from operating activities		6,420,267	35,460
Purchase of property, plant, equipment and intangible assets	17	58,837,759	56,550,000
Net cash flows used in investing activities		58,837,759	56,550,000
Cash flows from financing activities			
Increase in deposits		375,200	663,850
Net cash flows used in financing activities		00.00	58,000,000
Cash and cash equivalents at 1 JULY 2019	14	35,460	
Cash and cash equivalents at 30 JUNE 2020	14	6,420,267	

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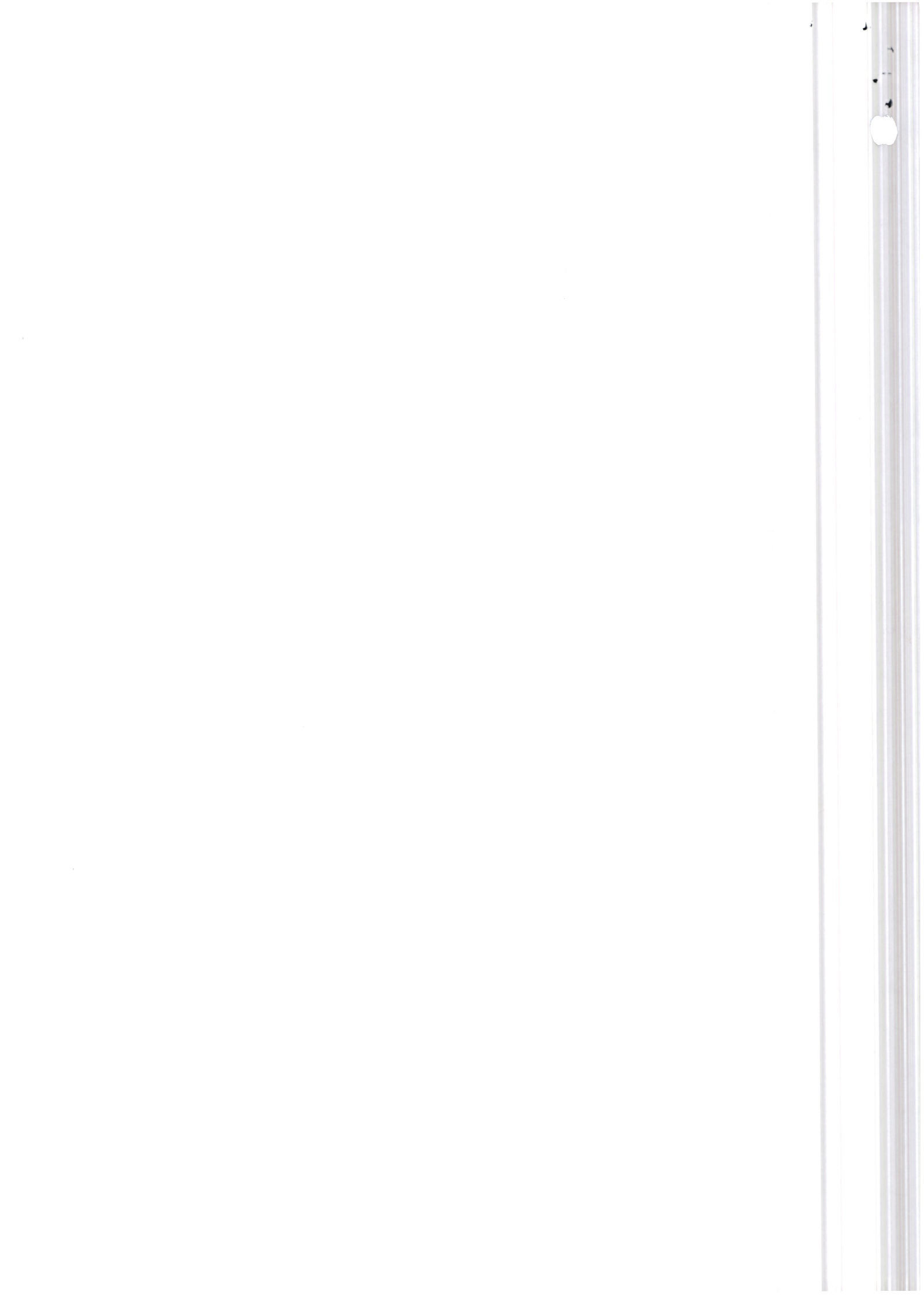
VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis	Performance difference	Performance difference
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs			
Revenue									
Transfers from other Govt entities Govt grants		15,000,000	0	0	15,000,000	13,135,900	1,864,100	12%	
Rendering of services - Fees from students		13,210,000	0	0	13,210,000	4,498,397	8,711,603	66%	
Other Income		3,075,000	0	0	3,075,000	2,656,585	418,415	14%	
Total income		31,285,000	0	0	31,285,000	14,010,067	17,274,933	55%	
Expenses									
Employees costs		11,726,400	0	0	11,726,400	5,787,557	5,938,843	51%	
Use of Goods and services		15,462,350	0	0	15,462,350	5,704,546	9,757,804	63%	
Repair maintenance and Improvements		822,500	0	0	822,500	554,218	268,282	33%	
Remuneration of directors		1,860,000	0	0	1,860,000	1,859,782	218	0%	
Depreciation		1,413,750	0	0	1,413,750	1,508,660	(94,910)	-7%	
Total expenditure		31,285,000	0	0	31,285,000	15,414,763	15,870,237	51%	
Deficit for the period						(1,404,696)			

Budget notes

N/b: The casting error for final budget- total expenditure is due to the PPE depreciation of the property (fence) which was not in the budget.

1. Performance difference is due to the decrease in capitation grants received in the year of under review i.e. budgeted 600 students but only we received capitation for 270 students for only three quarters.
2. performance difference is due to decrease in the rendering of services from NG-CDF bursaries and county bursaries during the year
3. performance difference is due to low number of students enrolled compared to the budgeted for this year.



IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Weru Technical Training Institute is established by and derives its authority and accountability from TVET Act No 29 of 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of technical and business training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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 TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol 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.

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</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.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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 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 c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. 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.

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2019/2020 was approved by the board of governor on **2019**. Subsequent revisions or additional appropriations were not made to the approved budget.

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.

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.

c) 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.

d) 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



costing 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Financial instruments (continued)

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 cashflows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicator.

- 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

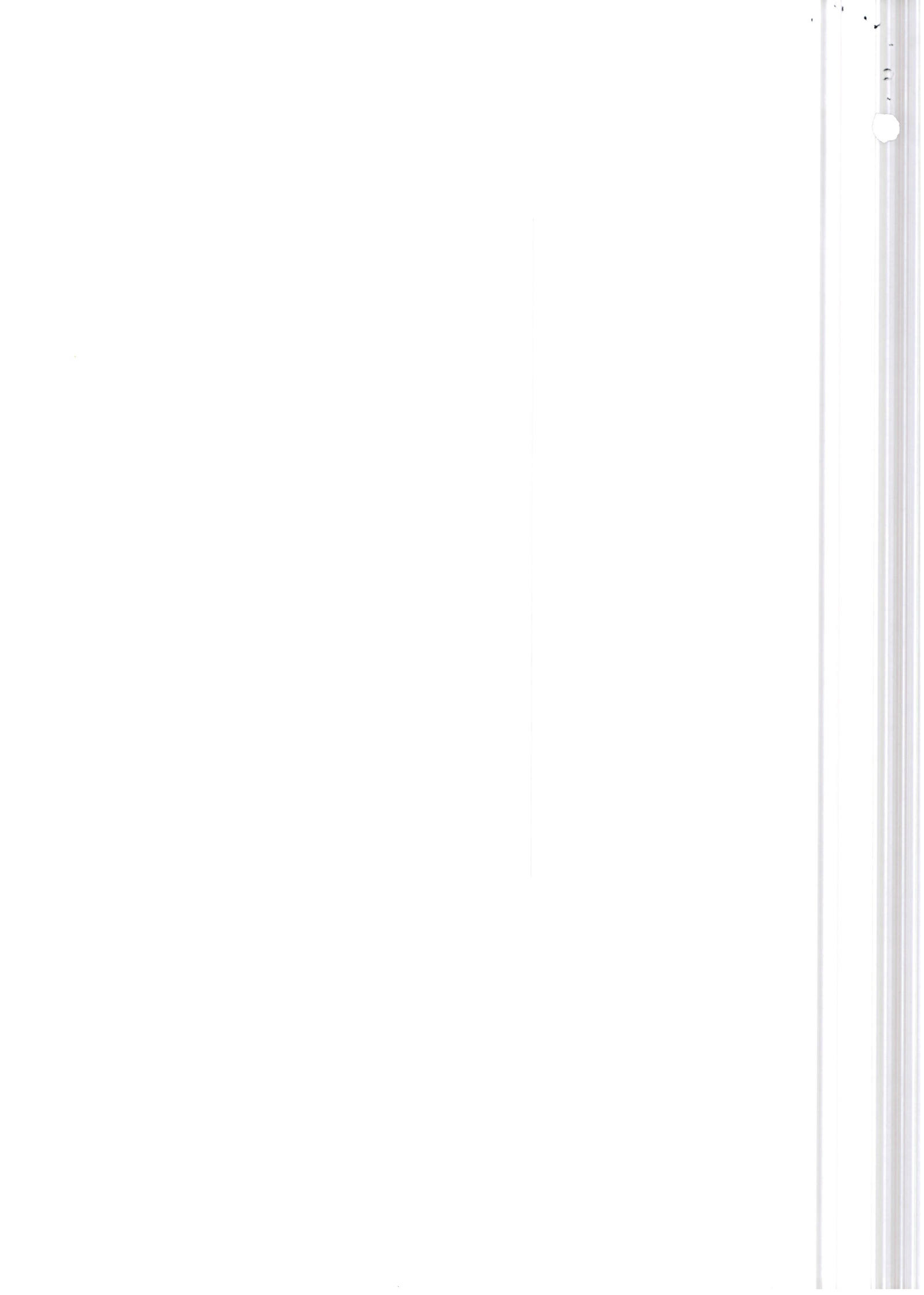
Initial recognition and measurement

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



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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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

l) 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.

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 imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Comparative figures

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

n) Subsequent events

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

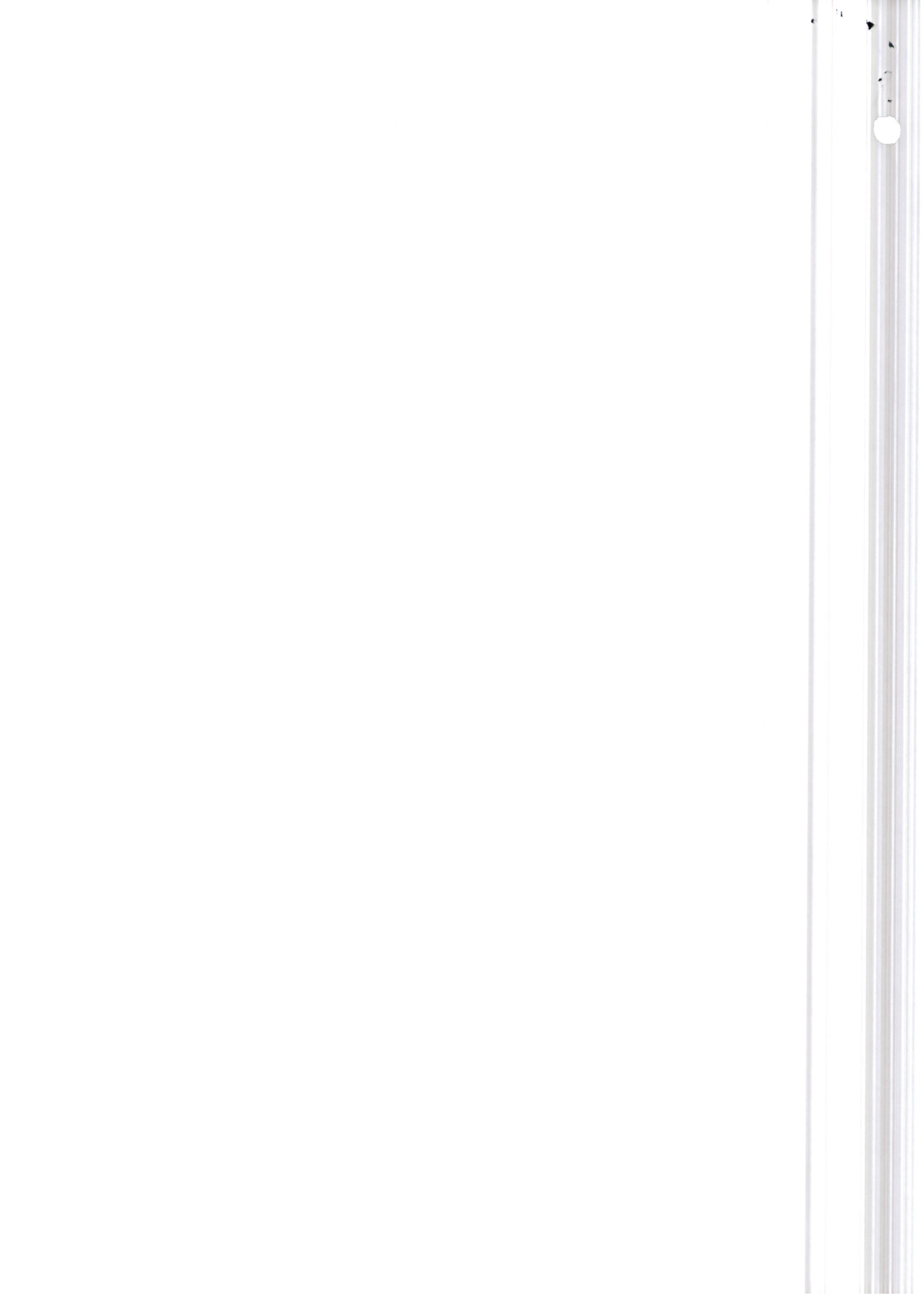
The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- 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.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	Ksh
Unconditional grants		
Operational grant	7,275,000	2,500,000

6b) 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
			KShs	KShs
State department of Education Technical	7,275,000	-	-	7,275,000
Ministry of planning and Devolution	-	-	-	
Total	7,275,000	-	-	7,275,000

7 RENDERING OF SERVICES

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	Kshs
Tuition fees	1,322,582	5,937,047
Activity fees	580,080	268,860
Personal Emoluments	1,858,845	598,010
Electricity ,Water and conservancy	319,585	74,000
Local ,Transport and Travel .	88,325	100,000
Insurance Medical and Attachment	47,410	94,280
Repair Maintenance	281,570	140,780
Total revenue from the rendering of services	4,498,397	7,212,977



NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER INCOME

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Examination fees	1,733,390	780,480
Registration fees	26,600	43,800
Students council	27,240	0
Students college Id	57,300	120,000
Students outstanding balances	392,140	363,850
Total other income	2,236,670	1,308,130

9 USE OF GOODS AND SERVICES

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Electricity	185,000	135,000
Water	98,340	39,629
Professional services	-	-
Subscriptions	-	-
Advertising	47,700	-
Admin fees	266,033	188,860
Audit fees	-	-
Knec-fees	632,310	985,000
Katti	152,000	254,964
Activities	601,983	550,005
Fuel and oil	79,539	51,180
Insurance, Medical and Attachment	5,100	182,819
Consumable materials	2,026,900	185,000
Airtime	150,350	44,100
Printing and stationery	124,656	842,489
Bank charges	12,952	4,138
Student council	6,745	0
Security costs	1,252,744	750,000
Internet	62,194	50,000
Total good and services	5,704,546	4,263,184



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 EMPLOYEE COSTS

	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Salaries and wages	3,863,062	3,802,232
Employee related costs- contribution to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	1,924,495	1,217,800
Housing benefits and allowances	-	-
Social contributions	-	-
Employee costs	5,787,557	5,020,032

11 REMUNERATION OF DIRECTORS

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Bog allowances	1,859,782	2,005,452
Total director emoluments	1,859,782	2,005,452

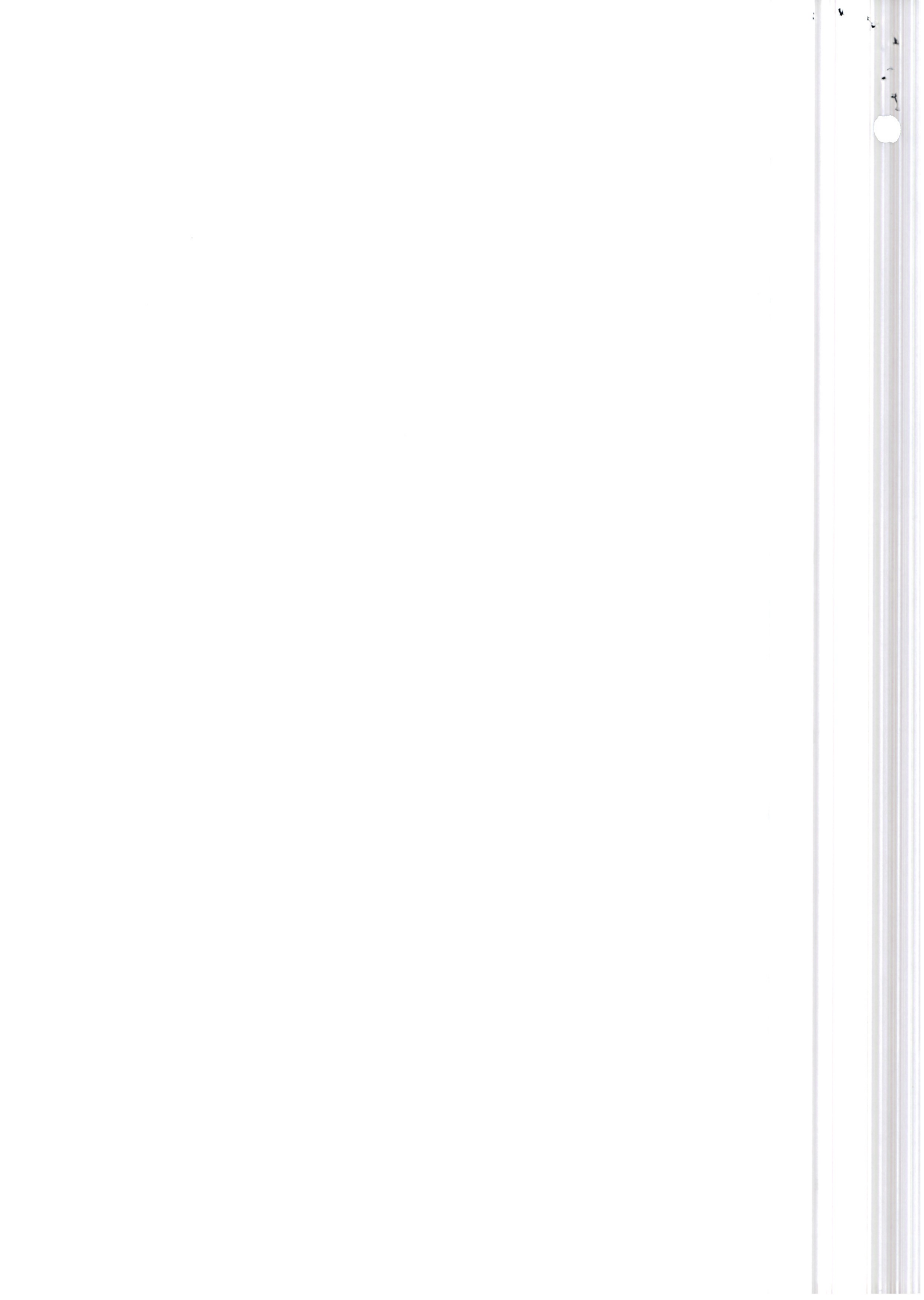
12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Property, plant and equipment	1,508,660	1,450,000
Total depreciation and amortization	1,508,660	1,450,000

13 REPAIRS AND MAINTENANCE

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Property	500,000	0
Other	54,218	330,109
Total repairs and maintenance	554,218	330,109

14 CASH AND CASH EQUIVALENTS



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Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Current account	6,419,763	35,460
Others(cash at hand)	504	-
Totalcashandcashequivalents	6,420,267	35,460

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b).DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020	For eighteen months ended 30 th June 2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	1217145907	6,419,763	35,460
b) Others(specify)			
cash in hand		504	-
Grand total		6,420,267	35,460

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

15(a)

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Currentreceivables		
Student debtors	2,454,678	1,250,000
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Totalcurrentreceivables	2,454,678	1,250,000

15(b)

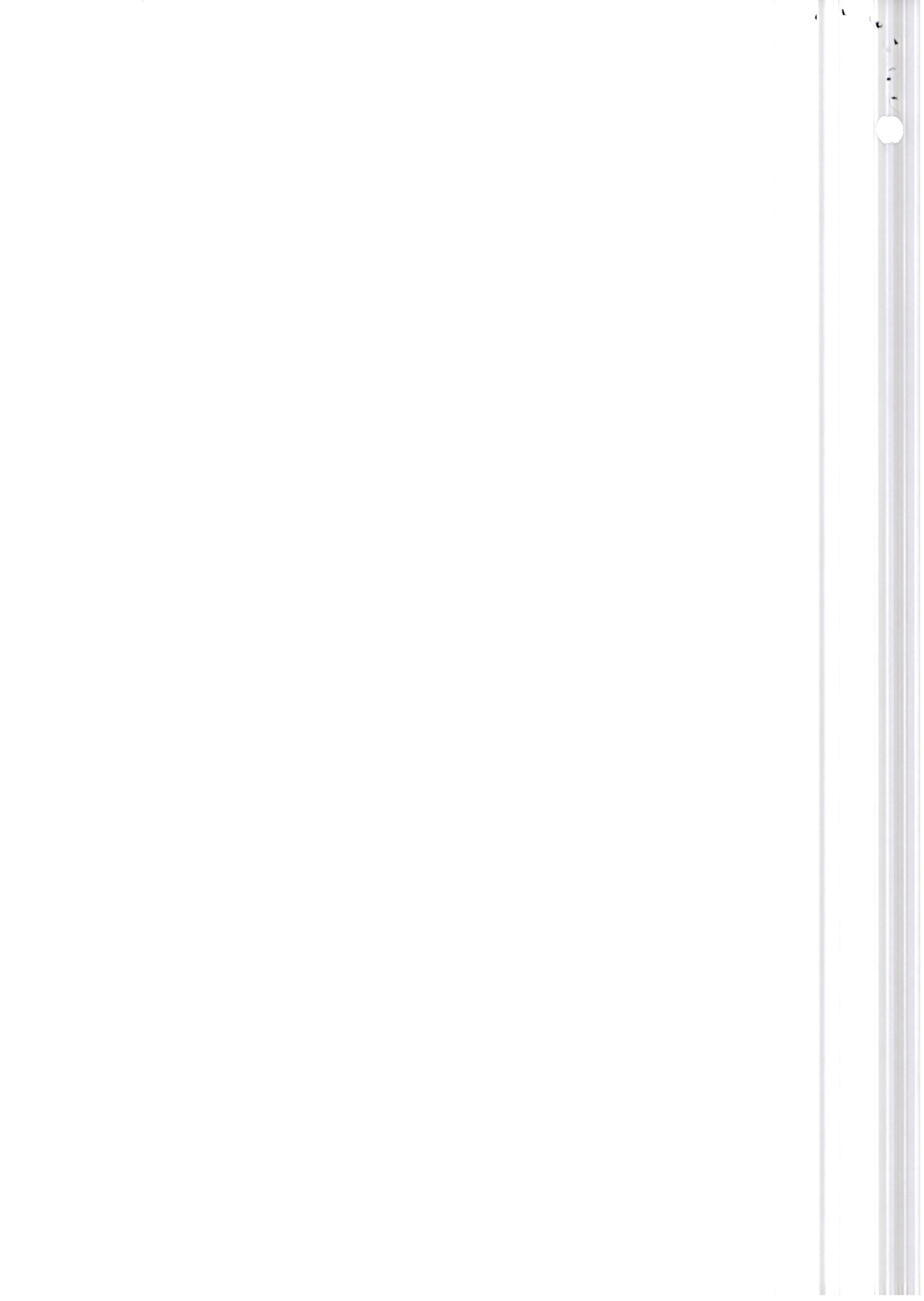
Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Non-currentreceivables		
Refundable deposits	44,175	61,000
Advance payments	-	-
Totalnon-currentreceivables	44,175	61,000



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16 INVENTORIES

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Consumable stores	2,151,556	622,720
Maintenance stores	554,218	127,280
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	2,705,774	750,000



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 PROPERTY, PLANT AND EQUIPMENT 2.5%

	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
As at 30 th June 2018	-	-	-	-	-	-
Additions	58,000,000	-	-	-	-	58,000,000
Disposal	-	-	-	-	-	-
At 30 th June 2019	58,000,000	-	-	-	-	58,000,000
Depreciation	1,450,000	-	-	-	-	1,450,000
Disposal	0	-	-	-	-	0
Net book values	56,550,000	-	-	-	-	56,550,000
At 30 th June 2019	56,550,000	-	-	-	-	56,550,000
Additions	-	-	-	-	3,796,419	3,796,419
Disposals	-	-	-	-	-	-
At 30 th June 2020	56,550,000	-	-	-	3,796,419	60,346,419
Depreciation	1,413,750	-	-	-	94,910	1,508,660
Disposals	0	-	-	-	-	0
Net book values	55,136,250	-	-	-	3,701,509	58,837,759
At 30 th June 2020	55,136,250	-	-	-	3,701,509	58,837,759

Note

The Institution received assets from the ministry of education in the year 2018.

However, the values of the assets were not indicated in the handing over report.

The assets received were as follows:

- 1) students' chairs 80 pcs
- 2) staff desks 20 pcs
- 3) staff chairs 16 pcs
- 4) Automotive equipment's and tools
- 5) Computers 20 pcs
- 6) laptops 3 pcs
- 7) projector with screen 2 pcs
- 8) board room tables 1 pc
- 9) board room chairs 10 pcs
- 10) principal executive seat 1 pc
- 11) filing cabinet 1 pc
- 12) principal office desk 1 pc
- 13) computer table 1 pc
- 14) fireproof compact table 1 pc
- 15) bookshelf 1 pc
- 16) college training van

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18 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Trade payables	-	61,000
Fees paid in advance(NYS and others)	6,236,100	-
Employee advances	-	-
Third-party payments(suppliers)	2,127,955	-
Other payables	1,481,000	-
Total trade and other payables	9,845,055	61,000

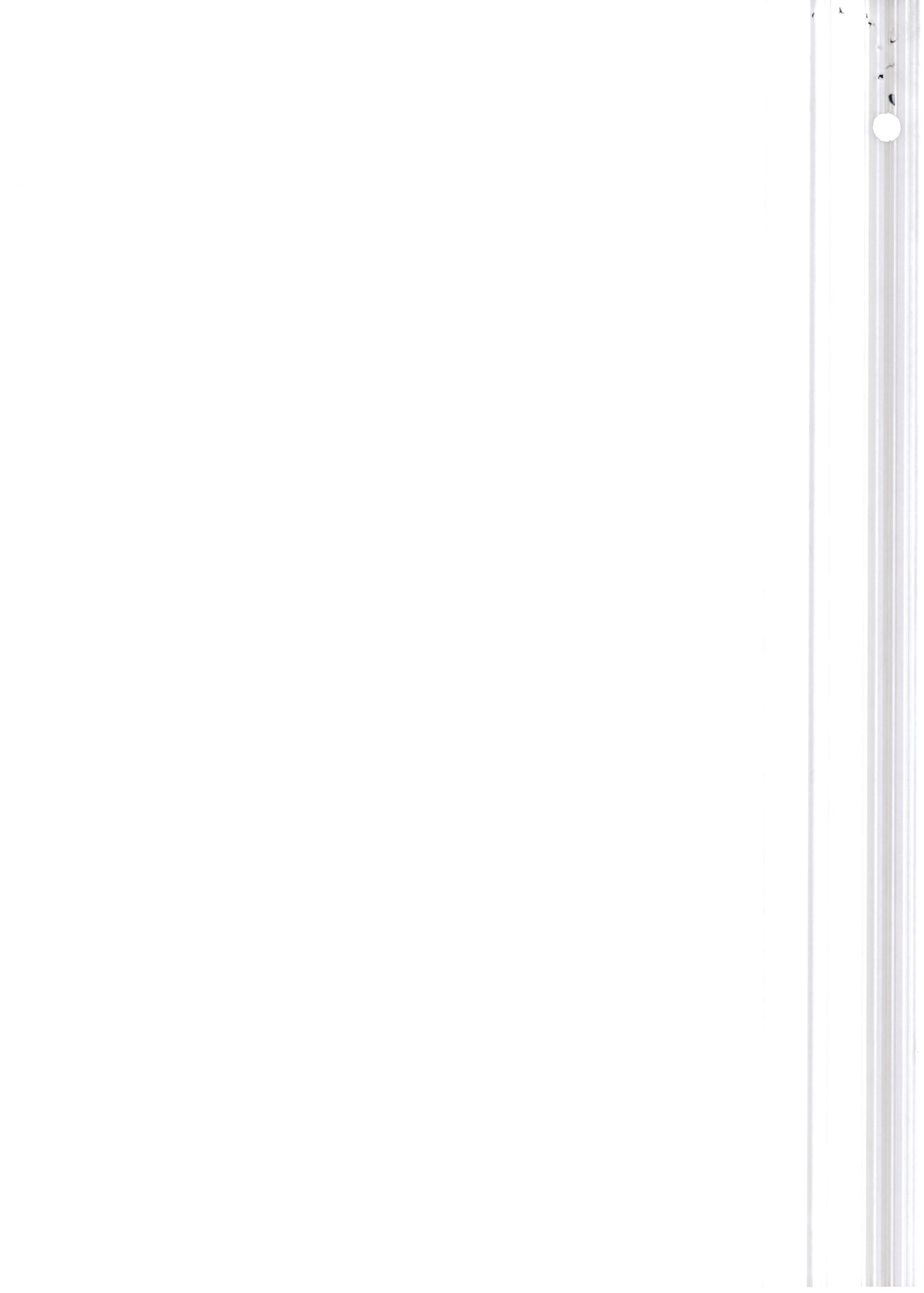
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Caution money	44,175	60,850
Other refundable deposits	-	-
Total deposits	44,175	602,850

20 BORROWINGS

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0



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21 CASH GENERATED FROM OPERATIONS

Description	2019-2020	For eighteen months ended 30 th June 2019
	Kshs.	KShs
Surplus for the year before tax	6,419,763	(2,047,670)
Adjusted for:		
Depreciation	(1,508,660)	1,450,000
	6,419,763	35,460
	4,911,103	

22. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	For eighteen months ended 30 th June 2019
	KShs	KShs
	00	00
Total Transfers	00	00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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

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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 2020				
Receivables from exchange transactions	2,454,687	2,454,687	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	6,419,763	6,419,763	-	-
Total	8,874,450	8,874,450	-	-

23. 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



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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	-	-	3,984,155	3,984,155
Current portion of borrowings	-	-	2,625,535	2,625,535
Student caution money	-	-	59,930	59,930
Total	-	-	6,669,620	6,669,620

23. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *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:



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

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt- MOE	13,135,900	3,000,000
Grants from NG-CDF MALINDI	3,796,419	-
Total	16,932,319	3,000,000
b) Key management compensation		
Directors' emoluments	1,859,782	2,317,437
Total	1,859,782	2,317,437

25. EVENTS AFTER THE REPORTING PERIOD

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

26. 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.

27. Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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.

Director General/C.E. O/M.D (enter title of head of entity)
Chairman of the Board


Date.....

22/3/2021





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APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

NG-CDF MALINDI	Date received	Nature: Recurrent/Develop- ment/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	
NG-CDF MALINDI		Development	3,796,419	-	-	-	-	-	3,796,419
Total			3,796,419	-	-	-	-	-	3,796,419

