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| CLERK-AT THE-TABLE: | MS. MERCY CHUMO. |

OF

THE AUDITOR-GENERAL

ON

**MACHAKOS TECHNICAL
INSTITUTE FOR THE BLIND**

**FOR THE YEAR ENDED
30 JUNE, 2024**



MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED
30TH JUNE 2024

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 (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Table of Contents

| | | |
|-----|---|-------|
| 1. | Acronyms and Definition of Key Terms | iv |
| 2. | Key Entity Information and Management | v |
| 3. | The Board of Governors | x |
| 4. | Key Management Team..... | xii |
| 5. | Chairman's Statement..... | xiii |
| 6. | Report of the Chief Principal | xiv |
| 7. | Statement of Performance against Predetermined Objectives..... | xvi |
| 8. | Corporate Governance Statement | xvii |
| 9. | Management Discussion and Analysis..... | xix |
| 10. | Environmental And Sustainability Reporting Statement | xxi |
| 11. | Report of the Board of Governors | xxi |
| 12. | Statement of Board of Governors/ Council's Responsibilities | xxiii |
| 13. | Report of the Independent Auditor on MTIB..... | xxiv |
| 14. | Statement of Financial Performance For The Year Ended 30 June 2024..... | 1 |
| 15. | Statement of Financial Position As At 30th June 2024..... | 2 |
| 16. | Statement of Changes in Net Asset For The Year Ended 30 June 2023 | 3 |
| 17. | Statement of Cash Flows For The Year Ended 30 June 2024..... | 4 |
| 18. | Statement of Comparison of Budget &Actual amounts For Year Ended 30 June 2024.. | 5 |
| 19. | Notes to the Financial Statements | 7 |
| 20. | Appendices | 41 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |
| TVC | Technical Vocational College |
| MTIB | Machakos Technical Institute for the Blind |

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The institution was incorporated/ established under the TVET Act 2013 in 1958. The entity is domiciled in Kenya and is located at Machakos County, Machakos Town Constituency on the way to Wote has no branches. The institute is under the Ministry of Education, State department of Technical and Vocational Training. It consists of eight (8) academic and seven (7) non-academic departments as listed below:

Academic Includes:

1. Building and Civil Engineering
2. Automotive
3. Electrical and Electronics
4. Applied Science
5. Tannery and Leather work Technology
6. Business
7. ICT
8. Beauty Therapy and Cosmetology
9. Fashion Design and Knitting
10. Massage

Non- Academic:

1. Guidance & Counselling
2. Industrial Liaison Officer (ILO)
3. Office of Career Services (OCS)
4. Finance
5. Procurement
6. House keeping
7. Catering

(b) Principal Activities

Machakos Technical Institute for the Blind (MTIB) provides Technical Education and skills to the disadvantaged adults who are born blind or who become blind during their lifetime. The Institute also trains sighted post-secondary youths on technical, entrepreneurial and vocational skills for self-reliance

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.

Vision

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

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.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

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.

(c) Key Management

The Institute’s day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management team
- Trainers
- BOG Staff

(d) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2024 and who had direct fiduciary responsibility were:

| SN. | Designation | Name |
|-----|---------------------------------|--------------------------|
| 1. | Principal | DR. P. Nduku Mutua, PHD. |
| 2. | Deputy principal Academic | Henry Musau Muli |
| 3. | Deputy principal Administration | Jeddy Wangui Muchiri |
| 4. | Registrar | Joram Iringu Maina |
| 5. | Dean of students | Catherine Mueni Muthengi |
| 6. | Chief Finance Officer | CPA Francis Muli Nzioka |
| 7. | Procurement Officer | Irene Jelimo Ruto |

e) Fiduciary Oversight Arrangements

MTIB operations are managed by the following committees: -

1. Finance, Administration, Infrastructure & General Purpose committee.

The following are the members:-

| NO. | NAME | RESPONSIBILITY |
|-----|-------------------------|-----------------------------------|
| 1. | Daniel Karanja Nyingi | Chairperson |
| 2. | Jim Bulemi Bukhala | Member |
| 3. | Solomom Bukhala | Member |
| 4. | CPA Francis Muli Nzioka | Secretary (Chief Finance Officer) |

TERMS OF REFERENCE

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors, on which the Committee shall advise Board of Governors.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the responsibilities shall include to:

- a. Monitor and facilitate the implementation of the Institute's strategic plan with regard to financial matters.
- b. Receive financial reports from the Principal and the Finance Officer.
- c. Monitor implementation of the strategy for the Institute's estate.
- d. Receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e. Consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose off and acquire new properties.
- f. Determine the fees and charges made for Institute services and facilities.
- g. Supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
- h. Supervise the arrangements for safeguarding of the Institute's assets.
- i. Ensure the proper financial evaluation and control of projects.
- j. Ensure the appropriate exploitation of the Institute's intellectual property.
- k. Make recommendations to Board of Governors on the financing of projects.
- l. Supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- m. Develop Finance Policy.
- n. Supervise the purchasing procedures and practices.
- o. Submit annual statements on its activities to Board of Governors.
- p. Receive and evaluate the Institute budget.
- q. Submit quarterly financial statements to the Board of Governors for approval

2 Risk and Audit committee.

The following are the members:-

| NO. | NAME | RESPONSIBILITY |
|------------|-----------------|------------------------------|
| 1. | Daisy A Onditi | Chairperson |
| 2. | Samuel K Kaloki | Member |
| 3. | Kevin M Aming'a | Secretary (internal auditor) |

TERMS OF REFERENCE

- a. Review and provide on governance initiatives established by the BOG, the Government.
- c. Monitoring and ensuring timely implementation of recommendations of the various fiduciary oversight responsibilities including internal and external auditors,
- d. Overseeing continuing efficacy of accounting and internal control standards, policies and practices.
- e. Ensuring compliance with legal and partnership agreements on projects.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

- f. Monitoring performance of key internal audit staff against approved performance contracts.
- g. The above responsibilities should not prevent the committee from carrying out any other asks

3 Education , Research & Technology committee

| NO. | NAME | RESPONSIBILITY |
|-----|--------------------|---|
| 1. | Solomom Bukhala | Chairperson |
| 2. | Dr Mercy K Kaburu | Member |
| 3. | Jim Bulemi Bukhala | Member |
| 4. | Henry Muli Musau | Secretary (Deputy Principal Academics) |

TERMS OF REFERENCE FOR EDUCATION, RESEARCH AND TECHNOLOGY

1. **Excellence in academic programmes, training, and evaluation of curriculum.**
 - Oversight of all academic programmes and standards:
 - Quality and relevance of training to labor markets requirement
 - Evaluation of examination results
 - Review of the academic policy
2. **Research, linkages, and collaboration:**
 - Identify researchable gaps, with a special focus on but not limited to inclusive education
 - Establish workable linkage and collaboration with industry and other stakeholders, taking cognizance of the speciality of MTIB
 - Promotion of research and innovation among staff and trainees
3. **Integration of ICT in training and research**
 - ICT function in the institution
 - Integrating ICT in the operations of the institution
 - Identifying ICT related risks and managing them
 - Utilizing ICT in monitoring the performance of the institution.
4. **Staff welfare**
 - Hire and promote board staff on need bases
 - Disciplining staff and trainees based on policies and laws
 - Accurate and timely reports to the board of governors relating to staff needs

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

(c) Entity Headquarters

P.O. Box 112-90100
Machakos –Wote Road
MACHAKOS, KENYA

(d) Entity Contacts

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

(e) Entity Bankers

1. Standard Chartered Bank
Machakos Branch,
P.O. Box
City Square 90100
Machakos, Kenya

(f) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(g) Principal Legal Adviser


