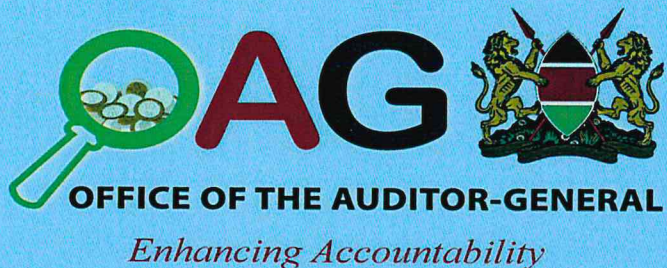


REPUBLIC OF KENYA



REPORT

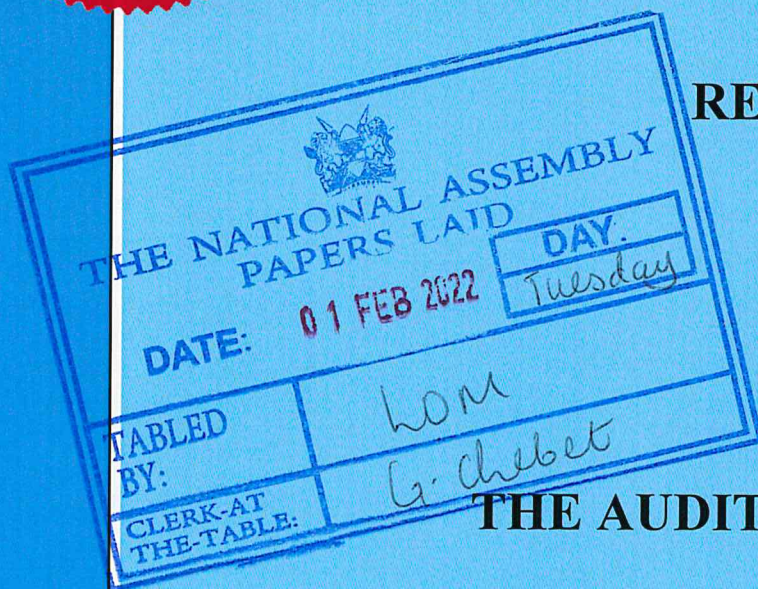
OF

THE AUDITOR-GENERAL

ON

**MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND**

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



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**MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30.06.2019**



**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for**

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Machakos Technical Institute for the Blind (MTIB) was set up to provide rehabilitation and vocational training for persons with visual impairment. It is a Government technical training institution located within the Machakos County next to National Cereals and Produce Board, off Konza road. The institute was established in 1958 with an aim of providing rehabilitation and technical skills to the survivors of the World War II and later those of liberations struggle.

In 1965, it was registered by Kenya Government as a vocational training institute to train the Visually impaired students. In the initial years, training was offered to the male trainees in orientation and mobility, braille literacy, hand craft and telephone operations.

In 1987, the first female students were admitted to undertake knitting and garment making courses. In 1988, The Directorate of Industrial training (DIT) introduced the Government trade test and in 1994, the first integrated artisan level training was started. The institution was upgraded and Renamed Machakos Technical Institute for the Blind in 1997, becoming the only technical training Institute in East and Central Africa.

In 17th February, 2015 the Institute was established under the TVET Act on 17th February, 2015. The Institute is under the Ministry of Education, state department of Vocational and Technical Training.

Objectives

- 1 To provide rehabilitative skills, identify and nurture talents in order to equip learners with appropriate knowledge and technical skills enhancing individual competitiveness in the dynamic labour market.
- 2 To assess the preparedness of MTIB in successfully delivering on its mandate on the face of changing Socio-dynamics in respect to its competitiveness, service, value, resource strength management and best fit within the dictates of national development policy particularly Vision 2030.
- 2 To identify significant challenges that have the potential to impair the MTIB educational and training Outcomes and subsequently recommend appropriate measures and strategies to address such identified Challenges.
- 3 To propose an action plan including important means of tracking progressive achievements of the milestones in the course of implementation of this strategic plan by MTIB and its stakeholders.

(b) Principal Activities

Rehabilitation of persons with visual impairment.

Provision of vocational, technical and entrepreneurial training. The MTIB continuously strives to model its training programs to align with prevailing and forecasted market demands while addressing the needs of the job market as well as promoting self-employment.

Creating awareness on the needs and capabilities of persons with disabilities especially those with visual impairment.

Promoting creativity, innovation and technological inquiry.

Continuous improvement of access, equity and employability by integrating gender and other crosscutting issues in student's enrolment, teaching and training methodologies so as to accommodate inclusivity.

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Vision

A leading provider of rehabilitation, vocational, technical and entrepreneurial skills.

Mission

To rehabilitate persons with visual impairment and train both visually impaired persons and the sighted in vocational, technical and entrepreneurial skills, for social integration and global competitiveness.

Objectives

1. To provide rehabilitative skills for functionality and ennoblement in order to discover and develop talents.
2. To provide rehabilitation services for survival and personal actualization.
3. To provide vocational training for nurturing talents, self-reliance and competitiveness.
4. To equip trainees with appropriate technical skills to suit the market demand for further training and specialization.

Values

Integrity	: We are committed to act in an honest, accountable and transparent manner in all our undertakings.
Human dignity	: We are committed to promote and uphold human dignity at all levels.
Confidentiality	: We embrace the Principle of confidentiality in service delivery.
Efficiency	: We strive to achieve efficiency in all our endeavours.
Courtesy	: We shall endeavour to be courteous to all our clients.

Core responsibilities

Our main roles in service delivery include.

- ◆ Rehabilitation of persons with visual impairment.
- ◆ Provision of vocational, technical and entrepreneurial training
- ◆ Creating awareness on the needs and capabilities of persons with disabilities especially those with visual impairment.
- ◆ Promoting creativity, innovation and technological inquiry.

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(c) Key Management

The Institute's day-to-day management is under the following key offices:

- The Principal
- Deputy Principal
- Registrar
- Deans of Students
- Finance Officer
- Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman of the BOG	Dr. Joseph M. Mwinzi
2.	Principal	Dr. P. Nduku Mutua
3.	Finance Officer	Mr. Patrick M. Mutula
4.	Deputy Principal Planning,	Mr. Leonard M. Mbwiko
5.	Registrar	Mr Daniel S. Munyao
6.	Dean of students	Mrs. Jedly Muchiri
7.	H.O.D s Representative	Mr Henry M. Muli
8.	Procurement and stores	Mrs. Evaline Khende

I. FIDUCIARY OVERSIGHT ARRANGEMENTS

Due to small size of our Institute its operations are managed by the following two committees:-

1. Finance and Audit.

The following are the members:-

NO.	NAME	RESPONSIBILITY
1.	Walter Ojuka	Chairperson
2.	Justus Mutisya	Member
3.	Alex kaluyu	Member
4.	Lynnette Mwende	Member

2. Education committee

NO.	NAME	RESPONSIBILITY
1.	Dr. Jeddida Obara	Chairperson
2.	Juliana Kivasu	Member
3.	Peter Mutungi	Member

Senior Management Committee Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that MTIB Board of Governors is able to take strategic decisions relating to MTIB's activities
- 2) Provide leadership in communicating MTIB's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of MTIB'S strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of MTIB'S activities.

