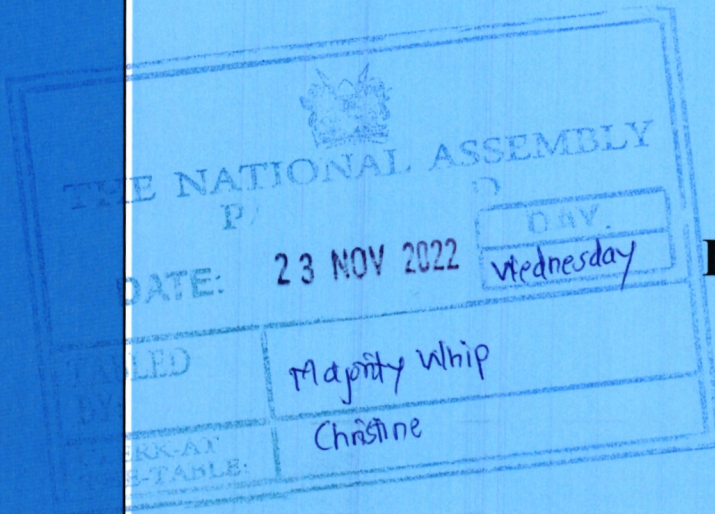
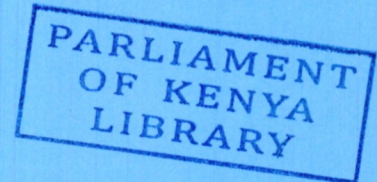
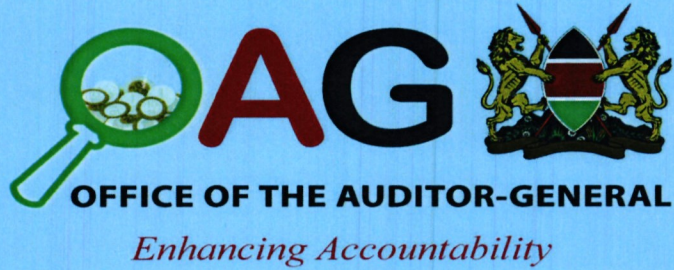


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**AHMED SHAHAME MWIDANI TECHNICAL
TRAINING INSTITUTE**

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

Revised Template:30th June 2021



International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2021

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



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AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2021

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AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2021

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Ahmed Shahame Mwidani Technical Training Institute (ASMTTI) is a Public Technical and Vocational Training Institution established under the Ministry of Education State Department of Technical and Vocational Education and Training. It was established under the TVET Act 2013 Section 26(1)(a) and (b). The College is governed and managed in accordance with the provisions of the TVET Act 2013 and any instrument of governance approved by the Board.

The Board OF Governors was appointed by the Cabinet Secretary in the Ministry of Education according to the TVET Act No.29 of 2013 S.28 (1) (b).

The College registered as Ahmed Shahame Mwidani Technical Training Institute in December 2016. It was mandated with providing training in industry relevant employable technical and innovative skills for gainful employment and job creation through self-employment.

(b) Principal Activities

The principal activity of the college is to provide training in industry relevant employable technical and innovative skills for gainful employment and job creation through self-employment.

VISION

To be a world class centre of excellence in technical and vocational training.

MISSION

To produce highly skilled hands on middle level man-power for the global technical industry.

MANDATE

To train skill-oriented workforce that is suitable for further professional development through quality competency based technical and vocational education and training programs responsive to national and global industrial productivity.

CORE VALUE

At Ahmed Shahame Mwidani T.T.I we are committed to the following values:

- Honesty, integrity and accountability
- Quality leadership, innovativeness and creativity
- Professionalism
- Consultative decision making
- World class standards and programs
- Respect for gender, disability and human rights

Team spirit and discipline

I KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

The Following are objectives and Functions

- To adopt new competence-based curriculum for artisan, certificate and diploma programmes.
- To increase infrastructure and physical facilities to respond to the expected influx of trainees due to reforms on education and training.
- To source and develop a pool of skilled, qualified and professional staff.
- To conduct research, innovation and Development to promote science and technology and innovation
- To strengthen good governance and effective management of the Institute.
- To diversify sources of and increase revenue.
- To develop linkages and collaborations.
- To continually equip workshops and laboratories with adequate and relevant equipment.

(c) Key Management

Ahmed Shahame Mwidani day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Deputy Principal
- Finance Department
- Procurement Department
- Registrar
- Dean of Students

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Patrick M. King'oina
2.	Deputy Principal	Victor S Mchana
3.	Head of Finance	Peter Ochieng Omwago
4.	Head of Procurement	Patrick Mulati Wafula
5.	Ag. Registrar	Joseph Warighe
6.	Ag. Dean of Students	Alphonse Musila

(e) Fiduciary Oversight Arrangements

- (i) The Board of Directors
- (ii) The Finance and Human resource committee
- (iii) The Audit and risk committee
- (iv) The Technical & Academic Committee





AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30th JUNE 2021

I KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- (f) **Entity Headquarters**
P.O. Box 93800-80102
Airport Road, Changamwe
Mombasa, Kenya
- (g) **Entity Contacts**
Telephone :(254)746748481/0739209337
E-mail: asmwidanitvc@gmail.com
: info@ahmedmwidanitvc.ac.ke
Website: www.ahmedmwidanitvc.ac.ke
- (h) **Entity Bankers**
1. Kenya Commercial Bank
Haile Selassie Avenue
P.O. Box 90254, Mombasa
City/Town: Mombasa
Email Address: treasurysqr@cb.co.ke
 2. Kenya Commercial Bank
Changamwe Branch.
P.O. Box 93034-80102
Ngomo Multipurpose Building,
Airport Road Magongo.
Email: brmgrchangamwe@kcb.co.ke
 3. Kenya Commercial Bank
Changamwe Branch.
P.O. Box 93034-80102
Ngomo Multipurpose Building,
Airport Road Magongo.
Email: brmgrchangamwe@kcb.co.ke
- (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





AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2021

II. THE BOARD OF GOVERNORS

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
 1. JOSEPH T. NGUMA	<p>Joseph T Nguma was born on 1956. He is currently the chairperson of the Board of Governor of the Institute. He has master experience in Consultancy and management having worked in public colleges and carrying out private consultation. He is a graduate in MBA (Strategic Management option) at University of Nairobi (UON) 2013. B.Ed. (second class Honours Science option) at UON between 1978-1981. Rtd training officer at Bandari College.</p>
 2. PETER MWANGI	<p>Mr. Peter Mwangi was born in 1966. He is currently the county director TVET Mombasa County and by virtues of his office he is a Board member. He is a Holder of Masters in Education with an experience of over 30 years.</p>
 3. NANCY GATHIGIA MUNYIRI	<p>Md. Nancy Gathigia was born in 1977. Currently she represents the office of Mombasa county Governor. She is a holder of bachelor of development studies, she is also working as an assistant Director Vocational Training in Mombasa county</p>
 4. Abderehman Abubakar Mohamed	<p>Mr Abdurehman Abubakar Mohamed was bone in 1986. He is currently a member of Board of Governors. He is a holder of Bachelor of Engineering in applied mechanical, 2012. He is a Field service manager at Davis & shirt liff Mombasa</p>




AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2021

II THE BOARD OF GOVERNORS (Continued)


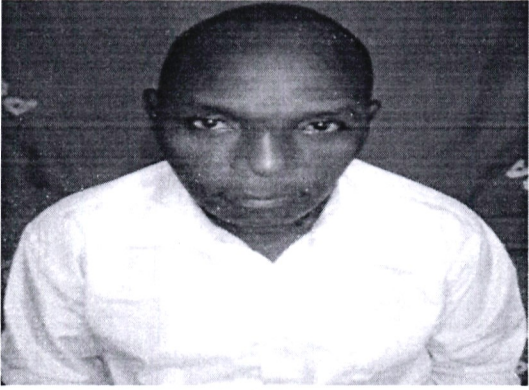
 <p>5. Salma Mohamed Rashid</p>	<p>Md. Salma Mohamed Rashid was born in 1979. She is currently a Board member of Ahmed s Mwidani TTI. She is a holder of Masters in Business administration (strategic Mgt) at JKUAT. She is also a CPA (K) holder and as a credit analyst Manager at Gulf African Bank Nairobi.</p>
 <p>6. Josephine Awour Miyonga</p>	<p>Dr. Josephine Awour Miyonga was born in 1964. She is currently a Board member of Ahmed S Mwidani TTI. She is a holder of PhD in Business administration. She is a lecturer in the business Department at Pwani university</p>
 <p>7. Hussein Khalida Mwinyi</p>	<p>Md. Hussein Khalida Mwinyi was borne in 1989. She is currently a member of Board of Governors. She is a holder of MSc. In business Administration pursued in Moi University. She is a private Consultant, and part time lecturer.</p>
 <p>8. Patrick Machoni King'oina</p>	<p>Mr. Patrick Machoni King'oina was bone in 1963. He is currently the Principal of Ahmed Shahame Mwidani TTI. Is an experienced skilful, accomplished educationist with Administrative and technical support skills. He holds an MBA-entrepreneurship option from Moi University. He has over 30yrs experience in Teaching, Management and Leadership positions. He has attended and participated in many conferences nationally and internationally. He served as a Registrar at Machakosi TTI, Deputy Principal for five years and Principal for six years at Coast Institute of Technology. He was KATTI chairman for Coast region from Feb 2015 to August 2017 and KATTI Deputy National Treasurer from Aug 2017 to Aug 2019. And currently he is the KATTI National Treasurer.</p>

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2021

III. MANAGEMENT TEAM

Name of the Staff	Responsibility
 <p>1. PATRICK MACHONI KING'OINA</p>	<p>Chief Executive Officer/ Principal Secretary BOG.</p>
 <p>1. VICTOR S. MCHANA (MASTERS IN FINANCE & ECONOMICS)</p>	<p>DEPUTY PRINCIPAL</p>
 <p>4. PETER OCHIENG OMWAGO (CPA-K, BCOM FINANCE OPTION) ICPAK NO. 21224</p>	<p>ACCOUNTANT</p>

III MANAGEMENT TEAM (Continued)

 <p>4 PATRICK MULATI WAFULA (DIPLOMA IN PROCUREMENT)</p>	PROCUREMENT
 <p>6. ALPHONCE MUSILA (Bachelor in Education)(power option)</p>	DEAN OF STUDENTS

IV. CHAIRMAN'S STATEMENT

It is with great humility that I present the Annual Financial Report and Financial Statements for the Financial Year ended 30th June, 2021.

During the Financial Year the College endeavoured to improve enrolment of trainees in the first and third quarter but eventually there were no enrolment in the fourth quarter due to Covid-19 pandemic that led to shut down of all leaning activities in the entire country.

The Mandate of the College is to train skill-oriented workforce that is suitable for further professional development through quality competency based technical and vocational education and training programs responsive to national and global industrial productivity.

The Vision of Ahmed Shahame Mwidani Technical and Vocational College is to be a world class Centre of excellence in technical and vocational training.

The College is establishing links and collaborations with other colleges, industrial partners, County Government, NG-CDF, Government Agencies and other stakeholders in order to realize its mandate.

I would like to appreciate what the Government of Kenya for supporting TVET institutions through Recurrent Grants and Capitation, and also for mobilizing stakeholders and Industry to support Skills training in our college.

Though the financial year faced with global calamity of Covid-19 pandemic, the institution need funds for expansion of infrastructural facilities including workshops, online Learning Management System and software, tuition block and ablution block. The college is requesting for enhanced Recurrent Grants instead of capitation which is limited in effectiveness and efficiency.

We are striving to offer good governance and higher levels of achievements with the continued support of all relevant stakeholders.

Signature: 

Date: 19/08/2022

JOSEPH TOMMY NGUMA

CHAIRMAN- AHMED SHAHAME MWIDANI T.T.I

V. REPORT OF THE PRINCIPAL

Ahmed Shahame Mwidani Technical Training Institute is a Public College established under the Ministry of Education State Department of Technical and Vocational Training under the technical training institutions spread across the country to constituencies with none. The college is providing industrial relevant employable technical and innovative skills for job creation through self-employment. Ahmed Shahame Mwidani Technical Training Institute has a Vision to be a world class Centre of Excellence in Technical and Vocational Training.

The financial year ended 30th June 2021 experienced some challenges in the first and second quarter following the totally closure of all learning institution due to Covid-19 pandemic and gradually opening started in the third quarter where there was a slightly increase in enrollment in the third and fourth quarter which give us a relief of running the institution smoothly.

Financial Performance:

The college revenue collection base has been reduced because of only two quarter were active third and fourth quarter due to calamity of Covid-19 pandemic which resulted in total closure of all college activities in September -2020 only the candidates were allowed to sit for their K nec exam.

The college received KShs. 3,427,500 in Recurrent Capitation Grant and Operational grants 1,500,000 which accounted for 41.4% of the total receipts by the college while the rest 58.6% was generated through internally.

The college faces a shortage of class rooms and workshops as well as offices and furniture to match the growing number of trainees' population.

Appreciation

On behalf of the College Board of Governors, I would like to thank the Government of Kenya through the Ministry of Education State Department of Vocational and Technical Training for their continued financial support.

Finally, I would like to thank the staff, the students, parents, sponsors and all other stakeholders for their cooperation which made it successful to run the institution during the financial year in review.