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

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

3.The Board of Governors

| SN. | Member/ Director | Details |
|-----|---|--|
| 1. |  <i>Mr. Alex N. Kaluyu</i> Designation: Chairman | Date of birth: 15/07/1973 Key Qualifications Bsc. (Agribusiness Management) Work experience: 22years Date of appointment: 03/11/2021 |
| 2. |  <i>Daniel Nyingi Karanja</i> Designation: Member | Date of birth: 13/10/1978 Key Qualifications Master of Business Administration (Strategic Management) Work Experience: Date of appointment: 03/11/2021 |
| 3. |  <i>Solomon Bukhala</i> Designation: Member | Date of birth: 27/08/1958 Key Qualifications Masters of Arts in Project Planning & Management Work Experience: 40 years Date of appointment: 03/11/2021 |
| 4. |  <i>Samuel Kaloki</i> Designation: Member | Date of birth:06/12/1960 Key Qualifications Master of Business Administration Work Experience: 37 years Date of appointment: 03/11/2021 |
| 5. |  <i>Daisy Onditi.</i> Designation: Member | Date of birth; 21/04/1987 Key Qualifications Bachelor of Science, Public Health Work Experience: 14 years Date of appointment: 03/11/2021 |
| 6. |  <i>Emma Ng'ang'a</i> Designation: Member | Date of birth: 21/09/1957 Key Qualifications MSc Entrepreneurship Development Work Experience: 42 years Date of appointment: |
| 7. |  Dr. Lawrence Quantai Alternate Member | Representing the Principal Secretary Ministry of Education, State department of Vocational & Technical Training |
| 8. |  Dr. P. Nduku Mutua Designation: Secretary | Date of birth: 15/11/1967 Key Qualifications PhD in Curriculum Studies Work Experience: 28 years Date of appointment: 03/11/2021 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

| | | |
|----|--|--|
| | | |
| 9. |  <p>Dr. Mercy Kaburu Designation: Member</p> | PhD in International Relations Work Experience: 27 years Date of appointment: 03/11/2021 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

4. Key Management Team

| SN | Member/ Director | Details |
|----|--|--------------------------------------|
| 1. |  <p>Dr. P. Nduku Mutua PhD in Curriculum Studies</p> | Chief Principal |
| 2. |  <p>Jeddy W. Muchiri Bachelor of Education - Arts</p> | Deputy Principal - Administration |
| 3. |  <p>Henry M. Muli Bachelor of Education (Special Needs)</p> | Deputy Principal - Academics |
| 4. |  <p>Joram I. Maina Higher Diploma in Entrepreneurship, Diploma in Technical Education</p> | Registrar |
| 5. |  <p>Catherine M. Muthengi M.ED Guidance and Counselling</p> | Dean of Students |
| 6. |  <p>N. Francis Muli CPA(K), BBM</p> | Chief Finance Officer |
| 7. |  <p>Irene J. Ruto Degree in Procurement Management</p> | Procurement Officer |

5. 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 2023/2024 Financial Year the Institute undertook the following activities:

1. Mentoring the construction of the Yatta Technical and Vocational College.
2. Undertook exhibitions in TVET Fair.

Successes

The Institute has been successful in the following areas:

- i. Partnership with Dedan Kimanthi University of Technology to train trainers and some students in Leather Technology.
- ii. Partnership with Toyota Kenya Foundation to sponsor students with fees payment challenges.
- iii. Recruitment of 20 new trainers.

Challenges

During the FY 2023/2024 the Institute faced the following challenges:

- i. Inadequate physical Infrastructure- lecture rooms, workshops, hostels, staff houses, resource centre and dining /multipurpose hall.
- ii. Inadequate Land for expansion
- iii. In adequate staff, both trainers and support
- iv. Security threats due to lack of securing of the compound
- v. Poor fees payment
- vi. Delayed GOK funding

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2023/2024

1. Fence the land – a perimeter wall
2. Construct and equip a Dining / multipurpose hall
3. Purchase furniture
4. Look for land adequate for field
5. Initiate Corporate Social Responsibility activities
6. Strengthen the Institute financial base through enhancing the existing income generating activities and starting others

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.


Mr Alex N. Kaluyu
Chairman, Board of Governors

CHAIRMAN
BOARD OF GOVERNORS
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P. O. Box 112 - 90102, MACHAKOS

19/05/2024

6. Report of the Chief Principal

Key Activities

During the 2023/2024 Financial Year the Institute undertook the following activities:

1. Mentoring the construction of the Yatta Technical and Vocational College.

MTIB continued mentoring the Yatta TVC and by the end of the year the works were at 100% complete..

2. Procuring of Institute financial operating system.

The Institute procured an operating system that will assist the Institute in students' admission / Registration, Examination analysis, Biometrics, Human Resource Management, Payroll and Finance Management.

3. Initiating a collaboration with Peling Leather Company.

The signed a Memorandum of Understanding with Pelings Leather Company to jointly Manufacture and sale shoes and other related goods using the Institute Machines.

4. Partnership with National and International bodies.

The Institute collaborated with the following:-

- Dedan Kimanathi 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.

5. Participated in TVET Fair.

The Institute participated in Nairobi Region Tvet Fair exhibitions where the Institute won a few trophies in Cosmetology, Building (Carpentry), Leather and Clothing Technology.

Successes

The Institute has been successful in the following areas:

- i. Partnership with Dedan Kimanathi University of Technology in training of their students in Leather Technology.
- ii. 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.

Challenges

During the FY 2023/24 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.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

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 2023/2024

1. Construct Perimet2r wall to address the problem of uncontrolled entry points and boost security.
2. Reinforce the fence to boost security.
3. Purchase furniture. More chairs, desks and tables for staff and students will be purchased.
4. Plan and undertake Corporate Social Responsibility activities.
5. Strengthen the Institute financial base through increasing income generating activities such as partnerships with International, National and County governments, soliciting for donor funding.
6. 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 2023/2024 the Institute collected Kshs.50,639.422 in A.I.A (Appropriation in Aid) an increase of kshs.13,911,972.71 from Kshs.64,551,394 posted in FY2022/2023. This was caused by the increase in students' enrolment.

The Institute had no pending bills by the close of the FY 2023/2024.

Looking ahead, the Institute aspires to become a Centre of Excellence in Leather Technology training, reinforcing its commitment to quality and specialized technical education.



Dr. P. NDUKU MUTUA
Principal/ Secretary, BOG

7. Statement of Performance against Predetermined Objectives

MTIB has four strategic pillars and objectives within its Strategic Plan for the FY 2022/2023-2027/2028. These strategic pillars are as follows:

Pillar 1: To provide rehabilitative and training skills

Pillar 2: Improve on fund sourcing.

MTIB develops its annual work plans based on the above two pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The MTIB achieved its performance targets set for the FY 2023/2024 period for its strategic pillars, as indicated in the diagram below:

| Strategic Pillar | | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------|----------------------------------|--|--|--------------------------|--|
| Pillar 1: | To provide rehabilitative skills | To provide high quality education and training on technical and entrepreneurial skills to improve employability and self-employment opportunities for MTIB graduates | Specialized staff recruited | Recruit additional staff | Improved performance |
| Pillar 2: | To improve MTIB fund sourcing | To provide quality and timely services to the clients. | Quality of service delivered by the office | Establish a linkages | Improved networking, partnership development |
| | | | | | |

8. Corporate Governance Statement

(i) Appointment of BOG Members

The Board of Governors was appointed by the Cabinet Secretary Ministry of Education with effect 10th October, 2021 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.

(ii) 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 2013/14 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.

| S/No | Name of Committee | No. of Regular meetings | No of Special Meeting |
|------|------------------------------|-------------------------|-----------------------|
| 1. | Full Board | 6 | 2 |
| 2 | Executive Board of Governors | 0 | 0 |
| 3. | Finance and Audit Committee | 12 | 1 |
| | Total | 18 | 3 |

• 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 2023:-

- i. Finance, administration, infrastructure and general purpose
- ii. Education research and technology
- iii. Risk and audit

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.