Specifically the Senior Management Team:

- 1) Makes recommendations to the board on the implementation and achievement of the Board of Governors' Strategic Framework;(report to the bog)
- 2) Agrees to MTIB's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of MTIB, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
- 5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
- 6) Oversees and monitors MTIB's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing MTIB staff to deliver the highest standards of performance and customer service.

i. Audit Committee Activities

a. Governance initiatives:

Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.

b. Risk management:

Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.

c. Internal control framework:

Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

d. Audit activity:

Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.

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e. Follow up on management action plans:

The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

f. Financial statements and public accountability reporting:

The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of the Auditor General

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

a) Entity Headquarters

Machakos Technical Institute for the Blind
P.O. Box 112-90100
Machakos –Wote Road
Machakos, Kenya

b) Entity Contacts

Telephone :(254) 733844614
E-mail: mtib2016@gmail.com
Website: www.mtib.ac.ke

c) Entity Bankers

Standard Chartered Bank
Machakos Branch,
P.O. Box
Code : 90100
Machakos, Kenya

(f) Independent Auditors

Office of the Auditor General
Anniversary Towers, Monrovia Street
P.O. Box 30084-00100
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	TITLE	PHOTO	RESPONSIBILITY	PARTICULARS
Dr. Joseph M. Mwinzi	Chairman		Overall Management of the Board Activities.	Date of birth: 03/06/1970 Key Qualifications PhD (Philosophy of Education) Work experience: 18 yrs Date of appointment: 10/5/2018
Dr. Priscillah N. Mutua	Principal/ Secretary BOG		In Charge of the overall management of the Institute	Date of birth: 15/06/1967 Key Qualifications PhD (Doctorate of Philosophy of Education) Work experience: 28 yrs Date of appointment: 10/5/2018
Juliana M.Kivasu	Vice Chairperson		Member of the Education Committee	Date of birth: 01/12/1965 Key Qualifications MBA (Strategic Management) Work experience: 25 yrs Date of appointment: 10/5/2018
Justus M. Mathew	Member		Member of the Finance Committee	Date of birth: 27/12/1969 Key Qualifications MBA (MIS, B.Com (Finance Option)) Work experience: 23 yrs Date of appointment: 10/5/2018
Dr. Jedidah Obara	Member		Chair of the Education Committee	Date of birth: 31/12/1969 Key Qualifications PhD (Education Management) Work experience: 21 yrs Date of appointment: 10/5/2018
Alex Kaluyu	Member		Member Finance Committee	Date of birth: 15/07/1973 Key Qualifications Bsc. (Agribusiness Management) Work experience: 22years Date of appointment: 10/5/2018
Peter N. Mutungi	Member		Member of Education Committee	Date of birth: 1967 Key Qualifications – M.Ed. (Education planning, Management and Administration) Work experience: 22years Date of appointment: 10/5/2018
Lynnette Mwende	Member		Member of the Finance Committee	Date of birth: 09/07/1990 Key Qualifications Dual Masters in Public Policy & Management Work experience: 6 yrs Date of appointment: 10/5/2018



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Walter W. Ojuka	Member		Chair of the Finance and General Purposes Committee	Date of birth: 12/12/1978 Key Qualifications B.Com (Finance Option), CPA(K), Dip in Banking Work experience: Over 10 yrs Date of appointment: 10/5/2018
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MANAGEMENT TEAM

NAME	TITLE	PHOTO	RESPOSIBILITY	PARTICULARS
Dr. Priscillah N Mutua	Principal		In Charge of the overall management of the Institute	Key Qualifications PhD (Doctorate of Philosophy of Education
Leonard Mbwiko	Deputy Principal		In-charge of the Academics and planning in the Institute	Key Qualifications M.Ed (Special Education)
Daniel Munyao	Registrar		In charge of Students Registration and Examinations	Key Qualifications Bachelor of Education (Special needs),
Jeddy Muchiri	Dean of Students		In charge Students Welfare	Key Qualifications Bachelor of Education (Special needs),
Henry Muli	HOD Representative		HOD Rehabilitation and Communication skills, Chairperson inspection and acceptance committee	Key Qualifications Bachelor of Education (Special needs),

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Patrick Mutula	Accountant		In charge of day-to-day Financial activities in the Institute	<u>Key Qualifications</u> KATC II
Rose Awuor	Procurement		In charge of procurement	<u>Key Qualifications</u> Diploma in Procurement

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND

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CHAIRMAN'S STATEMENT

Preamble

Machakos Technical Institute for the Blind was established with the aim of rehabilitation of visually impaired learners/persons and providing knowledge and skills to the visually impaired persons and sighted students all in Kenya and beyond. The mandate of the Institute is to rehabilitate, train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable socio-economic development and self-reliance. The Institute continues the same commitment through integration of both Visually Impaired and Sighted learners.

Key Activities

During the 2018/2019 Financial Year the Institute undertook the following activities:

1. Construction of workshop for brick-making machine.
2. Construction of a Food Court.
3. Renovation of workshops (Carpentry and Masonry).
4. Connecting the workshops to 3-phase power supply.
5. Purchase of Two-10,000 litres water tanks.
6. Mentoring the construction of the Yatta Technical and Vocational College.
7. Review of the strategic plan to align it to Medium Term Plan (MTP) III and incorporate the Big 4 initiatives and other national priorities.
8. Partnership with Dedan Kimanthi University of Technology to train trainers and some students in Leather Technology.
9. Undertook exhibitions in TVET Fair.

