

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY

DATE: 03 NOV 2022

Wednesday-Afternoon

**REPORT**

Hon Kimani Ichung'wa MP  
Leader of the Majority Party.

Mainab Wanjiku

**OF**

**THE AUDITOR-GENERAL**

**ON**

**SHAMBERERE TECHNICAL TRAINING  
INSTITUTE**

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





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

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**SHAMBERERE TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2020**

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**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 30 JUNE 2020

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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 52, BOG 15 and 27 Non-teaching staff. Student population has steadily grown from 342 in 2015 to 1,800 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

### **MISSION:**

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

### **VISION:**

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

### **MOTTO**

Technical and Professional Excellence

### **CORE VALUES:**

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

- a. **Excellence** - The Institute shall ensure quality teaching, research and provision of excellence in teaching, research and provision of service to the public.





## SHAMBERERE TECHNICAL TRAINING INSTITUTE

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- b. **Equity**- The Institute shall ensure fair treatment of staff, students and all other stakeholders without bias.
- c. **Integrity** – The Institute staff shall have common decorum reflected in their personal appearances, interactions and conducts.
- d. **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.
- e. **Innovation** – The Institute shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society

### OBJECTIVES:

- i) To provide increased training opportunities for school leavers that will enable them to be self-supporting
- ii) To develop practical skills and attitudes that will lead to income earning activities in the rural and urban areas
- iii) To provide technical knowledge, vocational skills and attitudes necessary for manpower development
- iv) To produce skilled artisans, craftsmen, technicians and technologists for both formal and informal sectors of the economy

### 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 Governors
- Accounting Officer/The Principal
- Senior Management Team

#### (d) Fiduciary Management

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

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



**(e) Fiduciary Oversight Arrangements**

1. Finance and Budgeting Committee
2. Human Resource, Research and Training Committee
3. Infrastructure committee
4. Audit and Risk Management Committee
5. Executive BOG Committee
6. Kenya Revenue Authority
7. Office of the Auditor General
8. National Social Security Fund
9. National Hospital Insurance Fund



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

**(f) Entity Headquarters**

SHAMERERE 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](mailto:shambereretti@yahoo.com)  
Website: [www.shambereretechnical.ac.ke](http://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





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**THE BOARD OF GOVERNORS**



**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 MaroaGetende

**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:** Jackson MuyelaAndai

**D.O.B:** 1961

**Key Qualifications:** Masters Degree in Business Administration-Kenyatta university.

**Work experience:** Working as the County Director for Technical, Vocational Education and Training in charge of two counties-Kakamega, and Vihigaw.e.f July 2019 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.



**Name:** LensaAtienoOngoro

**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.



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**Name:** Rashid BavuKurera

**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 date.



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**MANAGEMENT TEAM**



**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 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:** Elisha Nyamu

**D.O.B:** 22/01/1969

**Key Qualification:** BED Information Science and Technology, Higher National Diploma Human Resource Management, Diploma Information Studies

**Work Experience:** Worked as head teacher Friends Secondary School Lwanda Bungoma from 1989 to 1994. Teacher Bukulunya Secondary School from 1996 to 1998. Teacher Museno Primary School from 1998 to 2005. HOD Games and sports Siaya Institute of Technology from 2005 to 2019. P.C Coordinator Siaya Institute of Technology from 2008 to 2019. D/Principal (Academics) Shamberere TTI from June 2019 to date.







**Name:** Sebastian LidiguShikoli

**D.O.B:** 30/10/1966

**Key Qualification:** Masters in Business Administration-Kenyatta University, Higher Diploma in Enterpreneuership 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 KaiboiTTI 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 to 2007 to 2017 , Registrar at Shamberere Technical Training Institute from 2017 to date.

**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.





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**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 Board of Governors of Shamberere Technical Training Institute, I wish to present the Annual Report for the FY 2019/2020.

Shamberere Technical Training Institute Board remains focused on its mandate as envisaged in the Strategic Plan for 2019/2024. The Institute performed well in the first half of the year. The construction of a three-storey tuition block, four classrooms and dormitory commenced. Extension of the Food and Beverage kitchen was also done.

The completion of the above projects is expected to increase learning and accommodation space which have remained a challenge in the past 2 years. In its bid to enhance efficiency in the management, the Board sponsored the Principal and the ISO Management Representative to a Senior Management course with the Kenya School of Government.

The Board recognizes the role played by the Government in promoting academic standards. The Institute received a second Deputy Principal in charge of Academic affairs in the year. More trainers were recruited through the Public Service Commission. The Board also recruited support staff in areas of need.

### **Challenges**

The outbreak of the COVID 19 Pandemic interfered with activities in the 2<sup>nd</sup> half of the year, thus a number of planned programmes were not achieved.

Notwithstanding the challenges faced, the Board is confident that the appropriate strategy is in place to drive the right outcomes of the Institute programmes in the long term.

I would like to appreciate the Board member, the Management, staff, students and stakeholders for their commitment throughout the financial year.

Thank you for your continued support.



Eng. Musa Osieko Kulubi

### **Chairman, BOG**

Shamberere Technical Training Institute



## REPORT OF THE PRINCIPAL

Dear Stakeholders

It gives me a great pleasure to present the annual report for the financial year 2019/2020

Shamberere Technical Training Institute has been making strides every year.

In the financial year 2019/2020, the Institute Strategic Plan for 2019/2024 was successfully reviewed to accommodate her current needs.

I wish to thank the government for funding our financial needs through capitation, National Youth Service and Higher Education Loans Board Loans and bursaries. Our students also received bursaries from their county governments and constituencies.

Through marketing and good service delivery, the Institute managed to increase the enrolment which resulted in the appointment of a second Deputy Principal by the Public Service Commission. The Principal and the ISO Management Representative were also sponsored to Senior Management courses. This is expected to help manage the affairs of the institution and increase efficiency in management. The increased enrolment and programmes informed the recruitment of more trainers by the Public Service Commission and more support staff by the Board of Governors.

The Institute managed to expand infrastructural facilities through expansion of the Food and Beverage workshop so as to accommodate more trainees and enhance skill development in the course. The Institute commenced the construction of a four classrooms block, modern tuition block and a hostel. We appeal to the government to remit more funds for completion of the tuition block. Up scaling of more Production Units (PU) in the Institute farm and workshops has been handy in providing funds to meet Board funded projects.

The Institute performed well in co-curricular activities in the areas of music and athletics.

COVID 19 Pandemic came with challenges which slowed and/or affected continued enrolment of trainees posting of successful trainers interviewed earlier in the year and production orders in our workshops.