(iii) 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;

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

- (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.

(iv) Board remuneration

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

(v) 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.

The board was trained in the FY2022/2023 from 11th -13th April, 2019 at Morendat Institute of Oil and Gas Naivasha. The following topics were covered:-

Role of Board of Governors in TVET institution.

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

9. Management Discussion and Analysis

Section A

The entity’s operational and financial performance

In carrying out our duties, we intend to put our efforts towards contributing effectively and efficiently to the achievement of the National development agenda as espouse in the Kenya Vision 2023, keeping in mind the specific priorities of the Machakos Technical Institute for the Blind(MTIB) We will also pay special attention to implementation of CBET Training. Bearing in mind the imperative of inclusivity, we will implement the following Strategic Intentions during the Financial Year:

1. Train in areas of Technical and Vocational Education as stipulated in the TVET Act 2013.
2. Provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development.
3. Ensure that MTIB has a credible Fifth Generation Strategic plan and Performance Contract that will deliver the desired goals.

In achieving the above targets, it is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Operational Performance;

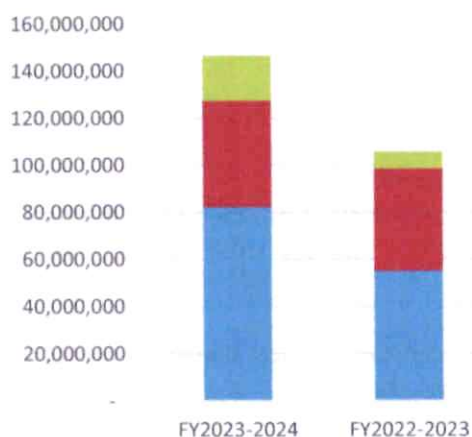
The institute realised a significant increase in revenue collection compared by the period FY 2022/23 last year.

| NO | | Year 2023/2024 | Year 2022/2023 |
|----|-----------------|------------------|------------------|
| 1 | Total Revenue | 147,188,513 | 105,939,422 |
| 2 | Total Expenses | (146,026,318) | (101,568,600) |
| | Surplus/Deficit | 1,162,195 | 4,370,822 |

Revenue & Expenses

In the year Transfer from National government grew to kes85,422,561 from Ksh 55,000,000 in year 2022-23. On Expenses, use of goods & services was highest at Kes 113,450,390, represented by blue in the pie chart.

REVENUE



EXPENSES



The BETA Initiatives

1. Complete construction of Dining /Multipurpose hall. In FY 2023-2024 the Board commits to complete construction of Second and final floor of Dining hall. This will create a spacious eating place for trainees, curriculum activities and conference activities to some extent.
2. Increase trainees' enrolment. In FY 2023 -2024 the board has committed to increase the overall enrolment from 632 to 1000 trainees through various marketing campaigns.
3. Implement Competency Based Education and Training (CBET) Curriculum. In the FY 2023-2024 the Board commits to implement at least level 3 of the following -----new courses under CBET Curriculum to align training with industry demand.
4. Project Completion Rate in the FY 2023 -2024 the Board commits to implement and complete all its projects.

Section B

Entity's compliance with statutory requirements

The Institution has full compliance with statutory requirements ie NSSF, NHIF, NITA, Housing Levy and PAYE. The Institute has no material arrears in statutory and other financial obligation.

Section C

Key projects and investment decisions the MTIB is planning/implementing.

Machakos Technical Institute for the Blind is in process of constructing a multipurpose/Dining hall which when complete will provide spacious room for trainees to have their meals inside and also create adequate facility for promotion of extra-curriculum talent nurturing. The completed block will also create more space even for stakeholders who may find the facility useful in terms of conference facilities and workshops and thus the Institute getting some income. The project is funded by the Government through Ministry of Education, State Department of Technical and Vocational Training.

Once the project is completed and launched it is expected to assist the Institute in terms of revenue generation through hiring out of the facilities to potential uses for purposes of conferences and workshops. The revenue earned could be used to maintain the facility and also for continuous uplifting.

Vision 2030 Flagship Programmes / Projects

(a) Completion of Construction Dining / Multipurpose hall.

In the FY 2023-2024 the Board commits to complete construction of Dining / Multipurpose hall which is at 85%. This will create a conducive environment for students especially during meetings.

(b) Renovation of staff houses to guest house

In the FY 2023-2024 the Board committed to convert the staff to guest houses, this entails improvement and redesigning of the rooms and the whole houses.

Section D

Major risks facing the MTIB

There are no operational major risk facing the institute at moments, except the market risk caused by abrupt change in prices of goods and poor fees payment by learners.

Section E

Material arrears in statutory/financial obligations

During the period of reporting Machakos Technical Institute for the blind had material arrears in statutory/financial obligation since all suppliers were paid within the period of credit limit and there were no loans, pension and dividends to pay.

Section F

The MTIB's financial probity and serious governance issues

There were no financial probity and any serious governance issues reported within the period under review. In case of such the Machakos Technical Institute for the blind has put down measures to address such starting from having an active Board of Governors, Top Management team and establishment of all relevant committees.

10. Environmental And Sustainability Reporting Statement

- i. Sustainability strategy and profile
- ii. Environmental performance
- iii. Employee welfare
- iv. Market place practices-
- v. Corporate Social Responsibility / Community Engagements

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the MTIB affairs.

Principal activities

The principal activities of the entity are rehabilitation and training.

Results

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

Board of Governors

The members of the Board /Council who served during the year are shown on page x. During the year no director retired/ resigned and none was appointed.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Auditors

The Auditor General is responsible for the statutory audit of MTIB in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 .

By Order of the Board

.....

Secretary of the Board

NAIROBI

Date:

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

12. Statement of Board of Governors/ Council's Responsibilities

Section 83 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of that Machakos Technical Institute for the Blind (MTIB), which give a true and fair view of the state of affairs of the institute for the period ended FY 2023- 2024 and the operating results of the MTIB for that 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 institute. The council members are also responsible for safeguarding the assets of the institute.

The board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial period ended on 30.06.2024.

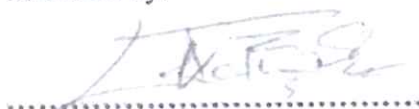
This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (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 institute; (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 institute'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 section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The board members are of the opinion that the institutes' financial statements give a true and fair view of the state of institute's transactions during the period ended 30.6.2024, and of the institutes' financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institutes' financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council 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.

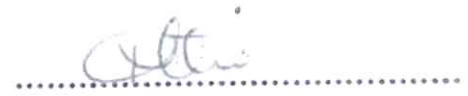
Approval of the financial statements

The MTIB financial statements were approved by the Board on 30TH SEPTEMBER, 2024 and signed on its behalf by:



Name: Mr Alex N Kaluyu
Chairperson of the Board/Council

CHAIRMAN
BOARD OF GOVERNORS
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P. O. Box 112-90100, MACHAKOS
19/09/2024

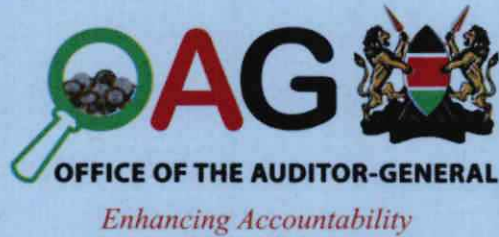


Name: Dr P. Nduku Mutua
Accounting Officer/Principal

PRINCIPAL
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P. O. Box 112-90100 MACHAKOS
Date 19/09/2024

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Machakos Technical Institute for the Blind set out on pages 1 to 41, which comprise of the statement of financial

position as at 30 June, 2024, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Machakos Technical Institute for the Blind as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Rendering of Services - Fees from Students

The statement of financial performance reflects Kshs.45,343,384 in respect of rendering of services- fees from students as disclosed in Note 9 to the financial statements. However, the data for invoiced students for each term per every category for the three terms was not provided for audit review.