Successes

The Institute has been successful in the following areas:

- i. The increase of gross student enrolment from 174 students to 250
- ii. Partnership with Dedan Kimanthi University of Technology to train trainers and some students in Leather Technology.
- iii. Partnership with Toyota Kenya Foundation to sponsor students with fees payment challenges.
- iv. Acquired a proposal funding from CFAO for purchase of assistive devices for Visually Impaired students training.
- v. 90% of the trainers have been trained in CBET.
- vi. Took part during the Nairobi regional Ball games and managed position two in Goal ball both men and women and position three in Volleyball –men

Challenges

During the FY 2018/19 the Institute faced the following challenges:

- i. Inadequate physical Infrastructure- lecture rooms, workshops, hostels, staff houses, resource centre and dinning /multipurpose hall.
- ii. Inadequate Land for expansion
- iii. In adequate staff , both trainers and support
- iv. Environment which is not less restrictive especially to the Visually impaired persons
- v. Inadequate furniture.
- vi. Security threats due to lack of securing of the compound
- vii. Poor fees payment.
- viii. Delayed GOK funding

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Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2019/2020

1. Construct tuition, workshop and hostels block
2. Fence the land – a perimeter wall
3. Construct a Dinning / multipurpose hall
4. Purchase furniture
5. Look for land adequate for field
6. Initiate Corporate Social Responsibility activities
7. Strengthen the Institute financial base through increasing income generating activities

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of the Institute to become a Centre of Excellence in Leather Technology in the near future.



Dr. Joseph Mwinzi
Chairman, Board of Governors

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REPORT OF THE PRINCIPAL

Key Activities

During the 2018/2019 Financial Year the Institute undertook the following activities:

1. Construction of workshop for brick-making machine

The Institute was received machine and equipment for Building and Engineering training from the Ministry of Education and there was no room for them. To address this challenge the management came up with a project of construction of workshop for brick-making machine which was a big machine.

2. Construction of a Food Court.

Previously the Institute had a small room being used as canteen and thus the students' spend a lot of time going out to buy essential items. The management decided to do semi-permanent food court to alleviate the concerns and enhance income generating activities in the Institute.

3. Renovation of various workshops

The Institute had acquired various training equipment and machines from Ministry of Education and the existing workshops were in bad state therefore the management decided to renovate all the workshops to give them a facelift and to enhance security for the machines. The workshops were Masonry, Carpentry and Leather.

4. Connecting the workshops to 3-phase power supply.

Previously the workshops were connect to a 2-phase power supply and after the installation of new machines the power supply was inadequate to operate the machines. The management decided to upgrade the power supply to 3-phase power.

5. Purchase of Two-10,000 litres water tank.

The Institute purchased two tanks in efforts to enhance water catchment and to avail water supply close to the students (hostels).

6. Mentoring the construction of Technical and Vocational College.

In the FY2018/2019 the Institute undertook the mentoring of Yatta Technical and Vocational College.

7. Review of the strategic plan to align it to Medium Term Plan (MTP) III and incorporate the Big 4 initiatives and other national priorities.

The Institute reviewed its strategic plan to incorporate the Big 4 Initiatives and aligned it to the Medium Term Plan III as per the Ministry of Education requirements for performance contracting.

8. Partnership with National and International bodies.

The Institute partnered with the following:-

- Dedan Kimanthi University of Technology in training of 13 students in Leather Technology.
- National Council for Persons with Disabilities (NCPWD) in paying fees for needy students.
- Toyota Kenya Foundation in paying fees to needy visually impaired students.
- Kenya Commercial bank foundation in payment of fees to needy visually impaired students.

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9. Participated in TVET Fair.

The Institute took part in TVET fair for Nairobi region and Nationals.

Successes

The Institute has been successful in the following areas:

- i. The increase of gross student enrolment from 174 students to 250. This has been achieved through KUCCPS placement and individual recommendations.
- ii. Partnership with Dedan Kimanthi University of Technology in training of their students in Leather Technology.
- iii. 90% of the trainers have been trained in CBET. This will enable the trainers to implement CBET training which will go a long way in achieving the Big 4 Agenda.
Took part in the TVET fair for Nairobi region and Nationals.
- iv. Took part during the Nairobi regional Ball games and managed position two in Goal ball –Men and women and position three in Volley ball –men.

Challenges

During the FY 2018/19 the Institute faced the following challenges:

- i. **Infrastructure**
We are facing a major challenge in physical infrastructure due to the growing numbers. There is need for more classrooms, workshops offices, hostels and staff houses. Due to this challenge the Institute reconverted the food court into hostel and classrooms.
- ii. **In adequate Land for expansion**
The Institute has limited land for expansion as needs land as a matter of urgency for students sports and games activities.
- iii. **In adequate staff**
The Institute has 55 trainers in post compared to the required 93 to effectively handle the increased number of trainees. The non-teaching staff establishment in post is 26 compared to the proposed establishment of 44.
- iv. **In accessible buildings to people with physical disabilities.**
Our compound is not even and well levelled and this poses a challenge in mobility especially for the Visually Impaired students.
- v. **Inadequate furniture.**
Furniture for both staff and students is inadequate due to the growing college population.
- vi. **Delayed GOK funding**
The delayed disbursement of development funds by the government led to delay in implementation of planned projects.

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2019/2020

1. Construct Perimeter wall to address the problem of uncontrolled entry points and boost security.
2. Construct tuition block. This will increase the number of class rooms and alleviate the shortage.
3. Construct Workshops. The Institute plans to construct two workshop; one for mechanical and another for Carpentry and Joinery.
4. Reinforce the fence to boost security.

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5. Purchase furniture. More chairs, desks and tables for staff and students will be purchased.
6. Plan and undertake Corporate Social Responsibility activities.
7. Strengthen the Institute financial base through increasing income generating activities such as partnerships with International, National and County governments, soliciting for donor funding.
8. Strengthening the operation of the existing income generating activities and hiring out Institute facilities for seminars and conferences among others

Financial Performance of the Institute

In the FY 2018/2019 the Institute targeted to raise A.I.A (Appropriation in Aid) of Kshs. 12,629,688.00. By the end of the FY the Institute had collected AIA amounting to Kshs **14,484,333.00**. This was caused by the increased enrolment.

The Institute had no pending bills by the close of the FY 2018/2019.

The Institute also plans to increase industrial linkages and partnerships so as to enhance training.

Finally it is the ambition of the Institute to become a Centre of Excellence in Leather Technology training in the near future



Dr. P. NDUKU MUTUA
Principal/ Secretary, BOG

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CORPORATE GOVERNANCE STATEMENT

1. Appointment of BOG Members

The Board of Governors was appointed by the Cabinet Secretary Ministry of Education with effect 10th May, 2018 for a term of three years, there are 9 board members comprising of the Chairman a member representing Principal Secretary, Ministry of Education state department of Vocational and Technical Training, a representative of County Governor- Machakos County and six (6) other members appointed under leadership and management, Financial management, Technology, Industry, Engineering and ICT, The Principal is secretary to the Board. The Board may set up sub-committees and assign them responsibilities as it may deem fit.