I would like to appreciate all the stakeholders for the continued support in making our activities a success

  
Judith G. Akaranga

Principal/Secretary BOG







**SHAMBERERE TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**REVIEW OF SHAMBERERE TECHNICAL TRAINING INSTITUTE  
PERFORMANCE FOR FY 2019/2020**

Section 81 Sub-section 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Shamberere technical Training Institute has nine strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. The three strategic pillars this year are as follows:

Pillar 1: Institutional Capacity Building

Pillar 2: Maximizing the Impact of Partnerships and Stakeholders

Pillar 3: Enhancing the Student Experience

Shamberere technical Training Institute develops its annual Work Plans based on the pillars. Assessment of the Board's performance against its annual work plan is done on quarterly basis.

Shamberere Technical Training Institute achieved its performance targets set for the FY 2019/2020 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities
Pillar 1:	Institutional Capacity Building	<ul style="list-style-type: none"> <li>✓ Recruitment of staff and development of existing human resource base</li> <li>✓ Expansion of teaching and learning infrastructure</li> <li>✓ Acquisition of adequate teaching and learning tools, materials and equipment</li> <li>✓ Provision of adequate working infrastructure tools and equipment</li> <li>✓ Equipping an ultramodern ICT laboratory and installing computers in all study areas</li> </ul>	<ul style="list-style-type: none"> <li>✓ Staff establishment</li> <li>✓ Appointment letters</li> <li>✓ Developed training programmes</li> <li>✓ Number of staff trained</li> <li>✓ Complete classrooms</li> <li>✓ Tools, equipment and learning materials in place</li> <li>✓ Number of computers installed</li> <li>✓ Functional human resource financial management and student management systems</li> </ul>	<ul style="list-style-type: none"> <li>✓ Undertake staff establishment survey</li> <li>✓ Implement staff establishment survey</li> <li>✓ Recruit additional staff</li> <li>✓ Develop training programmes</li> <li>✓ Train staff</li> <li>✓ Construct 4 classroom</li> <li>✓ Establish and furnish modern story tuition block</li> <li>✓ Acquire tools equipment and learning materials</li> </ul>
Pillar 2:	Maximizing the Impact of partnerships and Stakeholders	<ul style="list-style-type: none"> <li>✓ Establishing and operationalising the STTI Alumni Association</li> <li>✓ Reaching out to donors to partially underwrite the infrastructural developments</li> <li>✓ Establishing working partnerships with industrial entities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Registration certificate</li> <li>✓ Functional alumni Association Office</li> <li>✓ Alumni database</li> <li>✓ Alumni publicity materials</li> <li>✓ Number of meetings held</li> <li>✓ Number of fundraisers held</li> <li>✓ Donor mapping</li> </ul>	<ul style="list-style-type: none"> <li>✓ Register the STTI Alumni association</li> <li>✓ Establish alumni office</li> <li>✓ Draw a list of relevant potential donors</li> <li>✓ Write proposals to selected donors</li> <li>✓ Draw a list of local, regional and national corporate industrial entities</li> <li>✓ Enter MOAs with</li> </ul>



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		<p>locally, regionally and nationally</p> <ul style="list-style-type: none"> <li>✓ Maintaining a working relationship with County and national governments on funding the Institute</li> <li>✓ establishment of income generating across all departments that provide goods/services to the public</li> </ul>	<p>documents</p> <ul style="list-style-type: none"> <li>✓ Number of proposals written</li> <li>✓ Number of projects funded</li> <li>✓ Number of corporate industrial entities</li> <li>✓ Number of MOAs signed with selected corporate entities</li> </ul>	<p>selected corporate industrial entities</p>
Pillar 3:	Enhancing the student experience	<ul style="list-style-type: none"> <li>✓ Establishment of safe and modern hostels for female and male students</li> <li>✓ Widening of the variety of sports and games offered</li> <li>✓ Widening of variety of entertainment</li> <li>✓ Establishment of a modern dining hall</li> <li>✓ Establishment of a modern sanatorium</li> <li>✓ Establishment of a guaranteed security system</li> </ul>	<ul style="list-style-type: none"> <li>✓ Number of hostels established</li> <li>✓ Number of new entertainment/leisure activities established</li> <li>✓ Number of new sports and games established</li> <li>✓ Dining hall and kitchen established</li> <li>✓ Sanatorium established</li> <li>✓ Functional and secure security system</li> </ul>	<ul style="list-style-type: none"> <li>✓ Established safe and modern hostels</li> <li>✓ Widen the variety of entertainment/leisure activities</li> <li>✓ Establish and furnish a modern dining hall</li> <li>✓ Establish and furnish a modern sanatorium</li> <li>✓ Install a fool proof security system</li> </ul>



### CORPORATE GOVERNANCE STATEMENT

The Institute's Board of Management was appointed in 22<sup>nd</sup> August 2017 by the Cabinet Secretary, Education as per the Ministry's regulations and was inaugurated on 19<sup>th</sup> September 2017. Members are 9 as listed below,

- |                           |                                |
|---------------------------|--------------------------------|
| 1. Mr ShabanjiOpukah      | Chairman                       |
| 2. Mrs Florence Gimoi     | Member                         |
| 3. Mr Juma J. Ohasa       | Member                         |
| 4. Mr Bernard WakaWanjila | Member                         |
| 5. Mrs LensaAtienoOngoro  | Member                         |
| 6. Mr Jacob GetendeMaroa  | Member                         |
| 7. Mr Rashid BavuKurera   | Member                         |
| 8. Dr Ashioya Irene       | Representative of the Governor |
| 9. Mrs Judith G. Akaranga | Secretary                      |

The Board is committed to ensuring good governance of the Institute by upholding the values of teamwork, integrity, accountability, transparency and fairness.

#### The Board Meetings 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 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER		4 <sup>TH</sup> QUARTER
		DATE	DATE	DATE	DATE	DATE
		17/09/2019	22/10/2019	07/02/2020	14/02/2020	24/04/2020
1.	Mr.ShabanjiOpukah	✓	✓	✓	✓	x
2.	Mr.WanjilaBenard	✓	✓	✓	✓	✓
3.	Mr.JumaOhasa	x	✓	✓	x	✓
4.	Mr.RashidKurera	✓	✓	✓	✓	✓
5.	Mrs.Gimoi Florence	✓	✓	✓	✓	✓
6.	Mr.MaroaGetende	✓	✓	x	x	✓
7.	Mrs.ObieroLensa	✓	✓	✓	✓	✓
8.	Mr.JacksonAndai	x	✓	✓	✓	✓
9.	Dr. Irene Ashioya	x	✓	✓	✓	x
10.	Mrs.Oranga Judith	✓	✓	✓	✓	✓

