
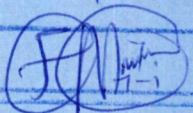


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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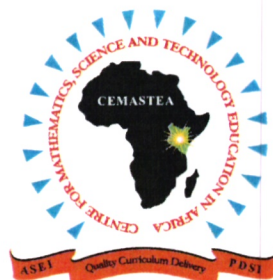
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
CENTRE FOR MATHEMATICS, SCIENCE AND  
TECHNOLOGY EDUCATION IN AFRICA

FOR THE YEAR  
ENDED 30 JUNE 2018





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**CENTRE FOR MATHEMATICS, SCIENCE AND TECHNOLOGY  
EDUCATION IN AFRICA  
(CEMASTE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2018**

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

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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information and Legal framework

CEMASTEА is government owned entity under Ministry of Education Science and Technology, State Department of Basic Education formed under legal notice no.96 of 2006 as body corporate with perpetual succession and a common seal, and which may in its corporate name sue or be sued, own and dispose of property, and do all such other things or acts as may be done by a body corporate entity.

CEMASTEА is fully funded by the government and its mandate is to build capacity of teachers for effective delivery of curricula and providing In –Service Education and Training (INSET). CEMASTEА is headed by Director, who is responsible for the general policy and strategic direction in realizing its mandate.

### (b) Principal Activities

The principal mission of CEMASTEА is capacity building through INSET for both primary and secondary levels in Kenya and Africa.

### (c) Entity Headquarters

P.O. Box 24214-005202  
CEMASTEА  
Karen, Bogani Road  
Nairobi, Kenya

### (d) Entity Contacts

Telephone :( 254) -20-3873811/3874830/882632  
E-mail: [cemastea@education.go.ke](mailto:cemastea@education.go.ke)  
Website: [www.cemastea.ac.ke](http://www.cemastea.ac.ke)

### (e) Entity Bankers

1. Kenya Commercial Bank  
Karen Branch  
P.O Box 24410 - 100300  
Karen

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

2. Co-operative Bank  
Nairobi Business Centre Branch  
P.O Box 19555-00202  
Nairobi
  
3. NIC Bank  
Junction Branch  
P.O Box 24214 -00502  
Nairobi Kenya

**(f) Independent Auditors**

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



**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(g) Principal Legal Adviser**

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

**(h) Board Members**



The term of the board of management expired on 31<sup>st</sup> August 2015, hence the centre operated without board of management in financial year 2017-2018. The centre wrote to ministry of Education which is mandated to appoint board of management and no response to date.




**(i) Board Committees**


Due absence of the board of management, there has not been board committees during the financial year 2017-2018


**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(a) Key Management**

Name of the Staff	Responsibility
 <p>Mr .Stephen M. Njoroge, HSC.</p>	<p>Chief Executive Officer/ Managing Director                      He is pursuing PhD. He holds Ex.MBA,M.Ed. in Education Administration&amp; Planning and, B.Ed. (Science).</p> <p>Responsible for the running of the centre affairs to ensure that the mission is achieved and efficiency of the Centre is achieved. He is the secretary to the Board of Management and chairperson of the Senior Management Committee. Also responsible for spearheading partnerships of the centre. He directs the centre to achieve its mandate.</p>
 <p>Mrs . Lydia Muriithi</p>	<p>Holds MBA &amp; B.Ed. (Science)</p> <p>She is the Coordinator Student &amp; Support Services since January 2014. She was the Acting Deputy Director CEMASTE A from September 2012 to January 2014.She is a National Trainer Biology since June 2003</p>


 <p>Mr. Joseph Mathenge</p>	<p>He holds a Bachelor of Education Degree (B.Ed. Science) (Hons.) and a Masters of Education in Education Management).</p> <p>He is Coordinator Training and Academic Affairs (CTAA) in planning, organizing and coordinating In-service Education and Training (INSET) activities in all programs areas in the Centre. He has 11years experience as National Trainer.</p>
 <p>Mr. Bradon Sila</p>	<p>He holds MBA Finance, B.Com (Finance), CPA (K).</p> <p>He is the Finance Officer. He has experience of 11years in the field of Finance and Accounting</p> <p>In charge of planning, sourcing and managing financial resources to achieve corporate objectives.</p>
 <p>Mr. Patrcik Kogolla</p>	<p>He is the Coordinator Special Programmes Holds a M.Ed (Teacher Education) ,14Years experience as Chemistry/Mathematics Teacher ,6 Years Head of Science Department ,Months Experience as a Deputy Principal ,2 Year National Trainer-SMASE Project ,14 years as Head of Programmes at SMASE Project and CEMASTEА</p>



 <p data-bbox="236 1061 491 1099">Mrs. Mary Sichangi</p>	<p data-bbox="954 241 1513 1084">A graduate of the University of Nairobi with Masters in Project Planning and Management class of 2010 and Kenyatta University with B-Ed (Science) double mathematics 1990. Her experience in education fields spans over twenty-two years with over a decade of hands-on experience as a teacher trainer providing Teacher Professional Development in Mathematics and Science Education (TPD-MSE) for educators from Kenya, other African countries and on the international scene. Currently she is the head of Partnerships and Linkages Department that works to expand centre's collaborative TPD-MSE programmes</p>