Meeting of the Board and its Committees.

Board of Governors meetings

The meeting of the board are held at least once every term in a calendar year. In order to facilitate the smooth running of its affairs, the Institute board establishes such committees with the membership and with such terms of reference as it may deem fit. The chairperson may at any time call upon request by a majority of the members call special meeting of the council. During the year 2018/19 the board and its committees held a total of 10 meetings (both ordinary and special meetings). The record of meetings attendance of the board and its committee is tabulated below:-

Boards' and its committee meetings.

Name of Committee meetings	No. of Regular meetings	No.of	Special
1. Full Board	4		
2. Executive Board of Governors	5		
3. Finance and Audit Committee		1	
Total	9	1	

Committee of the board of governors

In order to facilitate the smooth running of its affairs, the Institute Board establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the year 2019:-

- i. Finance and Audit
- ii. Education.

The board of Governors nominates the Chairperson of each committee of the board provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may select one person from among them to chair the meeting. The chairperson of the Institute Board and the Principal are ex-offio members of every committee of the board.

2. Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include:-

- (a) Overseeing the conduct of Education and training in the institutions in accordance with the provisions of this TVET Act and any other written law.
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law.
- (c) Administering and managing the property of the institution;
- (d) Developing and implementing the institutions' strategic plan;

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- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, 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 TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- (h) Mobilizing resources for the institutions.
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board.
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya
- (l) Recruiting and appointing trainers from among qualified professionals and practising trade's 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 institutions, in consultation with the TVET 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 submits the same to the ministry
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions. (r) Discharging all other functions conferred upon it by this Act or any other written law.

3. Board remuneration

The board of governors do not receive a salary. They are however paid sitting allowance for every meeting attended.

4. Induction Training

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the Board of Governors to manage the TVET institutions on behalf of the Cabinet Secretary.

It is a requirement that the Governing members understand their functions and conduct through induction program, well and hence need for induction.

In the FY2018/2019 the board attended one (1) training from 11th -13th April, 2019 at Morendat Institute of Oil and Gas Naivasha. The following topics were covered:-

- i. Role of Board of Governors in TVET institution.
- ii. Policies, Laws and TVET reforms.
- iii. Corporate Governance in TVET institutions.\
- iv. Financial Management in TVET institutions.
- v. Procurement and Assets Disposal in TVET institutions
- vi. Human Resource Management.
- vii. Project Management.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
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Shared believe

The board of governors and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity which are fundamental to the long term success and sustainability of our mandate as an institution of higher learning.



Dr. Joseph Munyoki Mwinzi
CHAIRMAN BOARD OF GOVERNORS

Date 5th July, 2019

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
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MANAGEMENT DISCUSSION AND ANALYSIS

i). Operational Performance;

The institute undertook the following projects

- a. Construction of workshop for brick-making machine for enhancing training in Building and Engineering Technology.
- b. Construction of Food Court – to Enhance Income Generating Activities to boost income.
- c. Renovation of various workshop to enhance training

ii) Financial Performance

The entity is fairly stable financially .It operates on fees received from self-sponsored students, G.O.K grants and H.E.L.B Funds.

In the FY 2018/19 the Institute targeted to raise A.I.A (Appropriation in Aid) of Kshs. **12,629,688.00**. By the end of the FY the Institute had had collected AIA amounting to Kshs **14,484,333.00**. This was caused by the increased enrolment.

The Institute had no pending bills by the close of the FY 2018/2019

During the 2018/2019 Financial Year the Institute undertook the following activities:

1. Construction of workshop for brick-making machine for enhancing training in Building and Engineering Technology.
2. Construction of Food Court – to Enhance Income Generating Activities to boost income.
3. Renovation of various workshop to enhance training
4. Mentoring the construction of Yatta Technical and Vocational Colleges;
5. Review of the strategic plan to align it to MTP III and incorporate the Big 4 initiatives and other national priorities.
6. Partnership with National and International bodies.
7. Undertook exhibitions in TVET Fair.

Institute's compliance with statutory requirements

The institute complies with various statutory requirements; e.g. deduction and remittance of P.A.Y.E, N.H.I.F, and N.S.S.F among others.

Major risks facing the entity

Financial constrains –limited finances due to poor fees payment, the institute has not been able to start projects in time.

Security threats – due to lack of perimeter wall.

Power supply in times of power blackout –Standby generator not connected

Material arrears in statutory /financial obligations

There were no material arrears at end of the financial year.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of the MTIB's financial statements, which give a true and fair view of the state of affairs of the MTIB for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the MTIB; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the MTIB; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The MTIB's financial statements were approved by the Board on 5th July, 2019 and signed on its behalf by:



Dr. Joseph M. Mwinzi
Chairman Board of Governors

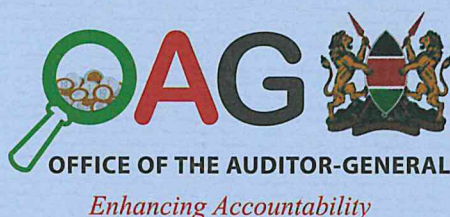


Dr. P. Nduku Mutua
Principal / Secretary Board

Mr. Walter W. Ojuka
Board member

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND FOR THE YEAR ENDED 30 JUNE, 2019

Disclaimer of Opinion

I have audited the accompanying financial statements of Machakos Technical Institute for the Blind set out on Pages 1 to 42, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Failure to Maintain Proper Books of Accounts

Statement of financial performance reflects Kshs.52,133,175 and Kshs.66,703,894 in respect to total revenue and expenses for the year respectively with a resultant net deficit of Kshs.14,570,719. In addition, the statement of financial position reflects Kshs.362,280,612 in respect to both total assets and total liabilities and total liabilities and capital and reserves. However, Management did not provide for audit cash books, ledgers, trial balance and schedules in support of these amounts and balances.

In the circumstances, it was not possible to confirm the accuracy, completeness and regularity of the financial statements for the year ended 30 June, 2019.

2.0 Unaudited Opening Balances

The statement of financial position reflects the opening balances of Kshs.371,455,970 in respect of both total assets and liabilities as at 30 June, 2018. However, management did not submit the financial statements for the year ended 30 June, 2018 to the Auditor General for audit. This is a contravention of the provisions of Section 68(2) (k) of the Public Finance Management Act, 2012 which stipulates that in the performance of a function under subsection (1), an accounting officer shall - prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit, and in the

case of a national government entity, forward a copy to the National Treasury. In the circumstances, the accuracy, completeness and regularity of the opening balances of assets and liabilities of Kshs.371,455,970 could not be confirmed.