PRINCIPAL



VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Ahmed Shahame Mwidani Technical Training Institute has Five (5) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Mounting of new courses
- Pillar 2: Aligning existing curriculum to CBET
- Pillar 3: Mentoring Construction of Matuga TVC
- Pillar 4: Procurement of Desktop Computers
- Pillar 5: Increase Enrolment
- Pillar 6: Project Completion rate

Ahmed Shahame Mwidani Technical Training Institute develops its annual work plans based on the above five (5) pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Ahmed Shahame Mwidani Technical Training Institute achieved its performance targets set for the FY 2020/2021 period for its annual strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Mounting of new courses	To introduce new courses	4	Research	7
Pillar 2	Aligning existing curriculum to CBET	Introducing new CBET courses from the existing courses	100	Implement of CBET curriculum	25
Pillar 3:	Mentoring Construction of Matuga TVC	To diversify the learning point in different region	100	Mentoring	50
Pillar 4:	Procure Desktop Computers	To Increase working efficiency and reduce time wastage.	20	Research	0
Pillar 5:	Increase Enrolment	To increase enrolment	400	Marketing	230
Pillar 6:	Project Completion rates	To cub power shortage, and developing the institution	100	Construction	50

VII. CORPORATE GOVERNANCE STATEMENT

According to the TVET Act 2013 Technical and Vocational Colleges are governed by Board of Governors appointed by the cabinet secretary.

The members of the board of governors are nominated by a selection panel and submitted to the cabinet secretary for approval and appointment.

The selection panel comprises of the chairperson and three other members as follows;

1. Chairman- County Director TVET
2. Secretary- Principal
3. Deputy county commissioner
4. Area Member of Parliament.

The selection panel nominates at least two people for all post except for representative of Principal Secretary and the representative of County Governor.

The board of governors nominated by the panel are then forwarded to the cabinet secretary for approval and appointment.

The tenure for Ahmed S. Mwidani T.T.I. BOG started on 14/10/2020 and it will expire on 14/10/2023.

During their tenure the BOG commit themselves to the service of Ahmed Shahame Mwidani Technical Training Institute and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, and responsive as well as fairness in all their dealings.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The College operation is to inspire by the desire to offer the best service to customers in line with the core value of operational excellence in line with our strategic pillars. The institution operates in a highly regulated and competitive environment which requires it to innovate so as to remain relevant.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Ahmed S. Mwidani technical training institute engaged in social responsibility to facilitate it's mission achievement.

Sustainability strategy and profile

The institute management has embarked on strategies aiming at improving revenue streams which critical in day to day operations.

These include:

- a) More students' enrolment.
- b) Strengthen and broaden production units.
- c) Introduce cost utility measures by utilizing the institute solar panels used for pumping water.
- d) Ensuring into partnerships with the industry and other donors for infrastructure expansion.

Environmental performance

In responding to the environmental protection, the college is;

- a) Currently in the process of coming up with the an environmental policy
- b) Greening the environment by planting trees(More fruits trees) to act as carbon sink
- c) Using of green energy by installing energy saving bulbs.
- d) Using waste bin at strategic points at the compound
- e) Using solar pump for pumping water from a borehole.

Employee welfare

On addressing employee welfare;

- a) There is a policy on safety.
- b) A safety committee in place with an appointed chairman
- c) An award and recognition committee in place
- d) Employees sponsored for relevant seminars and trainings.

Market place practices-

- a) *Responsible competition practice.*
Conducting root cause and investigations before determining whether punishment is required also contribute towards building a culture where fairness is perceived and where people can learn from their mistakes.
- b) The institution ensuring to maintain good business practises by:
Being transparent and accepting accountability in order to request orders from suppliers with acceptable lead time and without changers
The organisation maintains good business practices through fairness respect for others, keeping promise, law abiding and integrity.
- c) The institution is ensuring to maintain ethical marketing practises by:
 - i. Maximising benefits and minimising risks
 - ii. Committing to sustainability and human rights
 - iii. Being transparent
 - iv. Protecting consumer data and privacy
 - v. Not making false comparison
- d) The institution is putting efforts to safeguard consumer rights and interests by:
 - i. Protect them from hazard to their health and safety
 - ii. Availability of effective consumer redness.
 - iii. Freedom to form group or union to present their views in decision making processes affecting them.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (continued)

Corporate Social Responsibility / Community Engagements

- The institute has actively participated in forums organised for the surrounding community.
- Sensitisation meetings on opportunities available at the institute have been held in the college ground courtesy of the NG-CDF office.
- Two of the college support staff (cleaners) are from the local community. This has ensured good neighbourliness with the surrounding community.
- The institute is looking forward in community clean-up activities to sensitize on importance of waste management.

X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of Ahmed S. Mwidani T.T.I affairs.

Principal activities

The principal activity of the college is to provide training in industry relevant employable technical and innovative skills for gainful employment and job creation through self-employment.

Results

The results of the entity for the year ended June 30 2021 are set out from page 1 to 4

COUNCIL/BOARD OF GOVERNORS

The members of the Board of Governors who served during the year 2020/2021 are shown on page v to vi.

Auditors

The Auditor General is responsible for the statutory audit of Ahmed S. Mwidani T.T.I in accordance with the section 68 of the Public finance Management (PFM) Act 2012 section 38 and 39 of Public Act 2015 and Article 229 of Constitution of Kenya 2010 which empower the Auditor General to nominate other certified public Accountant to carry out on his behalf.

By Order of the Board.

Patrick M. King'oina

Bog Secretary/Chairman

Mombasa

Date:.....19/8/2022



XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS RESPONSIBILITIES.

The Board of Governors are responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the college for and as at the end of the financial year ended on 30, June 2021. This responsibility includes; ensuring proper keeping of accounting records, installing of proper control of the institutional assets, and designing implementing and maintaining internal control relevant to the preparation and presentation of financial statements and ensuring that they are free from material misstatements whether due to error or frauds.

The Board accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies (accrual basis).

Approval of the financial statements

Ahmed Shahame Mwidani T.T.I financial statements were approved by the Board on _ /09/2021 and signed on its behalf by:

Name..... JOSEPH T. NGUMIA

Signature..... 

Chairperson of the Board/Council

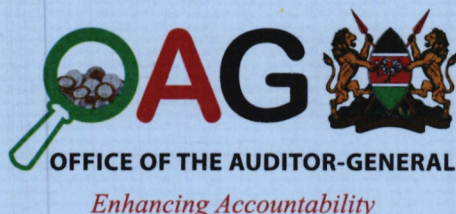
Name..... PATRICK M. KIKOINA

Signature..... 


Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ahmed Shahame Mwidani Technical Training Institute set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

Report of the Auditor-General on Ahmed Shahame Mwidani Technical Training Institute for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ahmed Shahame Mwidani Technical Training Institute as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.62,625,043 as disclosed in Note 17 to the financial statements. However, the following observations were made:

- (i) As previously reported, additional disclosure in Note 17 to the financial statements reflects assets received from the Ministry of Education and donors which are used by the Institute. However, these assets have not been valued and are therefore omitted from the balances reflected in the financial statements as detailed in Appendix I.
- (ii) As previously reported, the land on which the institute sits was donated by the National Government. Additional disclosure in Note 17 indicates that the Institute is following up to obtain a title deed for the land with the relevant Ministry. However, handing over report of the land to the Institute and evidence of the efforts made by Management to obtain the title deed as disclosed were not provided for audit.
- (iii) Physical inspection of the land in April, 2022, revealed existence of a three-classroom school called Mwingo Primary School, a private business and unidentified third parties farming on a section of the land. Although the Management indicated that a portion of the land was a donation, no supporting documentary evidence was provided for audit verification.

