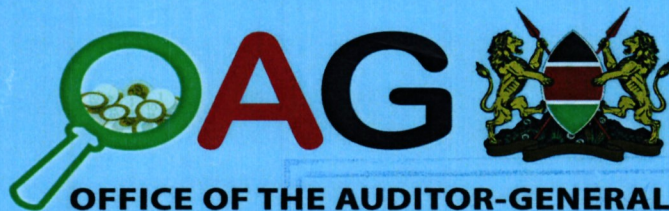


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY

DATE: 09 NOV 2022

Wednesday Afternoon

TABLED

BY:

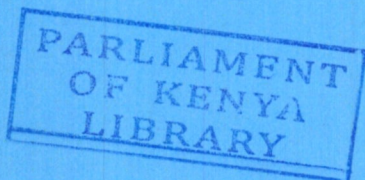
Hon. Kimani Ichungwa, MP

Leader of Majority

THE TABLE:

Mairah Wanjiku

REPORT



OF

THE AUDITOR-GENERAL

ON

**SHAMBERERE TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2019**



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

SHAMBERERE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2019**

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



SHAMBERERE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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SHAMBERERE TECHNICAL TRAINING INSTITUTE
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Shamberere Technical Training Institute was started in 1982 by the Shamberere community as a rural education programme catering for basic craft courses for the local youth. In 1985, it was elevated to a village Youth Polytechnic under the Ministry of Youth Affairs, offering basic craft courses to Std 8 graduates. In 1996 it was awarded a Trade Test Centre to cater for boarders and day scholars. In April 2009, the village polytechnic was upgraded to a Technical Training Institute offering Diploma, Certificate and Artisan Courses in Engineering, Agriculture, ICT, Institutional Management and Business. Currently, the Institute offers 18 diploma, 17 certificate and 12 artisan courses across 5 academic departments: ICT, Engineering, Business, Agriculture and Institutional Management. The Institute has 62 teachers, TSC 43, BOG 19 and 28 Non-teaching staff. Student population has steadily grown from 342 in 2015 to 1200 today. This growth has come with challenges that the Board has consistently addressed.

(b) Principal Activities

The principal activity of Shamberere Technical Training Institute is to provide training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

The mandate of Shamberere TTI is as under;

- Implement the prescribed curriculum for technical training at artisan, technician and technologist level
- Promote, coordinate and popularize research at the institute
- Spearhead the application of research results in technological programmes at the institute
- Monitor and evaluate technical education programmes at the institute
- Promote standards and quality assurance at the ministry
- Implement the MOE policy on TVET

VISION

The vision of Shamberere TTI is to be a centre of excellence in Engineering Technology, Innovation and Action Research in Africa.

MISSION

The mission of the institute is to provide quality human resource through Technical, Vocational, Education and Training (TVET).

MOTTO

Technical and Professional Excellence

CORE VALUES

-To undertake its mission and realize its vision, Shamberere TTI upholds the following values: -

- **Excellence** - The Institute shall ensure quality teaching, research and provision of excellence in teaching, research and provision of service to the public.
- **Equity**- The Institute shall ensure fair treatment of staff, students and all other stakeholders without bias.
- **Integrity** – The Institute staff shall have common decorum reflected in their personal appearances, interactions and conducts.

SHAMBERERE TECHNICAL TRAINING INSTITUTE

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- **Team work** - The Institute is committed to teamwork environment where every person is a valued member treated with respect, encouraged to contribute and recognized and rewarded for his or her efforts.
- **Innovation** – The Institute shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

QUALITY POLICY

Shamberere Technical Training Institute is committed to providing quality human resource that meets its customer's expectations through technology, innovation and action research in Africa.

(c) Key Management

Shamberere Technical Training Institute's day-to-day management is under the following key organs:

- The Board of Management
- The Principal
- The Administration

(d) Fiduciary Management

Key management personnel who held office during the financial year ended 30th September 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Ms. Akaranga Judith
2.	D/Principal	Mrs. Muhavi Lucy
3.	Registrar	Mr. Lidigu Sebastian
4.	Dean of students	Mr. Kangogo Daniel
5.	G & C Co-ordinator	Mr. Shiyonga Patrick
6.	Head of Finance	Ms. Janet Barasa

(e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *Audit committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

SHAMBERERE TECHNICAL TRAINING INSTITUTE
OFF KAKAMEGA WEBUYE ROAD
P.O. Box 1316-50100
Kakamega, KENYA


d) Entity Contacts

OFF KAKAMEGA WEBUYE ROAD
Telephone: (254) 739922223
E-mail: shambereretti@yahoo.com
Website: www.shambereretechnical.ac.ke

e) Entity Bankers

1. Kenya Commercial Bank
Kakamega Branch
P.O. Box 152-50100
Kakamega, Kenya
2. Co-operative Bank of Kenya
Kakamega Branch
P.O Box 595-50100
Kakamega, Kenya
3. National Bank of Kenya
Kakamega Branch
P.O BOX 1773-50100
Kakamega Kenya
4. Diamond Trust Bank
Kakamega Branch
P.O Box 27556-00506
Nairobi, Kenya
5. Equity Bank
Kakamega Branch
P.O Box 75104-50100
Nairobi Kenya

f) Independent Auditors



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

g) Principal Legal Adviser

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

THE BOARD OF GOVERNORS AS AT 30TH JUNE 2019



Name: Amere Shabanji Opukah

D.O.B: 1951

Key Qualifications: MA Planning-University of Nairobi, BA Hons Sociology, Post Graduate Diploma in Mass Communications-University of Nairobi.

Work Experience: Mr. Shabanji worked as a journalist from 1979 to 1982, worked as a Public Relations Officer for KP&TC from 1982-1989, worked as a Public Affairs Manager for BAT in Kenya and in the UK.

Mr. Shabanji is the chairman of the Board of Governors.

Name: Florence Nekesa Gimoi

D.O.B: 1954

Key Qualifications: BED(Home Economics)-Nairobi University, Diploma in Education(English/Home Economics)-Kenyatta University College

Work Experience: Mrs. Gimoi worked as a teacher in different capacities and retired as a Principal at Friends School Chegulo in the year 2010.

She is an independent member of the Board of Governors.



Name: Juma J. Ohasa

D.O.B: 1973

Key Qualifications: BCOM(Accounting Option)-University of Nairobi, CPA PART II Sec III.

Work experience: Worked for Metro Motor Services as a Head Accountant from 2007 to 2009. Worked for Villagecare Management Limited as a Chief Accountant from 2006 to 2007. Worked for Tamarind Management as a Unit Accountant from 1998 to 2004. Currently working as an accountant (operations) at West Kenya Sugar Co. since 2009.

Mr. Ohasa is the Chairman of the finance and audit investment

committee



Name: Jacob Maroa Getende

D.O.B: 1976

Key Qualifications: MBA(Strategic Management-JKUAT, BBM(Marketing option-MKU, Diploma IT—Wantech Computer College, Diploma Horticulture-JKUAT

Work experience: Working for Selecta Kenya GmbH-Juja as an Assistant Production Manager w.e.f 2004 to date.

Name: Joseph Bulimo Sunguti

D.O.B: 1961

Key Qualifications: Masters Degree in Distance Education(Measurement and Evaluation and Economics of Distance Education)-University of Nairobi, BED(Business Education)-University of Nairobi.

Work experience: Working as the County Director for Technical, Vocational Education and Training in charge of four counties-Kakamega, Bungoma, Vihiga and Busiaw.e.f April 2014 to date.



Name: Benard Waka Wanjila

D.O.B: 1963

Key Qualifications: BED(Arts)-Kampala International University, Diploma in Technical Education-

Mr. Wanjila is the Chairperson of the Production and Infrastructure committee.

KTTC, Diploma in Building Construction-Mombasa Polytechnic

Work experience: Worked in public service as an Inspector Building from 1996 to 2002. Worked in public service as an Instructor from 2002 until his retirement in 2017.Mr. Wanjila is

the Chairperson of the Production and Infrastructure committee.