3.0 Presentation and Disclosures in the Financial Statements

Review of the financial statements presented for audit revealed areas of non-compliance with prescribed reporting format as follows:

- The table of Contents does not specify the name of the auditor under report of the independent auditors.
- The Statement of Board of Governors' Responsibilities at folio xx is not signed by one Board Member.
- The report on Management Discussion and Analysis on page xix does not make use of descriptive tools such as; graphs and pie charts to give a detailed review of the Institute's performance for the year as required.
- The ICPAK membership number of the Finance Officer has not been indicated on the statement of financial position.
- The financial statements from page 6 onwards includes reference to 'xxx' in several sections instead of providing the relevant specific information.
- Guidance notes appearing under Note 28 on cash and cash equivalents have not been removed.
- Financial risk management details on liquidity, market & capital risk have not been completed and tabulated on Page 35 to the financial statements.

In the circumstances, the financial statements as presented do not fully comply with the reporting templates prescribed by the Public Sector Accounting Standards Board.

4.0 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.11,079,068 . However, the bank balance was not supported by way of monthly bank reconciliation statements. This is contrary to the provisions of Section 90(1) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General.

Further, the comparative balance of Kshs.20,514,657 for the financial year 2017/2018 differs with the figure of Kshs.25,649,787 shown in Note 28 to the financial statements by an unexplained amount of Kshs.5,135,130. In addition, the detailed analysis of cash and cash equivalents is given under Note 27(a) instead of 28(a) which is the relevant disclosure note.

In the circumstances, it has not been possible to ascertain the accuracy, completeness and disclosure of cash and cash equivalents balance as at 30 June, 2019.

5.0 Transfers from the National Government-Grants

The statement of financial performance reflects Kshs.36,900,818 in respect of transfers from National Government-grants and gifts in kind. However, the bank statements presented for audit showed receipts during the year totaling Kshs.19,014,126 resulting in an unexplained overstatement of Kshs.17,886,692.

Consequently, it has not been possible to verify the accuracy and completeness of transfers from the National Government for the year ended 30 June, 2019.

6.0 Revenue from Exchange Transactions

The statement of financial performance reflects Kshs.14,484,333 in respect of revenue from exchange transactions. The analysis of duplicate copies of the receipts revealed a total amount of Kshs.8,094,443 as revenue from exchange transactions resulting in an unexplained variance of Kshs.6,389,890.

In the circumstances, the accuracy, completeness and validity of revenue from exchange transactions of Kshs.14,484,333 could not be ascertained.

7.0 Statement of Changes in Net Assets

The statement of changes in net assets does not indicate balances carried forward as at 30 June, 2019 which is the reporting period. Further, the statement does not show the movement of reserves, accumulated surplus and capital fund during the year.

Consequently, the completeness and accuracy of the statement of changes in net assets as at 30 June, 2019 could not be confirmed.

8.0 Statement of Comparison of Budgets and Actual Amounts

Review of the final budget figures reflected in the statement of comparison of budget and actual amounts revealed differences with the approved budget for the year resulting in variances totalling Kshs.13,615,561 as detailed out below:

Component	Approved Budget (Kshs.)	Statement of Comparison of Budget and Actual Amounts (Kshs.)	Variance (Kshs.)
Transfers from Other Government Entities and Grants	47,612,753	54,036,727	(6,423,974)
Compensation of Employees	5,623,416	5,106,496	516,920
Development Expenses	8,000,000	14,424,007	(6,424,007)
Repairs & Maintenance	1,280,500	1,415,000	(134,500)
Board of Governors Expenses	0	1,150,000	(1,150,000)
Total	62,516,669	76,132,230	(13,615,561)

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts for the year ended 30 June, 2019 could not be confirmed.

9.0 General Expenses

The statement of financial performance reflects the an expenditure of Kshs.52,944,165 in respect of general expenses for the year ended 30 June, 2019. Note 23 to the financial statements indicates that this expenditure includes the amount of Kshs.13,483,292 in respect of development expenses of Kshs.12,269,092, TVET fair and robotics contests expenses of 1,280,400 and CAPA expenses of Kshs.1,214,200. However, only Kshs.2,351,262 of the development expenses was supported by way of payment vouchers leaving the balance of Kshs.9,917,830 unsupported. In addition, no relevant supporting documents were provided for audit in support of CAPA expenses. Additionally, the expenditure of Kshs.1,280,400 incurred on TVET fair and robotic contests was not supported by way of payment vouchers and relevant approvals by the Principal and imprest warrants and documents confirming that the concerned Officers attended the training forums were also not presented for audit.

In absence of adequate supporting documents, the accuracy, completeness and validity of the expenditure of Kshs.13,483,292 could not be confirmed.

10.0 Property, Plant and Equipment

The statement of financial position reflects Kshs.350,228,860 in respect to plant, property and equipment (PPE). This balance is the same for the financial years ending 30 June, 2018 and 30 June, 2019 which may not be accurate given the movements in the assets during the year under review. However, a review of the PPE schedule under Note 33 to the financial shows that the balance brought forward as at 1 July, 2018 of Kshs.356,515,585 is erroneously indicated as additions during the year. Further, the PPE schedule does not show the depreciation charge and accumulated depreciation as at 30 June, 2019 although a depreciated and amortization amount of Kshs.6,286,725 has been reflected in the statement of financial performance.

In the circumstances, the completeness and accuracy of the property, plant and equipment balance of Kshs.350,228,860 could not be confirmed.

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. I have determined that there were no key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis of Kshs.66,879,527 and Kshs.52,133,175 respectively, resulting in a Kshs.14,746,352 shortfall in revenue which is equivalent to 22% of the

approved budget. In addition, expenditure for the year of Kshs.66,703,894 exceeded the revenue realized of Kshs.52,133,175 resulting in a deficit of Kshs.14,570,719.

Failure to realize the budgeted revenue and spending more than the revenue generated during the year may negatively impact on the sustainability of the Institute's operations which may lead to a financial crisis.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis of Conclusion

1. Construction of 8 No. Door Toilet for Students

The Institute's Management awarded a contract for the construction of 8 No. door toilet to a local Contractor on 07 September, 2018 at a contract sum of Kshs.1,989,922 through the request for quotation method of procurement. However, it was noted that the awarded tenderer was not in the prequalified list of suppliers. In addition, the appointment letters of the inspection and acceptance committee members and inspection minutes were not provided for audit. This is contrary to Section 48(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity may establish an ad hoc committee known as the inspection and acceptance committee. Further, Section 95(3) of the Act provides that a procuring entity shall invite tenders from only the approved persons who have been pre-qualified.