 <p data-bbox="240 1787 804 1825">Ms. Irene Mwangi, Human Resource Officer</p>	<p data-bbox="954 1456 1538 1702">She is pursuing MSc (HRM), She holds BBM (HRM) &amp; Diploma (HRM) Responsible for human capital planning, recruitment, performance management, reward, wellness and employee relations.</p>
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 <p>Mr. Joseph Ngugi , Internal Auditor</p>	<p>He holds BBA (Accounting) &amp; CPA 1                  He Responsible for the provision of Internal Auditing and advisory services to internal Management, assisting in controlling risk and monitoring compliance. He is also the secretary Internal Audit Committee of the Board</p>
 <p>Mr. Paul Waibochi, Head ICT department.</p>	<p>He holds M.Ed., B.Ed. &amp; Diploma in project management                  He Responsible for managing the ICT programs of the Institute. In charge of planning, sourcing and implementing the ICT programs.</p>
 <p>Mr. John Makanda , Coordinator Secondary Program</p>	<p>Master of education(science)                  Working experience 27 years in training out which 14 years has worked as national Trainer in Physics at CEMASTEА.                  Current he also Coordinator, Secondary Programmes</p>

 <p>Mr. George Kiruja Coodinator Primary Program</p>	<p>Master's in Education, 14 years' experience in training working in CEMASTE A as National Trainer in Biology. He coordinates all training activities in Primary Programme</p>
 <p>Mr. Earnest Ngeny, Head Physics Department</p>	<p>He holds B.Ed. and M.Sc.in Education Head of Physic department.</p>
 <p>Mr. Samuel Gachui, Dean Chemistry Department</p>	<p>He holds M.Ed., Admin&amp; Planning B.ED(Science) He is the Dean Chemistry Department Materials.</p>

 <p>Mr. Mary Kariuki, Dean Biology Department</p>	<p>She holds a Master of Arts in project Planning Bachelor of Education (Science) Responsible for capacity development programmes in Biology Department and also in charge of training, planning designing and implementing trainings. Oversees the implementation of performance contract in CEMASTEAM.</p> <p>She has 33yrs of working experience in training</p>
 <p>Ms. Nancy Nui, Dean Mathematics and Coordinator Secondary Programme</p>	<p>She holds M.Ed. (Mathematics Education) &amp; B.Ed.</p> <p>Responsible for capacity development programmes in Secondary level CEMASTEAM also in charge of training, planning designing and implementing trainings at secondary level. Oversees the administration of mathematics department.</p>
 <p>Dr. Grace Orado, Coordinator ,Research and Development Programme</p>	<p>She is the Coordinator, Research &amp; Development (R&amp;D) Department She holds a PhD (Science Education), M. E.D (Science Education), B.E.D (Science)</p> <p>She has been a Teacher of mathematics and chemistry for 12 years (1989 - 2000) Teacher educator in science education and chemistry education in particular for 15 years (2001- to date)</p>

	<p>She is the acting head of hospitality. She holds a diploma in food and beverages, artisan in catering. She has a wealth experience of 10 yrs in hospitality.</p>
<p>Ms. Mirriam Delaila, Ag. Head of Hospitality</p>	<p>He Holds a Diploma Building &amp; Civil Engineering  Diploma Technical Education  Diploma Community Health  Craft III Carpentry &amp; Joinery  Responsible for safeguarding of CEMASTEAM properties to ensure they are in good condition and are well maintained.</p>
	<p>He Holds a Diploma Building &amp; Civil Engineering  Diploma Technical Education  Diploma Community Health  Craft III Carpentry &amp; Joinery  Responsible for safeguarding of CEMASTEAM properties to ensure they are in good condition and are well maintained.</p>
<p>Mr. Robert Aura, Estate Officer</p>	<p>She is the acting Supply Chain Management Offer. She holds a Diploma in Purchasing and Supplies management from Kenya Institute of Management   Degree in Business Management ( Purchasing and Supplies Management Option) - Moi University (Ongoing)   Diploma in Communications from Kenya Institute of Mass Communication. Responsible for all procurement process.</p>
	<p>She is the acting Supply Chain Management Offer. She holds a Diploma in Purchasing and Supplies management from Kenya Institute of Management   Degree in Business Management ( Purchasing and Supplies Management Option) - Moi University (Ongoing)   Diploma in Communications from Kenya Institute of Mass Communication. Responsible for all procurement process.</p>
<p>Pauline Njiru  Ag. Supply Chain Management Officer</p>	<p>She is the acting Supply Chain Management Offer. She holds a Diploma in Purchasing and Supplies management from Kenya Institute of Management   Degree in Business Management ( Purchasing and Supplies Management Option) - Moi University (Ongoing)   Diploma in Communications from Kenya Institute of Mass Communication. Responsible for all procurement process.</p>

## II. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of CEMASTEА's financial statements, which give a true and fair view of the state of affairs of the CEMASTEА for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting year; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the CEMASTEА; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the CEMASTEА; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

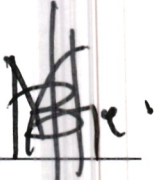
The Directors accept responsibility for the CEMASTEА's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the CEMASTEА's financial statements give a true and fair view of the state of CEMASTEА's transactions during the financial year ended June 30, 2018, and of the CEMASTEА's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the CEMASTEА, which have been relied upon in the preparation of the CEMASTEА's financial statements as well as the adequacy of the systems of internal financial control.

The term of the board of management expired on 31<sup>st</sup> August 2015, hence the centre has operated without board of management in financial year 2017-2018. The centre wrote to ministry of Education which has not appointed to date.

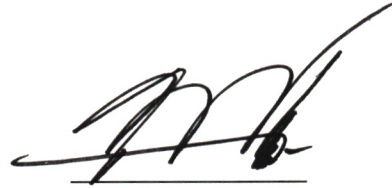
Nothing has come to the attention of the Management to indicate that the CEMASTEА will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

CEMASTEА's financial statements were approved by the Management on 7 September 2018 and signed on its behalf by:



**Finance Officer**



**Director**

### III. MANAGEMENT DISCUSSION AND ANALYSIS

#### SECTION A

The performance of management and centre in general has improved as compared to this year majorly in the following areas;

**a) ISO 9001:2015 certification** –The centre has attained the ISO quality management systems from ISO 9001:2008 to ISO 9001:2015 standards in June 2017, certified by Kenya Bureau of Standards (KEBS). This is through the effort of all managers ensuring the entity came up with procedures for operations of each process, quality management policy, quality manuals, service charter and departmental quality objectives. Through this the institution has been ranked as one of the top ten institutions that have achieved the ISO 9001:2015 in Kenya. Through this achievement the centre intends to satisfy its customers as it gears towards its vision.