SHAMBERERE TECHNICAL TRAINING INSTITUTE

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Name: Lensa Atieno Ongoro

D.O.B: 1986

Key Qualifications: BBM – Moi University

Work experience: Worked for Cables and Plastics Ltd Mombasa as Sales Marketing Executive from 2007 to 2013. Worked for Leeway Commodities Ltd Mombasa from 2013 to 2015. Currently working for Alltech Industries Limited Mombasa as a sales and marketing executive since 2015.

Name: Rashid Bavu Kurera

D.O.B: 1966

Key Qualifications: MBA(Strategic Management)-JKUAT, BED(Arts)-Moi University

Work experience: Worked as a teacher of Kiswahili and Commerce at Taram High School and Gede High School between 1992 and 1994, worked for JKFE as a sales representative from 1995 to 2000, working for CMC Motors as a sales manager w.e.f. 2013 to date.



Name: Judith GahuyaOranga

D.O.B: 1966

Key Qualifications: MED(Educational Administration)-Kenyatta University

Work Experience: Worked as a teacher at Lugulu Girls High School from 1990 to 1996, HOD Lugulu Girls from 1996 to 1997, HOD St. Mary's Girls Mumias from 1997 to 2004. Principal Khwisero Girls from 2004 to 2006, Principal Shitoto Girls from 2006 to 2013. DOS Masai TTI from Jan 2013 to April 2016, D/Principal Masai TTI May 2016 to Dec 2016. Principal Musakasa TTI from Dec 2016 to March 2019. Principal Shamberere TTI from March 2019 to d

MANAGEMENT TEAM



Name: Judith Gahuya Oranga

D.O.B: 1966

Key Qualifications: MED(Educational Administration)-Kenyatta University

Work Experience: Worked as a teacher at Lugulu Girls High School from 1990 to 1996, HOD Lugulu Girls from 1996 to 1997, HOD St. Mary's Girls Mumias from 1997 to 2004. Principal Khwisero Girls from 2004 to 2006, Principal Shitoto Girls from 2006 to 2013. DOS Masai TTI from Jan 2013 to April 2016, D/Principal Masai TTI May 2016 to Dec 2016. Principal Musakasa TTI from Dec 2016 to March 2019. Principal Shamberere TTI from March 2019 to date.

Name: Lucy S. Muhavi

D.O.B: 27/02/1968

Key Qualification: MED Planning and Management, BED Home Economics

Work Experience: Worked as an assistant teacher Matende Secondary School from 1991 to 1998. HOD Technical and Applied Sciences at Matende Secondary School from 1998 to 2008. Deputy Principal Matende Secondary School from 2008 to 2013. HOD IM Shamberere TTI from 2016 to 2019. D/Principal (Administration) Shamberere TTI from June 2019 to date.



Name: Sebastian Lidigu Shikoli

D.O.B: 30/10/1966

Key Qualification: Masters in Business Administration-Kenyatta University, Higher Diploma in Entrepreneurship Development-Kenya Technical Trainers College, Diploma in Technical Education-KTTC

Work Experience: Worked as a lecturer at Sigalagala Technical Training Institute from 1996 to 2001, lecturer at Kaiboi TTI from 2001 to 2004, worked at Technology Development Centre-Athi River from 2004 to 2007, worked as a lecturer at Kenya Technical Trainers College from 2007 to 2017, Registrar at Shamberere Technical Training Institute from 2017 to date.

SHAMBERERE TECHNICAL TRAINING INSTITUTE

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Name: Daniel Kangogo

D.O.B: 30/06/1977

Key Qualification: BED Technology (POWER MECHANIC OPTION)- University of Eldoret, Diploma in Technical Education at KTTC

Work Experience: Served as a teacher at Rift Valley Institute Science and Technology-Nakuru from 2009 – 2014, lecturer Shamberere to date.

Mr. Kangogo is the Dean of Students



Name: Patrick Shiyonga,

Guiding and counselling co-ordinator

D.O.B 14/05/1966

Key Qualification: MED G&C-MasindeMuliro University, B.E.D Arts (ENG/LIT) – University of Nairobi, SI Grading-Bondo Teachers College, P1-Kaimosi Teachers College.

Work Experience: Worked as a teacher at Reliance High School Webuye from 1987 to 1988, teacher Samitsi Secondary School from 1988 to 1989, teacher at Magui Secondary School Vihiga, worked as a Senior teacher at St. Luke’s Lumakanda High School from 2004 to 2008, a lecturer and principal graduate teacher at Kibabii Diploma Teachers College 2009 to 2015, Lecturer Shamberere TTI from 2015 to date. Mr. Shiyonga is a Co-ordinator Guiding and Counselling.

Name: Janet N. Barasa

D.O.B : 26/03/1984

Key Qualification: Bachelor of Commerce (Accounting Option)-Kibabii University, Diploma in Accountancy –Kitale Technical Training Institute. CPA (K)-Certified Public Accountant of Kenya.

Work Experience: Worked as an Accounts Clerk at St. Peter’s Mwiruti Girls Secondary School from 2009 to 2013, Worked as an Accounts Clerk at Moi Girls High School Kamusinga from 2013 to 2017, Finance officer Shamberere Technical Training Institute from 2017 to date.



CHAIRMAN'S STATEMENT

On behalf of the Shamberere Technical Training Institute Board, I am pleased to present the Annual Report for the 2018/2019 financial year. I am happy to be associated with the dynamic team at STTI. Shamberere Technical Training Institute remains committed to all its stakeholders in executing its mandate as outlined in the 2015-2019 Strategic Plan.

Financial Performance

In the financial year that ended in June 2019, the Institute recorded a better financial performance compared to the previous year. This is attributed to Government capitation, NYS sponsorship and prudent financial management measures. We recorded an increase in student enrolment.

To improve the Institute infrastructure, a new Mechanical workshop was completed in the FY 2018/2019. The workshop was then partitioned into classrooms to provide more space for students. This provided a short term solution to the challenge of classrooms which the Institute is facing. Furthermore, the perimeter wall was constructed around the workshop to enhance security. During the year, the previous secretary to the Board (Principal-Mrs.Maren Omondi) was transferred to RIAT in Kisumu and a new one(Mrs.JudithOranga) posted from Musakasa Technical Training Institute took over.

Challenges:

One of the biggest challenges facing STTI is an acute shortage of learning space, accommodation and administration offices. The ministry's target for every TVET Institution is to have not less than 5,000 students by the year 2022. We therefore appeal to the government to intervene and help us address this issue even as we strive to fix the challenge as best as we can.

Mentoring Institution

Shamberere Technical Training Institute is mentoring Kongoni Technical and Vocational College. This commenced in 2015. This is a government funded project. On behalf of the Board of Governors, I extend my gratitude to the Likuyani CDF for their input in this endeavour. Kongoni TVC is ready to admit students this year. May I extend my sincere gratitude to Shamberere TTI Board of Governors, our Principal and the entire Management team, our staff members, Students and all our stakeholders for their commitment and support to the Institute. I am optimistic that the Institute is set for a prosperous future.

Thank you for your support.



MUSA OSIEKO KULUBI,
Current Chairman B.O.G.

Dear stake holders, firstly I would like to state that 2018/2019FY has been a year of relative success, challenging but fruitful.

The Shamberere TTI 2015 - 2019 Strategic Plan places technology at the apex of the factors crucial for learning and teaching in the 21st Century. During the financial year 2018/2019, we renovated the computer laboratory to create secretarial classroom and equipped it with furniture and 10 computers. Previously the secretarial students were sharing the congested computer laboratory with the rest of the students and never had the opportunity to practice the required skills

Nevertheless, we increased internet bandwidth, continued with IT systems automation, and improved IT network & equipment; this has seen the Institute have facilities with more stable internet connectivity to cater for both the staff and students.