In view of the above, it has not been possible to ascertain the regularity of award and whether value for money was realized from the expenditure of Kshs.1,989,922 which was incurred on the Project.

2. Irregular award of Tender for Security Services

During the year under review, the amount of Kshs.867,845 was incurred on security services as disclosed in Note 23 to the financial statements on general expenses. However, a review of the related procurement documents, related to the security expenses, revealed that, the awarded security company was single sourced. No explanation was provided as to why there was no competitive bidding process contrary to Section 124(12) of the Public Procurement and Asset Disposal Act, 2015 which specifies circumstances when single source selection may be appropriate.

Consequently, the regularity and value for money of the expenditure of Kshs.867,845 could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and overall governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Conclusion of Internal Controls, Risk Management and Overall Governance section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1.0 Lack of Approved Scheme of Service, Staff Establishment and Code of Conduct

Audit revealed that the Institute had a total of twenty-two (22) employees as at 30 June, 2019. However, it was noted that there was no approved Staff Establishment and Scheme of Service which are required for effective performance of personnel functions including recruitment, job descriptions, placements, remuneration and promotions. It was also noted that the staff members had stagnated in the same job position for long with no career progressions. In addition, the Institute has not developed a Code of Conduct for its employees to outline and guide the norms, responsibilities and practices required of its employees.

2.0 Lack of an Internal Audit Function

The audit revealed that the Institute does not have an internal audit function and an audit committee. This is contrary to the provisions of Section 73 of the Public Finance Management Act, 2012 which requires every National Government entity to have arrangement in place for internal audit function for the purpose of carrying out in depth reviews of management operations and internal controls.

To this extent, the Institute is in breach of the Law.

3.0 Lack of Risk Management Policy and Disaster Recovery and Business Continuity Plan

The audit revealed that the Institute does not have an approved Risk Management Policy and Disaster Recovery and Business Continuity Plan. This is contrary to the provisions of Section 165(a) and (b) of the Public Finance Management (National Government) Regulations, 2015, which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies which include fraud prevention mechanisms and to develop a system of risk management and internal control that builds robust business operations.

Consequently, the Institute lacks a blue print for identifying, and mitigating against risks and is exposed to loss and interruption of operations in case of a disaster.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Machakos Technical Institute for the Blind 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 January, 2022

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

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	36,900,818	46,298,448
Grants from donors and development partners	7	739,024	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	9,000	12,000
Total Revenue from non-exchange transactions		37,648,842	46,310,448
Revenue from exchange transactions			
Rendering of services- Fees from students	10	13,637,845	9,383,933
Sale of goods	11	336,488	266,040
Rental revenue from facilities and equipment	12	510,000	510,000
Finance income - external investments	13	-	-
Consultancy fees	14	-	-
Other income	15	-	-
Revenue from exchange transactions		14,484,333	10,159,973
Total revenue		52,133,175	56,470,421
Expenses			
Use of goods and services	16	935,806	589,200
Employee costs	17	4,371,056	4,266,670
Remuneration of directors	18	1,485,500	5,517,320
Depreciation and amortization expense	19	6,286,725	-
Repairs and maintenance	20	680,641	404,560
Contracted services	21	-	-
Grants and subsidies	22	-	-
General expenses	23	52,944,165	35,248,025
Finance costs	24	-	-
Total expenses		66,703,894	46,025,775
Other gains/(losses)			
Gain on sale of assets	25	-	-
Unrealized gain on fair value of investments	26	-	-
Impairment loss	27	-	-
Total other gains/(losses)		-	-
Net Surplus for the year		(14,570,719)	10,444,646
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on pages 8 to 44 form an integral part of the Annual Financial Statements.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
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V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019


	Notes	2018/2019	2017/2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	28	11,079,068	20,514,657
Receivables from exchange transactions	29	972,684	712,454
Receivables from non-exchange transactions	30	-	-
Inventories	31	-	-
Investments	32	-	-
Total Current Assets		12,051,752	21,227,111
Non-current assets			
Property, plant and equipment	33	350,228,860	350,228,860
Intangible assets	34	-	-
Investment property	35	-	-
Long term receivables from exchange transactions	29	-	-
Total Non-current Assets		350,228,860	350,228,860
Total assets		362,280,612	371,455,970
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	36	1,365,856	106,600
Refundable deposits from customers	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of borrowings	44	-	-
Deferred income	40	-	-
Employee benefit obligation	41	-	-
Payments received in advance	42	-	-
Total Current Liabilities		1,365,856	106,600
Non-current liabilities			
Non-current employee benefit obligation	41	-	-
Non-current provisions	43	-	-
Borrowings	44	-	-
Total Non-current liabilities		-	-
Total liabilities		1,365,856	106,600
Capital and Reserves			
Reserves		-	-
Accumulated surplus		17,972,481	28,407,096
Capital Fund		342,942,275	342,942,275
Total Capital and Reserves		360,914,756	371,349,370
Total Liabilities and Capital & Reserves		362,280,612	371,455,970

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:


Chairman Board of Governors

Date. 05.07.2019


Finance Officer
ICPAK NO. NOT AVAILABLE
Date 05.07.2019


Principal
Date.05.07.2019

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
Balance b/f at July 1, 2017					-
Revaluation gain					-
Fair value adjustment on quoted investments					-
Total comprehensive income			17,972,481		17,972,481
Capital/Development grants received during the year				342,942,275	342,942,275
Transfer of depreciation/amortisation from capital fund to retained earnings					-
Balance c/d as at June 30, 2018	-	-	17,972,481	342,942,275	360,914,756
Balance b/f as at July 1, 2018					
Revaluation gain	-	-	17,972,481	342,942,275	360,914,756
Fair value adjustment on quoted investments					-
Total comprehensive income					-
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
Balance c/d as at June 30, 2019					-

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	36,900,818	46,298,448
Public contributions and donations	7	748,024	12,000
Rendering of services- Fees from students	10	13,637,845	9,383,933
Sale of goods	11	336,488	266,040
Rental revenue from facilities and equipment	12	510,000	510,000
Finance income			
Consultancy income			
Other income, rentals and agency fees			
Total Receipts		52,133,175	56,470,421
Payments			
Employee costs	17	4,371,056	4,266,670
Use of goods and services	16	935,806	589,200
BOG expenses	18	1,485,500	5,517,320
Depreciation	19	6,286,725	-
Repairs	20	680,641	404,560
General expenses	23	52,944,165	35,248,025
Grants and subsidies paid			
Total Payments		66,703,894	46,025,775
Net cash flows from operating activities	45	- 14,570,719	10,444,646
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			-
Proceeds from sale of property, plant and Equipment			4,293,122
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		-	- 4,293,122
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		- 14,570,719	6,151,524
Cash and cash equivalents at 1 July 2018		25,649,787	14,363,132
Cash and cash equivalents at 30 June 2019	28	11,079,068	20,514,657