**b) Science Technology Engineering and Mathematics Program (STEM)**-The centre launched STEM program through the Ministry of Education. The program is fully funded by ministry of education to support programs that will increase uptake of sciences in schools leading graduates to can use science skills to come up with innovative Kenya.

The Ministry of Education has charged CEMASTEAs with the responsibility of transforming some selected schools into STEM Education Model Schools. A STEM Education Model school is one where science and mathematics are translated into practical activities focused on problem solving and that inculcates values. Students in a STEM school are empowered to try out things and nurture ideas that can be commercialized in future.

To systematically roll-out the STEM Education Model Schools Program, CEMASTEAs has carried out several activities. The Centre selected the first batch of 47 schools in 2016 and the second batch in early 2017. CEMASTEAs also conducted a baseline study in the first batch of schools. The findings revealed the need to improve laboratories (both in terms of structures, equipment and materials), supporting students' innovations, enhance capacity of teachers in integrating ICT in teaching and learning and educating students for sustainability. In addition, the study established the need to improve the overall school climate in five aspects: people or inter-personal relationships within the schools, process, programs, policies and place or external environment with regard to cleanliness, adequacy and maintenance

In order to address the challenges identified through the baseline study, CEMASTEAs has adopted a multi-pronged strategy which entails:

- 1) **Provision of STEM equipment to the schools:** In this regard, the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> batch of STEM equipment for the of 102 schools were purchased. The purpose of providing the equipment and materials is to improve experiential learning and to encourage schools to allow students to interact with this equipment as much as possible rather than restricting access by learners. The equipment that has been provided are for Biology, Chemistry, Mathematics, Physics, and ICT. Among the major equipment provided are Laptop Computers, LCD Projectors, Digital Cameras, Robotic Kits (Lego), White-boards, Light Microscopes, Potometers, Biological Models, Preserved specimens, Liebig Condensers, Hoffmans Apparatus, Atomic Models, Fractionating Columns, Electronic Balance, Cathode Ray Oscilloscopes, Ammeters, Voltmeters, Micrometer Screw Gauges, Thermometers, Stop Watches, Galvanometers, Magnets, Lenses, Scientific Calculators Mobile Graph Boards, Chalkboard Geometry Sets, Globes, Mathematical shapes, Wire Models and nets, etc.
- 2) **Sensitization of key stakeholders and training of STEM teachers:** Besides provision of equipment, CEMASTEА also developed a STEM training module which was rolled out for training of teachers and sensitization of stakeholders in the financial year 2017-2018. The Centre is also building synergy in STEM education by collaborating with various partners among them IBM, Global Peace Foundation, Global Supply, NACOSTI, Vocational Technical Centres, Kenya Vision 2030 among others to promote STEM. The collaborations are intended to support students' innovations to becoming viable enterprises and to nature students' ideas to the level of commercialization  
CEMASTEA has also trained two National Trainers on STEM in Israel to strengthen programme implementation

**c) Teacher Professional Capacity Building**

CEMASTEА has trained 9,791 teachers’ national and county levels for both primary and secondary schools despite limitation in financial resources in the financial year 2017/2018

**Training Statistics**

Programme/Training	Trainees	Number of Teachers Trained			
		2016/2017		2017/2018	
		At CEMASTEА	At County Level	At CEMASTEА	At County Level
Primary	Number of County Trainers trained	54	-	0	-
	Number of primary mathematics and science teachers trained	-	1281	0	-
	Number of stakeholders sensitized	-	180		210
Secondary	Number of County Trainers trained	1286	-	1000	-
	Number of mathematics and science teachers trained	-	7800	6680	-
	Number of INSET centre Principals trained	100	-	-	108
	Number of County Trainers Representatives trained	47	-	-	47
ICT integration	Number of teachers trained on ICT integration	-	1700		1800
International Trainings-	Number of secondary mathematics and science teachers and educators trained	115	-	113	-
	Number of primary mathematics and science teachers and educators trained	40	-	43	-
Special programme	Number of teachers trained	-	329	-	0
	Number of Principals and BOM chairs trained	-	94	-	0

**d) Partnerships and Linkages**

The Center for Mathematics Science and Technology Education in Africa (CEMASTEA) through Partnership and Linkages (P&L) has been working with local, regional and international organizations and partners to promote Mathematics and Science Education. Since inception of CEMASTEAs programs have grown and hence attracted various partners and stakeholders with varying supportive functions. Such support has been in form of funding, human or material resources, and consultant expertise. It is envisaged that CEMASTEAs programs will continue to expand and therefore more partners both at national and international levels will continue showing interest to work with CEMASTEAs.