Other achievements made during the year include fencing of the Institute farm which was done in December 2018, grading of the playground, construction of the ladies' ablution block and tree planting day presided over by Hon.KeriakoTobiko, the Cabinet Secretary Environment and Forestry on 23rd October 2018.

The major challenge we are facing as an Institution is limited capacity. The ministry has set a target for every TVET Institution to have at least 5,000 students by the year 2022. Due to this limitation, it may be difficult for us to achieve this target. We therefore appeal to the government to intervene so that we may put up a tuition complex as had earlier requested.

T.O.T in Mechanical Technology

We hosted the Training of Trainers in Mechanical Technology. The training began on 24th of September 2018 taking 150 days (5months). A total of 40 trainers from various technical institutions in the country attended the training. The training was officially opened by Dr.Kevit Desai, the Principal Secretary TVET, Ministry of Education. It was concluded on the 13th day of March 2019. Graduation took place on the 16th of March 2019. It was presided over by Dr.MeshackOpwora, the Director Technical and Vocational Education and Training.

Mentoring Institution

Shamberere Technical Training Institute is mentoring Kongoni Technical and Vocational College since the year 2015. This is a government funded project. Construction of KongoniTVC commenced on 19th April 2016 and the project sum was Kshs. 55,945,274.10. By the end of the FY 2018/19, the project was 96% complete. On behalf of the entire Board of Governors, I extend my gratitude to the Likuyani CDF for their input in this particular project.

ISO 9001:2015 Certification and Audit

SHAMBERERE TECHNICAL TRAINING INSTITUTE
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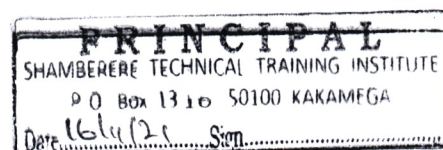
During the financial year under review, the Management System Certification Audit was done by the KEBS body. Following the certification audit of the Institute carried on 10th and 11th September 2018, the audit team concluded that the Institute established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives. The audit team recommended that, based on the results of the audit and the system's demonstrated state of development and maturity; the management system's certification be granted to the Institute. The certificate of registration was issued on 15th October 2018.

While the achievements of the years past have put us in a position of strength, our effort in the coming days will be doubled so that we can meet our long-term objective of being a globally recognized Centre of training. We shall have to be innovative to stay afloat. To this end, we shall endeavour to become more visible by using generally accepted parameters of measure to place ourselves. For one, ISO certification will help us earn our place as a certified super brand. Our strategic plan is the key direction that remains our guiding blueprint and our emphasis based on the six pillars therein. Our collective effort will make us and our actions will help actualize this dream of the Institute serving society and the world. I wish to convey my gratitude to all staff, both academic and administrative and the students who together, are lending form to our collective dream. Together we shall triumph.

Thank you



Judith G. Akaranga,
PRINCIPAL



CORPORATE GOVERNANCE STATEMENT

Shamberere TTI is governed by the Board of Governors. The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Institute.

Appointment of Council Members

- i. Every appointment is by name and by notice in the Kenya Gazette but ceases if the Board member:
 - a) Serves the appointing authority with a written notice of resignation; or
 - b) Is absent, without the permission of the Chairperson, from the three consecutive meetings; or
 - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
 - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Council.
- ii. Any removal of a Council member under (i) above, shall be through formal revocation.

Ethics and Conduct

The Board adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the Board's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. By exemplifying the ethical behaviours and corporate values described in the Code, the Board is expected to uphold Article 10 of the Constitution of Kenya, 2010 on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

Conflict of Interest Policy & Disclosures

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the

Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

Board members are remunerated for their services in accordance with State Corporations Act provisions and/or guidance from the State Corporations Advisory Committee. In line with best practice, the remuneration includes Honoraria for the Chair of Board and allowances for all members on attendance of Board meetings.

Board Induction and Training

When new Board members are appointed, the Institute organizes for induction in order to familiarize themselves with their responsibilities as Members of Board, general principles of corporate governance and Council practices. The induction programme provides the Board members with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics. The current Council members were inducted in the year under review.

Board Responsibilities

The Board of Management, during the inauguration on 19th September 2017, was sensitized on their roles and responsibilities according to the TVET Act which were:

- a) Overseeing the conduct of education and training in the Institute in accordance with the provisions of TVET Act 2013 and any other written law.
- b) Promoting and maintaining standards, quality and relevance in education and training in the Institute in accordance with the TVET Act 2013 and any other written law.
- c) Administering and managing the property of the Institute
- d) Developing and implementing the Institute's Strategic Plan – *STTI Strategic Plan 2015 - 2019 was developed by the Board.*
- e) Preparing annual estimates of revenue and expenditure for the Institute and incurring expenditure on behalf of the Institute
- f) Receiving, on behalf of the Institute, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons.
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act

2013

- h) Mobilizing resources for the Institute
- i) Developing and reviewing programmes for training and to make recommendation to TVETA –
the Board is in the process of launching CBET Curriculum
- j) Regulating the admission and exclusion of students from the Institute, subject to a qualifications framework and the provisions of TVET Act 2013
- k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry.
- l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry
- m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Institute in consultation with the Authority
- n) Making regulations governing organization, conduct and discipline of the staff and students
- o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.
- p) Providing for the welfare of the students and staff of the Institute
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institute
- r) Discharging all other functions conferred upon it by TVET Act 2013 or any other written law

The Board Meeting Attendance

The Board consists of ten members inclusive of the Principal as the Secretary. The Board members and their meeting attendance are indicated below:

NO	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE 20 th July, 2018	DATE 16 th Nov, 2018	DATE 26 th March, 2019	DATE 19 th June, 2019
1	Mr. Shabanji Opukah	✓	✓	✓	
2	Mr. Wanjila Bernard	✓	✓	✓	✓
3	Mr. Juma Ohasa	✓		✓	✓
4	Mr. Rashid Kurera	✓		✓	
5	Mrs. Florence Gimoi	✓	✓	✓	✓

SHAMBERERE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

6	Mr. MaroaGetende	✓	✓		✓
7	Mrs. ObieroLensa		✓	✓	✓
8	Mr. Sunguti Joseph	✓	✓	✓	✓
9	Mrs.IreneAshioya	✓		✓	
10	Mrs.Omondi Maren	✓		✓	✓
11	Mrs.Oranga Judith			✓	✓

MANAGEMENT DISCUSSION AND ANALYSIS

The Polytechnic operational and Finance Performance

Generally, the Institute operated at a net surplus of Kshs, 2,414,569 during the financial year. This Majorly due to the factors below;

- Reduction on expenditure
- Increase in students' population

This is an indication that the polytechnic is growing well and the going concern is guaranteed.

Compliance with Statutory Requirements

By the end of the year, the Shamberere had paid all its statutory requirements in terms of NSSF, NHIF, PAYE and all withholding taxes from contractors payable to KRA. The Institute has been withholding taxes on all payments made to contractors and remitting them to KRA. The Institute is operating under legal frameworks necessary under public sector requirement such as;

- The constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Asset Disposal act, 2015
- IPSAS standards
- All other relevant laws in its operation (regular circulars from treasury and Ministry of Education)

Key Project the Institute Implemented

The institute implemented various projects during the year 2018/2019 some of which were funded by the GOK and others internally generated funds.