#### Functions of the Board

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

- Overseeing the conduct of education and training in the Institute in accordance with the provisions of TVET Act 2013 and any other written law.
- 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.
- Administering and managing the property of the Institute
- Developing and implementing the Institute's Strategic Plan – *STTI Strategic Plan 2015 - 2019*



## SHAMBERERE TECHNICAL TRAINING INSTITUTE

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*was developed by the Board.*

- e) Preparing annual estimates of revenue and expenditure for the Institute and incurring expenditure on behalf of the Institute – *STTI Annual budget for FY 2018/2019 was discussed and approved by the Board on 20<sup>th</sup> July 2019*
- 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 Curriculums*
- 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

To achieve the above objectives, the Board has in place 4 sub-committees:

- a) Executive Board
- b) Finance and investment
- c) Production and infrastructure
- d) Training and professional development





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**Executive Committee members and meetings attendance**

	Name	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
		DATE	DATE	DATE	DATE	DATE
		30/07/2019	08/11/2019		12/05/2020	15/06/2020
1.	Mr. Shabanji Opukah	x	✓	-	✓	✓
2.	Mrs. Florence Gimoi	✓	✓	-	✓	✓
3.	Mr. Juma J. Ohasa	✓	x	-	X	✓
4.	Mr. Bernard Wanjila	✓	x	-	✓	✓
5.	Jackson Andai	-	-	-	✓	✓
	In attendance					
6.	Jacob Maroa Getende	-	✓	-	-	-

**Finance and investment Committee members and meetings attendance**

S/No	Name	Quarter 1 30/09/2019	Quarter 2	Quarter 3 22/01/2020	Quarter 4
1.	Mr. Juma Ohasa – Chairperson	✓	-	✓	-
2.	Mr. Jacob Maroa	✓	-	✓	-
3.	Mr. Rashid Kurera	x	-	X	-
4.	Mrs. Lensa Obiero	✓	-	✓	-

**Production and Infrastructure Committee members and meetings attendance**

S/No	Name	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.	Mr. Benard Wanjila – Chairperson	-	-	-	-
2.	Florence Gimoi	-	-	-	-
3.	Mr. Rashid Kurera	-	-	-	-
4.	Mrs. Lensa Obiero	-	-	-	-

**Training and Professional development Committee members and meetings attendance**

S/No	Name	Quarter 1 03/07/2019	Quarter 2	Quarter 3 03/02/2020	Quarter 4
1.	Mrs. Florence Gimoi	✓	-	✓	-
2.	Mr. Jacob Maroa	✓	-	✓	-
3.	Judith Oranga	✓	-	✓	-
	In attendance				
4.	Benard Wanjila	✓	-	✓	-



## MANAGEMENT DISCUSSION AND ANALYSIS

### The entity's operational and financial performance

#### *Recurrent Grants*

Shamberere TTI did not receive any recurrent grants from the Government during the quarter under review.

#### *Development Grants*

The Institute did not receive any development grants in this particular quarter.

#### *Financial Performance*

In the year under review the incomes were Kshs. 137,527,093.15 while expenditure was Kshs. 102,272,420.97. This resulted to a surplus of Kshs. 35,254,672.18

#### *Production Unit*

A part from training which is the key mandate of the Institute, STTI engages in Production Units. The State-of-the-Art mechanical engineering machines are also used for:

- Fabrication of different items/products
- Fabrication students chairs and desks for neighbouring schools

The Institute's Guest House facility provides accommodation and meals to guests, it is also hired for occasions, and it also provides attachment to students during holidays.

## SECTION B

### Entity's compliance with statutory requirements

In the year under review Shamberere TTI complied with all the statutory obligations.

## SECTION C

### Key projects and investment decisions the entity is planning/implementing).

*The Institute has the following projects:*

- i) *Proposed Tuition Complex*



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A proposal was made to the government for funding of a tuition complex. This will address the issue of facilities that has limited enrolment in the Institute for lack of capacity. This project is anticipated to cost Kshs. 85,000,000.00 and is to be financed by Government of Kenya.

This project will be done in three phases. The first phase of the project is already at 50%. Total amount of cash received so far from the Ministry for this particular project is Kshs.11,014,309.00. The contract sum for phase one of the project is Kshs.34,217,749.60

#### *ii) Construction of classrooms*

The Institute is doing 4 classrooms out of savings from Income Generating Activities (IGAs). The contract sum for this project is Kshs. 3,994,720.00.

#### *iii) Construction of Dormitory*

The Institute is doing a dormitory out of savings from Income Generating Activities (IGAs). The contract sum for this project is Kshs. 2,299,120.00.

## SECTION D

### **Major risks facing the entity**

The Institute financial assets are trade receivables and cash and short-term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables.

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. The board through their regular meetings addresses risks associated with internal operations.

### **Market risk management**

#### **Interest rate risk**

Interest rate risk is the risk that arises when the absolute level of interest rates fluctuates and directly affects the value of an asset.

The Institute has no interest-bearing borrowing thus no risk encountered during the quarter under review.

#### **Liquidity risk**

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as and when 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.



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Typically, the Institute ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

### **Credit risk**

Credit risk is the risk of financial loss to the Institute if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Management ensures that student debtors clear their fees arrears before their documents (Certificates) are released

## **SECTION E**

### **Material arrears in statutory/financial obligations**

Shamberere TTI did not have any material arrears in statutory/financial obligations in the quarter under review.

## **SECTION F**

### **The entity's financial probity and serious governance issues**

The Institute did not have any major financial improbity reported during the quarter under review.





## CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

Shamberere Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

### 1. Sustainability Strategy and profile

Shamberere TTI has made progress with regard to sustainability strategy and profile. These have done through clearly setting visions, mission and values that clearly reflects Shamberere TTI culture.

The elements have been integrated into a four-year strategic plan with clearly stipulated programmes, targets and key performance indicators.

The institution has received capitation, development grants, HELB bursaries and County Development Funds that has enabled the institution make progress in improving infrastructure, enhance student experience and improve employees' welfare.

### 2. Environmental performance

The institution has a keen interest in managing biodiversity and waste management. These has been achieved by ensuring that the institution waste does not find its way into the community and participating in community clean-up exercise and tree planting.

### 3. Employee welfare

The institution through its strategic plan has a comprehensive staff establishment guidance that stipulates recruitment based on gender, improving skills and managing careers. The institution has supported employees attend seminars and training programmes.

The organization also adheres to Occupational Safety and health Act of 2007, (OSHA).

### 4. Market place practice

#### a) Responsible competition practice

- Shamberere TTI being a government institution is on the forefront in ensuring responsible competition by supporting surrounding institution offering education.
- The college has a complains centre that handles corruption related cases and reports them to the Board of Governors and has created awareness on corruption through anti-corruption posters and billboards.

b) Responsible Supply Chain and supplier relations\_ The college has a supplies chain officer who ensures that the goods and services and works received by the college are of high quality, fairly priced and acquired competitively.

c) Responsible marketing and advertisement. The college advertises its tenders and programmes on newspapers with national coverage.