In the circumstances, the accuracy of rendering of services - fees from students totalling Kshs.45,343,384 could not be confirmed.

2. Inadequacies in Management of Cash and Cash Equivalents Balances

The statement of financial position and as disclosed in Note 21 to the financial statements reflect cash and cash equivalents balance of Kshs.18,270,018. However, the cash books were not closed at the end of each month. In addition, no monthly reconciliations were prepared contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which requires bank reconciliation statements to be prepared not later than the 10th day of the subsequent month. Further, the reconciliations prepared for the month of June, 2024 were not reviewed and signed by the Supervisor.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.18,270,018 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the other information set out on pages v to xxiii which comprise of Key Entity Information and Management, Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors, and Statement of Board of Governors Responsibilities, The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's, financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Low Value Purchases Above Threshold

The statement of financial performance and as disclosed in Note 14 to the financial statements reflect Kshs.113,450,390 in respect to use of goods and services which includes Kshs.989,395 spent on fuel and oil. However, included in the amount is Kshs.336,005 for purchases using low value procurement method. This is contrary to Regulation 92 of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity may use low value procurement method under

Section 107(b) of the Act, where 92(a) states that the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule. The Second Schedule sets the maximum expenditure at Kshs.50,000 per item per financial year.

In the circumstances, Management was in breach of the law.

2. Failure to Maintain a Vote Book

Review of the financial records for the year under review revealed that the Institute did not maintain a vote book to monitor its expenditure and ensure that money meant for a particular expenditure is not irregularly channelled to other expenditure which are not provided for in the approved budget. This is contrary to Regulation 52(d) of the Public Finance Management (National Government) Regulations, 2015 which states that when Authority to Incur Expenditure (AIE) is issued by the Ministry or State Department or Agency, the allocation shall be entered as a commitment in the Ministry's or State Department's or Agency's master vote book so as to ascertain at all times the availability of uncommitted funds.

In the circumstances, Management was in breach of law.

3. Irregular Recruitment of Staff

The Institute recruited a Human Resource Officer during the year under review. Review of employment records revealed that the advertisement indicated the minimum qualification for the post as a degree in Human Resource Management. However, the recruited officer did not meet the criterion as required.

In the circumstances, the recruitment process was irregular.

4. Shortage of Critical Technical Staff

The approved staff establishment of the Institute is fifty-seven (57) staff while those in place at the time of audit in April, 2025 were thirty-five (35) leading to a shortage of twenty-two (22) staff. In addition, the technical department which is supposed to have six (6) technicians had only one (1) resulting in understaffing.

In the circumstances, the effectiveness of staff and especially in the technical department could not be confirmed.

5. Staff Earning Less than a Third of Basic Pay

Review of the payroll revealed that three (3) employees were earning net salaries which were below a 1/3 of their basic pay. This is contrary to Section C.1 (3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource units should ensure compliance.

In the circumstances, Management was in breach of the law.

6. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the Institute was sixty-three (63) out of which fifty-three (53) or approximately 84 % of the total number were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Automation of Accounting, Human Resource and Asset Management Systems

Review of records revealed that the Institute lacked an automated accounting system for managing accounting functions, integrated human resource management system for integrating all human resource functions and assets management system to enable the entity manage business processes for the delivery of services to the public in an effective and efficient manner. In addition, during the year under review, the Institute paid Kshs.4,806,000 as additions for the Enterprise Resource Planning (ERP) system, however the system is yet to be operationalized.

In the absence of automated systems, data confidentiality, reliability, integrity could not be confirmed.

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

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 May, 2025

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance For The Year Ended 30 June 2024

| | Notes | Current FY | Comparative |
|---|-------|--------------------|--------------------|
| | | 2023-2024 | 2022-2023 |
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 85,422,561 | 55,000,000 |
| Grants from donors and development partners | 7 | 508,440 | 300,000 |
| Public contributions and donations | 8 | 5,000 | - |
| | | 85,936,001 | 55,300,000 |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 9 | 45,343,384 | 43,425,452 |
| Sale of goods | 10 | 87,200 | 94,530 |
| Rental revenue from facilities and equipment | 11 | 15,091,876 | 6,883,927 |
| Finance income | 12 | 407,909 | 126,112 |
| Miscellaneous income | 13 | 322,143 | 109,400 |
| Revenue from Exchange transactions | | 61,252,512 | 50,639,422 |
| Total Revenue | | 147,188,513 | 105,939,422 |
| Expenses | | | |
| Use of goods and services | 14 | 113,450,390 | 68,435,030 |
| Employee costs | 15 | 11,047,992 | 10,234,716 |
| Board Expenses | 16 | 2,405,000 | 2,172,000 |
| Depreciation and amortization expense | 17 | 9,002,480 | 11,736,708 |
| Repairs and maintenance | 18 | 7,278,347 | 7,899,979 |
| Contracted services | 19 | 1,825,709 | 962,800 |
| Finance costs | 20 | 1,016,400 | 127,367 |
| Total Expenses | | 146,026,318 | 101,568,600 |
| Other Gains/(Losses) | | | |
| Total Other Gains/(Losses) | | - | - |
| Net surplus for the year | | 1,162,195 | 4,370,821 |

The notes set out on pages 7 to 45 form an integral part of these Financial Statements.
 The Financial Statements set out on pages 1 to 6 were signed by:

Chairman of Board

Mr Alex N Kaluyu

Date:

19/05/2025

Chief Finance Officer

CPA. Francis Muli

ICPAK No 13946

Date:

CHIEF FINANCE OFFICER
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112-90100, MACHAKOS
 Date: 19/05/2025

Chief Principal

Dr P. Nduku Mutu

Date:


PRINCIPAL
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112-90100, MACHAKOS
 Date: 19/05/2025


MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

15. **Statement of Financial Position As At 30th June 2024**

| Description | Notes | Current FY | Comparative |
|---|-------|--------------------|--------------------|
| | | 2023-2024 | 2022-2023 |
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 21 | 18,270,018 | 12,036,099 |
| Current portion of receivables from exchange | 22 | 13,354,424 | 11,020,301 |
| Inventories | 23 | 2,933,557 | 1,895,298 |
| Total Current Assets | | 34,557,999 | 24,951,698 |
| Non-Current Assets | | | |
| Property, plant, and equipment | 24 | 370,000,546 | 366,881,400 |
| Intangible assets | 25 | 7,188,690 | 3,207,120 |
| Total Non-Current Assets | | 377,189,236 | 370,088,520 |
| Total Assets | | 411,747,235 | 395,040,218 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 26 | 2,201,700 | 1,367,549 |
| Refundable deposits from customers | 27 | 998,120 | 587,820 |
| Deferred income | 28 | 4,173,912 | 1,694,508 |
| Payments received in advance | 29 | 3,206,159 | 2,235,788 |
| Total Current Liabilities | | 10,579,840 | 5,885,665 |
| Non-Current Liabilities | | | |
| Total non-current liabilities | | - | - |
| Total Liabilities | | 10,579,840 | 5,885,665 |
| Net Assets | | 401,167,344 | 389,154,554 |
| Accumulated Surplus | | (46,514,357) | (47,676,552) |
| Capital Fund | | 447,681,702 | 436,831,106 |
| Total Net Assets and Liabilities | | 401,167,345 | 389,154,554 |

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Institute Board of Governors by:


 Chairman of Board
 Mr Alex N. Katoru
 Date: 19/05/2025
 BOARD OF GOVERNORS
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112 - 90100 - MACHAKOS


 Chief Finance Officer
 CPA. Francis Muli
 ICPAK No 13946
 Date:

CHIEF FINANCE OFFICER
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112-90100, MACHAKOS
 Date: 19/05/2025