- Completion of the Mechanical workshop which is now fully funded by the government. The contract sum was Kshs.18,662,845.00. the total amount received from the Government for the workshop was Kshs.20,792,698.00
- The Ministry approved for the excess funds to be utilised in Construction of perimeter wall fence around the new workshop. The contract sum for the perimeter wall was Kshs.2,166,860.00.
- Repayment of the bank loan for a college van at a cost of Kshs.1,484,097.00 from Internal sources.
- Other projects funded by internally mobilised sources included fencing of the college farm for Kshs.801,600.00, renovation of the sick bay for Kshs.411,266.25, renovation of secretarial classroom for Kshs.463,475.00, renovation of store Kshs.465,650.00 and repair of the kitchen for Kshs.298,915.00
- The Institute is also overseeing the construction of new technical and vocational centre at Kakamega County in Likuyani Sub-county called Kongoni Technical and Vocational College where a total of Kshs.45,626,061.00 was received from the government and Kshs.100,000,000.00 from Likuyani CDF. The contract sum is Kshs. 55,945,274.10. The Government is yet to clear a balance of Kshs.319,213.10
- During the year under review, the Institute incurred an additional purchase of the following Assets
 - i. Furniture of Kshs.600,000.00
 - ii. Computers of Kshs.539,000.00
 - iii. CCTV Set Kshs.59,000.00

Major risks the Institute is facing;

Operational Risk

The Institute faces competition for resources including; students, staff and financial resources. The Institute's financial assets are trade receivables as well as cash and short-term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables which are all current. The management has ensured timely payment to suppliers, contractors and other service providers, hence no historic debt.

The Institute has exposure to the following risks:

- i. Market risks
- ii. Liquidity risks
- iii. Credit risks

The Board has overall responsibility for the establishment and oversight of the Institute's risk management framework.

Market management Risk

Foreign Currency Risk

The Institute undertook certain transactions denominated in foreign currency, the US Dollar. This results in exposures to exchange rate fluctuations. The Institute opened a dollar account with National bank to mitigate risk.

Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the organization's receivables from customers. The Institute receives fees from students as well as capitation from the Government which minimizes the credit risk exposure.

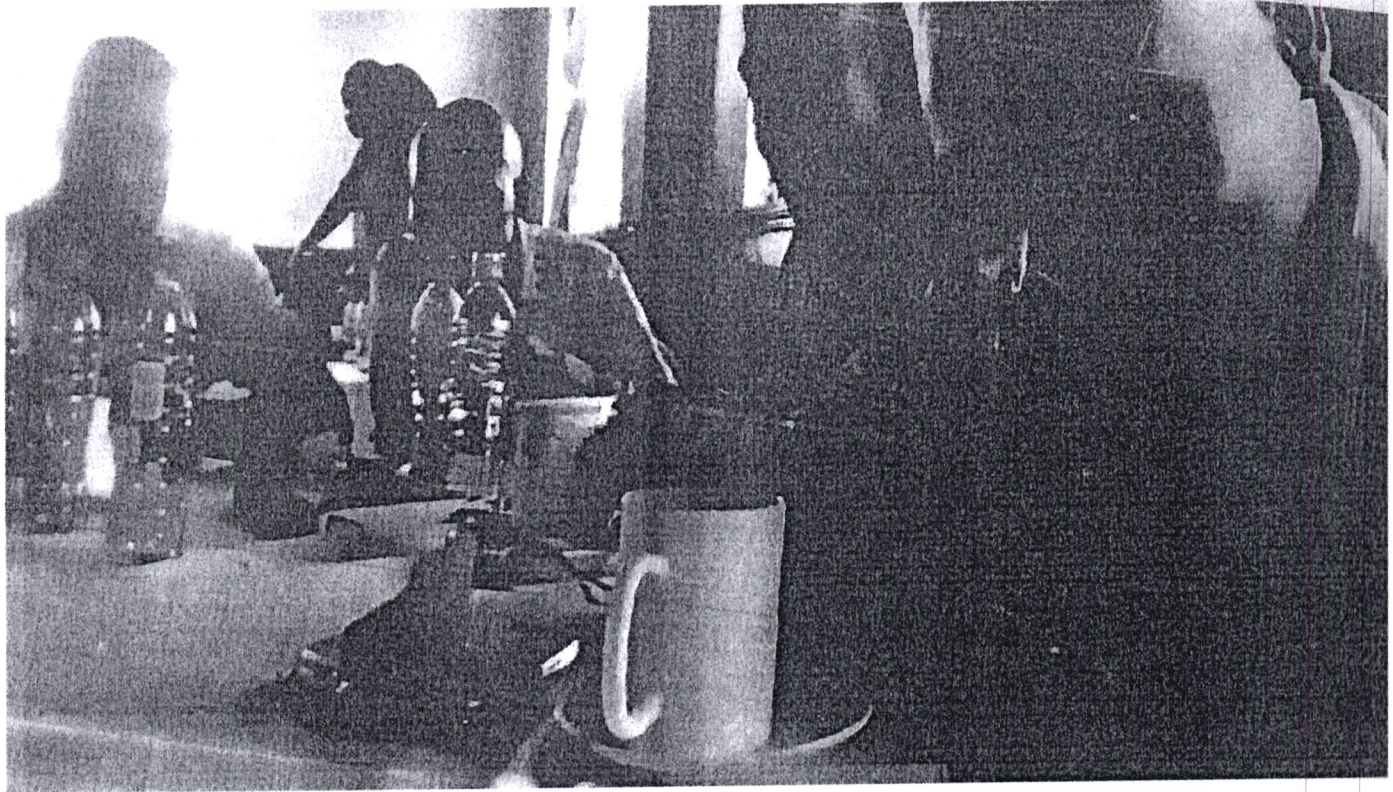
Material Arrears and Financial Obligation

The Institute had substantial fees arrears totalling to Kshs.30,555,426 which had not been paid by end of end.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Staff Team Building Exercise

Shamberere TTI organized a successful training staff team building exercise in August, 2018 held at Border Palace Hotel in Busia town. The team took part in bonding and fun activities in a bid to foster effective communication, team work, accountability, problem solving and decision making among staff. Speaking at the event, the Chairman of the Board Mr. Shabanji Opukah hoped that the exercise would enhance productivity at work place.