This envisioned status of the Centre activities led to the establishment of partnerships and linkages department. The department exists to create, use, and sustain partnerships and linkages that support transformation of teaching competencies for effective delivery of Mathematics and Science curriculum for improved quality of education in Africa

Below are some of the achievements and contributions of the department in terms of partner inputs:

No.	CEMASTEA PROGRAMME	PARTNER TYPE OF AGREEMENT	P&L SUPPORT: PARTNER RESOURCES	PARTNER INPUT (KSH)	CEMASTEA INPUT
1.	Primary INSET Prog.	Letter of Agreement with Mwalimu Plus	Integration of MwalimuPlus technological teaching and learning tools in primary mathematics courses for teachers	1,262,400.00	104,400.00
		MOU: WB, TSC, MOE & CEMASTEAs	SEQIP Project TSC is the implementing agency, working with CEMASTEAs to implement sub-component 1.2 on School Based Teacher Support System (SBTSS)	The project is at implementation stage.	In-Kind contribution
2.	International INSET Prog	Contractual agreement with JICA	Partner support on TPD-MSE	USD. 225,600	In-kind contribution
3.	R&D and International INSET Prog				

4.	International INSET Prog	Contractual agreement with ADEA Secretariat	ADEA support on conducting Training Needs Assessment for Francophone countries	USD. 45,483	In-Kind contribution
5.	R&D and International INSET Prog				
	ICT Integration Prog	Contractual agreement with CASIO	ICT integration in mathematics education	Income through training resources	In-kind contribution

**SECTION B**

**compliance with statutory requirements**

The Centre has complied with statutory requirements and there is no court case that has arisen from non-compliance

**SECTION C**

**Key projects and investment decisions the entity is planning/implementing**

The Centre did not have no project or investments on course during the year of reporting

**III. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**SECTION D**

**Major risks facing the Centre**

The major risks the Centre is facing is Operational and Liquidity risks. The Centre is fully financed by the government and sometimes there is delay in receipt of budgeted funds. During the financial year 2017-2018 the Centre did not receive a total of Ksh. 78M contrary to the approved estimates. This caused liquidity risk as leading to very low cash flows available to support the center's mandate.

**SECTION E**

**Material arrears in statutory/financial obligations**

There is a court case between the Centre and Apex Security limited on pending payments of security services offered in the year 2014/2015. A provision of Ksh 5million is provided in the financial statements.

**SECTION F**

**The Centre's financial probity and serious governance issues**

During the financial year 2017-2018 there were no governance issues reported and there is no audit issues or queries outstanding.

**REPORT OF THE MANAGEMENT**

The management submit their annual report and financial statements for the year ended June 30, 2018 which show the state of the CEMASTEAs affairs.

**Principal activities**

The principal activity of the CEMASTEAs is capacity building for teachers both primary and secondary (INSET) both in Kenya and Africa.

**Results**

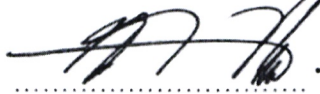
The results of the centre for the year ended 30<sup>th</sup> June 2018 are set out on page 1 to 22.

**Board of Management**

The term of the board expired on 31<sup>st</sup> August 2015 and has not been renewed. The centre wrote to the Ministry of Education requesting new Board of Management which has not been appointed as at 30<sup>th</sup> June 2018.

**Auditors**

The Auditor General is responsible for the statutory audit of the CEMASTEAs in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 year ended 30 June 2018.



Stephen M. Njoroge

Date... 01/03/2019

# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-Mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON CENTRE FOR MATHEMATICS, SCIENCE AND TECHNOLOGY EDUCATION IN AFRICA FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of Centre for Mathematics, Science and Technology Education in Africa and set out on pages 1 to 22 which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya 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, the financial statements present fairly, in all material respects, the financial position of Centre for Mathematics, Science and Technology Education in Africa as at 30 June, 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

##### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Centre for Mathematics, Science and Technology Education in Africa in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

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*Report of the Auditor-General on the Financial Statements of Centre for Mathematics, Science and Technology Education in Africa for the Year Ended 30 June 2018*

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the 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.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibility of Management and Those charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern 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 ability to continue as a going concern or to sustain 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 Centre to cease to continue as a going concern.
- 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 Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**21 March 2019**

**V. STATEMENT OF FINANCIAL PERFORMANCE  
FOR YEAR ENDED 30 JUNE 2018**

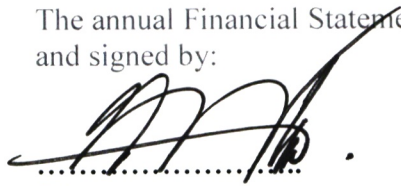
	Note	2017-2018	2016-2017
<b>INCOME</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Revenue from non-exchange transactions</b>			
Grants from Ministry	<b>1</b>	694,466,900	829,579,287
Transfers from Partners	<b>2</b>	24,559,562	23,075,268
		<b>719,026,462</b>	<b>852,654,555</b>
<b>Revenue from exchange transactions</b>			
Rendering Services	<b>3</b>	33,493,982	12,972,966
Finance Income	<b>4</b>	132,956	91,717
Other Income	<b>5</b>	1,467,290	3,301,614
		<b>35,094,228</b>	<b>16,366,297</b>
<b>Total Revenues</b>		<b>754,120,690</b>	<b>869,020,852</b>
<b>EXPENSES</b>			
Training expenses	<b>6</b>	694,798,391	686,470,462
Employee Costs	<b>7</b>	36,266,051	30,940,687
Repairs and Maintenance	<b>8</b>	17,157,752	32,667,227
Cleaning Services	<b>9</b>	8,657,764	11,248,000
Water & Electricity	<b>10</b>	7,241,802	6,455,330
General Expenses	<b>11</b>	64,055,724	65,385,649
Audit & Consultancy	<b>12</b>	2,993,279	2,659,804
Bank Charges	<b>13</b>	369,753	332,588
Board Expenses	<b>14</b>	867,453	415,000
Depreciation Expense	<b>15</b>	20,106,706	21,312,654
<b>Total Expenses</b>		<b>852,514,675</b>	<b>857,887,400</b>
<b>Surplus/Deficit for the period</b>		<b>(98,393,985)</b>	<b>11,133,451</b>

The notes set out on pages **14** to **22** form an integral part of the annual Financial Statements.