 Chief Principal
 Dr P. Nduku Mutu
 Date: 19/05/2025
 PRINCIPAL
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112-90100, MACHAKOS

16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

| Description | Revaluation reserve | Accumulated Fund | Capital Grants/Fund | Total |
|--|----------------------------|-------------------------|----------------------------|--------------|
| Balance b/f at July 1, 2022 | | (52,047,374) | 425,448,990 | 373,401,617 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 4,370,822 | - | 4,370,822 |
| Capital grants received during the year | - | - | 11,382,115 | 11,382,115 |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | (-) | - |
| At June 30, 2023 | - | (47,676,552) | 436,831,106 | 389,154,554 |
| | | | | |
| At July 1, 2023 | - | (47,676,552) | 436,831,106 | 389,154,554 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 1,162,195 | - | 1,162,195 |
| Capital grants received during the year | - | - | 10,850,596 | 10,850,596 |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | (-) | - |
| At June 30, 2024 | - | (46,514,357) | 447,681,702 | 401,167,345 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

17. Statement of Cash Flows For The Year Ended 30 June 2024

| Description | | Current FY 2023-2024 | Comparative 2022-2023 |
|--|-----------|-------------------------|--------------------------|
| | Note | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from National Government entities | 6 | 85,422,561 | 55,000,000 |
| Grants from donors and development partners | 7 | 508,440 | - |
| Public contributions and donations | 8 | 5,000 | 300,000 |
| Rendering of services- Fees from students | 9 | 45,343,384 | 43,425,452 |
| Sale of goods | 10 | 87,200 | 94,530 |
| Rental revenues from facilities & equipment | 11 | 15,091,876 | 6,883,927 |
| Finance income | 12 | 407,909 | 126,112 |
| Miscellaneous income | 13 | 322,143 | 109,400 |
| Total Receipts | | 147,188,513 | 105,939,421 |
| Payments | | | |
| Use of goods and services | 14 | 113,450,390 | 68,435,030 |
| Employee Costs | 15 | 11,047,992 | 10,234,716 |
| Board Expenses | 16 | 2,405,000 | 2,172,000 |
| Repairs and maintenance | 18 | 7,278,347 | 7,899,979 |
| Contracted Services | 19 | 1,825,709 | 962,800 |
| Finance Costs | 20 | 1,016,400 | 127,367 |
| Total Payments | | 137,023,838 | 89,831,892 |
| Net cash flows from operating activities | 30 | 9,007,115 | 9,380,676 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | 24/25 | (16,103,196) | (13,511,045) |
| Net cash flows used in investing activities | | (16,103,196) | (13,511,045) |
| Cash flows from financing activities | | | |
| Proceeds from development grant | | 13,330,000 | 8,750,000 |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | 13,330,000 | 8,750,000 |
| Net increase/(decrease) in cash and cash equivalents | | 6,233,918 | 4,619,631 |
| Cash and cash equivalents at beginning of the period | 25 | 12,036,099 | 7,416,468 |
| Cash and cash equivalents at end of the period | 25 | 18,270,018 | 12,036,100 |

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization on Difference |
|---|------------------------|--------------------|---------------------|-----------------------------------|-------------------------------|----------------------------------|
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| Transfers from other National Government entities | 63,500,000 | | 63,500,000 | 98,752,561.19 | 35,252,561.19 | 56% |
| Grants from donors and development partners | 1,500,000 | | 1,500,000 | 508,440.00 | - 991,560.00 | -66% |
| Transfers from other levels of government | - | | - | - | - | |
| Public contributions and donations | 140,000 | | 140,000 | 5,000.00 | - 135,000.00 | -96% |
| Rendering of services- fees from students | 47,907,900 | | 47,907,900 | 45,343,384.32 | - 2,564,515.68 | -5% |
| Sale of goods | 1,430,000 | | 1,430,000 | 87,200.00 | - 1,342,800.00 | -94% |
| Rental revenue from facilities and equipment | 3,586,000 | | 3,586,000 | 15,091,875.75 | 11,505,875.75 | 321% |
| Finance income | - | | - | 407,909.19 | 407,909.19 | |
| Miscellaneous Income | 1,285,000 | | 1,285,000 | 322,142.50 | - 962,857.50 | -75% |
| Total Income | 119,348,900 | | 119,348,900 | 160,518,512.95 | 41,169,612.95 | |
| Expenses | | | | | | |
| Use of goods and services | 64,605,650 | | 64,605,650 | 113,450,390.30 | 48,844,740.30 | 76% |
| Employee costs | 13,880,000 | | 13,880,000 | 11,047,992.05 | - 2,832,007.95 | -20% |
| Board Expenses | 2,215,000 | | 2,215,000 | 2,405,000.00 | 190,000.00 | 9% |
| Repairs and maintenance | 7,912,000 | | 7,912,000 | 7,278,347.00 | - 633,653.00 | -8% |
| Contracted services | 2,016,000 | | 2,016,000 | 1,825,709.00 | - 190,291.00 | -9% |
| Finance costs | - | | - | 1,016,399.75 | 1,016,399.75 | |
| Grants and subsidies | - | - | - | - | - | - |
| Total Expenditure | 90,628,650 | | 90,628,650 | 137,023,838.10 | 46,395,188.10 | |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

| | | | | | | |
|-------------------------------|-------------------|--|-------------------|---------------|----------------|------|
| Surplus For the Period | 28,720,250 | | 28,720,250 | 23,494,674.85 | - 5,225,575.15 | -18% |
| Capital Expenditure | 28,720,250 | | 28,720,250 | 16,103,196.08 | -12,617,053.92 | -44% |

1. Increase in transfers from National Government entities was due to increased capitation of kes11,895,500, Recurrent grant of kes4000,0000, Development grant of KES10,700,000 and TVET Scholarship of kes5,502,779
2. During the year we realised 44% of grants from the donors.
3. There was decline public contributions of 96% during the year due to hard economic conditions.
4. Income Generating Activities did not pick up as expected hence decline of 94%.
5. An increase of 321% was realised on hire of facilities attributed to increased awareness on the conference facilities.
6. We received interest of kes407,909 on fixed deposit largely on the savings account with standard chartered bank.
7. During the year less orders were received from braille transcription services which is the main source of other income, a decline of 75%.
8. Use of goods & services rose by 76% due to increase in prices of food stuffs and high-cost associate with CBET training materials.
9. Wage bill went down by 20% to a delay in hiring new proposed staff.
10. No major renovations were carried out during the year hence drop of 35% in repairs and maintenance.
11. Finance Cost went up due to increased online transactions including interbank payments.
12. Non release of development funds contributed to declined capital investments by 44%.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

19. Notes to the Financial Statements

1. General Information

The institution was incorporated/ established under the TVET Act 2013 in 1958. The entity is domiciled in Kenya and is located at Machakos County, Machakos Town Constituency on the way to Wote and has no branches. The institute is under the Ministry of Education, State department of Technical and Vocational Training.

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 MTIB 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 4.

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

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

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards in the year ended 30th June 2024

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

| Standard | Effective date and impact: |
|---|---|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |
| IPSAS 45: Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46: Measurement | <i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: |

**MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024**

| | |
|--|---|
| | <p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| IPSAS 48: Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49: Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |

iii. Early adoption of standards

MTIB did not early adopt any new or amended standards in year 2024.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance 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.

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.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2023/2024 was approved by the Board on 22.04.2023. 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 MTIB upon receiving the respective approvals in order to conclude the final budget. Accordingly, the MTIB recorded no additional appropriations as at the end of quarter two on the FY 2023/2024. The MTIB'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 as per the statement of financial performance has been presented under section 11 of these financial statements.

c) Taxes

Current income tax

The MTIB is not exempted from paying taxes.