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities Govt grants	54,036,727		54,036,727	36,900,818	17,135,909
Public contributions and donations	-		-	748,024	748,024
Rendering of services- Fees from students	10,782,800		10,782,800	13,637,845	2,855,045
Sale of goods	1,550,000		1,550,000	336,488	1,213,512
Finance Income			-		-
Consultancy Income			-		-
Gains on disposal, rental income and agency fees	510,000		510,000	510,000	-
Total income	66,879,527	-	66,879,527	52,133,175	14,746,352
Expenses					
Compensation of employees	5,106,496		5,106,496	4,371,056	735,440
BOG expenses	1,150,000		1,150,000	1,485,500	335,500
Use of Goods and services	765,960		765,960	935,806	169,846
Development expenses	14,424,007		14,424,007	12,269,092	2,154,915
General expenses	44,018,064		44,018,064	40,675,073	3,342,991
Depreciation			-	6,286,725	6,286,725
Repairs & maintenance	1,415,000		1,415,000	680,641	734,359
Finance costs	-		-		-
Total expenditure	66,879,527	-	66,879,527	66,703,894	175,633
Surplus for the period	-	-	-	14,570,719	14,570,719

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

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

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxxx on the FY 2018/2019 budget following the Council/ 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 actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule - of the - Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- 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. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants	-	-
Operational grant	19,014,126	39,612,764
Other grants	-	-
	-	-
Conditional grants	-	-
Dining Hall / Multipurpose Hall	13,424,007	6,685,684
AfDB funds	4,462,685	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	36,900,818	46,298,448

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2017-2018 KShs
Xxx Ministry/State Department	-	-	-	-	-
Xxx Ministry	-	-	-	-	-
Total	-	-	-	-	-

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2018-2019	2017-2018
	KShs	KShs
CFAO	739,024	-
World Bank grants	.	.
Other grants	.	.
Total grants from development partners	739,024	-

Reconciliations of grants from donors and development partners

Description	2018-2019	2017-2018
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2018-2019	2017-2018
	KShs	KShs
Transfer from County xxx	-	-
Transfer from xxx University	-	-
Transfer from xxx institute	-	-
Total Transfers	-	-

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	20xx-20xx	20xx-20xx
	KShs	KShs
Public donations	9,000	12,000
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
Total donations and sponsorships	9,000	12,000

10 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	2,177,400	1,639,075
Boarding fees	1,104,000	1,115,500
Accommodation	3,600,000	1,200,000
Electricity Water & conservancy	858,500	681,950
Local Transport & Travelling	972,300	876,240
Administration fees	373,500	239,700
Repairs maintenance	480,000	376,640
Activity fees	330,000	243,489
Personal emolument	702,500	643,665
Registration fees	100,000	63,200
caution money	55,500	58,500
Student ID card	46,800	46,800
Computer maintainance	25,000	23,500
fees arrears	368,115	245,125

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Insurance	335,000	245,500
NITA examinations	88,464	54,600
Knec Exams	486,400	224,600
Exams material fees	224,500	148,550
Whitecane/Writing frame	110,000	68,000
Tender fees	68,000	24,000
Attachment fees	250,000	155,500
Hiring of facilities	350,000	621,825
Other income	531,866	387,974
TOTAL	13,637,845	9,383,933

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS

Description	2018-2019	2017-2018
	KShs	KShs
Sale of goods		
Aspnet	18,790	4,380
Greenhouse	9,870	11,230
Dairy farm	307,828	250,430
Other(include in line with your organisation)		
Total revenue from the sale of goods	336,488	266,040

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019	2017-2018
	KShs	KShs
Rent	510,000	510,000
Contingent rentals	-	-
Total rentals	510,000	510,000

13 FINANCE INCOME –EXTERNAL INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

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14 CONSULTANCY FEES

Description	2018-2019	2017-2018
	KShs	KShs
Total		

15 OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Income from disposal of assets	-	-
Total other income	-	-

16 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Electricity	435,806	253,755
Water	500,000	335,445
Security	-	-
Professional services	-	-
Subscriptions	-	-
Total good and services	935,806	589,200

17 EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	4,371,056	4,266,670
Employee related costs - contributions to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-

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Social contributions	-	-
Employee costs	4,371,056	4,266,670

18 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
BOG allowances	1,485,500	5,517,320
Directors emoluments	-	-
Other allowances	-	-
Total director emoluments	1,485,500	5,517,320

19 DEPRECIATION AND AMORTIZATION EXPENSE

Description	20xx-20xx	20xx-20xx
	KShs	KShs
Property, plant and equipment	6,286,725	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	6,286,725	-

20 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Computers and accessories	9700	23,530
Buildings repairs	269,460	115,530
Furniture and fittings	367,610	250,000
Vehicles	33,871	15,500
Total repairs and maintenance	680,641	404,560

21 CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	-	-

22 GRANTS AND SUBSIDIES

Description	2018-2019	2017-2018
	KShs	KShs
Community development	-	-
Education initiatives and programs	-	-

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Description	2018-2019	2017-2018
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Advertisements	234,660	426,224
Publishing and printing	345,650	185,455
Internet	320,160	112,420
Airtime & telephone expenses	168,124	112,450
Tender cost	74,000	26,000
White cane & writing frame costs	95,000	113,000
Postage	25,571	18,330
Registration costs	33,876	21,014
Student ID Costs	24,600	18,600
NITA exams	88,464	54,600
KNEC exams	486,400	224,600
Exam material fees costs	264,785	184,684
Security costs	867,845	368,420
Internet connectivity	1,949,839	424,478
Attachment cost	195,500	105,800
TVET fair & Robotic contests	1,280,400	1,621,973
CAPA Expenses	1,214,200	1,467,981
Training & Conference expenses	6,782,180	3,498,017
Bus insurance	338,468	383,684
Property insurance	136,450	136,450
Student personal cover	86,484	51,846
Aspnet project expenses	64,100	34,760
Green house	13,884	6,780
Dairy farm	204,440	168,224
Hire of facilities charges	85,540	331,486
Tuition expenses	1,411,366	3,540,681
Boarding	6,780,689	3,181,710
Accommodation	2,364,281	450,780
Local transport and Travelling expenses	4,219,850	2,583,915
Administration cost	839,838	320,791
Activity expenses	2,985,640	2,265,540
Departmental training expenses	5,835,309	4,684,147
CFAO expenses	781,980	
Development expenses	12,269,092	8,107,685
Caution money refund	75,500	15,500
Total general expenses	52,944,165	35,248,025