In the circumstances, the, accuracy, completeness and ownership of the property, plant and equipment with a net book value amount of Kshs.62,625,043 and the rights and obligations of the Institute to these assets could not be confirmed.

2. Inaccuracies in Capital Fund

The statement of financial position reflects capital fund balance of Kshs.67,761,269. This balance represents the amount spent by the mentor Institution which is Kenya Coast National Polytechnic in construction of the Institute's main building. However, analysis of payment certificates provided in support of the expenditure indicated an amount of Kshs.58,312,786 and thus, resulting in unexplained variance of Kshs.9,448,483.

Further, additional disclosure in Note 17 to the financial statements indicates the assets donated by the Parent Ministry and other donors. However, the assets have not been valued for inclusion in the financial statements, a clear indication that the capital fund is understated.

In the circumstances, the accuracy and completeness of capital fund balance of Kshs.67,761,269 could not be confirmed.

3. Inaccuracies in Depreciation and Amortization Expense

The statement of financial performance reflects depreciation and amortization expense of Kshs.1,923,218 as disclosed in Note 12 to the financial statements. Additional disclosure in Note 17 reflects various assets including twenty (20) desktop computers and Uninterruptable Power Supply(UPS), three(3) laptops, twenty-five(25) un-assembled industrial manipulator training devices & accessories (each with computer host, screen monitors and UPS), twenty-five(25) air compressors, five(5) projectors, assorted furniture for classrooms and the staff boardroom and other assorted assets. However, these assets have not been valued and therefore the same and related depreciation and amortization expense are excluded from the financial statements.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amount of Kshs.1,923,218 could not be confirmed.

4. Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.12,976,933 which as disclosed in Note 15 to the financial statements includes students' debtors totalling Kshs.12,797,869. Review and analysis of students' debtors ledger revealed that an amount of Kshs.8,032,319 relates to directly recruited self-sponsored students who had already completed their courses, making recovery of debts from these students doubtful. Further, the Management did not provide a debtors' ageing analysis or evidence of efforts made to collect the long outstanding receivables.

In the circumstances, the recoverability of student debtors' balance of Kshs.8,032,319 and the accuracy of receivables from exchange transactions of Kshs.12,976,933 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.39,468,000 and Kshs.11,891,407 respectively resulting to revenue shortfall of Kshs.27,576,593 or 69% of the budget. Similarly, the Institute spent Kshs.11,985,609 against an approved budget of Kshs.39,468,000 resulting to an under-expenditure of Kshs.27,482,391 or 67% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matter as required by the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Segregation of Duties

As previously reported, human resource records produced for audit revealed that during the year under review, accounting functions were performed by one officer who prepared the cash books and bank reconciliations which were not counterchecked by a senior officer. The procurement functions were also being undertaken by one officer who performs the function without any functional internal controls. Lack of segregation of duties may lead to failure to prevent or detect errors or fraud on a timely basis.

In the circumstances, the effectiveness of internal controls and checks could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 September, 2022

Appendix I

No.	Asset Description	Received From	Date of Receipt	Quantity	Unit
1	Desktop Computers	Ministry of Education	11/02/2018	20	Pieces
2	Laptops	Ministry of Education	11/02/2018	3	Pieces
3	Uninterruptable Power Supply	Ministry of Education	11/02/2018	20	Pieces
4	LCD Projector with Screens	Ministry of Education	11/02/2018	2	Pieces
5	LaserJet Printer	Ministry of Education	11/02/2018	3	Pieces
6	Un-assemble Industrial Manipulator Training Device &Accessories	Ministry of Education	03/10/2017	25	Pieces
7	Computer Host	Ministry of Education	03/10/2017	25	Pieces
8	Computer Monitors	Ministry of Education	03/10/2017	25	Pieces
9	Accessories	Ministry of Education	03/10/2017	6	Sets
10	Distribution Box	Ministry of Education	03/10/2017	5	Sets
11	Construction Material Cable	Ministry of Education	03/10/2017	1045	Metre
12	Air Compressor	Ministry of Education	03/10/2017	25	Pieces
13	Projector	Ministry of Education	03/10/2017	5	Sets
14	Manual Hydraulic Lifter	Ministry of Education	03/10/2017	1	Piece
15	Manual Hydraulic Cart	Ministry of Education	03/10/2017	2	Pieces
16	UPS	Ministry of Education	03/10/2017	25	Pieces
17	Cabinet	Ministry of Education	03/10/2017	10	Pieces
18	Plastic Trunking	Ministry of Education	03/10/2017	200	Metre
19	Steel Trunking	Ministry of Education	03/10/2017	60	Metre
20	Operation Manual	Ministry of Education	03/10/2017	36	Pieces
21	Hydraulic Valve+Pnematic Valve	Ministry of Education	03/10/2017	5	Sets
22	Hydraulic Power Unit	Ministry of Education	03/10/2017	5	Pieces
23	Board Room Table	Ministry of Education	15/11/2017	1	Piece
24	Board Room Chairs	Ministry of Education	15/11/2017	10	Pieces
25	Principal's Office Desk	Ministry of Education	15/11/2017	1	Piece
26	Principals Executive Seat	Ministry of Education	15/11/2017	1	Piece
27	Filing Cabinet	Ministry of Education	15/11/2017	1	Piece
28	Computer Table	Ministry of Education	15/11/2017	1	Piece
29	Fireproof Compact Safe	Ministry of Education	15/11/2017	1	Pieces
30	Bookshelf	Ministry of Education	15/11/2017	1	Piece
31	Visitors Chairs	Ministry of Education	15/11/2017	6	Pieces
32	Staffroom Writing Tables	Ministry of Education	15/11/2017	10	Pieces
33	Staff Chairs	Ministry of Education	15/11/2017	10	Pieces
34	Teachers Desk With Drawer	Ministry of Education	15/11/2017	10	Pieces
35	Classrooms Chairs With Armrest	Ministry of Education	15/11/2017	80	Pieces
36	Generator	Ministry of Education		1	Piece
37	Multimeter	Ministry of Education	3/10/2019	20	Pieces
38	Tool Kits	Ministry of Education	3/10/2019	40	Sets
39	Land	Ministry of Education		Unknown	Acres
40	Other Assorted Items	Various Donors	Not Indicated	128	Pieces

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	4,927,500	2,445,000
		4,927,500	2,445,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	6,827,370	4,148,237
Other income	8	136,537	485,410
Revenue from exchange transactions		6,963,907	4,633,647
Total revenue		11,891,407	7,078,647
Expenses			
Use of goods and services	9	3,697,513	7,128,447
Employee costs	10	2,381,898	3,235,502
Remuneration of directors	11	1,161,141	2,239,236
Depreciation and amortization expense	12	1,923,218	1,914,124
Repairs and maintenance	13	499,006	98,649
Total expenses		9,662,776	14,615,958
Net Surplus for the year		2,228,631	(7,537,311)

The notes set out on pages 8 to 30 form an integral part of the Annual Financial Statements.