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.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the MTIB. 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 MTIB 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 MTIB 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 MTIB. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Summary of Significant Accounting Policies (Continued)

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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

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

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

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 MTIB.

k) Provisions

Provisions are recognized when MTIB 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 MTIB 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

MTIB 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

MTIB 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 MTIB 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

MTIB creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

MTIB 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.

p) 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.

q) 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.

r) Related parties

MTIB 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 Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

s) Service concession arrangements

MTIB 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, MTIB 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, MTIB also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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.

u) Comparative figures

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

v) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of MTIB 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 MTIB.
- 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 38.

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.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Capitation grants | 11,895,500 | - |
| Operational/Recurrent grant | 68,024,282 | 55,000,000 |
| Tvet Scholarship | 5,502,779 | - |
| Total unconditional Grants | 85,422,561 | 55,000,000 |
| Conditional Grants amortised/ recognised in revenue | | |
| Development grant | 13,330,000 | - |
| Total Government Grants and Subsidies | 98,752,561 | 55,000,000 |

(a) Transfers from other Government entities (Categorized)

| Name of the Entity Sending The Grant | Amount recognized to Statement of Financial performance * | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | Comparative FY2022-2025 |
|--|---|---------------------------------------|------------------------------------|------------------------------------|-------------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Ministry Education/State Department of Vocational & Technical Training | 85,422,561 | 2,479,403 | 10,850,596 | 98,752,561 | 55,000,000 |
| Total | | - | - | 98,752,561 | 55,000,000 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|---|---------------------|-------------------------|
| | Kshs | Kshs |
| In-Kind Donations | 508,440 | 300,000 |
| Other Grants (specify) | - | - |
| Total Grants from Development Partners | 508,440 | 300,000 |

(a) Reconciliations of grants from donors and development partners

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 508,440 | 300,000 |
| Conditions Met - Transferred to Revenue | 508,440 | 300,000 |
| Conditions Yet To Be Met - Remain Liabilities | - | - |

8. Public Contributions and Donations

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Public Donations | 5000 | - |
| Other Donations | - | - |
| Total Donations and Contributions | 5000 | - |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

9. Rendering of Services

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|---|---------------------|-------------------------|
| | Kshs | Kshs |
| Accommodation and boarding | 7,041,341 | 6,028,495 |
| Activity | 944,349 | 430,055 |
| Tuition fees | 26,709,879 | 19,019,638 |
| Administration | 9,173,582 | 9,456,531 |
| Facilities & Materials | 1,195,095 | 8,096,083 |
| Attachment | 279,139 | 394,650 |
| Total Revenue from The Rendering of Services | 45,343,384 | 43,425,452 |

10. Sale of Goods

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|---|---------------------|-------------------------|
| | Kshs | Kshs |
| Dust coats | 87,200 | 81,100 |
| Face masks | - | 630 |
| Dairy & Poultry Farm | - | 12,800 |
| Other sales (specify) | - | - |
| Total Revenue from Sale of Goods | 87,200 | 94,530 |

11. Rental revenue from facilities and equipment

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|-----------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Hiring of Bus | 421,700 | 367,200 |
| Contingent Rentals | 503,600 | 751,790 |
| Conference Facilities | 14,166,576 | 5,709,037 |
| Hiring Out Facilities | | 50,400 |
| Camping Fee | | 5,500 |
| Total | 15,091,876 | 6,883,927 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

12. Finance Income

| Description | Current FY 2023-2024 | Comparative FY 2022-2023 |
|-------------------------------------|----------------------|--------------------------|
| | Kshs | Kshs |
| Cash investments and fixed deposits | - | - |
| Interest income from treasury bills | - | - |
| Interest income from treasury bonds | - | - |
| Interest from outstanding debtors | - | - |
| Interest on savings account | 407,909 | 139,145 |
| Total finance income | 407,909 | 139,145 |

(Interest is earned on savings account.)

13. Miscellaneous Income

| Description | Current FY 2023-2024 | Comparative FY 2022-2023 |
|--------------------------------|----------------------|--------------------------|
| | Kshs | Kshs |
| Income from sale of tender | | 1,000 |
| Braille transcription services | 59,943 | 108,400 |
| Reimbursements and refunds | 258,600 | - |
| Disposals | 3,600 | - |
| Total other income | 322,143 | 109,400 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes To the Financial Statements (Continued)

14. Use of Goods and Services

| Description | Current FY 2023-2024 | Comparative FY 2022-2023 |
|---------------------------------------|----------------------|--------------------------|
| | Kshs | Kshs |
| Activity & Sports | 3,499,185 | 5,038,476 |
| Administration Expenses | 17,108,593 | 8,723,942 |
| Advertisement | | 84,436 |
| Airtime Expenses | 51,275 | 117,755 |
| Attachment Expenses | 636,300 | 213,800 |
| Boarding Expenses | 22,581,749 | 20,142,809 |
| Braille Transcription Expenses | | 325,500 |
| Cleaning materials | 500,660 | 958,801 |
| Conference Expenses | 21,365,266 | 6,786,234 |
| Dairy Farm Expenses | 229,000 | 257,880 |
| Electricity Water & Conservancy | 4,076,981 | 3,073,295 |
| Exam materials | 1,345,605 | 2,152,842 |
| Fees Refunds | 114,400 | 165,520 |
| Fuel & oil | 989,395 | 932,500 |
| Fumigation | | 54,000 |
| ID Cards -Students expense | 1,624,250 | 100,490 |
| Insurance Motor vehicle | 1,035,632 | 248,614 |
| Insurance PA | | 56,544 |
| Internet Provision Expenses | 388,586 | 330,194 |
| Local Transport & Travelling | 9,787,335 | 6,344,868 |
| Marketing & advertisement | 498,600 | |
| Medical Expenses | 20,196 | 195,600 |
| Newspapers | 17,040 | 93,450 |
| Performance Contracting Expenses | 360,000 | 307,000 |
| Production Unit-IGA's Expenses | 696,134 | 309,650 |
| Postage | | 6,225 |
| Subscriptions | 166,500 | 48,920 |
| Teaching and Training Materials | | 753,700 |
| Training & Capacity Building Expenses | 14,727,673 | 6,784,352 |
| Tuition & Teaching expenses | 11,082,135 | 3,532,531 |
| Tvet Fair & Robotics Exhibition | 547,900 | 295,100 |
| | 113,450,390 | 68,435,030 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes To the Financial Statements (Continued)

15. Employee Costs

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|-----------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Salaries and wages | 11,047,992 | 10,234,716 |
| Others (Specify) | - | - |
| Employee Costs | 11,047,992 | 10,234,716 |

16. Board/Council Expenses

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|----------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Chairman's Honoraria | 2,205,000 | - |
| Other Board Expenses | 200,000 | 2,172,000 |
| Total | 2,405,000 | 2,172,000 |

17. Depreciation and Amortization expense

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 8,178,050 | 11,736,708 |
| Intangible assets | 824,430 | - |
| Total depreciation and amortization | 9,002,480 | 11,736,708 |

18. Repairs and Maintenance

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--------------------------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Property | 5,279,036 | 6,414,283 |
| Equipment and machinery | 1,520,611 | 1,341,196 |
| Vehicles | 394,100 | 138,000 |
| Furniture and fittings | 84,600 | |
| Computers and accessories | | 6,500 |
| Total Repairs and Maintenance | 7,278,347 | 7,899,979 |

Notes To the Financial Statements (Continued)

19. Contracted Services

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|----------------------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Security Services | 1,825,709 | 962,800 |
| Total contracted services | 1,825,709 | 962,800 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

20. Finance Costs

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|-----------------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Withholding tax on interest | 3,705 | 1,667 |
| Bank charges | 1,012,694 | 125,700 |
| Total Finance Costs | 1,016,400 | 127,367 |

21. Cash and Cash Equivalents

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Current Account | 12,030,630 | 3,098,043 |
| Fixed deposits account | 4,884,002 | 133,005 |
| Development account | 1,355,386 | 8,805,051 |
| Others (Specify) | | |
| Total Cash and Cash Equivalents | 18,270,018 | 3,286,099 |