### 5. Community Engagements

The college actively involves in community programmes such as sports, drama and dance competitions.



## REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with Financial Statements for the year ended June 30, 2020 which show the state of Shamberere Technical Training Institute affairs.

### Principal activities

The principal activity of is to provide Technical and vocational training.

### Results

The results of Shamberere Technical Training Institute for the year ended June 30, 2020 are set out on page 1 - 30

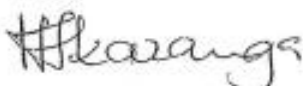
### BOARD OF GOVERNORS

The members of the Board /Board who served during the year are shown on page VI – VII.

### Auditors

The Auditor General is responsible for the statutory audit of Shamberere Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2020.

By Order of the Board



Secretary Board of Governors

Shamberere Technical Training Institute

Date.....





**STATEMENT OF BOARD OF GOVERNORS/BOARD MEMBERS'  
RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporation 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 the entity, 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 Shamberere TTI 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 Shamberere TTI. 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 financial statements, which give a true and fair view of the state of affairs of Shamberere TTI for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Shamberere TTI

(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 Shamberere TTI (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 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 TVET Act ,2013. The Board members are of the opinion that Shamberere TTI financial statements give a true and fair view of the state of Shamberere TTI transactions during the financial year ended June 30, 2020, and of Shamberere TTI financial position as at that date. The Board members further confirm the



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completeness of the accounting records maintained for Shamberere TTI, which have been relied upon in the preparation of Shamberere TTI 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 Technical Training Institute financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:



Eng. Musa Osieko Kulubi  
Chairman of the Board



Judith Gahuya Akaranga  
Accounting Officer/Principal







# REPUBLIC OF KENYA



*Enhancing Accountability*

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## **REPORT OF THE AUDITOR-GENERAL ON SHAMBERERE TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020**

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### **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 27, which comprise the statement of financial position as at 30 June, 2020, 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 described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Shamberere Technical Training Institute as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

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

##### **1. Presentation of the Financial Statements**

The statement of cash flows for the year ended 30 June, 2020 does not reflect comparative balances relating to 2018/2019 as prescribed in the Public Sector Accounting Standards Board reporting template. Further, the statement of comparison of budget and actual amounts reflects significant variances between the final budget and actual on comparable basis which have not been explained.

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

## **2. Unsupported Balances in the Statement of Changes in Net Assets**

The statement of changes in net assets reflects balance of Kshs.516,649,156 as at 30 June, 2020. Included in the balance is the opening balance of Kshs.538,252,619 as at July, 2019 and fair value adjustment on quoted investment negative balance of Kshs.62,365,289 which have not been supported by any documentation or analyses.

Consequently, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

## **3. Inaccurate Statement of Cash Flows**

The statement of cash flows for the year ended 30 June, 2020 reflects a net increase in cash and cash equivalents balance of Kshs.35,759,321 instead of the correct recalculated balance of Kshs.67,953,464. No reconciliation was provided to explain the variance.

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

## **4. Unsupported Expenditure on Use of Goods and Services**

The statement of financial performance for the year ended 30 June, 2020 reflects an expenditure of Kshs.38,301,388 in respect of use of goods and services which, as disclosed under Note 10 to the financial statements, relates to expenditures incurred on 28 expenditure items. However, schedules supporting each of the 28 expenditure items were not provided for audit review.

Consequently, the accuracy and validity of the expenditure on use of goods and services could not be confirmed.

## **5. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects a balance of Kshs.65,014,136 under cash and cash equivalents, as disclosed in Note 17 to the financial statements. The balance comprises of bank balances in seven (7) bank accounts totalling Kshs.64,945,518 and a cash on hand balance of Kshs.68,618. However, bank certificates, bank statements and bank reconciliation statements for two bank accounts with balances totalling Kshs.8,711 were not provided for audit review.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.65,014,136 as at 30 June, 2020, could not be confirmed.

## **6. Unsupported Inventories**

The statement of financial position reflects a balance of Kshs.556,633 under inventories which, as disclosed in Note 14 to the financial statements, comprises balances of Kshs.532,748 and Kshs.23,885 relating to consumables and medical supplies respectively. However, the inventory balances were not supported by any documentary evidence, including stock taking sheets

Consequently, the accuracy and completeness of the inventory balance of Kshs.556,633 could not be confirmed.

## 7. Inaccurate Comparative Opening Balances for 2018/2019

The financial statements reflect comparative figures which are at variance with balances shown in the audited financial statements for the year ended 30 June, 2019, as shown below:

	Opening Balance 2019/2020 (Kshs.)	Closing Balance 2018/2019 (Kshs.)	Variance (Kshs.)
Transfers from the National Government	42,206,686	26,440,000	15,766,686
Rendering of Services	45,589,620	41,263,620	4,326,000
Rental Revenue from Facilities	-	4,326,000	4,326,000
Other Incomes	15,617,300	15,304,300	313,000
Use of Goods and Services	62,198,459	2,562,706	59,635,753
General Expenses	-	42,869,067	42,869,067
Receivables from Non-Exchange Transactions	-	10,470,000	10,470,000
Property, Plant and Equipment	480,456,415	555,064,534	74,608,119
Trade and Other Payables	13,227,123	11,076,219	2,150,904
Provisions	-	1,442,210	1,442,210
Payment Received in Advance	-	3,834,067	3,834,067
Non-current Provisions	-	292,161	292,161
Reserves	535,838,050	534,838,050	1,000,000
Accumulated Surplus	2,414,569	3,101,569	687,000

Consequently, the accuracy of the financial statements 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 adverse opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There 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, 2020 reflects final revenue budget and actual on comparable basis amounts of Kshs.171,470,000 and Kshs.137,527,093 respectively, resulting in an under-funding by Kshs.33,942,907 or 19% of the budget. Similarly, the institute spent an amount of Kshs.102,272,421 out of the approved expenditure budget of Kshs.171,470,000 resulting in under expenditure of Kshs.69,197,579 or 40% 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, except for the matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, nothing else has come to my attention to make me believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Lack of Approved Budget**

The Institute did not provide for audit review an approved budget for the year under review, contrary to the provisions of Section 22(1) and (2) of the Second Schedule of the Technical and Vocational Education and Training Act, 2013.

Consequently, the regularity of total expenditure of Kshs.102,272,421 reflected in the statement of financial performance could not be confirmed.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Risk Management Policy**

The Institute did not have a risk management policy, contrary to Regulation 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.

Consequently, the Institute is not be able to mitigate the effects of any risk that may occur.

### **2. Failure to Undertake an Investment Grade Energy Audit**

Section 5 of the Energy Management Regulations, 2012 requires, the Institute to develop a clear energy management policy. In addition, Section 6 require the Institute to undertake an energy audit at least once every three years. However, the Institute has not prepared any energy management policy together with her energy investment plan for audit as required under the regulations.

The Institute was, therefore, in breach of the law.

### **3. Failure to Maintain an Imprest Register**

The Institute did not maintain an imprest register, contrary to the requirements of Section 91(14) of the Public Finance Management Act, 2012, which provides 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 to the fixed level of the imprest for which the imprest holder is personally responsible.

Consequently, it was not possible to confirm whether imprest and cash management was effective.

### **4. Failure to Maintain an Updated Assets Register**

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.480,092,168 as disclosed in Note 23 to the financial statements. However, the institute has not maintained an up to date assets register to support the balance.

Consequently, the completeness and valuation of assets reflected in the financial statements could not be confirmed.

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

24 June, 2022



SHAMBERERE TECHNICAL TRAINING INSTITUTE  
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 JUNE 2020

<b>i). STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARENDED30THJUNE, 2020</b>			
<b>Description</b>	<b>Notes</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs.</b>	<b>Kshs.</b>
<b>Revenue from Non-</b>			
Transfer from theNationalGovernment			
CapitationGrants	6(a)	24,406,500.00	-
Development Funds	6(b)	5,507,154.50	42,206,686.00
<b>RevenueFromNon-ExchangeTransactions</b>		<b>29,913,654.50</b>	<b>42,206,686.00</b>
<b>RevenueFromExchangeTransactions</b>			
Rendering Of Services-FeesFromStudents	7	99,815,737.65	45,589,620.00
Sale Of Goods	8	7,615,701.00	26,893,673.00
OtherIncomes	9	182,000.00	15,617,300.00
<b>RevenueFromExchangeTransactions</b>		<b>107,613,438.65</b>	<b>88,100,593.00</b>
<b>TotalRevenue</b>		<b>137,527,093.15</b>	<b>130,307,279.00</b>
<b>Expenses</b>			
UseOfGoodsandServices	10	38,301,387.86	62,198,459.00
EmployeeCosts	11	14,415,133.00	2,937,870.00
Remuneration Of Directors	12	1,983,529.00	2,858,000.00
DepreciationandArmotization	13	44,183,294.04	55,205,338.00
RepairandMaintenance	14	3,065,777.00	3,208,055.00
Contractedservices	15	251,488.00	-
FinanceCosts	16	71,812.07	1,484,988.00
<b>TotalExpenses</b>		<b>102,272,420.97</b>	<b>127,892,710.00</b>
<b>NetSurplusForTheYear</b>		<b>35,254,672.18</b>	<b>2,414,569.00</b>

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



SHAMBERERE TECHNICAL TRAINING INSTITUTE  
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JUNE 2020

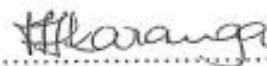
ii). REVISED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020				
Description	Notes	2019-2020	2018-2019	
		Kshs.	Kshs.	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	17	65,014,136.29	26,717,914.00	
Current Position Of Receivables From Exchange Trans	18	29,502,677.65	35,048,976.00	
Inventories	19	556,633.00	478,965.00	
<b>Total Current Assets</b>		<b>95,073,446.94</b>	<b>72,715,855.00</b>	
<b>Non-Current Assets</b>				
Plant, Property and Equipments	23	480,092,168	480,456,415.00	
Intangible Assets	24	728,124.00	873,750.00	
<b>Total Non-Current Assets</b>		<b>480,820,292</b>	<b>481,330,165.00</b>	
<b>Total Assets</b>		<b>575,893,738.94</b>	<b>554,046,020.00</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and	20	2,960,285.30	13,227,123.00	
<b>Total Current Liabilities</b>		<b>2,960,285.30</b>	<b>13,227,123.00</b>	
<b>Non-Current Liabilities</b>				
Borrowings	21	339,023.00	2,274,117.00	
<b>Total Non-Current Liabilities</b>		<b>339,023.00</b>	<b>2,274,117.00</b>	
<b>Total Liabilities</b>		<b>3,299,308.30</b>	<b>15,793,401.00</b>	
<b>Reserves</b>				
Revaluation Reserves	22	534,925,189.46	535,838,050.00	
Accumulated Surplus/Retained Earnings	22	37,669,241.18	2,414,569.00	
<b>Total Of Reserves and Accumulated Surplus</b>		<b>572,594,430.64</b>	<b>538,252,619.00</b>	
<b>Total Liabilities and Reserves</b>		<b>575,893,738.94</b>	<b>554,046,020.00</b>	

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



Chairman B.O.G

Finance Officer



Principal

Date..... ICPAK NO.....

Date.....

Date.....





iii) STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020						
At July 2018	Revaluation Reserve	Fair Value Adjustment	Retained Earnings	Capital/Development Grants/Fund	Total	
Revaluation gain	538,838,050	-	-	-	538,838,050	
Fair value adjustment on quoted investments	-	-	-	-	-	
Total Comprehensive Income	-	-	2,414,569	-	2,414,569	
Capital/Development grants received	-	-	-	-	-	
Transfer of Depreciation/Amortization from Capital Fund	-	-	55,205,338	-55,205,338	-	
<b>At June 30 2019</b>	<b>538,838,050</b>	<b>-</b>	<b>57,619,907</b>	<b>-55,205,338</b>	<b>538,252,619</b>	
<b>At July 2019</b>	<b>538,838,050</b>	<b>-</b>	<b>57,619,907</b>	<b>-55,205,338</b>	<b>538,252,619</b>	
Revaluation gain	-	-	-	-	-	
Fair value adjustment on quoted investments	-	-	-62,365,284	-	-62,365,289	
Total Comprehensive Income	-	-	35,254,672	-	35,254,072	
Capital/Development grants received	-	-	-	5,507,155	5,507,155	
Transfer of Depreciation/Amortization from Capital Fund	-	-	44,183,294	-44,183,294	-	
<b>At 30 June 2020</b>	<b>538,838,050</b>	<b>-</b>	<b>74,692,584</b>	<b>93,881,478</b>	<b>516,649,156</b>	



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iv).REVISED STATEMENT OF CASHFLOW FOR FY ENDED JUNE 30,2020		
Description	Notes	FY2019/2020
<b>Cashflowsfromoperatingactivities</b>		
<b>Receipts</b>		<b>Kshs.</b>
TransfersfromotherGovernmententities/Govt.grants	6	29,913,655
Renderingofservices-Feesfromstudents	7	99,815,738
Saleofgoods	8	7,615,701
Other income,rentals and agency fees	9	182,000
<b>TotalReceipts</b>		<b>137,527,093</b>
<b>Payments</b>		
Compensation of employees	11	14,415,133
Use of goods and services	10	38,301,388
Finance Costs	16	71,812
BOG Remuneration	12	1,983,529
OtherPayments	15	251,488
Repairandmaintenance	14	3,065,777
<b>TotalPayments</b>		<b>58,089,127</b>
<b>Netcashflowsfromoperatingactivities</b>		<b>79,437,966</b>
<b>Cashflowsfrominvestingactivities</b>		
Purchaseofproperty,plant,equipmentandintangibleassets	23	(11,484,503)
Proceedsfromsaleofproperty,plant,equipment		-
Decrease/Increase in non currentreceivables		
Increaseininvestments		-
Grantsandsubsidiesreceived		-
<b>Netcashflowsusedininvestingactivities</b>		<b>(11,484,503)</b>
<b>Cashflowsfromfinancingactivities</b>		
Preceedsfromborrowings		-
Repaymentofborrowings		-
Increasein deposits		-
<b>Netcashflowsusedinfinancingactivities</b>		<b>-</b>
<b>Netincrease/(decrease)incashandcashequivalents</b>		<b>35,759,321</b>
CashandcashequivalentsatJuly1,2019		29,254,815
<b>CashandcashequivalentsatEndOfYear</b>		<b>65,014,136</b>





**v). REVISED STATEMENT OF BUDGET VS ACTUAL FOR THE QUARTER ENDED JUNE 30, 2020**

Description	Original Budget		Adjustments		Final Budget		Actual On Comparable		Performance Difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
<b>Revenue</b>										
Transfers From The National Government- grants/gifts in kind	85,000,000		-		85,000,000		29,913,655		55,086,346	
Public contributions and donations	100,000		-		100,000		-		100,000	
Rendering Of Services-Fees From Students	74,070,000		-		74,070,000		99,815,738		(25,745,738)	
Sale Of Goods	8,500,000		-		8,500,000		7,615,701		884,299	
Rental Revenue from facilities and equipment	3,400,000		-		3,400,000		-		3,400,000	
Other Incomes	400,000		-		400,000		182,000		218,000	
<b>Total income</b>	<b>171,470,000</b>		<b>-</b>		<b>171,470,000</b>		<b>137,527,093</b>		<b>33,942,907</b>	
<b>Expenditure</b>										
Use Of Goods and Services	40,720,000		-		40,720,000		38,301,388		2,418,612	
Employee Costs	15,280,000		-		15,280,000		14,415,133		864,867	
Remuneration Of Governors	2,000,000		-		2,000,000		1,983,529		16,471	
Depreciation and Armotization	21,002,500		-		21,002,500		44,183,294		(23,180,794)	
Repair and Maintenance	3,467,500		-		3,467,500		3,065,777		401,723	
Contracted Services	500,000		-		500,000		251,488		248,512	
Production Unit	3,400,000		-		3,400,000		-		3,400,000	
Tuition Block	85,000,000		-		85,000,000		9,427,173		75,572,827	
Finance Costs	100,000		-		100,000		71,812		28,188	
<b>Total Expenditure</b>	<b>171,470,000</b>		<b>-</b>		<b>171,470,000</b>		<b>102,272,421</b>		<b>59,770,406</b>	
<b>Surplus for the period</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>35,254,672</b>		<b>(25,827,499)</b>	



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NOTES TO THE AMENDED 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 2020**

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



**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><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>



**iii. Early adoption of standards**

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





#### 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 Shamberere

Technical Training Institute 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

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

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

###### Sale of goods

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

###### Interest income

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

###### Rental income

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

##### b) Budget information

The original budget for FY 2019/2020 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals



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from the appropriate authorities. The additional appropriations are added to the original budget by Shamberere Technical Training Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, Shamberere Technical Training Institute recorded additional appropriations of 2020 on the FY 2019/2020 budget following the Board's approval.

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

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

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

**c) Taxes**

*Current income tax*

Shamberere Technical Training Institute is exempt from paying taxes as per the Companies Act, 2015.

*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 10 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, Shamberere Technical Training Institute 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.

**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. Shamberere Technical Training Institute 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 Shamberere Technical Training Institute 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**

Shamberere Technical Training Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Shamberere Technical Training



Institute 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.

**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. Shamberere Technical Training Institute 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 Shamberere Technical Training Institute 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***

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





- The debtors or a 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. Shamberere Technical Training Institute 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

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 Shamberere Technical Training Institute 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 Shamberere Technical Training Institute 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***

Shamberere Technical Training Institute 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***

Shamberere Technical Training Institute 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 Shamberere Technical Training Institute in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

Shamberere Technical Training Institute creates and maintains reserves in terms of specific requirements.

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

Shamberere Technical Training Institute 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**

Shamberere Technical Training Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits



relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

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

**p) Related parties**

Shamberere Technical Training Institute 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**

Shamberere Technical Training Institute 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, Shamberere Technical Training Institute 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, Shamberere Technical Training Institute 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, 2020.

## **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. Shamberere Technical Training Institute 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 the report.

Provisions are measured at the management's best estimate of the expenditure required to settle the





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 obligation at the reporting date, and are discounted to present value where the effect is material.

<b>6. TRANSFER FROM NATIONAL GOVERNMENT MINISTRIES</b>		
<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>6 a. Unconditional Grants</b>		
Operational grant	24,406,500.00	-
<b>6 b. Conditional Grants</b>		
Development Funds	5,507,154.50	31,736,686.00
<b>Total Government Grants and Subsidies</b>	<b>29,913,654.50</b>	<b>31,736,686.00</b>
<b>7. RENDERING OF SERVICES</b>		
<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition Fees	14,354,743.18	14,951,600.00
Activity Fund	2,142,360.00	3,078,400.00
Examination Fees	10,828,021.82	4,385,620.00
Admission Fees	26,800.00	3,104,800.00
Registration Fees	138,400.00	156,500.00
Personal Emoluments	5,044,377.00	-
Local Travelling and Transport (L.T&T)	2,583,625.00	3,104,300.00
Electricity Water and Conservancy (E.W&C)	2,461,802.00	1,524,200.00
Administration Fees	1,969,903.00	-
Repair, Maintenance and Improvement (R.M.I)	2,391,874.00	3,262,800.00
Teaching materials	4,293,764.00	6,138,200.00
Books Levy	425,800.00	-
Replacement Fund	-	313,000.00
Attachment & Medical Fund	1,564,740.00	624,000.00
Student ID	866,870.00	156,500.00
Student Council Fund	961,875.00	1,268,700.00



## SHAMBERERE TECHNICAL TRAINING INSTITUTE

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Hostel Fee	4,091,455.00	4,326,000.00
H/Tuition	216,300.00	-
Gratuity	20,130.00	-
Fees Arrears	29,382,497.65	4,493,550.00
Fees Arrears Received	5,855,920.00	-
Development Fees	1,886,180.00	3,500,300.00
NYSSubsties	8,308,300.00	-
<b>Total Revenue From Rendering Of Services</b>	<b>99,815,737.65</b>	<b>54,388,470.00</b>

**8. REVENUE FROM SALE OF GOODS AND SERVICES**

Description	2019-2020 Kshs	2018-2019 Kshs
Mechanical Workshop	2,729,824.00	-
Rent Received from kiosk	14,000.00	-
Sale Of Tenders	51,000.00	-
Transport-Bus Hire	413,000.00	-
Guest House	4,212,200.00	20,299,123.00
Farm Produce	185,677.00	-
Boarding Production Units (P.U)	10,000.00	-
<b>Total Revenue From Sale Of Goods and Services</b>	<b>7,615,701.00</b>	<b>20,299,123.00</b>

**9. OTHER INCOMES**

Description	2019-2020 Kshs	2018-2019 Kshs
Salary Advance Recovered	63,000.00	-
BOG Refunds	109,000.00	-
Imprest Refunds	10,000.00	-
Depreciation on buildings	-	15,617,300.00
<b>Total Revenue From Other Incomes</b>	<b>182,000.00</b>	<b>15,617,300.00</b>

**10. USE OF GOODS AND SERVICES**

Description	2019-2020 Kshs	2018-2019 Kshs
Electricity Water and Conservancy (E. W & C)	2,065,251.93	2,562,706.00
Tuition Expenses	11,039,051.80	8,474,391.00
Local Travelling and Transport (L. T & T)	5,748,111.54	5,730,322.00
Local Travelling and Transport (L. T & T)-P.U	69,105.00	-
Teaching materials Expenses	3,760,523.94	3,673,335.00
Activity Expenses	1,971,144.00	2,927,266.00
Administration Expenses	1,246,086.00	538,635.00



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Administration Expenses-P.U	7,000.00	-
Medical Expenses	129,139.00	1,070,573.00
Books Levy	450.00	179,180.00
Examination Expenses	3,829,587.00	2,632,600.00
Replacement Fund	194,960.00	91,170.00
KRA P.U	81,212.00	-
BUS Hire	35,350.00	-
Farm Expenses	246,620.00	-
Mechanical Workshop Expenses	963,955.00	-
Guesthouse exp	64,455.00	-
Student IDs	24,500.00	47,100.00
Student Council Expenses	421,785.00	224,750.00
HELB Refunds	383,650.00	-
Hostel Charges	1,684,800.00	-
H/Tuition expenses	324,360.00	-
Attachment Expenses	1,775,164.00	156,400.00
Admission Expenses	20,460.00	258,651.00
Registration Expenses	41,335.00	52,060.00
Fees Refunds	217,300.00	-
NYSSubsties	929,810.00	-
Development Funds	1,026,221.65	812,825.00
<b>Total Expenses On Use Goods and Services</b>	<b>38,301,387.86</b>	<b>29,431,964.00</b>

**11. EMPLOYEE COSTS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Personal Emoluments-Training Staff	2,855,500.00	-
Salary Advances	186,180.00	-
Staff Welfare	859,343.00	-
STTI Welfare	120,040.00	-
NSSF	755,580.00	-
NHIF	247,200.00	-
PAYE	169,178.00	-
Facilitation Fees-P.U	1,585,000.00	-
Sacco Deductions	1,287,909.00	-
Personal Emoluments Expenses	6,349,203.00	2,937,870.00
<b>Total Employees Cost</b>	<b>14,415,133.00</b>	<b>2,937,870.00</b>

**12. BOG REMUNERATION**

Description	2019-2020	2018-2019
	Kshs	Kshs



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BOD Remuneration	1,983,529.00	2,858,000.00
<b>Total BOG Remuneration</b>	<b>1,983,529.00</b>	<b>2,858,000.00</b>
<b>13. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
<b>Description</b>	<b>2019-2020 Kshs</b>	<b>2018-2019 Kshs</b>
Plant, Property and Equipments	43,746,419.04	54,914,088.00
Intangible Assets	436,875.00	291,250.00
Amortization	-	-
<b>Total Depreciation and Armotization</b>	<b>44,183,294.04</b>	<b>55,205,338.00</b>
<b>14. REPAIR AND MAINTENANCE</b>		
<b>Description</b>	<b>2019-2020 Kshs</b>	<b>2018-2019 Kshs</b>
Repair and Maintenance	1,269,892.00	3,208,055.00
Development P.U	1,782,385.00	-
RMI-P.U	13,500.00	-
<b>Total Repair and Maintenance Cost</b>	<b>3,065,777.00</b>	<b>3,208,055.00</b>
<b>15. CONTRACTED SERVICES</b>		
<b>Description</b>	<b>2019-2020 Kshs</b>	<b>2018-2019 Kshs</b>
ISO Related Expenses	251,488.00	-
<b>Total Contracted Services Cost</b>	<b>251,488.00</b>	<b>-</b>
<b>16. FINANCE COSTS</b>		
<b>Description</b>	<b>2019-2020 Kshs</b>	<b>2018-2019 Kshs</b>
Bank Charges	71,812.07	1,484,988.00
<b>Total Finance Costs</b>	<b>71,812.07</b>	<b>1,484,988.00</b>
<b>17. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
<b>Financial Institution</b>	<b>2019-2020 Kshs</b>	<b>2018-2019 Kshs</b>
<b>Current Accounts</b>		
KCB Account no. 1114269840	43,494,580.46	8,782,148.00
Diamond Trust Bank Account no. 0476111102	841,097.98	150,000.00
KCB-Development Account no. 1114270032	4,894,950.65	-
KCB-Exams Account no. 1114270083	5,141,216.80	-





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Co-operative BankAccount no.0113976670660	10,564,960.40	2,466,801.00
NationalBankAccount no. 01022211746900	90.35	-
KCB-KongoniProjectAccount no. 1179839811	8,620.82	-
Cash	68,618.83	-
<b>Total Cash and Cash Equivalents</b>	<b>65,014,136.29</b>	<b>11,398,949.00</b>

**18. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2019-2020 Kshs	2018-2019 Kshs
<b>CurrentReceivables</b>		
Student debts	29,382,497.65	30,555,426.00
StaffSalaryAdvances	120,180.00	4,493,550.00
<b>TotalCurrentReceivables</b>	<b>29,502,677.65</b>	<b>35,048,976.00</b>