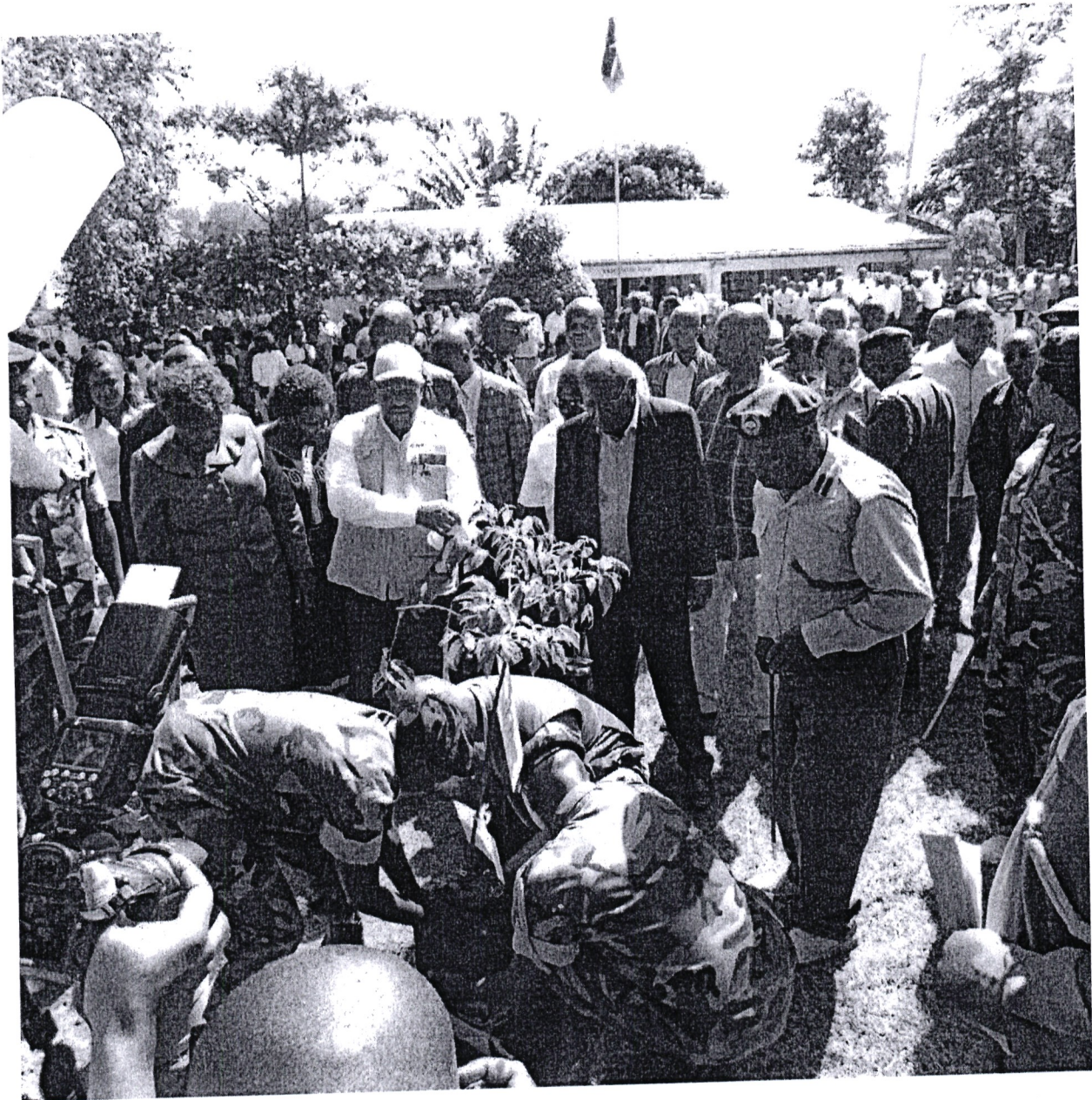
Environmental Contribution

Tree planting

Shamberere TTI was selected by the Kenya Forest Service to host the Kakamega County short rains tree planting on 23rd October, 2018. The theme of the 2018 short rains tree planting campaign was 'Panda MitiBoresha Maisha'. A total of four thousand (4,000) seedlings were planted both in the Institute compound and farm.

The tree planting exercise was presided over by Hon. Keriako Tobiko, the Cabinet Secretary Environment and Forestry on 23rd October 2018.

SHAMBERERE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019





Public Contribution

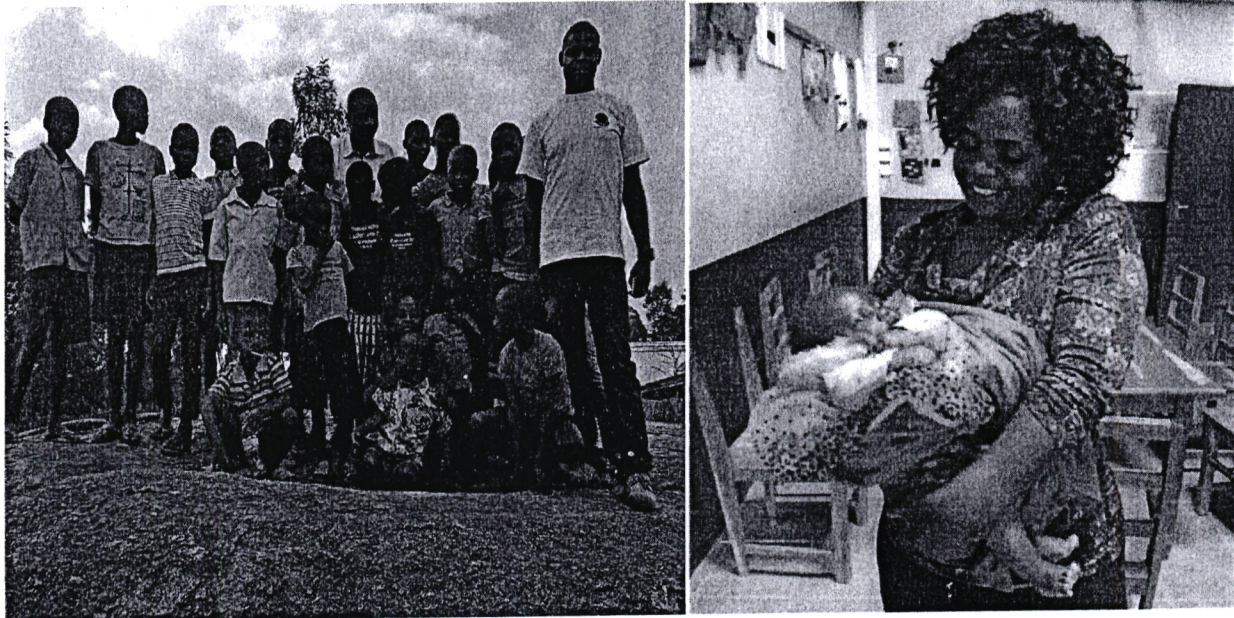
Shamberere TTI Community Outreach at Children Home

Shamberere TTI ASPnet team visited Tumaini Children Home as part of its Community Outreach on 11th December, 2018. The team was led by Madam Pamelathe ASPnet patron. She was accompanied by Mr. Songa-the secretary and Mr. Picho. The children were gifted with goodies and words of encouragement to help them be part festivities, despite their circumstances. Activities at

the home included donation of foodstuff and beddings, cleaning the institution, guiding and counselling and playing with the children.



S.T.T.I ASPnet members arrive at the children's home



The youngest of all: *The ASPnet Patron cuddles a 3 months old baby who was brought in at the age of one day. A case of abandonment*

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the financial statements for the year ended June 30, 2019 which show the state of Shamberere TTI'S affairs.

Principal activities

The principal activities of the Shamberere TTI continues to be provision of training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

Results

The results of the entity for the year ended June 30 are set out on page 1

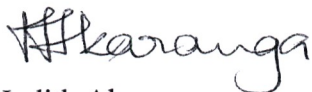
BOARD OF GOVERNORS

The members of the Board /Council who served during the year are shown on page vi.

Auditors

The Auditor General is responsible for the statutory audit of Shamberere TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of the Institution for the year ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Judith Akaranga
BOG Secretary
Kakamega
Date:.....



STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of Shamberere TTI's financial statements, which give a true and fair view of the state of affairs of the Institution for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes:

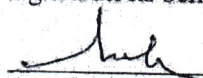
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the Institution.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

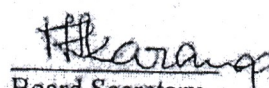
The board members accept responsibility for Shamberere TTI's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The board members are of the opinion that Shamberere TTI's financial statements give a true and fair view of the state of the Institution's transactions during the financial year ended June 30, 2019, and of the Institution's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institution, which have been relied upon in the preparation of the Institution's financial statements as well as the adequacy of the systems of internal financial control.

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

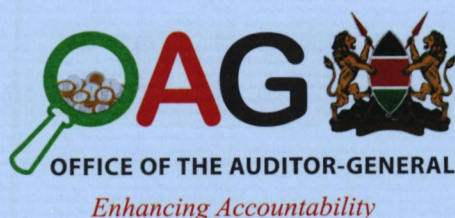
Approval of the financial statements

Shamberere TTI's financial statements were approved by the Board on _____ and signed on its behalf by:


Board Chairman


Board Secretary

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 SHAMBERERE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Shamberere Technical Training Institute set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2019, 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, except for the effect of the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of Shamberere Technical Training Institute as at 30 June, 2019, 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 Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Presentation of the Financial Statements

The, statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects significant variances between the final budget and actual on comparable basis which have not been explained as required by the Public Sector Accounting Standards Board Reporting template. Further, Note 3(i) on relevant new standards and amendments to published standards effective for the year ended 30 June, 2019 discusses standards that are not relevant to the Institute.

In addition, under summary of significant accounting policies, a section of the disclosures has no relevance to the nature and operations of the Institute. For example, Note 4(a)(ii) - Rendering of Services – Students Fees has nothing to do with stage of completion and measurement with reference to labour hours.

Consequently, financial statements submitted for audit do not comply with the Public Sector Accounting Standards Board reporting template.