21(a). Detailed Analysis of Cash and Cash equivalents

| Financial Institution | Account number | Current FY2023-2024 | Comparative FY2022-2023 |
|---|----------------|---------------------|-------------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| Standard Chartered Bank - Current Account | 0102867548600 | 12,030,630 | 3,098,043 |
| Standard Chartered Bank -Savings Account | 0152567548600 | 4,884,002 | 133,001 |
| Equity Bank - Development | 0600278546981 | 1,355,386 | 8,805,051 |
| Sub- Total | | 18,270,018 | 12,036,099 |
| Grand Total | | 18,270,018 | 12,036,099 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024
Notes to the Financial Statements (Continued)

22. Receivables from Exchange transactions

22 (a) Current Receivables from Exchange transactions

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|----------------------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Student Debtors | 12,785,924 | 10,413,101 |
| Rent Debtors | 568,500 | 607,200 |
| Total Current Receivables | 13,354,424 | 11,020,301 |

22 (c) Ageing Analysis of Receivables from Exchange transactions

| Description | Current FY2023-2024 | | Comparative FY2022-2023 | |
|--------------------|---------------------|------------|-------------------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of total | Comparative FY | % of the total |
| Less than 1 year | 11,020,301 | % | 4,067,263 | % |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | 11,020,301 | % | 4,067,263 | % |

23. Inventories

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Catering stores | 990,008 | 151,126 |
| Cleaning materials stores | 399,326 | 214,182 |
| Consumable stores | 825,775 | 346,156 |
| Electrical stores | 12,710 | 204,450 |
| Maintenance stores | 40,070 | 53,070 |
| Stationary | 665,668 | 926,314 |
| Less: Impairment allowance | - | - |
| Total Inventories at lower of Cost and Net Realizable Value | 2,933,557 | 1,895,298 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

24. Property, Plant and Equipment

| Cost | Land | Buildings | Motor vehicles | Furniture and fittings | Computers | Machinery | Plant and Equipment | Capital Work in progress | Total |
|------------------------------------|--------------------|--------------------|-------------------|------------------------|------------------|-------------------|---------------------|--------------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 july 2023 | 120,000,000 | 164,000,000 | 11,498,224 | 5,941,940 | 2,804,500 | 23,674,000 | 9,716,830 | 77,780,220 | 415,415,714 |
| Additions | - | - | - | - | - | - | - | 11,297,196 | 11,297,196 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - | - |
| As at 30 june 2024 | 120,000,000 | 164,000,000 | 11,498,224 | 5,941,940 | 2,804,500 | 23,674,000 | 9,716,830 | 89,077,416 | 426,712,910 |
| Depreciation and impairment | - | - | - | - | - | - | - | - | - |
| At 1 july 2023 | - | 13,120,000 | 9,143,224 | 2,126,616 | 1,928,500 | 16,202,350 | 6,013,624 | - | 48,534,314 |
| Depreciation | - | 3,280,000 | 1,177,500 | 158,120 | - | 2,738,000 | 824,430 | - | 8,178,050 |
| On Disposals | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - | - |
| As at 30 june 2024 | - | 16,400,000 | 10,320,724 | 2,284,736 | 1,928,500 | 18,940,350 | 6,838,054 | - | 56,712,364 |
| Net book values | | | | | | | | | - |
| As at 30 june 2024 | | 147,600,000 | 1,177,500 | 3,657,204 | 876,000 | 4,733,650 | 2,878,776 | 89,077,416 | 370,000,546 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

24(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| Description | Cost | Accumulated Depreciation | NBV |
|---|--------------------|--------------------------|--------------------|
| | Kshs | Kshs | Kshs |
| Land | 120,000,000 | - | 120,000,000 |
| Buildings | 164,000,000 | 16,400,000 | 147,600,000 |
| Machinery | 23,674,000 | 18,940,350 | 4,733,650 |
| Plant And Machinery | 9,716,830 | 6,838,054 | 2,878,776 |
| Motor Vehicles including Motorcycles | 11,498,224 | 10,320,724 | 1,177,500 |
| Computers and Related Equipment | 2,804,500 | 1,928,500 | 876,000 |
| Office Equipment, Furniture, And Fittings | 5,941,940 | 2,284,736 | 3,657,204 |
| WIP | 89,077,416 | - | 89,077,416 |
| Total | 426,712,910 | 56,712,364 | 426,712,910 |

25. Intangible Assets

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|------------------------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| Cost | | |
| At beginning of the year | 7,518,900 | 7,020,000 |
| Additions | 4,806,000 | 498,900 |
| At end of the year | 12,324,900 | - |
| Additions–internal development | | - |
| At end of the year | 12,324,900 | 7,518,900 |
| Amortization and impairment | | |
| At beginning of the year | 4,311,780 | 2,808,000 |
| Amortization | 824,430 | 1,503,780 |
| At end of the year | 5,136,210 | 4,311,780 |
| Impairment loss | | - |
| At end of the year | | 4,311,780 |
| NBV | 7,188,690 | 3,202,120 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

26. Trade and Other Payables

| Description | Current FY2023-2024 | | Comparative FY2022-2023 | |
|---------------------------------------|--------------------------|-----------------------|------------------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade payables | 2,201,700 | | 1,367,549 | |
| Other Payables | - | | - | |
| Total Trade and Other Payables | 2,201,700 | | 1,367,549 | |
| | | | | |
| Ageing analysis: | Current FY2022-23 | % of the Total | Comparative FY2021-22 | % of the Total |
| Under one year | 2,201,700 | 100% | 1,367,549 | 100 |
| 1-2 years | - | % | - | - |
| 2-3 years | - | % | - | - |
| Over 3 years | - | % | - | - |
| Total (to tie to totals above) | 2,201,700 | 100% | 1,367,549 | 100 |

27. Refundable Deposits from Customers/Students

| Description | Current FY2023-2024 | | Comparative FY2022-2023 | |
|--|---------------------|-----------------------|-------------------------|-----------------------|
| | Kshs | | Kshs | |
| Consumer deposits | - | | - | |
| Caution money | 867,420 | | 587,820 | |
| Other refundable deposits | 130,700 | | - | |
| Total Deposits | 998,120 | | 587,820 | |
| | | | | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 410,300 | 41% | 230,520 | 39% |
| 1-2 years | 230,520 | 23% | 231,770 | 39% |
| 2-3 years | 231,770 | 23% | 40,500 | 7% |
| Over 3 years | 125,530 | 13% | 85,320 | 15% |
| Total (to tie to totals deposits above) | 998,120 | 100% | 587,820 | 100% |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

28. Deferred Income

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|------------------------------------|---------------------|-------------------------|
| | Kshs | Kshs |
| National Government | 4,173,912 | 1,694,508 |
| International Funding Bodies | - | - |
| Public Contributions and Donations | - | - |
| Total Deferred Income | 4,173,912 | 1,694,508 |

28a The deferred income movement is as follows:

| Description | National government | International funders/donors | Public contributions and donations | Total |
|-------------------------------|---------------------|------------------------------|------------------------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance brought forward | 1,694,508 | | | 1,694,508 |
| Additions during the year | 13,330,000 | - | - | 13,330,000 |
| Transfers to capital fund | (10,850,596) | - | - | (10,850,596) |
| Transfers to income statement | | | | |
| Other transfers | | | | |
| Balance carried forward | 4,173,912 | - | - | 4,173,912 |

Include columns as needed for the various sources of income deferred.