**19. INVENTORIES**

Description	2019-2020 Kshs	2018-2019 Kshs
ConsumableStocks	532,748.00	318,923.00
Medical Supplies	23,885.00	5,775.00
CateringStores	-	293,729.00
<b>TotalInventories at the lowerofcost and netrealizable value</b>	<b>556,633.00</b>	<b>618,427.00</b>

**20. TRADE AND OTHER PAYABLE FROM EXCHANGE TRANSACTION**

Description	2019-2020 Kshs	2018-2019 Kshs
Trade Payables-ToSuppliers	141,960.00	13,227,123.00
PrepaidFees	856,765.00	-
Caution Money	813,110.00	-
Retention Monies (ThirdPartyPayments)	1,148,450.30	-
<b>TotalCurrentReceivables</b>	<b>2,960,285.30</b>	<b>13,227,123.00</b>

**21. BORROWINGS**

Description	FY 2019/2020	FY 2018/2019
BorrowedFunds	339,023	-



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<b>Total Borrowed Funds</b>	<b>339,023</b>	<b>-</b>
<b>22. RESERVES AND ACCUMULATED GAINS/LOSSES (RETAINED EARNINGS)</b>		
<b>Description</b>	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
Revaluation Reserve	534,925,189.46	-
Retained Earnings	2,414,569	-
Total Revenue	137,527,093	-
LESS: Total Expenses	(102,272,421)	-
<b>Surplus/Deficit For the Period</b>	<b>35,254,672</b>	<b>-</b>
<b>Total Reserves and Retained earnings</b>	<b>575,893,738.94</b>	<b>-</b>



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**23. PLANT, PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT JUNE 30, 2020**

Description/ Cost	Land 0 Kshs.	Buildings 2% Kshs.	Motor Vehicles 25% Kshs.	Furniture & Fittings 12.5% Kshs.	Computers 30.0% Kshs.	Library Books 10% Kshs.	Plant & Equipment 12.5% Kshs.	Capital Work In	Total Kshs.
At 1st July, 2019	15,316,000	101,000,000	5,800,000	4,764,000	5,375,000	4,135,503	400,000,000	74,608,120	611,998,623
Additions	-	-	-	-	-	-	-	11,484,503	11,484,503
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	18,662,846	-	-	-	-	-	(18,662,846)	-
At 30th June, 2020	15,316,000	119,662,846	6,800,000	4,764,000	5,375,000	4,135,503	400,000,000	67,429,777	623,483,126
Depreciation and Impairment									
At 1st July, 2019	-	20,020,000	1,700,000	595,500	1,791,488	827,101	50,000.00	-	56,934,089
Depreciation	-	2,322,557	956,250	465,234	672,332	268,308	39,061,738	-	43,746,419
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
At 30th June, 2020	-	5,857,357	3,931,250	1,507,359	3,806,226	1,720,734	126,567,832	-	143,390,958
Net Book Values									
At 1st July, 2019	15,316,000	97,465,000	3,825,000	3,721,875	2,241,106	2,683,077	312,493,906	18,662,846	456,408,810
At 30th June, 2020	15,316,000	113,805,289	2,868,750	3,256,641	1,568,774	2,414,769	273,432,168	67,429,777	480,092,168



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**24. INTANGIBLE ASSETS-SOFTWARE**

Description Depreciation Rate	Quarters ended				Cumulative to date Current Year	Actual Audited Prior Year
	30th Sep	31st Dec	31st Mar	30th Jun		
	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
<b>Cost</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
At the beginning of Quarter	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000
Additions/Acquisitions	-	-	-	-	-	-
At the end of Quarter	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000
Additions-Internal Development	-	-	-	-	-	-
At the end of Quarter	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000	1,165,000
<b>Amortization and Impairment</b>						
At the beginning of Quarter	291,250	364,063	436,875	509,688	364,063	-
Amortization	72,813	72,813	72,813	72,813	72,813	72,813
At the end of Quarter	364,063	436,876	509,688	582,501	436,876	72,813
Impairment Loss	-	-	-	-	-	-
At the end of Quarter	364,063	436,876	509,688	582,501	436,876	72,813
<b>Net Book Values</b>	<b>800,937</b>	<b>728,124</b>	<b>655,312</b>	<b>582,499</b>	<b>728,124</b>	<b>1,092,187</b>





**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**25. 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 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.

Shamberere Technical Training Institute has significant concentration of credit risk on amounts due from XXX.

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) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by Shamberere Technical Training Institute 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



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return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The College 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.

**Sensitivity analysis**

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

**RELATED PARTY BALANCES**

Entities and other parties related to Shamberere Technical Training Institute 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 Shamberere Technical Training Institute, holding 100% of the College 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) Ministry of Education
- iii) Key management;
- iv) Board of Governors

**26. EVENTS AFTER THE REPORTING PERIOD**

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

**27. ULTIMATE AND HOLDING ENTITY**

Shamberere Technical Training Institute is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**28. Currency**

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



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**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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

**Guidance Notes:**

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

**Jerith C Akaranga**  
Deputy/Secretary to the BOC

Date.....



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**APPENDIX II: PROJECTS IMPLEMENTED BY THE SHAMBERERE TECHNICAL TRAINING INSTITUTE**

**Projects**

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

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

**Status of Projects completion**

Project	Total project Cost	Amount expended to date	% completion To date	Budget	Actual	Sources of funds
1 Construction of Tuition Block	34,217,749	9,427,173	53%	85,000,000	34,217,749	Government of Kenya (MOE)
2 Construction of 4 Class Rooms	3,994,720	2,057,330	89%	3,994,720	3,994,720	College savings on production units
3						





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**APPENDIX III: INTER-ENTITY TRANSFERS**

	<b>ENTITY NAME:</b>	Shamberere Technical Training Institute		
	<b>Break down of Transfers from the State Department of Technical and Vocational Training</b>			
	<b>FY 2019/2020</b>			
<b>a.</b>	<b>Recurrent Grants</b>			
	(Capitation grants)	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		23/10/2019	3,172,500	2019/2020
		12/06/2020	10,762,500	2019/2020
		15/07/2019	10,470,000	2019/2020
		<b>Total</b>	<b>24,405,000</b>	
<b>b.</b>	<b>Development Grants (Non-recurrent grants)</b>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		03/07/2019	1,000,000.00	2019/2020
		24/07/2020	5,507,154.00	2019/2020
		<b>Total</b>	<b>6,507,154.00</b>	

Finance Manager

Shamberere Technical Training Institute

Sign: \_\_\_\_\_

Head of Accounting Unit  
 Ministry Of Education

Sign: \_\_\_\_\_