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

25 GAIN ON SALE OF ASSETS

Description	2018-2019	2017-2018
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

26 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

27 IMPAIRMENT LOSS

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Current account	11,067,802	25,649,787
Cash in hand	11,266	12,151
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	11,079,068	25,649,787

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
a) Current account			
Standard Chartered Bank		11,067,802	20,502,506
Equity Bank, etc		-	-
Sub- total		11,067,802	20,502,506
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Cash in transit		-	-
cash in hand		11,266	12,151
M pesa		-	-
Sub- total		11,266	12,151
Grand total		11,079,068	20,514,657

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Student debtors	931,684	688,254
Rent debtors	41,000	24,200
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total current receivables	972,684	712,454
Non-current receivables		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	972,684	712,454

30 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	-	-

31 INVENTORIES

Description	2018-2019	2017-2018
	KShs	KShs
Consumable stores	-	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in company xxx	-	-
Sub- total	-	-
Grand total	-	-

d) Shareholding in other entities

For investments in equity share listed under note 31 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Shs	Shs	Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-
	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 PROPERTY, PLANT AND EQUIPMENT

	Land Shs	Buildings	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Other Assets Shs	Plant and equipment Shs	Capital Work in progress Shs	Total Shs
Cost									
At 1 July 2017	284,000,000	30,962,835	6,692,404	1,794,969	1,787,422		30,931,560		356,169,190
Additions									
Disposals									
Transfers/adjustments									
At 30 th June 2018	284,000,000	30,355,721	7,138,564	1,813,100	1,964,200	-	31,244,000	-	356,515,585
Additions	284,000,000	30,355,721	7,138,564	1,813,100	1,964,200	-	31,244,000	-	356,515,585
Disposals									
Transfer/adjustments									
At 30 th June 2019	284,000,000	30,355,721	7,138,564	1,813,100	1,964,200	-	31,244,000	-	356,515,585
Depreciation and impairment									
At 1 July xxx									
Depreciation		607,114	1,784,641	181,310	589,260	-	3,124,400	-	6,286,725
Impairment									
At 30 June 2017	-	607,114	1,784,641	181,310	589,260	-	3,124,400	-	6,286,725
Depreciation		607,114	1,784,641	181,310	589,260	-	3,124,400	-	6,286,725
Disposals									
Impairment									
Transfer/adjustment									
At 30 th June 2018	-	607,114	1,784,641	181,310	589,260	-	3,124,400	-	6,286,725
Net book values									
At 30 th June 2019	284,000,000	29,748,607	5,353,923	1,631,790	1,374,940	-	28,119,600	-	350,228,860
At 30 th June 2018	284,000,000	29,748,607	5,353,923	1,631,790	1,374,940	-	28,119,600	-	350,228,860

[Include brief description of WIP as a
footnote]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 INTANGIBLE ASSETS-SOFTWARE

Description	2018-2019	2017-2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions–internal development	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

35 INVESTMENT PROPERTY

Description	20xx-20xx	20xx-20xx
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation(where investment property is at cost)	-	-
At end of the year	-	-

36 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	137,626	4,200
Fees paid in advance	1,228,230	102,400
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	1,365,856	106,600

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018-2019	2017-2018
	KShs	KShs
Consumer deposits	-	-
Caution money	-	-
Other refundable deposits	-	-
Total deposits	-	-

38 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Total provisions	-	-	-	-

39 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	20xx-20xx
	KShs	KShs	KShs	KShs
Within current year	-	-	-	-
Long term portion of lease payments	-	-	-	-
Total provisions	-	-	-	-

40 DEFERRED INCOME

Description	2018-2019	2017-2018
	KShs	KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

41 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2018-2019	2017-2018
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

The entity operates a defined benefit scheme for all full-time employees from July 1, 2018. The scheme is based on xxx percentage of salary of an employee at the time of retirement. During the year, 2018/2019 actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	2018-2019	2017-2018
	KShs	KShs
Valuation at the beginning of the year	-	-
Changes in valuation during the year	-	-
Valuation at end of the year	-	-

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 NON-CURRENT PROVISIONS

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Less: Current portion	-	-	-	-
Total deferred income	-	-	-	-

43 BORROWINGS

Description	20xx-20xx	20xx-20xx
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestics borrowings during the year	-	-
Balance at end of the period	-	-

42 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	20xx-20xx	20xx-20xx
	KShs	KShs
External Borrowings		
Dollar denominated loan from organisation'	-	-
Sterling Pound denominated loan from organisation'	-	-
Euro denominated loan from organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2018-2019	2017-2018
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

44 SERVICE CONCESSION ARRANGEMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

45 CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
Surplus for the year before tax	KShs	KShs
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from suppliers.

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

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2018				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other	Total
	Kshs	currencies	
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

The entity 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of kshs - (2016: kshs-). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of kshs - (2012 – kshs -)

iv) Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

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

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to none	-	-
Sales of services none	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 SEGMENT INFORMATION

49 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2018-2019	2017-2018
	Kshs	Kshs
Court case none against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

50 CAPITAL COMMITMENTS

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

51 EVENTS AFTER THE REPORTING PERIOD

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

52 ULTIMATE AND HOLDING ENTITY

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

53 Currency

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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



Chairman of the Board of Governors
Machakos Technical Institute for the Blind
Date 5th July, 2019

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the State Department of Vocational and Technical Training			
	FY 2018/2019			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent grant	05/10/2018	9,903,190.00	FY 2018/2019
	Recurrent grant	12/02/2019	9,110,936.00	FY 2018/2019
		Total	19,014,126.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Ministry of Education	08/10/2018	3,356,002.00	FY 2018/2019
	Ministry of Education	08/11/2018	4,462,685.00	FY 2018/2019
	Ministry of Education	11/03/2019	3,356,001.00	FY 2018/2019
	Ministry of Education	20/05/2019	6,712,004.00	FY 2018/2019
		Total	17,886,692.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Richard Musembi Kivondo	12/09/2018	3,000.00	FY 2018/2019
	Richard Musembi Kivondo	11/01/2019	3,000.00	FY 2018/2019
	Richard Musembi Kivondo	16/05/2019	3,000.00	FY 2018/2019
	Cfao Solidarite	17/01/2019	739,024.00	FY 2018/2019
		Total	748,024.00	

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

Principal



Principal
Machakos Technical Institute for the Blind
5th July, 2019

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	-	Recurrent	-	-	-	-	-	-	-
Ministry of Education	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
Ministry of Education	-	Direct Payment	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-