**VI. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	16	57,290,625	166,772,745
Trade Receivables	17	18,351,606	11,218,860
		<b>75,642,231</b>	<b>177,991,605</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	1,001,007,372	1,005,788,326
<b>Total Assets</b>		<b>1,076,649,603</b>	<b>1,183,779,932</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Revaluation Reserves	19A	385,642,480	385,642,480
Accumulated Reserves	19B	33,590,467	131,984,452
Capital Reserves	19C	640,126,000	640,126,000
<b>Current Liabilities</b>			
Trade and Other Payables	20	17,290,656	26,027,000
<b>Total Liabilities</b>		<b>1,076,649,603</b>	<b>1,183,779,932</b>

The annual Financial Statements set out on pages 1 to 22 were approved on 7th September, 2018 and signed by:

  
.....  
Director

  
.....  
Finance Officer

**VII. VI. STATEMENT OF CHANGES IN NET ASSETS  
AS AT 30 JUNE 2018**

	Attributable to the owners of controlling Commission			
	Reserves			Total
	Capital Reserve	Revaluation Reserve	Accumulated Surplus	
<b>Balance as at 1 July 2017</b>	640,126,000	385,642,480	131,984,451	<b>1,157,752,932</b>
Transfers to/from accumulated surplus	-	-	(98,393,985)	<b>(98,393,985)</b>
<b>Balance as at 30 June 2018</b>	<b>640,126,000</b>	<b>385,642,480</b>	<b>33,590,467</b>	<b>1,059,358,947</b>

**VIII. STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
Surplus/Deficit for the period		(98,393,985)	11,133,451
<b>Adjustments for:</b>			
Depreciation and Amortization Expense	15	20,106,706	21,312,654
Increase/Decrease of Receivables	16	(7,132,746)	(5,902,860)
Increase/Decrease of Payables	19	(8,736,344)	(109,381,797)
<b>Net Cash Flows from Operating Activities</b>		<b>(94,156,369)</b>	<b>(82,838,552)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant and equipment	17	(15,325,751)	(23,940,200)
<b>Net Cash Flows from Investing Activities</b>		<b>(15,325,751)</b>	<b>(23,940,200)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(109,482,120)</b>	<b>(106,778,752)</b>
Cash and cash equivalent at BEGINNING of the year		166,772,745	273,551,497
Cash and cash equivalent at END of the year	15A	57,290,625	166,772,745

**IX. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Original Budget</b>	<b>Adjustment</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>Note</b>
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Grants from Ministry	761,603,000.00	-	761,603,000.00	694,466,900	67,136,100	1
Transfers from Partners	31,139,000.00	-	31,139,000.00	24,559,562	6,579,437	2
Rendering Services	40,000,000.00	-	40,000,000.00	33,493,982	6,506,018	3
Finance Income	-	-	-	1,467,290	-1,467,290	4
Other Income	1,404,000.00	-	1,404,000.00	132,956	1,271,043	5
<b>Total income</b>	<b>834,146,000.00</b>	<b>0.00</b>	<b>834,146,000.00</b>	<b>754,120,690.00</b>	<b>80,025,308.00</b>	
<b>Expenses</b>						
Training-INSET	700,000,000.00	-	700,000,000.00	694,798,391	5,201,609	6
Compensation of employees	37,000,000.00	-	37,000,000.00	36,266,051	733,949	7
Goods and services	35,000,000.00	-	35,000,000.00	36,050,596	-1,050,596	9
Bank charges	300,000.00	-	300,000.00	369,753	-69,753	10
General expenditure	67,788,000.00	-	67,788,000.00	64,055,724	3,732,276	11
Board Expenses	2,000,000.00	-	2,000,000.00	867,453.34	1,132,546.66	12
<b>Total expenditure</b>	<b>842,088,000.00</b>	<b>0.00</b>	<b>842,088,000.00</b>	<b>832,407,968.34</b>	<b>9,680,031.66</b>	
<b>Surplus for the period</b>	<b>-7,942,000.00</b>	<b>0.00</b>	<b>-7,942,000.00</b>	<b>-78,287,278.34</b>	<b>70,345,276.34</b>	

**X. SIGNIFICANT ACCOUNTING POLICIES****1. First time adoption of International Public Sector Accounting Standards**

The entity adopted the *International Public Sector Accounting Standards* for the first time in 2014. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

**2. ADOPTION OF NEW AND REVISED STANDARDS**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS	The entity adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.
<b>IPSAS 34:</b> Separate Financial Statements	The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/ the entity is a parent company and has prepared consolidated financial statements and therefore the standard does not apply/ the entity is a parent company and has prepared separate financial statements and the following is the impact of application of the new standard:
<b>IPSAS 35:</b> Consolidated Financial Statements	The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/ the entity has prepared consolidated financial statements.
<b>IPSAS 36:</b> Investments in Associates and Joint Ventures	The entity does not have investments in associates or joint ventures/ the entity hold investments in associates and joint ventures.
<b>IPSAS 38:</b> Disclosure of Interests in Other Entities	CEMASTEА does not have an interests in other entities and therefore the standard does not apply/ the entity has an interest in other entities that are consolidated in these financial statements.

## **SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **3. Summary of significant accounting policies**

#### **Revenue recognition**

#### **Revenue from non-exchange transactions**

#### **Transfer from governments**

Revenues from non-exchange transactions with government entities are measured at fair value and recognized on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

### **4. Revenue from exchange transaction**

#### **a) Rendering of services**

The CEMASTEА recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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

#### **b) Interest income**

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

#### **c) Rental income**

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

#### **d) Budget**

The annual budget is prepared on the accrual basis that is, all planned costs and income are presented in a single statement to determine the needs of CEMASTEА. As a result of the adoption of the accrual basis for budgeting purposes, there is no timing or differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**SIGNIFICANT ACCOUNTING POLICIES (continued)****e) Property, plant and equipment**

The entity has adopted this standard for the first time in 2013-2014.

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.

Most of the assets were donated by JICA to CEMASTE A. Recording of all assets as per IPSAS 17 has been applied in financial year 2017-2018. The entity has not sold any asset during the financial year 2017-2018

**f) 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

Most of the assets were transferred by JICA to CEMASTE A. Recording of all assets as per IPSAS 17 has been applied in financial year 2017-2018. The entity has not sold any asset during the financial year 2017-2018

**g) Depreciation**

The entity has charged depreciation on straight line basis and where applicable apportioned in respect of the year of purchase. Depreciations charge has been applied using the following rates; Buildings 2%, Furniture & Fittings 12.5%, Motor Vehicles 25% , Computer software 20% & Equipment's 12.5%.

## **SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Where the CEMASTEА expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Contingent liabilities**

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

**j) Contingent assets**

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

**k) Nature and purpose of reserves**

CEMASTEА creates and maintains reserves in terms of specific requirements. Revaluation reserve is created to record increase or decrease in value of property. In financial year 2015-2016 land has been recorded as property and no gain or loss was recorded in respect of this assets.

**l) Changes in accounting policies and estimates**

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

**SIGNIFICANT ACCOUNTING POLICIES (continued)****m) 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 Kenya Commercial Bank of Kenya and Cooperative Banks of Kenya at the end of the financial year.

**n) Comparative figures**

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

**o) Significant judgments and sources of estimation uncertainty**

The preparation of the CEMASTEAs financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

**p) 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 CEMASTEAs 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 CEMASTEAs. Such changes are reflected in the assumptions when they occur.

**q) 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 CEMASTEAs
- 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

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r) Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

**s) 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 30<sup>th</sup> June 2018.

**t) Related party**

The entity regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity and vice versa. Members of key management are regarded as related parties and comprise of the following:

- Director
- Deputy Director
- Coordinator Training and Academic Affairs

**u) Segment reporting**

The entity does not have any branches/reporting segments. All the operations of the entity are managed from the registered office. The core business of CEMASTEAM continues to be INSET training both in Kenya and Africa.

**v) Bad debt provision**

The entity provides 10% for debts over one year and 5% in the preceding year. If there is high probability that the debt is not recoverable it is written off. There were no bad debts in the financial year 2017-2018.

**4) Financial Risk Management Disclosure**

The centre did not have investments in financial instruments in financial year 2016-2017 and 2017-2018.

**SIGNIFICANT ACCOUNTING POLICIES (continued)****5) Budget Variances in financial year 2017-2018**

The summary of variances were as follows;

No.	Item of Variance	Explanations
a.	Training	During the financial year 2017-2018 the centre carried out various activities which arose from emerging issues in education. They include support of innovations in Science and Maths, Education for sustainable development where CEMASTEAM is the centre, Initialization of STEM program, Initial Planning costs for SEQUIP etc. Which resulted to a variance of Ksh 18Million. The centre spend from reserves.
b.	Goods and Services	Due to various activities that arose during the financial year related to innovations, STEM and ESD the centre increased in purchase goods and services which include renovations of buildings and environment to accommodate more teachers. CCTV cameras were installed to increase security hence a deviation of 13Million.
C	Appropriation in Aid	The centre did not achieve target income due to reduction of clients for hospitality and reduction of income from TCTP programme hence a deviation of Ksh 6.5Million.

**6) Related party disclosures**

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 and senior managers.

The Key management personnel receives salaries and other benefits from TSC

	<b>2017-2018</b>	<b>2016-2017</b>
Number of persons	46	46

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7) Commitments and contingencies**

There were no capital commitments during the financial year 2017-2018

**8) Operating lease rentals**

The Board does not let properties under operating leases

**9) Contingencies**

There were no contingent liabilities and contingent assets.

**XI. NOTES TO THE FINANCIAL STATEMENTS****1 Grants from Ministry**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Recurrent Grants	146,433,300	225,012,287
Development Grants	26,305,000	105,220,000
SMASE Capitation	521,728,600	499,347,000
<b>Total</b>	<b>694,466,900</b>	<b>829,579,287</b>

**2 Transfers from Partners**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
JICA/ADEA-ICQN	24,559,562	23,075,268
	<b>24,559,562</b>	<b>23,075,268</b>

The Government of Kenya, CEMASTEА and JICA signed an agreement on TCTP Program in the year 2014. JICA funds the activity and CEMASTEА provides facilities and other resources on behalf of Government of Kenya. Association for the Development of Education in Africa (ADEA) have partnered CEMASTEА for peace education from financial year 2017-2018.

**3 Rendering Services**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Catering Income	33,493,982	12,972,966
<b>Total</b>	<b>33,493,982</b>	<b>12,972,966</b>

**4 Finance Income**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Income	132,956	91,717
<b>Total</b>	<b>132,956</b>	<b>91,717</b>

Interest income in 2017/2018 and 2016/2017 is from balances of funds held in NIC Bank current account and its remitted monthly

## VIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5 Other Income

	2017-2018	2016-2017
	Kshs	Kshs
Rent Income	1,344,000	1,330,500
Sundry Income	123,290	1,902,114
Tender	-	69,000
<b>Total</b>	<b>1,467,290</b>	<b>3,301,614</b>

## 6 Training expenses

	2017-2018	2016-2017
	Kshs	Kshs
SMASE funds	507,103,335	374,529,000
Training Materials	29,506,254	59,647,104
Training Subsistence & Venue(s)	158,188,802	252,294,358
<b>Total</b>	<b>694,798,391</b>	<b>686,470,462</b>

Training expenses entails all expenditure incurred while facilitating INSET for primary and secondary programs. The centre received Ksh 521 Million for secondary capitation. The centre did not carry out all its activities as planned in financial year 2017-2018 as the budget allocated was not fully received.

## 7 Employee Costs

	2017-2018	2016-2017
	Kshs	Kshs
Salaries for permanent staff	17,682,710	14,004,093
casuals wages	17,790,664	14,717,363
NSSF contribution	401,760	401,760
Gratuity	313,217	1,797,071
NITA contribution	77,700	20,400
<b>Total</b>	<b>36,266,051</b>	<b>30,940,687</b>

**VIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)****8 Repairs and Maintenance**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Buildings & small works	3,639,504	8,717,000
Plant, Machines & Equipment	9,867,905	19,581,252
Computers, Hard and Software	1,463,509	618,734
Environmental conservations	299,189	779,492
Motor Vehicles	1,887,645	2,970,749
<b>Total</b>	<b>17,157,752</b>	<b>32,667,227</b>

**9 Cleaning Services**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Cleaning Services	8,657,764	6,382,199
Security Services	-	4,865,801
<b>Total</b>	<b>8,657,764</b>	<b>11,248,000</b>

**10 Water & Electricity**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Water	1,377,812	463,413
Electricity	5,863,990	5,991,917
<b>Total</b>	<b>7,241,802</b>	<b>6,455,330</b>

**VIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)****11. General Expenses**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Advertising & Periodicals	1,293,786	2,093,720
Food & Other	17,651,550	24,415,096
Fuel, Gas and oil	4,754,311	4,694,059
Insurance	10,899,262	10,063,232
Internet services	2,478,498	3,658,588
Office general expenses	4,983,076	7,230,693
Postage & courier	846,676	706,166
Printing and stationery	356,009	355,660
Subscriptions	272,760	246,449
Telephone expenses	207,433	348,236
Temporary committee	-	-
Travel & accommodation	20,312,363	11,573,749
<b>Total</b>	<b>64,055,724</b>	<b>65,385,648</b>

**12 Audit & Consultancy**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Other Professionals	2,193,279	1,859,804
Audit Fee	800,000	800,000
<b>Total</b>	<b>2,993,279</b>	<b>2,659,804</b>

**13 Bank Charges**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
KCB-Karen	267,723	255,966
Cooperative Bank	42,235	15,043
NIC-Ksh	31,283	47,868
NIC-Dollar	17,350	13,711
Exchange loss	11,162	-
<b>Total</b>	<b>369,753</b>	<b>332,588</b>

**14 Board Expenses**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Sitting Allowances	-	-
Honoraria	867,453	415,000
Transport	-	-
Other allowances	-	-
<b>Total</b>	<b>867,453</b>	<b>415,000</b>

**15 Depreciation Expense**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	20,106,706	21,312,654
<b>Total</b>	<b>20,106,706</b>	<b>21,312,654</b>

**16 Cash and Cash  
Equivalents**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
KCB-Karen - Operating	103,983	93,696,858
KCB-Karen Capitation	518,620	-
Cooperative Bank	41,739,698	65,156,566
NIC-Kes	3,915,664	133,510
NIC-Dollar	11,012,660	7,785,811
<b>Total</b>	<b>57,290,625</b>	<b>166,772,745</b>

**17 Trade Receivables**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Catering Receivables & other	18,351,606	11,218,860
<b>Total</b>	<b>18,351,606</b>	<b>11,218,860</b>

## VIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. Property, plant and equivalents

Property, Plant and Equipment	Lands	Buildings	Equipment	Motor Vehicles	Furniture and Fittings	Computers	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Depreciation Rates</b>	0.00%	2.00%	12.50%	25.00%	12.50%	20.00%	
<b>Cost/Valuation</b>							
At 1 July 2016	385,642,000	600,382,000	19,985,000	47,901,000	16,693,000	857,000	<b>1,071,460,000</b>
Valuation/Additions	-	1,768,500	3,865,517	17,518,000	788,183	-	<b>23,940,200</b>
<b>As at 30 June 2017</b>	<b>385,642,000</b>	<b>602,150,500</b>	<b>23,850,517</b>	<b>65,419,000</b>	<b>17,481,183</b>	<b>857,000</b>	<b>1,095,400,200</b>
Valuation/Additions	-	9,292,521	4,902,124	-	1,131,106	-	<b>15,325,751</b>
<b>As at 30 June 2018</b>	<b>385,642,000</b>	<b>611,443,021</b>	<b>28,752,641</b>	<b>65,419,000</b>	<b>18,612,289</b>	<b>857,000</b>	<b>1,110,725,951</b>
<b>Depreciation</b>							
At 1 July 2016	-	14,081,320	6,114,500	42,810,000	5,122,000	171,400	<b>68,299,220</b>
Charges for the year	-	11,761,384	2,217,002	5,652,250	1,544,898	137,120	<b>21,312,654</b>
<b>As at 30 June 2017</b>	<b>-</b>	<b>25,842,704</b>	<b>8,331,502</b>	<b>48,462,250</b>	<b>6,666,898</b>	<b>308,520</b>	<b>89,611,874</b>
Charges for the year	-	11,712,006	2,552,642	4,239,188	1,493,174	109,696	<b>20,106,706</b>
<b>As at 30 June 2018</b>	<b>-</b>	<b>37,554,710</b>	<b>10,884,145</b>	<b>52,701,438</b>	<b>8,160,072</b>	<b>418,216</b>	<b>109,718,580</b>
<b>Net Book Values</b>							
At 30 June 2018	<b>385,642,000</b>	<b>573,888,311</b>	<b>17,868,497</b>	<b>12,717,563</b>	<b>10,452,217</b>	<b>438,784</b>	<b>1,001,007,372</b>
At 30 June 2017	<b>385,642,000</b>	<b>576,307,796</b>	<b>15,519,015</b>	<b>16,956,750</b>	<b>10,814,285</b>	<b>548,480</b>	<b>1,005,788,326</b>

## VIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19 Reserves

	2017-2018	2016-2017
	Kshs	Kshs
<b>19A Revaluation Reserves</b>		
Balance as at 1 <sup>st</sup> July 2016	385,642,480	385,642,480
Additions during the year	-	-
<b>Balance as at 30 June 2017</b>	<b>385,642,480</b>	<b>385,642,480</b>
<b>19B Accumulated Reserves</b>		
Balance as at 1 <sup>st</sup> July 2016	131,984,452	120,851,001
Additions during the year	(98,393,985)	11,133,451
<b>Balance as at 30 June 2017</b>	<b>33,590,467</b>	<b>131,984,452</b>
<b>19C Capital Reserves</b>		
Balance as at 1 <sup>st</sup> July 2016	640,126,000	640,126,000
Additions during the year	-	-
<b>Balance as at 30 June 2017</b>	<b>640,126,000</b>	<b>640,126,000</b>

**a) Revaluation reserve** –this is maintained to capture gains on revaluation i.e. when the fair value is higher than book value. It is also a caution on loss on revaluation. gains reserved can be used to buy new assets

**b) Capital reserve** - this is maintained as a reserve to finance capital projects or write off capital expenses

**c) Accumulated reserves** - this is maintained as a reserve to write off deficits, reserve surplus if any for contingent expenses and improve the centres financial position.

**20 Trade and Other Payables**

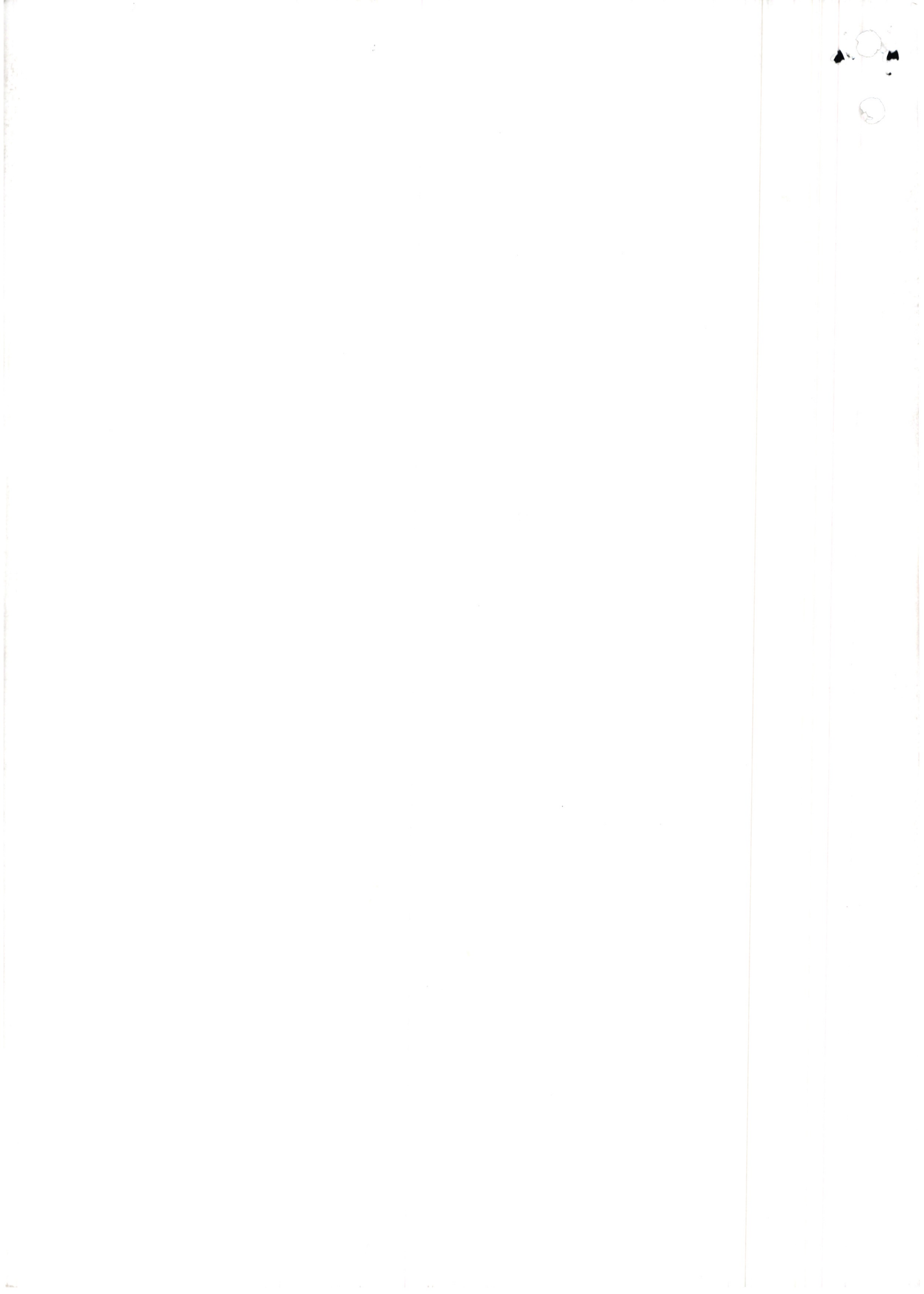
	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Training Payables	11,436,161	8,132,024
Supplies	5,054,495	17,094,976
Audit Fees	800,000	800,000
<b>Total</b>	<b>17,290,656</b>	<b>26,027,000</b>

**XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

Reference No. on the external audit Report	Focal Point person to resolve the issue (Name and designation)	Status: <i>(Resolved / Not Resolved)</i>

**Reporting Currency**

The centre's principal activities are carried out in the Republic of Kenya and the accounts are reported in Kenya Shillings (Ksh)



**MINISTRY OF WATER AND IRRIGATION**  
**STATE DEPARTMENT FOR IRRIGATION**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**