2. Statement of Cash Flows

The statement of cash flows for the year ended 30 June, 2019 has been prepared on the assumption that all the revenues and expenses of the Institute were on cash basis. Transfers from other Government entities receipts of Kshs.26,440,000 as disclosed in Note 6 to the financial statements includes expected grant from State Department of Vocational Training of Kshs.10,470,000 which is a receivable while other income, rentals and agency fees of Kshs.15,304,300 as disclosed in 11 to the financial statements includes deferred income (depreciation on building) of Kshs.2,020,000 which is a non-cash item.

Further, the statement reflects a payment of Kshs.16,766,686 under grants and subsidies paid. However, the expenditure is not reflected in statement of financial performance neither is it supported by any documentation.

In addition, the increase in receivables of Kshs.40,040,572, repayment of borrowings of Kshs.1,484,097 and cash and cash equivalents as at 01 July, 2018, of Kshs.29,254,815 were not supported by any documentation.

Consequently, the accuracy of the statement of cash flows could not be confirmed.

3. Unsupported Revenue from Exchange Transactions

The statement of financial performance for the year ended 30 June, 2019 reflects revenue from rendering of services-fees from students and sale of goods of Kshs.41,263,620 and Kshs.26,893,673 respectively as disclosed in Notes 8 and 9 to the financial statements. However, the two balances were not supported by analyses.

Consequently, the accuracy of the revenue from exchange transactions would not be confirmed.

4. Unsupported Inventories Balance

The statement of financial position as at 30 June, 2019 reflects a balance of Kshs.478,965 under inventories. However, the balance was not supported by any documentation, including stock taking sheets.

Consequently, the accuracy and completeness of the stocks balance of Kshs.478,965 could not be confirmed.

5. Inaccurate Property, Plant and Equipment Balance

The statement of financial position further reflects a property, plant and equipment balance of Kshs.555,064,534 as disclosed in Note 26 to the financial statements. The balance, includes buildings and motor vehicles valued at Kshs.101,000,000 and Kshs.6,800,000 respectively. However, the two balances differ from the respective balances of Kshs.100,000,000 and 7,495,000 reflected in the assets register. No explanation or reconciliation has been provided for the variances.

Consequently, the accuracy of the property, plant and equipment balance could not be confirmed.

6. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position as at 30 June, 2019 reflect trade and other payables from exchange transactions of Kshs.11,076,219 which, as disclosed in Note 28 to the financial statements. The balance comprises of Kshs.1,427,998, Kshs.313,000 and Kshs.9,335,221 relating to trade payables, caution money and third party payments (contractors) respectively. However, the three balances are not supported by any analyses.

Consequently, the accuracy of the balance of Kshs.11,076,219 could not be confirmed.

7. Unexplained Provisions

The statement of financial position as at 30 June, 2019 reflects current provisions and non-current provisions of Kshs.1,442,210 and Kshs.292,161 respectively, totalling Kshs.1,734,371. However, the purpose of the provisions was explained.

Consequently, the validity of the provisions could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Shamberere 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects final revenue budget and actual on comparable basis amounts of Kshs.150,500,000 and Kshs.114,227,593 respectively, resulting in an under-funding by Kshs.36,272,407 or 24% of the budget. Similarly, the institute spent an amount of Kshs.111,126,024 out of the approved expenditure budget of Kshs.150,500,000 resulting in under expenditure of Kshs.39,373,976 or 26% of the budget.

The under-funding and under-expenditure constrained execution of planned activities and delivery of services by the Institute.

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

1. Failure to Comply with TVETA Quality Audit Requirements

The Institute has failed to comply with the quality assurance manual developed by the Technical and Vocational Education Training Authority in regard to programme accreditation as some of the programmes offered had not been accredited and there was also no evidence that all of the trainers were accredited.

Consequently, lack of accreditation may impact on the quality of programmes offered by the Institute.

2. Lack of Risk Management Policy

As at the time of audit, the Institute did not have a risk management policy, contrary to the provisions of Section 165(1) of the Public Finance Management (National Government) Regulations, 2015, which stipulates that the Accounting Officer of a Government entity should develop risk management strategies, which include fraud prevention mechanism, and a system of risk management and internal control that builds robust business operations.

In the circumstance, lack of risk management policy casts doubt on the effectiveness of the governance structure of the Institute.

3. Failure to Undertake an Investment Grade Energy Audit

According to Section 5 of the Energy Management Regulations, 2012, the Institute is required to develop a clear energy management policy. In addition, Section 6 requires the Institute to undertake an energy audit at least once every three years. However, the Institute has not adhered to these requirements.

Consequently, the Management of the Institute is in breach of the law.

4. Failure to Maintain an Imprest Register

During the year under review, the Institute did not maintain an imprest register as required by Section 91(14) of the the Public Finance Management Act, 2012, which requires that a memorandum cash book be kept to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the memorandum cash book, and in the absence of any receipts, the actual cash balances plus the expenses paid shall equal at all times the fixed level of the imprest for which the imprest holder is personally responsible.

Consequently, the Management is in breach of the law.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Institute'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 and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund policies and procedures may deteriorate.

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 June, 2022

SHAMBERERE TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH
 JUNE 2019

i). STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2019

Description	Notes	FY 2018/2019
Revenue From Non-Exchange Transactions		Kshs.
Transfers From the National Government-grants/gifts in kind	6	26,440,000
Public contributions and donations	7	-
Total Revenue from Non-Exchange Transactions		26,440,000
Revenue From Exchange Transactions		
Rendering Of Services- Fees from Students	8	41,263,620
Sale Of Goods	9	26,893,673
Rental Revenue from facilities and equipment	10	4,326,000
Other Incomes	11	15,304,300
Revenue From Exchange Transactions		87,787,593
Total Revenue		114,227,593
Expenses		
Use Of Goods and Services	12	2,562,706
Employee Costs	13	2,937,870
Remuneration Of Governors	14	2,858,000
Depreciation and Amortization	15	55,205,338
Repair and Maintenance	16	3,208,055
Grants and Subsidies	17	-
General Expenses	18	42,869,067
Finance Costs	19	1,484,988
Total Expenses		111,126,024
Other gains/(losses)		-
Impairment loss	20	-
Net Surplus for The Year		3,101,569

The notes set out on pages 6-32 form an integral part of the annual financial statement

SHAMBERERE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH
JUNE 2019

ii) STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

Description	Notes	FY 2018/2019
Assets		
Current Assets		Kshs.
Cash and Cash Equivalents	21,22	26,717,914
Receivables From Exchange Transactions	23	35,048,976
Receivables From Non-Exchange Transactions	24	10,470,000
Inventories	25	478,965
Total Current Assets		72,715,855
Non-Current Assets		
Plant, Property and Equipment	26	555,064,534
Intangible Assets	27	873,750
Total Non-Current Assets		555,938,284
Total Assets		628,654,139
Liabilities		
Current Liabilities		
Trade and Other Payables from Exchange Transactions	28	11,076,219
Provisions	29	1,442,210
Payments received in advance	30	3,834,067
Total Current Liabilities		16,352,496
Non-Current Liabilities		
Non-current Provisions	31	292,161
Borrowings	32	2,274,117
Total Non-Current Liabilities		2,566,278
Total Liabilities		18,918,774
Capital and Reserves		
Reserve	33	534,838,050
Accumulated Surplus	33	3,101,569
Capital Fund	33	71,795,747
Total Of Reserves and Accumulated Surplus		609,735,366
Total Liabilities and Reserves		628,654,140

The financial statements set out on pages 1-5 were signed on behalf of the board of governors by:-

[Signature]
Chairman B.O.G

Finance Officer

Principal

Date: 16/11/2021

ICPAK NO

Date: 16/11/2021

Date



SHAMBERERE TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

iii). STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2019

	Revaluation Reserve	Fair Value Adjustment Reserve	Retained Earnings	Capital/Development Grants/Fund	Total
Balance b/f at July 1, 2017	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair Value adjustment on Quoted Investments/retained Earnings	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Transfer of Depreciation/Amortization from capital fund to retained Earnings	-	-	-	-	-
Balance c/d as at June 30, 2018	-	-	-	584,359,956	584,359,956
Balance b/f at July 1, 2018	-	-	-	-	584,359,956
Revaluation gain	-	-	-	-	-
Fair Value adjustment on Quoted Investments/retained Earnings	-	-	-	-	-
Total Comprehensive Income	-	-	3,101,569	-	3,101,569
Capital/Development grants received during the year	-	-	-	22,273,841	22,273,841
Transfer of Depreciation/Amortization from capital fund to retained Earnings	-	-	-	-	-
At JUNE 30TH 2019	-	-	3,101,569	606,633,797	609,735,366

SHAMBERERE TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH
 JUNE 2019

iv. STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2019

Description	Notes	FY 2018/2019
Cashflowsfromoperatingactivities		
Receipts		Kshs.
Transfers from other Government entities/Govt. grants	6	26,440,000
Rendering of services- Fees from students	8	41,263,620
Sale of goods	9	26,893,673
Rental revenue from facilities and equipment	10	4,326,000
Other income, rentals and agency fees	11	15,304,300
Total Receipts		114,227,593
Payments		
Compensation of employees	13	2,937,870
Use of goods and services	12	2,562,706
Finance Costs	19	1,484,988
General expenses	18	42,869,067
Other Payments	14	2,858,000
Grants and subsidies paid		16,766,686
Repair and maintenance	16	3,208,055
Total Payments		72,687,372
Netcashflowsfromoperatingactivities		41,540,221
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	26	(24,826,294)
Proceeds from sale of property, plant, equipment		-
Decrease/Increase in receivable		(40,040,572)
Increase in investments		-
Grants and subsidies received		22,273,841
Net cash flows used in investing activities		(42,593,025)
Cashflowsfromfinancingactivities		
Proceeds from borrowings		-
Repayment of borrowings		(1,484,097)
Increase in deposits		-
Net cash flows used in financing activities		(1,484,097)
Net increase/(decrease) in cash and cash equivalents		(2,536,901)
Cash and cash equivalents at July 1, 2018		29,254,815
Cash and cash equivalents at End of Each Quarter		26,717,914

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V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

Description	Original Budget	Adjustments		Final Budget	Actual On		Performance
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers From the National Government-grants/gifts in kind	50,000,000	-	-	50,000,000	26,440,000	23,560,000	500,000
Public contributions and donations	500,000	-	-	500,000	-	-	-
Rendering Of Services- Fees from Students	45,000,000	-	-	45,000,000	41,263,620	3,736,380	-
Sale Of Goods	30,000,000	-	-	30,000,000	26,893,673	3,106,327	-
Rental Revenue from facilities and equipment	5,000,000	-	-	5,000,000	4,326,000	674,000	-
Other Incomes	20,000,000	-	-	20,000,000	15,304,300	4,695,700	-
Total income	150,500,000	-	-	150,500,000	114,227,593	36,272,407	-
Expenses							
Use Of Goods and Services	4,500,000	-	-	4,500,000	2,562,706	1,937,294	-
Employee Costs	4,500,000	-	-	4,500,000	2,937,870	1,562,130	-
Remuneration Of Governors	4,000,000	-	-	4,000,000	2,858,000	1,142,000	-
Depreciation and Amortization	60,000,000	-	-	60,000,000	55,205,338	4,794,662	-
Repair and Maintenance	5,000,000	-	-	5,000,000	3,208,055	1,791,945	-
Grants and Subsidies	25,000,000	-	-	25,000,000	-	25,000,000	-
General Expenses	46,000,000	-	-	46,000,000	42,869,067	3,130,933	-
Finance Costs	1,500,000	-	-	1,500,000	1,484,988	15,012	-
Total Expenditure	150,500,000	-	-	150,500,000	111,126,024	39,373,976	-
Surplusfortheperiod	-	-	-	-	3,101,569	(3,101,569)	-

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shamberere TTI is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The values of the assets are merely management estimates. 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 Institution's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

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

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	(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
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iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019.

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

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Board on 20th July 2019. No revisions or additional appropriations were made to the approved budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per the Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

6. TRANSFER FROM NATIONAL GOVERNMENT MINISTRIES

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Description	FY 2018/2019
a. Unconditional Grants	
Operational grants	4,500,000
Other grants	11,470,000
Sub total	15,970,000
Expected grant from state department of vocational training	10,470,000
b. Conditional Grants	
Kongoni grant	-
Total Government Grants and Subsidies	26,440,000

7. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	FY 2018/2019
Public donations	-
Donations from local leadership	-
Donations from religious institutions	-
Donations from alumni	-
Other donations	-
Total Public Contributions and Donations	-

8. RENDERING OF SERVICES

Description	FY 2018/2019
Tuition Fees	14,951,600
Activity Fund	3,078,400
Examination Fees	4,385,620
Administration Fees	3,104,800
Teaching materials	6,138,200
Personal Emoluments	6,635,000
Registration Fees	156,500

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Books Levy /Library fee	1,269,000
Medical Fee	1,388,000
Student ID	156,500
Total Revenue from Rendering of Services	41,263,620

9. REVENUE FROM SALE OF GOODS AND SERVICES

Description	FY 2018/2019
Mechanical Workshop/Chairs Fabrication	210,000
NYS Subsidies	2,101,000
Accommodation and Meals	24,582,673
Total Revenue from Sale of Goods and Services	26,893,673

10. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	FY 2018/2019
Boarding fees	4,326,000
Total Revenue from Sale of Goods and Services	4,326,000

11. OTHER INCOMES

Description	FY 2018/2019
Local Travelling and Transport (L.T&T)	3,104,300
Electricity Water and Conservancy (E.W&C)	1,524,200
Development Fees	3,500,300
Repair, Maintenance and Improvement (R.M.I)	3,262,800
Student Council Fund	1,268,700
Attachment fee	624,000
Replacement Fund	-

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Deferred Income (Depreciation on Building)	2,020,000
Total Revenue from Other Incomes	15,304,300

12. USE OF GOODS AND SERVICES

Description	FY 2018/2019
Electricity Water and Conservancy (E.W&C)	2,562,706
Total Expenses on Use Goods and Services	2,562,706

13. EMPLOYEE COSTS

Description	FY 2018/2019
Salaries and wages	2,937,870
Employees related costs-contribution to pension & medical aids	-
Housing benefits and allowances	-
Overtime payments	-
Performance and other bonuses	-
Social contributions	-
Total Employees Cost	2,937,870.00

14. REMUNERATION OF GOVERNORS

Description	FY 2018/2019
Chairman's Honoraria	400,000
Governors Emoluments	2,458,000
Other Allowances	-
Total BOG Remuneration	2,858,000

15. DEPRECIATION AND AMORTIZATION EXPENSE

Description	FY 2018/2019
Plant,Property and Equipment	54,914,088
Intangible Assets	291,250

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Amortization	-
Total Depreciation and Amortization	55,205,338

16. REPAIR AND MAINTENANCE

Description	FY 2018/2019
Repair and Maintenance	3,208,055
Total Repair and Maintenance Cost	3,208,055

17. GRANTS AND SUBSIDIES

Description	FY 2018/2019
Kongoni TTI	-
Total Grants and Subsidies	-

18. GENERAL EXPENSES

Description	FY 2018/2019
Activity Expenses	2,927,266
Administration Expenses	538,635
Admission Expenses	258,651
Attachment	156,400
Books Levy	179,180
Bursary	10,000
Cafeteria	1,821,960
Chairs	551,000
Creditors	926,678
Dev Fund	812,825
Exams	2,632,600
Hostel	2,378,105

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Kongoni Expenses	685,260
LT&T	5,730,322
Medical Fund	1,070,573
Production unit	8,407,686
Registration Fees	52,060
Replacement	91,170
Student Council Expenses	224,750
Student Expenses	1,065,700
Student ID	47,100
Teaching materials	3,673,335
Tender Expenses	153,420
Tuition Expenses	8,474,391
Total General Expenses	42,869,067

19. FINANCE COSTS

Description	FY 2018/2019
Borrowings (amortized cost)	1,484,988
Finance leases (amortized cost)	-
Unwinding of discount	-
Interest on bank overdrafts	-
Interest on loans from commercial banks	-
Total Finance Costs	1,484,988

20. IMPAIRMENT LOSS

Description	FY 2018/2019
Property, plant and equipment	-
Intangible Assets	-
Total Impairment Loss	-

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21. CASH AND CASH EQUIVALENTS

Financial Institution	FY 2018/2019
Current Accounts	25,097,900
On-Call Deposits	-
Fixed Deposits accounts	-
Staff Car Loan/mortgage	-
Others (Cash in Hand and M-Pesa)	1,620,014
Total Cash and Cash Equivalents	26,717,914

22. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial Institution	FY 2018/2019
Current Accounts	
KCB-Main Account	5,887,177
KCB-Development Account	8,526,802
KCB-Exams Account	2,618,373
Co-operative Bank	8,061,548
National Bank	4,000
Petty Cash-Main	68,050
Paybill Deposits	1,551,964
Total Cash and Cash Equivalents	26,717,914

23. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	FY 2018/2019
Current Receivables	
Student debtors	30,555,426
Rent debtors	-
Consultancy debtors	-
Other Exchange debtors	4,493,550
Less: Impairment allowance	-

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 JUNE 2019

Total Current Receivables	35,048,976
Non-Current Receivables	
Refundable deposits	-
Advance payments	-
Public Organizations	-
Less: Impairment allowance	-
Total Non-Current Receivables	-
Total Receivables from exchange transactions	35,048,976

24. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	FY 2018/2019
Current Receivables	
Transfer from other govt. entities	10,470,000
Undisbursed donor funds	-
Other debtors (non-exchange transactions)	-
Less: Impairment allowance	-
Total Current Receivables	10,470,000

25. INVENTORIES

Description	FY 2018/2019
Consumable Stocks	470,765
Medical Supplies	8,200
Total Inventories at the lower of cost and net realizable value	478,965

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26. PLANT, PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT JUNE 30, 2019

Description	Land	Buildings	Motor		Furniture &	Computers	Library	Plant &	Capital	Total
			Vehicles							
Depreciation Rate	0	2%	25%	12.5%	30.0%	10%	12.5%			
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At July 1, 2018	15,316,000	101,000,000	6,800,000	4,164,000	4,836,000	3,722,050	400,000,000	51,334,279	587,172,329	
Additions	-	-	-	600,000	539,000	413,453	-	23,273,841	24,826,294	
Disposals	-	-	-	-	-	-	-	-	-	
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	
At June 30, 2019	15,316,000	101,000,000	6,800,000	4,764,000	5,375,000	4,135,503	400,000,000	74,608,120	611,998,623	
Depreciation and Impairment										
At July 1, 2018	-	-	-	-	-	-	-	-	-	
Depreciation	-	2,020,000	1,700,000	595,500	1,791,488	827,101	50,000,000	-	56,934,089	
Disposals	-	-	-	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	-	
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	
At June 30, 2019	-	2,020,000	1,700,000	595,500	1,791,488	827,101	50,000,000	-	56,934,089	
Net Book Values										
At June 30, 2019	15,316,000	98,980,000	5,100,000	4,168,500	3,583,512	3,308,402	350,000,000	74,608,120	555,064,534	
At 30th June 2018	15,316,000	101,000,000	6,800,000	4,164,000	4,836,000	3,722,050	400,000,000	51,334,279	587,172,329	

27. INTANGIBLE ASSETS-SOFTWARE

	FY 2018/2019
Cost	
At beginning of the year	1,165,000
Additions/Internal Development	-
Cost end of the year	1,165,000
Amortization and impairment	
At beginning of the year	291,250
Amortization At the Rate of 30%	-
Amortization at end of the year	291,250
Less: Impairment loss	-
Net Book Value	873,750

28. TRADE AND OTHER PAYABLE FROM EXCHANGE TRANSACTION

	FY 2018/2019
Description	
Trade Payables-To Suppliers	1,427,998
Other Payables (Government Disbursement)	-
Caution Money	313,000
Third-Party Payments (Contractors)	9,335,221
Total Current Receivables	11,076,219

29. CURRENT PROVISIONS

	FY 2018/2019
Description	
Balance at the beginning of the year	-
ADD: Additional provisions	1,442,210
LESS: Provision utilized	-
LESS: change due to discount and time value of money	-
Transfer from non-current provisions	-
Total Provisions	1,442,210

30. PAYMENT RECEIVED IN ADVANCE

	FY 2018/2019
Description	
Student fees	3,834,067
Others	-
Total Payments received in advance	3,834,067

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31. NON-CURRENT PROVISIONS

	FY 2018/2019
Description	-
Balance at the beginning of the year	292,161
ADD: Additional provisions	-
LESS: Provision utilized	-
LESS: change due to discount and time value of money	-
LESS: Current portion	292,161
Total Provisions	

32. BORROWINGS

	FY 2018/2019
Description	2,274,117
Borrowed Funds	2,274,117
Total Borrowed Funds	

33. RESERVES AND ACCUMULATED GAINS/LOSSES (RETAINED EARNINGS)

	FY 2018/2019
Description	534,838,050
Revaluation Reserve	71,795,747
Capital Fund	3,101,569
Retained Earnings	609,735,366
Total Reserves	

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 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 Ksh.	Fully performing Kshs	Post due Kshs	Impaired Kshs
At 30 June 2019				
Receivables for exchange transactions	35,048,976	35,048,976	0	0
Receivable from non-exchange transactions	10,470,000	10,470,000	0	0
Bank balances	25,097,900	25,097,900	0	0
Total	70,616,876	70,616,876	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

	Total amount Ksh	Fully performing Kshs	Post due Kshs	Impaired Kshs
At 30 June 2019	1,427,998	1,015,693	5,507,154	7,950,845
Current portion of borrowings	0	0	789,129	789,129
Provisions	0	0	1,442,210	1,442,210
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	1,015,998	1,015,693	7,738,493	10,182,184

34. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

iv) Capital Risk Management

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

	2018-2019	2017-2018
	Kshs.	Kshs.
Revaluation reserve	535,838,0509	0
Retained earnings	2,414,569	0
Capital reserve	0	0
Total funds	538,252,619	0
Total borrowings	2,274,117	0
Less: cash and bank balances	26,717,914	0
Net debt/(excess cash and cash equivalents)	24,443,797	0
Gearing	0.4%	0%

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 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) Controller of Budget;
- iv) Key management;
- v) Board of directors;

36 CAPITAL COMMITMENTS

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

37 EVENTS AFTER THE REPORTING PERIOD

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

38 ULTIMATE AND HOLDING ENTITY

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

39 Currency

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

APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation SAGA Funded by development partners

Project title	Project number	Donor	Period Duration	Donor commitment (Kshs)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Completion of mechanical workshop		GOK	40WKS	18,662,845.60		
2. Kongoni VTC		GOK	52WKS	55,945,274.10		

Status of project completion

	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Completion of mechanical workshop	18,662,845.60	16,922,654.20		100%		GOK
2	Construction of Kongoni VTC	55,945,274.10	49,365,938.03		96%		GOK

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APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME		SHAMBERERE TECHNICAL TRAINING ISNTITUTE		
Break down of transfer from the state Department, ministry of Education				
FY 2018-2019				
a Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 th October 2018	4,500,000	2018-19
		15 th February 2019	10,470,000	2018-19
		27 th June 2019	1,000,000	2018-19
		Total	15,970,000	
b Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 th October 2018	2,753,577.25	2018-19
		8 th October 2018	5,407,687.00	2018-19
		8 th March 2019	2,753,577.25	2018-19
		29 th January 2019	11,358,999.00	2018-19
		Total	22,273,840.50	

The above amounts have been communicated to and reconciled with parent ministry

Finance Officer
 Shamberere TTI

Head of accounting Unit
 Ministry of Education

Sign.....

Sign.....