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	1,898,291	1,189,313
Current portion of receivables from exchange transactions	15	12,976,933	11,170,526
Receivables from non-exchange transactions			
Inventories	16	207,407	207,407
Total Current assets		15,067,631	12,567,246
Non-current assets			
Property, plant and equipment	17	62,625,043	64,249,900
Intangible assets	18	2,032,608	8,136
Total Non-Current assets		64,657,651	64,258,036
Total assets		79,740,282	76,825,282
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	4,076,209	3,332,167
Refundable deposits from customers	20	3,112,873	2,802,910
Payments received in advance	21	4,864,115	5,231,751
Total liabilities		12,053,197	11,366,828
Net assets		67,687,085	65,458,454
Accumulated surplus		(74,184)	-2,302,815
Capital Fund		67,761,269	67,761,269
Total net assets and liabilities		79,740,282	76,825,282

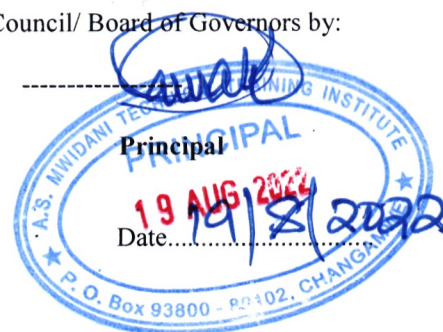
The Financial Statements set out on pages 1 to 4 were signed on behalf of the Institute Council/ Board of Governors by:


Chairman of Council/Board of Governors

Date... 19/08/2022


Finance Officer
 ICPAK No 21224

Date 19/8/22



AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019			5,234,496	67,761,269	72,995,765
Revaluation gain					
Total comprehensive income			(7537,311)	-	(7,537,311)
At June 30, 2020			(2,302,815)	67,761,269	65,458,454
At July 1, 2020			(2,302,815)	67,761,269	65,458,454
Revaluation gain					
Total comprehensive income			2,228,631		2,235,732
At June 30, 2021			(74,184)	67,761,269	67,694,186

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

		2020/2021	2019/2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Government entities/(GOK)		4,927,500	2,445,000
Rendering of services- Fees from students		4,619,515	8,855,900
Other income		1,919,095	1,531,697
Total Receipts		11,466,110	12,832,597
Payments			
Compensation of employees		2,381,898	3,235,502
Use of goods and services		2,184,732	2,817,397
Bog Allowances		1,161,141	2,239,236
Repairs and maintenance		19,000	27,400
Payment of suppliers		2,001,305	2,516,338
Other Payments		686,222	1,177,617
Total Payments		8,434,298	12,013,490
Net cash flows from operating activities	22	3,031,812	819,107
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,406,358)	(2,328,274)
Adjustment of Matuga TVC A/c 2		553,014.15	1,469,489
Adjustment of Matuga TVC A/c 2		(1,469,489)	
Net cash flows used in investing activities		(2,322,833)	858,785
Net increase/(decrease) in cash and cash equivalents		708,979	(39,679)
Cash and cash equivalents at 1 JULY	14	1,189,313	1,228,991
Cash and cash equivalents at 30 JUNE	14	1,898,291	1,189,313

Cash and cash equivalent as per the balance sheet

1,898,291

1,189,313

0

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AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30th JUNE 2021

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference		Notes Ref
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
Revenue	Kshs		Kshs		Kshs		Kshs		Kshs		%		
Gov't Grants (Operation)	2,000,000	2,000,000	-	-	2,000,000	1,500,000	1,500,000	-500,000	-25	a			
Gov't Grants (Capitation)	12,000,000	12,000,000	-	-	12,000,000	3,427,500	3,427,500	-8,572,500	-71.4	b			
Rendering of services- Fees from students	23,868,000	23,868,000	-	-	23,868,000	6,827,370	6,827,370	-17,033,530	-71.3	c			
Other Income	1,600,000	1,600,000	-	-	1,600,000	136,537	136,537	-1,463,463	-91.5	d			
Total income	39,468,000	39,468,000	-	-	39,468,000	11,891,407	11,891,407						
Expenses													
Compensation of employees	8,812,440	8,812,440	-	-	8,812,440	2,381,898	2,381,898	-6,430,542	-73	e			
Remuneration of directors	7,200,000	7,200,000			7,200,000	1,161,141	1,161,141	-6,038,859	-83.9	f			
Insurance services	1,475,000	1,475,000			1,475,000			-1,475,000	-100	g			
Repair & Maintenance	2,733,600	2,733,600			2,733,600	499,006	499,006	-2,234,594	-81.7	h			
KCNP	3,007,601	3,007,601			3,007,601			-3,007,601	-100	i			
Bog Induction	700,000	700,000			700,000			-700,000	-100	j			
Strategic Plan Launching	700,000	700,000			700,000			-700,000	-100	k			
Depreciation						1,923,218	1,923,218						
Use of Goods and Services													
Admin Expenses	1,620,000	1,620,000			1,620,000	796,202.08	796,202.08	-823,798	-51	l			
Students & Staff Activities	3,000,000	3,000,000			3,000,000			-3,000,000	-100	m			
Exhibition & trade fair	1,000,000	1,000,000			1,000,000			-1,000,000	-100	n			
Internet & Telephone service	300,000	300,000			300,000	204,740.75	204,740.75	-95,259	-31.8	o			
Printing & stationary	840,000	840,000			840,000	190,279	190,279	-649,721	-77.3	p			
Water & Electricity	360,000	360,000			360,000	219,935	219,935	-140,065	-39	q			
Teaching Material Expenses	1,500,000	1,500,000			1,500,000	97,545	97,545	-1,402,455	-93.5	r			
Generator Fuel	500,000	500,000			500,000			-500,000	-100	s			

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021 (Continued)

Advertisement & Marketing	300,000		300,000	27,250	-272,750	-91	t
Local Transport & Travel	1,200,000		1,200,000	642,311	-557,689	-46.5	u
Affiliation/Subscription	180,000		180,000	180,000	0	0	
Staff capacity Building	1,371,460		1,371,460	545,140	-826,320	-60	v
Security Cost	720,000		720,000	739,200	19,200	2.7	
Nita Training Levy				54,910	54,910		
Total Use of Goods and Services	12,891,460	0	12,891,460	3,697,513			
TOTAL RECURRENT EXPENDITURE	37,520,101		37,520,101	9,662,776			
DEVELOPMENT EXPENDITURE							
Equipment	1,155,500		1,155,500	72,500	-1,083,000	-93.7	w
Furniture & Fitting				217,725	217,725		x
Two temporally workshop	1,500,000		1,500,000		-1,500,000	-100	y
Operation System	2,000,000		2,000,000	2,032,608	32,608	1.6	
Partitioning of accounts office	300,000		300,000		-300,000	-100	z
Total Development expenditure	4,955,500	0	4,955,500	2,322,833			
Total expenditure	42,475,601	0	42,475,601	11,985,609			
Surplus for the period	(3,007,601)		(3,007,601)	(94,202)			

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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Budget notes

- a) The movement was due to late disbursement of the fourth quarter operation grants
- b) The movement was due to the changes of academic year that lead to extension of form four completion time which lead to low intake.
- c) The movement was due to the changes of academic year that lead to extension of form four completion time which lead to low intake.
- d) The movement was due to restriction of public gathering due to COVID-19 pandemic that limit the loyal client to hire our premises/facility.
- e) The movement was due to lack of sufficient funds that lead not to hire the targeted number of employees during the financial year.
- f) The movement was due to late appointment of the new board considering that the first board expired on 20th June 2020.
- g) No company engaged to insure our assets during the year due to finance constrains.
- h) The movement was due to less use of facilities due to partly closure/working from home during the financial year.
- i) No reduction made towards the debt of Kenya Coast National Polytechnic due to in adequate finance during the year.
- j) The induction activity was integrated with inauguration activity which conducted Online and it was treated under remuneration of directors.
- k) The activity didn't take place due to short funds raised during the year.
- l) The 51% movement was due reduction of office and general operation activity due during the closure of learning program.
- m) No activities take place during the financial year due to pandemic calamity.
- n) No activities take place during the financial year due to pandemic calamity.
- o) The movement was due to termination of the first provider and the new provider gives us a one Month offer.
- p) Due to Covid-19 pandemic lead to unstable program that lead to less activities during the financial year.
- q) Due to Covid-19 pandemic lead to unstable program that lead to less activities during the financial year.
- r) The movement was due to only two terms were active during the financial year and the balances for previous financial year were partly used before ordering new one.
- s) There was no frequently power shortage thus consumption was minimal.
- t) The movement was due financial constraints during the financial year.
- u) The movement was due to several meetings were conducted online due to Covid-19 pandemic.
- v) The movement was due to Covid-19 pandemic that lead to minimise the frequently gathering to reduce to rate of transmitting the virus.
- w) The movement was due financial constraints during the financial year.
- x) There was an emergency of having the furniture to safe guard the teaching materials and to make the leaning activities run smoothly.
- y) Not (y) & (z) didn't take place due to insufficient funds during the financial year.

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ahmed S. Mwidani T.T.I is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is presented in page II.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Ahmed Shahame Mwidani's 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 *Institution's* accounting policies. The Institution adopted International public Sector Accounting Standards (IPSAS) for the first time with effect from the year 2018/2019

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

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

XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

iii. Early adoption of standards

Ahmed S. Mwidani T.T.I did not early – adopt any new or amended standards in year 2018 /2019.

XVIII. 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.

XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information

The annual budget was prepared on accrual basis, that is all palled costs and income are presented in a single statement to determine the needs of the Institution. The budget for FY 2020/2021 was approved by the Board on *18/01/2021*.

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 accrual basis.

c) Taxes

• *Current income tax*

The College is exempted from paying taxes as per schedule of the *Income tax* Act Cap 470.

• *Sales tax/ Value Added Tax*

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

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

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

d) 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.

XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

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

f) Inventories

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

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

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

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

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.

The Institution use straight line method to depreciation the assets. The rate used to depreciate building furniture & equipment's & computer software are:

- | | |
|---------------------------|---------|
| ➤ Building | 2.5%pa |
| ➤ Equipment's & Furniture | 12.5%pa |
| ➤ Computer Software | 33.3%pa |

XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Changes in accounting policies and estimates

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

b) Employee benefits

Retirement benefit plans

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

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

c) 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.

d) Cash and cash equivalents

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

i) Subsequent events

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

XVIII. 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 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

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	3,427,500	2,445,000
Operational grant	1,500,000	
Total government grants and subsidies	4,927,500	2,445,000

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2019-2020 KShs
Ministry of Education (TVET)	4,927,500	-	-	4,927,500	2,445,000
Total	4,927,500	-	-	4,927,500	2,445,000

7. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	5,026,210	3,788,568
Activity fees	476,455	338,069
Examination fees	1,297,905	
Registration fees	26,800	21,600
Total revenue from the rendering of services	6,827,370	4,148,237

8. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Income Generating Projects	104,337.40	453,810
Application fees	32,200	31,600
Total other income	136,537	485,410

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Teaching and learning materials	97,545	1,775,666
Electricity & Water	219,935	240,242
Security	739,200	600,000
Subscriptions	180,000	60,000
Advertising	27,250	318,828
Audit fees	-	660,000
Local Transport and Transport	642,311	1,018,865
Administrative Expenses	796,202.08	799,578
Nita training Levy	54,910	-
Student Activity Cost	-	64,850
Printing and stationery	190,279	256,075
Telephone & Internet expenses	204,740.75	297,638
Staff capacity building	545,140	869,289
TVET fair		167,415
Total good and services	3,697,513	7,128,447

10. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	2,248,690	3,235,502
Employee related costs - contributions to pensions and medical aids	133,208	-
Employee costs	2,381,898	3,235,502

11. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Remuneration of directors	1,161,141	2,239,236
Total director emoluments	1,161,141	2,239,236

12. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	1,915,082	1,906,012
Intangible assets	8,136	8,112
Total depreciation and amortization	1,923,218	1,914,124

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	499,006	98,649
Total repairs and maintenance	499,006	98,649

14. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account A/c 1	1,330,054.22	(343,060)
Development A/c 2 (Matuga TVC)	553,014.15	1,469,489
Cash in hand	15,223	62,884
Total cash and cash equivalents	1,898,291	1,189,313

NOTE: The cash and cash equivalents contained Ahmed S, Mwidani Project A/c 2 bank balance which maintained by Ahmed S. Mwidani tti as a mentor of Matuga TVC. The A/c 2 closed the year with a balance of Ksh. 553,014.15.

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

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account A/c 1			
Kenya Commercial bank	1-215-853-955	1,330,054.22	(343,060)
Others(specify)			
cash in hand	1-215-853-955	15,223	62,884
Sub- total		1,345,277.22	(343,060)
b) Development Account A/c 2			
Kenya Commercial bank	1-259-542-408	553,014.15	1,469,489
Sub- total		553,014.15	1,469,489
Grand total		1,898,291	1,189,313

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	12,797,869	10,869,750
Advance salaries	99,000	159,000
Other exchange debtors	80,064.20	141,776
Total current receivables	12,976,933	11,170,526

16. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	207,407	207,407
Total inventories at the lower of cost and net realizable value	207,407	207,407

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019	68,195,435		933,150			452,538		69,581,123
Additions	794,333					64,452		858,785
Disposals								
At 30 th June 2020	68,989,768		933,150			516,990		70,439,908
Additions			217,725			72,500		290,225
Disposals								
At 30 th June 2021	68,989,768		1,150,875			589,490		70,730,133
Depreciation and impairment								
At 1 July 2019	4,104,764		122,665			56,567		7,283,996
Depreciation	1,724,744		116,644			64,624		1,906,009
Impairment								
At 30 June 2020	5,829,508		239,309			121,191		6,190,008
Depreciation	1,724,744		123,448			66,890		1,915,082
Disposals								
At 30 th June 2021	7,554,252		362,757			188,081		8,105,090
Net book values								
At 30 th June 2021	61,435,516		788,118			401,409		62,625,043
At 30 th June 2020	63,160,260		693,841			395,799		64,249,900

Note:

- Land value has not yet included in the Assets Land & Building because the is still making follow up the title deed from the Concerned Ministry
- Ahmed S Mwidani Tech. owns several assets that have no values. Below are the list of the assets from Ministry of Education and Donors that were not yet evaluated.

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

LIST OF ASSETS SUPPLIED BY MINISTRY OF EDUCATION.

S/ N	ASSET NAME	SUPPLIER NAME	DATE OF PURCHASE	QUANTITY	UNIT	COST
1	DESKTOP COMPUTERS	MINISTRY OF EDUCATION	11/02/2018	20	PCS	
2	LAPTOPS	MINISTRY OF EDUCATION	11/02/2018	3	PCS	
3	UNITERRUPTIBLE POWER SUPPLY	MINISTRY OF EDUCATION	11/02/2018	20	PCS	
4	LCD PROJECTOR WITH SCREENS	MINISTRY OF EDUCATION	11/02/2018	2	PCS	
5	LASERJET PRINTER	MINISTRY OF EDUCATION	11/02/2018	3	PCS	
6	UN-ASSEMBLE INDUSTRIAL MANIPULATOR TRAINING DEVICE &ACCESSORIES	MINISTRY OF EDUCATION	3/10/207	25	PCS	
7	COMPUTER HOST	MINISTRY OF EDUCATION	3/10/2017	25	PCS	
8	COMPUTER MONITORS	MINISTRY OF EDUCATION	3/10/2017	25	PCS	
9	MULTIMETER	MINISTRY OF EDUCATION	3/10/2019	20	PCS	
10	TOOL KITS	MINISTRY OF EDUCATION	3/10/2019	40	SETS	
11	ACCESSORIES	MINISTRY OF EDUCATION	3/10/2017	6	SETS	
12	DISTRIBUTION BOX	MINISTRY OF EDUCATION	3/10/2017	5	SETS	
13	CONSTRUCTION MATERIAL CABLE	MINISTRY OF EDUCATION	3/10/2017	1045	M	
14	AIR COMPRESSOR	MINISTRY OF EDUCATION	3/10/2017	25	PCS	
15	PROJECTOR	MINISTRY OF EDUCATION	3/10/2017	5	SETS	
16	MANUAL HYDRAULIC LIFTER	MINISTRY OF EDUCATION	3/10/2017	1	PC	
17	MANUAL HYDRAULIC CART	MINISTRY OF EDUCATION	3/10/2017	2	PCS	
18	UPS	MINISTRY OF EDUCATION	3/10/2017	25	PCS	
19	CABINET	MINISTRY OF EDUCATION	3/10/2017	10	PCS	
20	PLASTIC TRUNKING	MINISTRY OF EDUCATION	3/10/2017	200	M	

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

LIST OF ASSETS SUPPLIED BY MINISTRY OF EDUCATION (Continued)

S/ N	ASSET NAME	SUPPLIER NAME	DATE OF PURCHASE	QUALITY	UNIT	COST
21	STEEL TRUNKING	MINISTRY OF EDUCATION	3/10/2017	60	M	
22	OPERATION MANUAL	MINISTRY OF EDUCATION	3/10/2017	36	PCS	
23	HYDRAULIC VALVE+PNEMATIC VALVE	MINISTRY OF EDUCATION	3/10/2017	5	SETS	
24	HYDRAULIC POWER UNIT	MINISTRY OF EDUCATION	3/10/2017	5	PCS	
25	BOARD ROOM TABLE	MINISTRY OF EDUCATION	15/11/2017	1	PC	
26	BOARD ROOM CHAIRS	MINISTRY OF EDUCATION	15/11/2017	10	PCS	
27	PRINCIPALS OFFICE DESK	MINISTRY OF EDUCATION	15/11/2017	1	PC	
28	PRINCIPALS EXECUTIVE SEAT	MINISTRY OF EDUCATION	15/11/2017	1	PC	
29	FILING CABINET	MINISTRY OF EDUCATION	15/11/2017	1	PC	
30	COMPUTER TABLE	MINISTRY OF EDUCATION	15/11/2017	1	PC	
31	FIREPROOF COMPACT SAFE	MINISTRY OF EDUCATION	15/11/2017	1	PC	
32	BOOKSHELF	MINISTRY OF EDUCATION	15/11/2017	1	PC	
33	VISITORS CHAIRS	MINISTRY OF EDUCATION	15/11/2017	6	PCS	
34	STAFFROOM WRITING TABLES	MINISTRY OF EDUCATION	15/11/2017	10	PCS	
35	STAFF CHAIRS	MINISTRY OF EDUCATION	15/11/2017	10	PCS	
36	TEACHERS DESK WITH DRAWER	MINISTRY OF EDUCATION	15/11/2017	10	PCS	
37	CLASSROOMS CHAIRS WITH ARMREST	MINISTRY OF EDUCATION	15/11/2017	80	PCS	
38	GENERATOR	MINISTRY OF EDUCATION	15/11/2017	1	PC	
39	LAND				ACRES	

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

LIST OF DONATED ITEMS

S#	DESCRIPTION	QTY	DONOR
01	Saloon car (grey color)-KBM 898U	01 PC	Hon.Omar Mwinyi, MP Changamwe
02	Air conditioner	07 pcs	Hon.Omar Mwinyi, MP Changamwe
03	Fridge small	01 pc	Hon.Omar Mwinyi, MP Changamwe
04	Monitors	05 pcs	Hon.Omar Mwinyi, MP Changamwe
05	Photocopier machine	01 pc	Hon.Omar Mwinyi, MP Changamwe
06	CPU	01 pc	Hon.Omar Mwinyi, MP Changamwe
07	Fridge large	01 pc	B.O.G chairman-ASMTTI
08	Fridge small	01 pc	Principal –ASMTTI
09	Leadership in technical education	10pcs	Indesols limited
10	Holistic & turnkey education solutions	18pcs	Indesols limited
11	Fluid power-learning systems	4pcs	Indesols limited
12	Electronics &Electrical Engineering	2pcs	Indesols limited
13	Lab volt series training systems	3pcs	Indesols limited
14	Electricity & electronics	3pcs	Indesols limited
15	Qualification for industry 4.0	15pcs	Indesols limited
16	Integrative system	2pcs	Indesols limited

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

LIST OF DONATED ITEMS (Continued)

17	Stainless steel tables	3pcs	Vtti Kenya limited
18	White boards	2pcs	Vtti Kenya limited
19	Flood lights	1pc	Vtti Kenya limited
20	Servers	3pcs	Vtti Kenya limited
21	Compressor	1pc	Vtti Kenya limited
22	Hard disks	8pcs	Vtti Kenya limited
23	Flood lights	10pcs	Vtti Kenya limited
24	Servers	06pcs	Vtti Kenya limited
25	Server power back up	01pc	Vtti Kenya limited
26	Table	01pc	Vtti Kenya limited
27	Submersible pump	01pc	Vtti Kenya limited
28	Bulbs large round	04pcs	Vtti Kenya limited
29	Fluorescent lamp holder	06pcs	Vtti Kenya limited
30	Fluorescent tubes	06pcs	Vtti Kenya limited

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	24,360	24,360
Additions	2032,608	
At end of the year	2,056,968	24,360
Additions–internal development	-	-
At end of the year	2,056,968	24,360
Amortization and impairment		
At beginning of the year	16,112	8,112
Amortization	8,136	8,112
At end of the year	24,360	16,224
At end of the year	24,360	16,224
NBV	2032,608	8,136

19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	3,523,194.95	1,777,482
Employee advances		71,310
Third-party payments		13,886
Matuga TVC development A/c.	553,014.15	1,469,489
Total trade and other payables	4,076,209.1	3,332,167

NOTE: The trade and other payable schedule contain Ahmed S. Mwidani tti Project A/c 2 funds that Ahmed S. Mwidani tti is holding on behalf of Matuga TVC construction.

20. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits	3,112,873	2,802,910
Total deposits	3,112,873	2,802,910

21. PAYMENTS RECEIVED IN ADVANCE

Description	2020-2021	2019-2020
	KShs	KShs
Fees paid in advance	4,864,115	5,231,751
Total payment received in advance	4,864,115	5,231,751

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax		
Adjusted for:	2,235,732	(7,537,311)
Depreciation	1,923,218	1,914,124
Working Capital adjustments		
Increase in inventory	(-)	(207,407)
Increase in receivables	(1,791,407)	1,820,356
Increase in payables	664,269	4,829,345
Net cash flow from operating activities	3,031,812	819,107

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XVIII. 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 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	11,170,526			11,170,526
Bank balance operational A/C 1	(343,060)			(343,060)
Bank balances Development A/c 2 (Matuga TVC)	1,469,489			1,469,489
Total	12,296,955			12,296,955
At 30 June 2021				
Receivables from exchange transactions	12,976,933			12,976,933
Bank balance operational A/C 1	1,330,054.22			1,330,054.22
Bank balances Development A/c 2 (Matuga TVC)	553,014.15			553,014.15
Total	14,860,001.37			14,860,001.37

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

ii) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	00	00
Retained earnings	(74,184)	(2,302,815)
Capital reserve	00	00
Total funds	(74,184)	(2,302,815)
Total borrowings	00	00
Less: cash and bank balances	1,898,291	1,189,313
Net debt/(excess cash and cash equivalents)	(1,898,291)	(1,189,313)
Gearing	2,559%	51.6%

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XVIII. 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:

- i) The National Government
- ii) The Parent Ministry
- iii) Board of Governors
- iv) Accounting Officer/Principal
- v) Financial Department
- vi) Procurement Department

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

	2020-2021	2019-2020
	Kshs	Kshs
a) Grants /Transfers from the Government		
Grants from National Govt (Operation)	1,500,000	-
Capitation Grants	3,427,500	2,445,000
Total	4,927,500	2,445,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for Ahmed S Mwidani T.T.I employees	2,381,898	3,026,551
Payments for goods and services for Ahmed S Mwidani T.T.I	3,697,513	1,560,242
Total	6,079,411	4,586,793
c) Key management compensation		
Remuneration of Governors	1,161,141	2,239,236
Total	1,161,141	2,239,236

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XVIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. EVENTS AFTER THE REPORTING PERIOD

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

26. ULTIMATE AND HOLDING ENTITY

Ahmed S. Mwidani is Semi- Autonomous Government Agency under the Ministry of Education (TVET). Its ultimate parent is the Government of Kenya.

27. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

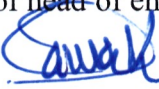
Guidance Notes:

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

Accounting Officer

Name **PATRICK M. KING'ONA**

(Enter title of head of entity)

Signature 

Date. **19/8/2022**



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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented/Mentored by the Ahmed S. Shahame T.T.I Funded by Government of Kenya.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Matuga TVC	1	GOK			NO	YES

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Matuga TVC	57,774,572.50	28,905,994.75	50%	-	-	GOK

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department of TVET				
FY 2019/2020				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	18/10/2019	562,500	2019/2020
	Capitation	06/05/2020	1,882,500	2019/2020
	Capitation	03/07/2020	1,222,500	2019/2020
		Total	3,667,500	
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation Grants	09/11/2020	840,000	2020/2021
	Operation Grants	09/11/2020	500,000	2020/2021
	Operation Grants	22/02/2021	500,000	2020/2021
	Capitation Grants	22/02/2021	465,000	2020/2021
	Capitation Grants	06/04/2021	1,110,000	2020/2021
	Operation Grants	06/04/2021	500,000	2020/2021
	Capitation Grants	30/06/2021	1,012,500	2020/2021
	Operation Grants	07/07/2021	500,000	2020/2021
		Total	5,427,500	
b.	DEVELOPMENT			
	MATUGA TVC (MENTORING)	09/09/2020	20,000,000	2020/2021
		TOTAL	20,000,000	

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

Finance Manager
 Ahmed S. Mwidani T.T.I

Head of Accounting Unit
 Ministry of Education (TVET)

Sign -----

Sign-----

AHMED SHAHAME MWIDANI TECHNICAL TRAINING INSTITUTE
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	09/11/2020	Capitation Grants	840,000	840,000	00	00	00	00	840,000
Ministry of Education	09/11/2020	Operation Grants	500,000	500,000	00	00	00	00	500,000
Ministry of Education	22/02/2021	Operation Grants	500,000	500,000	00	00	00	00	500,000
Ministry of Education	22/02/2021	Capitation Grants	465,000	465,000	00	00	00	00	465,000
Ministry of Education	06/04/2021	Capitation Grants	1,110,000	1,110,000	00	00	00	00	1,110,000
Ministry of Education	06/04/2021	Operation Grants	500,000	500,000	00	00	00	00	500,000
Ministry of Education	30/06/2021	Capitation Grants	1,012,500	1,012,500	00	00	00	00	1,012,500
Ministry of Education	07/07/2021	Operation Grants	500,000	-	00	00	00	00	00
Total			5,427,500	4,927,500	00	00	00	00	4,927,500