Analysed as:

| Description | Amount |
|--------------|------------------|
| | Kshs |
| Current | 4,173,912 |
| Non- Current | - |
| Total | 4,173,912 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

29. Payments received in advance.

| Description | Current FY2023-2024 | | Comparative FY2022-2023 | |
|-----------------------------|----------------------------|-----------------------|--------------------------------|-----------------------|
| | Kshs | | Kshs | |
| Fees received in advance | 2,908,079 | | 1,723,848 | |
| Others (Exams registration) | 298,080 | | 511,940 | |
| Total | 3,206,159 | | 2,235,788 | |
| | | | | |
| Ageing analysis: | Current FY2022-2023 | % of the Total | Comparative FY2021-2022 | % of the Total |
| Under one year | 3,206,159 | 100% | 2,235,788 | 2,235,788 |
| 1-2 years | | % | - | - |
| 2-3 years | | % | - | - |
| Over 3 years | | % | - | - |
| Total | 3,206,159 | 100% | 2,235,788 | 2,235,788 |

30. Cash generated from operations.

| Surplus for the year before tax | Current FY2023-2024 | Comparative FY2022-2023 |
|--|---------------------|-------------------------|
| | Kshs | Kshs |
| Surplus for the year before tax | 1,162,195 | 4,370,821 |
| Adjusted for: | | |
| Depreciation | 9,002,480 | 11,736,708 |
| 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 | (1,038,259) | 156,942 |
| Increase in Receivables | (2,334,123) | (6,953,036) |
| Increase in Deferred Income | | |
| Increase in Payables | 1,244,452 | 69,241 |
| Increase in Payments received in advance | 970,371 | |
| Net Cash Flow from Operating Activities | 9,007,115 | 9,380,676 |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

31. 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:

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|--------------------------|------------------------------|----------------------|----------------------|
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | 10,413,101 | 10,413,101 | - | - |
| Receivables from non-exchange transactions | 607,200 | 607,200 | - | - |
| Bank balances | 12,036,099 | 12,036,099 | - | - |
| Total | 23,056,400 | 23,056,400 | - | - |
| At 30 June 2023 | | | | |
| Receivables from exchange transactions | 12,785,924 | 12,785,924 | - | - |
| Receivables from non-exchange transactions | 568,500 | 568,500 | - | - |
| Bank balances | 18,270,018 | 18,262,267 | - | - |
| Total | 31,624,442 | 31,616,691 | - | - |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)
Financial risk management (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 MTIB.

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.

| Description | Less than 1 month | Between 1- 3 months | Over 5 months | Total |
|-------------------------------|----------------------|------------------------|------------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Trade Payables | 1,367,549 | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred Income | 1,694,508 | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | 3,062,057 | - | - | - |
| At 30 June 2024 | | | | |
| Trade Payables | 2,201,700 | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred Income | 4,173,912 | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | 6,375,612 | - | - | - |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

Financial risk management (continued)

(iii) Market risk

The entity 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 entity'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 no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices not denominated in foreign currencies are paid after 60 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:

| Description | In Kshs | Other currencies | Total |
|---|---------|------------------|-------|
| | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | |
| Financial Assets (Investments, Cash, Debtors) | - | - | - |
| Liabilities | - | - | - |
| Trade and Other Payables | - | - | - |
| Borrowings | - | - | - |
| | - | - | - |
| Net Foreign Currency Asset/(Liability) | - | - | - |

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

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

Financial risk management (continued)

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 |
| 2022 | | | |
| Euro | 10% | - | - |
| Usd | 10% | - | - |
| 2023 | | | |
| 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.

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 xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)
Financial risk management (continued)

iv) Capital Risk Management

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

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|---|---------------------|-------------------------|
| | Kshs | Kshs |
| Revaluation Reserve | - | - |
| Retained Earnings | (46,514,357) | (47,676,552) |
| Capital Reserve | - | - |
| Total Funds | (46,514,357) | (47,676,552) |
| Total Borrowings | - | - |
| Less: Cash and Bank Balances | 18,270,018 | 12,036,099 |
| Net Debt/(Excess Cash and Cash Equivalents) | -18,270,018 | -12,036,099 |
| Gearing | 255% | 396% |

32. 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 MTIB, holding 100% of MTIB 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;

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

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

| Description | Current FY2023- 2024 | Comparative FY2022-2023 |
|--|-------------------------|----------------------------|
| | Kshs | Kshs |
| Transactions with Related Parties | | |
| a) Sales to related parties | | |
| Sales of electricity to govt agencies | - | - |
| Rent income from govt. agencies | - | - |
| Water sales to govt. agencies | - | - |
| Others (<i>specify</i>) | - | - |
| Total | - | - |
| B) Purchases from related parties | | |
| Purchases of electricity from kplc | - | - |
| Purchase of water from govt service providers | - | - |
| Rent expenses paid to govt agencies | - | - |
| Training and conference fees paid to govt. agencies | - | - |
| Others (<i>specify</i>) | - | - |
| Total | - | - |
| b) Grants /Transfers from the Government | | |
| Grants from National Govt | - | - |
| Grants from County Government | - | - |
| Donations in Kind | - | - |
| Total | - | - |
| c) Expenses incurred on behalf of related parties | | |
| Payments of Salaries and Wages for xx Employees | - | - |
| Payments for Goods and Services for XX | - | - |
| Total | | |
| d) Key Management Compensation | | |
| Directors' emoluments | - | - |
| Compensation to Key Management | - | - |
| Total | - | - |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

33. Segment Information

MTIB doesn't operate in segmentation.

Notes to the Financial Statements (Continued)

34. Contingent Assets and Contingent Liabilities

Contingent Assets

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|------------------------|----------------------------|
| | Kshs | Kshs |
| Contingent Assets | | |
| Insurance Reimbursements | - | - |
| Assets arising from determination of Court Cases | - | - |
| Reimbursable Indemnities and Guarantees | - | - |
| Others (<i>Specify</i>) | - | - |
| Total | - | - |

Contingent Liabilities

| Description | Current FY2023-2024 | Comparative FY2022-2023 |
|--|------------------------|----------------------------|
| | Kshs | Kshs |
| Contingent Liabilities | - | - |
| Court Case Xxx against (<i>The Entity</i>) | - | - |
| Bank guarantees in favour of subsidiary | - | - |
| Contingent liabilities arising from Contracts including PPPs | - | - |
| Others (<i>Specify</i>) | - | - |
| Total | - | - |

35. Capital Commitments

| Capital Commitments | Current FY2023-2024 | Comparative FY2022-2023 |
|-------------------------------|------------------------|----------------------------|
| | Kshs | Kshs |
| Authorised for | - | - |
| Authorised and Contracted for | - | - |
| Total | - | - |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Notes to the Financial Statements (Continued)

36. Events After The Reporting Period

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

37. Ultimate And Holding Entity

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

38. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

**MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024**

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

Guidance Notes:

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




Name: Dr. P. Nduku Mutua
Accounting Officer
The Chief Principal
Date 19/5/2025



MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix II: Projects Implemented by MTIB.

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 | Completion of construction of Dining Hall | 21,789,240 | 21,789,240 | 85 | 17,500,000 | Development grant |
| 2 | | | | | | |

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. 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 | | | | | | | |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]- N/A

[Insert name of beneficiary Entity]- N/A

[Insert Address]- N/A

The *[insert SC/SAGA/Fund name here-N/A]* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and

| Confirmation of amounts received by <i>[Insert name of beneficiary Entity]</i> as at 30 th June 2024 | | | | | | | |
|---|----------------|--|--------------------|------------------------------|----------------------|---|-------------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by <i>[SC/SAGA/Fund-N/A]</i> (Kshs) as at 30th June 2024 | | | | Amount Received by <i>[Beneficiary Entity]</i> (Kshs) as at 30 th June 2023 (E) | Differences (Kshs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter- Ministerial (C) | Total (D)=(A+B+C) | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name SignDate

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix IV: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2024

Appendix V: Reporting on Disaster Management Expenditure

| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
|-----------|---------------|---------------|--|------------------|-----------------|------------|
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Ksh s.) | Comments |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |