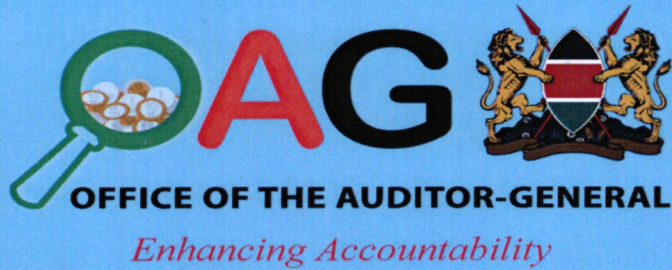


REPUBLIC OF KENYA



<b>REPORT</b>	
NATIONAL ASSEMBLY	
DATE: 01 AUG 2023	DAY: TUE
TABLED BY: <b>OF</b>	Hon. Naomi Wago, MP Deputy majority whip
CLERK-OF THE TABLE:	Inzof Mwale

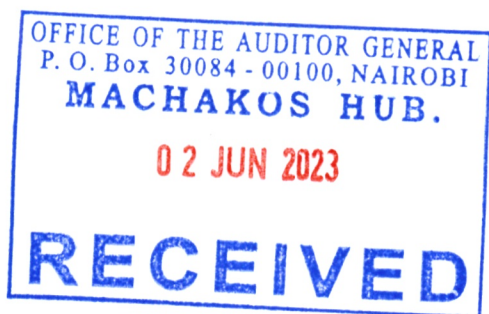
PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**MACHAKOS TECHNICAL INSTITUTE  
FOR THE BLIND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



**MACHAKOS TECHNICAL INSTITUTE FOR THE  
BLIND**

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**Annual Report & Financial Statements for  
The Year Ended**

**30<sup>th</sup> June, 2022**

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



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**I. Key Entity Information and Management**

**(a) Background information**

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

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

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

The MTIB was incorporated/ established under the TVET Act/ 2013 Act on (insert date). The entity is domiciled in Kenya and has branches no branches. The institute is under the Ministry of Education, state department of Technical and Vocational Training.

**(b) Principal Activities**

The principal activity/mission/ mandate of the entity is to

- ◆ Rehabilitation of persons with visual impairment.
- ◆ Provision of vocational, technical and entrepreneurial training. The MTIB continuously strives to model its training programs to align with prevailing and forecasted market demands while addressing the needs of the job market as well as promoting self-employment.
- ◆ Creating awareness on the needs and capabilities of persons with disabilities especially those with visual impairment.
- ◆ Promoting creativity, innovation and technological inquiry.
- ◆ Continuous improvement of access, equity and employability by integrating gender and other cross-cutting issues in student's enrolment, teaching and training methodologies so as to accommodate inclusivity.

**Vision**

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

**Mission**

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

### **Objectives**

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

### **Values**

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

### **Core responsibilities**

Our main roles in service delivery include.

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

...

(Under this section you may also include the entity's vision, mission, and core objectives)

**(c) Key Management**

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

- (a) The Principal
- (b) Deputy Principal
- (c) Registrar
- (d) Deans of Students
- (e) Finance Officer
- (f) Heads of Departments

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Dr. P. Nduku Mutua
2.	Deputy Principal - Administration	Jeddy Muchiri
3.	Deputy Principal - Academics	Leonard Mbwiko
4.	Registrar	Henry M. Muli
5.	Dean of students	Catherine Muthengi
6.	Accountant	Patrick M. Mutula
7.	Procurement and Stores	Evaline Khende

**(e) Fiduciary Oversight Arrangements**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2022 and who had direct fiduciary responsibility were:

**1. Finance, Administration, Infrastructure and General Purpose Committee**

NO.	NAME	RESPONSIBILITY
1.	Daniel Nyingi	Chairperson
2.	Solomon Bukhala	Member
3.	Jim Bulemi	Member
3.	Patrick Mutula	Secretary (Accountant)

**2. Risk and Audit Committee.**

NO.	NAME	RESPONSIBILITY
1.	Daisy Onditi	Chairperson
2.	Samuel Kaloki	Member
3.	Kevin Aming'a	Secretary (Internal Audit Officer)

**3. Education, Research and Training Committee**

NO.	NAME	RESPONSIBILITY
1.	Dr. Mercy Kaburu	Chairperson
2.	Solomon Bukhala	Member
3.	Henry Muli	Member

**Key Management**

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

- i. Institute Board of Governors
- ii. The Principal who is the Accounting Officer.

**Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2022 and who had direct fiduciary responsibility were:

<b>S/No.</b>	<b>Name of Staff</b>	<b>Responsibility</b>
1.	Dr. P. Nduku Mutua	Principal – Chairperson
2.	Mr. Henry Muli	Deputy Principal – Academics and Quality Assurance Secretary
3.	Mrs. Jeddy Muchiri	Deputy Principal – Administration
3.	Mr. Henry Muli	Ag. Registrar
4.	Ms. Catherine Muthengi	Dean of Students
5.	Mr. Patrick Mutula	Accountant
6.	Mrs. Evaline Khende	Procurement and Stores Officer

**(e) Fiduciary Oversight Arrangements**

The Key fiduciary oversight arrangements exists between the Institute and the organs listed below.

1. Audit and Risk Committee of the Institute Board.
  - i. Coordinate matters and review of the performance management tools. (Performance Contracts, ISO Procedures)
  - ii. Audit Institute’s processes including ISO, PC and other management processes.
  - iii. Prepare audit reports quarterly and report to the full Board.
  - iv. Advice the Board on audit reports both Internal and External.
2. Public Procurement Oversight Authority (PPOA)
3. Office of the Auditor General (OAG)
4. Ethic & Anti-Corruption Commission (EACC)

**Key Entity Information and Management (Continued)**

- (f) **Entity Headquarters**  
Machakos Technical Institute for the Blind  
P.O. Box 112 – 90100  
Machakos
- (g) **Entity Contacts**  
Telephone: (254) 7330844614  
Email: [mtib2016@gmail.com](mailto:mtib2016@gmail.com)  
Website: [www.mtib.ac.ke](http://www.mtib.ac.ke)
- (h) **Entity Bankers**
- i. Standard Chartered Bank  
P.O. Box 4831 -90100  
**Machakos**
- ii. Equity Bank  
P.O. Box 5104 -90100  
**Machakos**
- (i) **Independent Auditors**
- Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**
- The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya




**II. The Council/Board of Governors**

<b>NAME</b>	<b>TITLE</b>	<b>RESPONSIBILITY</b>	<b>PARTICULARS</b>
Alex Kaluyu	Member	Member Finance Committee	<b>Date of birth: 15/07/1973</b> <u><b>Key Qualifications</b></u> Master of Arts in Project Planning and Management <b>Work experience: 22years</b> <b>Date of appointment:</b> 05/10/2021
Dr. Priscillah N. Mutua	Principal/ Secretary BOG	In Charge of the overall management of the Institute	<b>Date of birth: 15/06/1967</b> <u><b>Key Qualifications</b></u> PhD ( Doctorate of Curriculum Studies) <b>Work experience: 29yrs</b>
Dr. Mercy Kaburu	Vice Chairperson	Chair of the Education Committee	<b>Date of birth:01/12/1965</b> <u><b>Key Qualifications</b></u> MBA (Strategic Management) <b>Work experience: 26 yrs</b> <b>Date of appointment:</b> 05/10/2021
Daniel Nyingi	Member	Member of the Finance Committee	<b>Date of birth: 27/12/1969</b> <u><b>Key Qualifications</b></u> MBA (MIS, B.Com (Finance Option)) <b>Work experience: 24 yrs</b> <b>Date of appointment:</b> 05/10/2021
Solomon Bukhala	Member	Member of the Education Committee	<b>Date of birth: 31/12/1969</b> <u><b>Key Qualifications</b></u> PhD \Doctorate of (Education planning and Management) <b>Work experience: 32 yrs</b> <b>Date of appointment:</b> 05/10/2021
Daisy Onditi	Member	Chair of Risk and Audit Committee	<b>Date of birth: 1967</b> <u><b>Key Qualifications –</b></u> M.Ed. (Education planning, Management and Administration) <b>Work experience: 22years</b> <b>Date of appointment:</b> 10/5/2021



**Machakos Technical Institute for the Blind  
Annual Report and Financial Statements for the year ended 30th June 2022**

Jim Bulemi	Member	Member of the Finance Committee	<b>Date of birth: 09/07/1990</b> <b>Key Qualifications</b> Dual Masters in Public Policy and Management. <b>Work experience:</b> 6 yrs <b>Date of appointment:</b> 05/10/2021
Samuel Kaloki	Member	Member of Risk and Audit Committee	<b>Date of birth: 09/07/1990</b> <b>Key Qualifications</b> Bachelor of Human Resource management. <b>Work experience:</b> 10 yrs <b>Date of appointment:</b> 05/10/2021

**III. Management Team**

NAME	TITLE	PHOTO	RESPONSIBILITY	PARTICULARS
Dr. Priscillah N Mutua	Principal		In Charge of the overall management of the Institute	<b>Key Qualifications</b> PhD in Curriculum studies
Jeddy Muchiri	Deputy Principal – Administrations		In charge of administrative duties	<b>Key Qualifications</b> Bachelor of Education (Special needs),
Henry Muli	Deputy Principal – Academics		In charge of academics and quality assurance Students Registration and Examinations	<b>Key Qualifications</b> Bachelor of Education (Special needs),
Catherine Muthengi	Dean of Students	-	In charge of students welfare	<b>Key Qualifications</b> Bachelor of Education (Special needs),

**Machakos Technical Institute for the Blind**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Joram Maina	Registrar	-	In charge of Students Registration and Examinations	<b><u>Key Qualifications</u></b> Higher Diploma in Education
Patrick Mutula	Accountant		In charge of day-to-day Financial activities in the Institute	<b><u>Key Qualifications</u></b> KATC II
Rose Awuor	Procurement		In charge of procurement	<b><u>Key Qualifications</u></b> Diploma in Procurement

#### **IV. 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 2020-2021 Financial Year the Institute undertook the following activities:

1. Continued with the construction of Dining hall and multipurpose hall in the Institute.
2. Purchased dining hall and tables.
3. Enhanced firefighting resources by installing firefighting equipment.
4. Student enrolment increase initiative through marketing.

##### **Challenges**

During the FY 2021-2022 the Institute faced the following challenges:

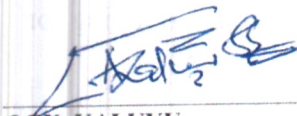
- i. Inadequate Land for expansion
- ii. Inadequate staff, both trainers and support
- iii. Security threats due to lack of perimeter wall.
- iv. Poor fees payment.
- v. Delayed GOK funding
- vi. Uncertainty in capitation funding.

##### **Way forward/ Future Outlook**

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2022/2023

1. Purchase furniture for the tuition block.
2. Write proposal for funding to construct the perimeter wall.
3. Request the County Government of Machakos to allocate the land near the institute.

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



**Alex Kaluyu**  
**Chairman, Board of Governors**

## **V. Report of the Principal**

### **Key Activities**

During the 2021/2022 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 98% complete. The delay was due to delayed release of funds by the Ministry of Education.
2. Construction of dining hall/Multipurpose hall.
3. Purchase of dining hall chairs and tables.
4. Installation of firefighting equipment.
5. The student enrolment increased from 350 to 738.

### **Challenges**

During the FY 2021/22 the Institute faced the following challenges:

#### **i. Infrastructure**

The Institute faces a major challenge in physical infrastructure due to increase in enrolment. There is need for more classrooms, workshops, offices, hostels and staff houses. Due to this challenge the Principals house was converted to offices.

#### **ii. Inadequate Land for expansion**

The Institute has limited land for students' sports and games activities and upcoming infrastructure.

#### **iii. Inadequate staff**

The Institute has 68 trainers inpost compared to the required 93 to effectively handle the increased number of trainees. The non-teaching staff establishment inpost is 26 compared to the proposed establishment of 44.

### **Way forward/ Future Outlook**

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2021/2022:

1. Construct a Perimeter wall to address the problem of uncontrolled entry points and boost security.
2. Strengthen the Institute financial base through increasing income generating activities such as partnerships with International, National and County governments as well as soliciting for donor funding.
3. Strengthening hiring out Institute facilities for seminars and conferences.

### **Financial Performance of the Institute**

In the FY 2021/2022 the Institute collected **Kshs.20, 856, 670.00** in A.I.A (Appropriation in Aid) an increase of kshs 3,144,038.00 from Kshs **17,712,634.00** posted in FY2020/2021. This was caused by the increase in students' enrolment. The Institute had kshs. 164,572.00 only as pending bills by the close of the FY 2021/2022. This was as a result of delayed submission of invoices to the Institute for payment.

Finally it is the ambition of the Institute to become a Centre of Excellence in Rehabilitation, Leather Technology and Building and Civil Engineering training.



**Dr. P. NDUKU MUTUA**  
**Principal/ Secretary, BOG**

**PRINCIPAL**  
**MACHAKOS TECHNICAL INSTITUTE**  
**FOR THE BLIND**  
**P. O. Box 112 - 90100, MACHAKOS**

**VI. Statement of Performance against Predetermined Objectives**

MTIB has two strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. 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 2021/2022 period for its strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>		<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
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

*their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)*

**VII. Corporate Governance Statement**

**(i) Appointment of BOG Members**

The Board of Governors was appointed by the Cabinet Secretary Ministry of Education with effect 5<sup>th</sup> 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.**

• **Appointment of Board of Governors**

The appointment of board is by the Cabinet Secretary Ministry of Education and for a period of three years and shall be eligible for reappointment once. The secretary of the Board is the Principal. The chairman shall hold office for a period not exceeding six years.

Members can vacate office if the member:-

1. Is convicted of an offence and sentenced to imprisonment for a term of six months or more or
2. Is adjudicated bankrupt; or
3. Unable to perform the functions of office by a reason of physical or mental incapacity

• **Board of Governors meetings**

The meetings of the board are held at least once every quarter in a financial 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 call a meeting upon request by a majority of the members which will be treated as special meeting of the board. During the year 2020/2021 the board and its committees held a total of 11 meetings (both Full and Committee 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 Committee Meeting
1.	Full Board	6	
2	Executive Board of Governors	4	
3.	Finance and Audit Committee		1
	<b>Total</b>	<b>11</b>	<b>1</b>

• **Committee of the board of governors**

In order to facilitate the smooth running of its affairs, the Institute Board established 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 2021:-

- i. Administration Finance and Infrastructure.
- ii. Education, Research and Training.
- 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;
- (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.

**VIII. Management Discussion and Analysis**

The entity's operational and financial performance

In FY2021-2022 the Institute had realized a significant increases in revenue collection

compared by the period FY 2020/2021 last year. This is attributed to increase in students' Enrolments and receipt of funds for other expenses like Yatta TVC and Monitoring and Evaluation Exercise for Ministry of Education Officials.

NO.		Year 2021/2022	Year 2020/2021
1.	Total Revenue	99,442,924.00	63,952,749.00
2.	Total Expenses	95,545,423.00	60,295,971.00
	<b>Surplus</b>	<b>3,897,501.00</b>	<b>3,656,778.00</b>

The entity complies with making statutory payments before the relevant deadlines. The entity workers' pay P.A.Y.E Tax as generated on the i-tax portal and paid within the specified time. The Institute plans to complete construction of Dining hall. This was delayed by change of design in the process of construction. The Institute undertook construction of the omitted works for Yatta TVC. Financial constrains – Lack of adequate financial resources to put in place the many vital needed infrastructure in the Institute so as to attain the required status. Theses infrastructures included, modern dining hall, Library, ablution blocks, Stores, perimeter wall, modern gate etc

Operational risk – The Institute has outlined strategic plans in improving the existing income generating activities in order to boost revenue collection in the Institute. There were no financial Obligations /statutory obligation in arrears as at the end of the financial year.

There were no financial probity or governance issues experienced during the period in review. The Board and management team ensures that effective controls are in place to mitigate Risks /concerns that may arise.

### **(Two- three pages)**

*(Under this section, the management gives a report on the operational and financial performance of the organisation during the period, entity's key projects or investments decision implemented or ongoing, entity's compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.) The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.)*

## **IX. Environmental And Sustainability Reporting Statement**

### **(Two-to-three pages)**

The mandate of Machakos Technical Institute for the Blind will be justified by its relentless effort to address the needs of persons with visual impairment in this country and beyond. This strategic plan is expected to assist the institution to address some of these needs, most importantly, provision of rehabilitation, technical, vocational and entrepreneurial skills to the post school youth and adults with visual impairments.

By defining ourselves, who we are, where we have come from, our mandate and achievements, we will not only realize our strengths and weakness and also realize opportunities and deal with threats that appear on the horizon, especially those related to visually impaired persons.

### **Pestle Analysis**

Apart from internal environment, external environment directly or indirectly affects operations of MTIB. These external factors include - political, economic and social, as well as technological, legislative and environmental (PESTLE) factors.

#### **1. Political Factors**

These include:

- Political goodwill in relation to disability issues e.g. Kenya is a signatory to the UN convention on disability issues and the government has enacted the persons with Disabilities Act 2003 which is currently in force.
- Recognition of the Basic Education Act 2013, TVET Act 2013 as strategic provider of technical and vocational training to visually impaired persons.
- Devolved governance.

#### **2. Economic Factors**

- Economic growth has resulted to an increase in funding received by institutes from government.
- The government strategic aim of industrialization by 2030. This will spur the growth of training and lead to the country's economic growth.
- Due to economic growth the institute has willing and active development partners be they corporate, state or individuals.
- Infrastructure growth in the country has raised the need for technical and vocational training to train technicians to work in these areas.

#### **3. Social Factors**

- Current trends in global thinking are embracing disability as a social rather than health issue.
- In the African context physically challenged people are supported by the community.
- Socio-religious culture has led to positive thinking towards physically challenged individuals in most cultures.
- The emergence of organizations of and for the disabled.
- The institute's location gives it social advantage such that there is an interaction between the rural and elite in the society.
- The institution is all-inclusive with people of various social backgrounds, ages academic levels, diverse ethnicity, various religions and have international touch.

#### **4. Technological Factors**

- Advancement in technology generally improves ability of people with disability to access opportunity, functionality, greater participation and independence.

- Greater acquisition of technical skills places the disabled person in a better position to compete effectively with his/her peers.
- Current trends in ICT allow visually impaired persons to access information more readily than before.
- The institution has embraced the advancement in other technologies. Communication technology advancement has helped in improving sensitization, enrolment and information accessibility.
- Efficiency in communication has assisted the institution to develop better links nationally and internationally, leading to improved status and greater ideas.
- Current technological development has improved greater social interaction and globalization.

#### **5. Legal (Include policy documents)**

- The need to harmonize various pieces of legislation in the sector is pertinent both to the educational and industrial sectors, employment, disability, technology, and research in other line ministries (Sessional Paper No.1 of 2005).

#### **6. Environmental Factors – include paths, pavements etc**

- More effort should be made to create an enabling environment for VIs to access information, knowledge and skills for self-reliance.
- Location is conducive for acquisition of knowledge and easy access by the visually impaired persons.
- Infrastructure is well developed and the institution's proximity to Nairobi enables people to easily locate it.
- Environment serves as a catalyst to enhance social integration, alleviation of the impacts of impairment, reduction of causes and prevention of the same.
- Availability of boarding facilities.
- To enhance performance of the borehole – installation etc

### **Sustainability strategy and profile**

Monitoring and evaluation will be critical for success of MTIB as it will facilitate the assessment of the extent to which set objectives and targets of the plan has been achieved. It will help look into inputs, activities, outputs and outcomes to assess the achievement of objectives stipulated by the plan.

The strategic plan will be evaluated by assessing the achievement during and after implementation to ensure it remains feasible, relevant and likely to produce the planned results. Quarterly reports, annual reports midterm review and summative evaluation will be done to indicate level achievement gained. Quarterly reviews carried out each year to ascertain whether the institute is on track.

- Annual reviews to determine level of achievement and to facilitate the following year's action plan.
- Mid review of strategic plan to identify the extent of shortfalls and successes during the same period.
- Summative Evaluation review to identify the successes and failures experienced during the plan period and to suggest possible means of maintaining the successes and addressing the failures.

### **Environmental performance**

To continuously improve the working environment through adequate provision of materials, tools and equipment as well as creating a conducive environment.

#### **Objectives**

- Throughout the plan period the institute will ensure adequate materials, tools and equipment are provided on time.
- Throughout the plan period the institute will engage in activities that promote teamwork, openness and transparency.
- Throughout the plan period the institute will promote gender parity and strictly adhere to disability ACT provided.
- Throughout the plan period the institute will create and enhance the maintenance of a safe and clean environment.
- Throughout the plan period the institute will operationalize Employee Assistance program (EAP) focusing on early identification, treatment, referral and rehabilitation of substance disorder.
- Throughout the plan period the institute will promote positive behaviour change in prevention and management of HIV/AIDS prevalence.
- By 2018 the institute will have attained and sustained at least 10% green cover.
- Throughout the plan period the institute will ensure continuous beautification of the compound by planting flowers.
- By 2016 comply with the Environmental Management and Coordination Act (EMCA).
- By 2016 review and comply with Work Place Policies including:
  - Alcohol and Drug Abuse (ADA)

- HIV/AIDS
- Disability
- Gender
- Environmental Sustainability

### **Employee welfare**

The Institute will endeavour to improve its functionality and service delivery by appropriately using its existing resources.

The measures to promote employees welfare will include:-

- The institute to prepare a staff development policy.
- Carryout skill/competence needs assessment.
- Develop and design intervention programs.
- Develop performance appraisal mechanisms.
- Throughout the plan period the institute will create opportunities for youth internships/industrial attachment/apprenticeship

### **Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

### **Corporate Social Responsibility / Community Engagements**

*(The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements).*

## **X. Report of the Council/Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *MTIB* affairs.

### **Principal activities**

Machakos Technical Institute for the Blind is one of its kinds in this region. The institute provides technical, vocational, rehabilitation and entrepreneurial skills training with emphasis on rehabilitation of newly blinded persons to enable them redirect their career choices and to continue with life as suitably as possible.

The strategic plan focuses on the Vision and Mission statement of the institute and outlines its core values and core functions. The plan takes cognizance of the existing micro and macro environmental situations and guides the institute to assert its rightful place in the specific service provision as provided for in the major areas of focus.

### **Results**

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

### **Council/Board of Governors**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....  
**Secretary of the Board/Council**  
**Nairobi**  
**Date:**

**XI. Statement of Board of Governors/ Council's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (entities should quote the applicable legislation under which they are regulated)) require the board members to prepare financial statements in respect of that MTIB which give a true and fair view of the state of affairs of the MTIB at the end of the financial year/period and the operating results of the MTIB for financial year 2021-2022. 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 entity. The board members are also responsible for safeguarding the assets of the MTIB.

The board members are responsible for the preparation and presentation of the MTIB's financial statements, which give a true and fair view of the state of affairs of the MTIB for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the MTIB; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the MTIB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The board members are of the opinion that the MTIB's financial statements give a true and fair view of the state of MTIB's transactions during the financial year ended June 30, 2022, and of the MTIB's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the MTIB, which have been relied upon in the preparation of the MTIB's financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

The MTIB financial statements were approved by the Board on 12<sup>TH</sup> September, 2022 and signed on its behalf by:



.....  
**Name Alex Ngungua Kaluyu**  
**Chairperson of the Board/Council**



.....  
**Name Dr. P. Nduku Mutua**  
**Accounting Officer/Principal**

**XI. Statement of Board of Governors/ Council's Responsibilities**

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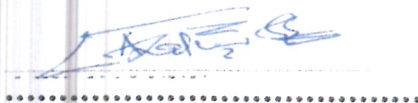
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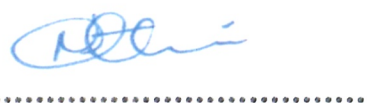
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**Name Alex Ngungua Kaluyu  
Chairperson of the Board/Council**



**Name Dr. P. Nduku Mutua  
Accounting Officer/Principal**

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, 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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Machakos Technical Institute for the Blind set out on pages 1 to 55, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Machakos Technical Institute for the Blind as at 30 June, 2022, 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 do not comply with the Public Finance Management Act, 2012 and Technical and Vocational Education Training Act, 2013.

### **Basis for Adverse Opinion**

#### **1. Errors and Inaccuracies in the Presentation of Financial Statements**

Review of the financial statements submitted for audit revealed the following errors and inaccuracies;

- i. The statement of financial performance and Note 15 to the financial statements reflects comparative amount of Kshs.40,093,876 in respect of use of goods and services whereas the previous audited statement of financial performance reflects a balance of Kshs.69,201,864 resulting in unreconciled variance of Kshs.29,107,988.
- ii. The statement of changes in net assets reflects an amount of Kshs.10,921,638 and Kshs.12,340,420 as opening balances for retained earnings and capital development Grant or Fund respectively while the previous year closing balances reflected amounts of Kshs.5,234,469 and Kshs.532,942,491 resulting to unexplained variance of Kshs.5,687,169 and Kshs.520,602,071 respectively.
- iii. The statement of financial performance reflects an amount of Kshs.32,437,165 in respect of rendering of services. However, support documentations reflects an amount of Kshs.28,439,737 resulting to an unexplained variance of Kshs.3,997,428.
- iv. Report on the Council/Board of Governors has not been signed by the secretary of the Board of Governors.
- v. Report on management discussion and analysis reflects total expenses for the year of Kshs.95,545,423 while the statement of financial performance reflects total expenses of Kshs.93,921,948 resulting in unreconciled variance of Kshs.1,623,475.
- vi. Issues raised in the previous year's audit report have not been included in the progress follow up in auditor's recommendations appendix.

In the circumstances, the accuracy and presentation of balances reflected in the financial statements could not be confirmed.

## **2. Variances Between Comparative Balances Reflected in the Financial Statements and Previous Year Audited Balances**

Review of the financial statements revealed that there were variances between the amounts reflected in the ledgers supporting the transactions and those for various components in the financial statements as detailed in **Appendix 1**. Further, the trial balance to support balances reflected in the financial statements was not provided for audit.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

## **3. Property, Plant and Equipment Balance**

The statement of financial position and as disclosed in Note 31 to the financial statements reflects a balance of Kshs.352,942,491 in respect of property, plant and equipment. Review records revealed that the Institute incurred expenditure on fire fighting equipment and furniture and fittings of Kshs.2,223,274 and Kshs.1,484,090 respectively. However, the additions have been omitted from the property, plant and equipment movement schedule.

Further, supporting documents relating to expenditure on firefighting equipment were not provided for audit. In addition, the fixed asset register was last updated in the year 2019, and therefore does not include assets acquired later which include motor vehicle whose registration is in the name of a holding Company.

In the circumstances, the completeness, accuracy, presentation and disclosure of property, plant and equipment balance could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements, There were no other key audit matters to communicate in my report.

### **Other matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues or given any explanation for failure to implement the recommendations.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, , I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Construction and Building Works for Multipurpose Hall**

The statement of financial position reflects property, plant and equipment balance of Kshs.352,942,491 as disclosed in Note 31 to the financial statements. The balance includes value of buildings with net book value of Kshs.37,188,282. Review of records relating to buildings revealed that a contract for construction and building works for multipurpose hall was awarded at a contact price of Kshs.21,789,475 with a start and completion dates of 1 September, 2020 and 1 September, 2021 respectively translating to a contract period of fifty two (52) weeks. The contractor was to be paid in two instalments of Kshs.12,340,200 and Kshs.9,449,275 in the financial years 2020/2021 and 2021/2022 . However, audit inspection in the month of March, 2023, revealed that the building was incomplete and the contractor was not in site.

In the circumstances, the Management may not realise value for money from the incomplete project.

#### **2. Non-Authentication of Academic Certificates**

The statement of financial performance reflects expenditure on employee costs of Kshs.4,776,972 as disclosed in Note 16 to the financial statements. Review of a sample of twelve (12) personal files revealed that the Institute engaged the staff on contractual terms and renewed the same several times. However, there was no evidence that the academic papers of these members of the staff had been authenticated with Kenya National Qualification Authority for local qualifications or Commission of University Education for foreign qualifications.

In the circumstances, the authenticity of the staff academic qualifications could not be confirmed.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, because of the significance of the matters discussed in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and overall governance were not effective.

### **Basis of Conclusion**

#### **Lack of Segregation of Duties**

During the year under review, the total expenditure amounted to Kshs.93,921,948. However, audit review revealed that the Institute did not have a licensed supplies practitioner or alternatively engaged the services of licensed procurement agents. Further, the Assistant Accountant had been carrying out procurement duties besides his core responsibilities, indicating lack of segregation of duties between accounting and procurement functions.

In the circumstances, the existence of the internal controls to prevent and detect occurrence of errors and fraud could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 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 overall governance.

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

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

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

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 overall

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**05 July, 2023**

**Appendix 1 – Variances Between Comparative Balances Prior Year Audited Balances**

<b>Component</b>	<b>Comparative Balances (Kshs)</b>	<b>Audited Balances (Kshs)</b>	<b>Variance (Kshs)</b>
Total Expenses	58,718,280	60,525,337	1,807,057
Total Liabilities	1,294,365	383,830	910,535
Net Assets	348,628,604	348,244,774	383,830
Reserves	12,340,420	0	12,340,420
Accumulated Surplus	54,760,547	0	54,760,547
Capital Fund	3,466,667	0	3,466,667
Net Increase/(Decrease) in Cash and Cash Equivalents	7,111,251	0	7,111,251
Cash and Cash Equivalents at 1 July	22,175,758	0	22,175,758
Cash and Cash Equivalents at 30 June	2,652,568	0	2,652,568
Note 10. Rendering of Services			
Bursary	590,290	718,740	128,450
HELB	1,003,250	751,500	251,750
Note 31 on Depreciation on Property, Plant and Equipment	5,485,065	5,725,535	240,470
Note 26 (a) on Cash and Cash Equivalents - Current Account	2,649,017	2,652,568	3,551
Note 34. Trade and Other Payables			
Trade payables	383,830	0	383,830
Note 44. Cash Generated from Operations			
Surplus for the Year Tax	3,656,778	0	3,656,778
Depreciation	6,286,725	0	6,286,725

**XIII. Statement of Financial Performance for the year ended 30 June 2022**

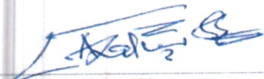
Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	56,002,762	43,079,429
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		<b>56,002,762</b>	<b>43,079,429</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	32,437,165	11,367,361
Sale of goods	11	535,290	199,695
Rental revenue from facilities and equipment	12	10,237,007	7,625,436
Finance income	13	0	0
Other income	14	230,700	1,680,828
<b>Revenue from Exchange transactions</b>		<b>43,440,162</b>	<b>20,873,320</b>
<b>Total Revenue</b>		<b>99,442,924</b>	<b>63,952,749</b>
<b>Expenses</b>			
Use of goods and services	15	69,201,864	40,093,876
Employee costs	16	4,776,972	9,275,234
Board /Council Expenses	17	1,320,000	1,095,000
Depreciation and amortization expense	18	5,785,126	5,725,535
Repairs and maintenance	19	1,121,162	1,802,635
Contracted services	20	816,000	726,000
Grants and subsidies	21	10,900,824	-
Finance costs	22	-	-
<b>Total Expenses</b>		<b>93,921,948</b>	<b>58,718,280</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
<b>Total Other Gains/(Losses)</b>		<b>-</b>	<b>-</b>
<b>Net surplus for the year</b>		<b>5,520,976</b>	<b>5,234,469</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
		-	-




**Machakos Technical Institute for the Blind  
Annual Report and Financial Statements for the year ended 30th June 2022**

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The Financial Statements set out on pages 24 to 31 were signed by:

  
.....  
**Chairman of Council/Board**

  
.....  
**Finance Officer**  
**ICPAK No**

  
.....  
**Principal** **PRINCIPAL**  
**MACHAKOS TECHNICAL INSTITUTE**  
**FOR THE BLIND**  
**P. O. Box 112 - 90100, MACHAKOS**

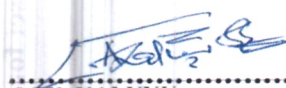
**XIV. Statement of Financial Position as at 30th June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	1,009,529	2,652,568
Current portion of receivables from exchange transactions	27(a)	2,619,800	1,068,250
Receivables from non-exchange transactions	28	-	-
Inventories	29	-	-
Investments	30	-	-
		12,484,329	3,720,818
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	27(b)	-	-
Investments	30	-	-
Property, plant, and equipment	31	352,942,491	344,907,786
Intangible assets	32	-	-
Investment property	33	-	-
		352,942,491	344,907,786
<b>Total Assets</b>		<b>365,426,820</b>	<b>348,628,604</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34	3,051,660	383,830
Refundable deposits from customers	35	-	-
Current provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of borrowings	41	-	-
Deferred income	38	-	-
Employee benefit obligation	39	-	-
Payments received in advance		-	-
		3,051,660	383,830
<b>Non-Current Liabilities</b>			
Finance lease obligation	37	-	-
Deferred income	38	-	-
Non-Current Employee Benefit Obligation	39	-	-
Non-Current Provisions	40	-	-

**Machakos Technical Institute for the Blind  
Annual Report and Financial Statements for the year ended 30th June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Borrowings	41	-	-
Service Concession Liability	42	-	-
Deferred Tax Liabilities	49	-	-
		-	-
<b>Total Liabilities</b>		3,051,660	1,294,365
<b>Net Assets</b>		357,060,804.30	348,628,604
Reserves		10,921,638	12,340,420
Accumulated Surplus		5,520,976	54,760,547
Capital Fund		352,942,491.30	3,466,667
<b>Total Net Assets and Liabilities</b>		357,060,804.30	348,244,774

The Financial Statements set out on pages 24 to 31 were signed by:



.....  
**Chairman of Council/Board**

**Date. 12.09. 2022**



.....  
**Finance Officer**

**ICPAK No**

**Date. 12.09.2022**



.....  
**Principal**

**PRINCIPAL  
MACHAKOS TECHNICAL INSTITUTE  
FOR THE BLIND  
P. O. Box 112 - 90100, MACHAKOS**

**Date. 12.09.2022**

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2020</b>	-	-	54,760,547	3,466,667	58,227,214
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-	-
<b>At June 30, 2021</b>	-	-	54,760,547	3,466,667	58,227,214
<b>At July 1, 2021</b>	-	-	54,760,547	3,466,667	58,227,214
Revaluation gain	-	-	10,921,638	12,340,420	23,262,058
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-	-
<b>At June 30, 2022</b>	-	-	65,682,185	15,807,087	81,489,272


**(Note:**

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

**XVI. Statement of Cash Flows for the year ended 30 June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	6	56,002,762	43,079,429
Public contributions and donations	9	-	-
Rendering of services- fees from students	11	32,437,165	11,367,361
Sale of goods	15	535,290	199,695
Rental revenue from facilities and equipment	12	10,237,007	7,625,436
Finance income	13	-	-
Other income	14	230,700	1,680,828
<b>Total Receipts</b>		<b>99,442,924</b>	<b>63,952,749</b>
<b>Payments</b>			
Use of goods and services	15	69,201,864	40,093,876
Employee costs	16	4,776,972	9,275,234
Board /Council Expenses	17	1,320,000	1,095,000
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	1,121,162	1,802,635
Contracted services	20	816,000	726,000
Grants and subsidies	21	10,900,824	-
Finance costs	22	-	-
<b>Total Payments</b>		<b>89,760,297</b>	<b>62,807,578</b>
<b>Net Cash Flows from operating activities</b>	43	<b>9,682,627</b>	<b>1,145,171</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(4,571,514)	10,737,359
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>(4,571,514)</b>	<b>10,737,359</b>
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		0	0
Repayment Of Borrowings		0	0
Deposits receipts		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>5,111,113</b>	<b>9,592,188</b>
Cash and Cash equivalents at 1 JULY	26	2,652,568	22,175,758
<b>Cash and Cash equivalents at 30 JUNE</b>	26	<b>1,009,529</b>	<b>2,652,568</b>

The Financial Statements set out on pages 24 to 31 were signed by:



.....  
**Chairman of  
Council/Board**

**Date. 12.09.2022**



.....  
**Finance Officer**

**ICPAK No**

**Date. 12.09.2022**



.....  
**Principal**

**Date. 12.09.2022**

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**XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

<b>Description</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>Utilization Difference</b>
	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>	<b>2021-2022</b>
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other govt entities and govt grants	47,112,762	-	47,112,762	56,002,762	(8,890,000)	118.8696218
Public contributions and donations	80,000	-	80,000	-	80,000	0
Rendering of services- fees from students	32,445,500	-	32,445,500	32,437,165	8,335	99.97431077
Sale of goods	4,190,000	-	4,190,000	535,290	3,654,710	12.77541766
Finance income	-	-	-	-	-	0
Other income	502,500	-	502,500	230,700	271,800	45.91044776
Gains on disposal, rental income and agency fees	2,714,000	-	2,714,000	10,237,007	(7,523,007)	377.192594
<b>Total Income</b>	<b>87,044,762</b>	<b>-</b>	<b>87,044,762</b>	<b>99,442,924</b>	<b>(12,398,162)</b>	<b>114.2434326</b>
<b>Expenses</b>		<b>-</b>	<b>-</b>		<b>-</b>	
Compensation of employees	6,134,972	-	6,134,972	4,806,972	1,328,000	78.35360944
Use of goods and services	76,603,790	-	76,603,790	69,545,308	7,058,482	90.78572744
Finance costs	1,776,000	-	1,776,000	816,000	960,000	45.94594595
Rent paid	1,030,000	-	1,030,000	2,566,193	(1,536,193)	249.1449515
Remuneration of directors	1,500,000	-	1,500,000	1,125,000	375,000	75
Grants and subsidies paid	-	-	-	10,900,824	(10,900,824)	0
<b>Total Expenditure</b>	<b>87,044,762</b>	<b>-</b>	<b>87,044,762</b>	<b>89,760,297</b>	<b>(2,715,535)</b>	<b>103.1196995</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,682,627</b>	<b>(9,682,627)</b>	

**(Budget notes)**

1. On transfer from other government entities and government the institute received kshs. 13,855,000.00 which included kshs 5,554,400.00 for Monitoring and kshs.8,300,000.00 for Yatta TVC Omitted works .

2. On Sales of goods milk production was low as most of the cows dried up and lack of adequate water from the Institute borehole hindered production in the green house.

**XVIII. Notes to the Financial Statements**

**1. General Information**

MTIB is established by and derives its authority and accountability from TVET Act 2013 and revised in 2015. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and

**Machakos Technical Institute for the Blind**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<p>general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>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</p>

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Standard	Effective date and impact:
	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 1<sup>st</sup> 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.

**iii. Early adoption of standards**

Machakos Technical Institute for the Blind did not early-adopt any new or amended standards in year 2022.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Dividends**

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

**4 Summary of Significant Accounting Policies (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

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

**b) Budget information**

The original budget for FY 2021/2022 was approved by the Council or Board on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations on the FY 2021/2022 budget following the Council/ Board's approval.

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

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

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

**c) Taxes**

***Current income tax***

The MTIB is not exempt 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.

**Notes to the Financial Statements (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 xxx years.

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

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

**e) Property, plant and equipment**

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Held-to-maturity***

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

***Impairment of financial assets***

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments (Continued)**

***Financial assets (Continued)***

***Impairment of financial assets (Continued)***

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

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

***Loans and borrowing***

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

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

**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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

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

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

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

**k) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

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

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

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

**n) Employee benefits**

**Retirement benefit plans**

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

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

**o) 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.

**p) Borrowing costs**

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) 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.

**t) Comparative figures**

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

**u) 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, 2022.

**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	2,535,000	0
Operational Grant	39,612,762	39,612,762
Other Grants	0	0
	<b>42,147,762</b>	<b>39,612,762</b>
<b>Conditional Grants</b>		
Monitoring and Evaluation Exercise - MOE	5,554,400	0
Hostels Grant	0	0
Yatta Technical and Vocational College	8,300,600	3,466,667
Laboratory Grant	0	0
	13,855,000	3,466,667
<b>Total Government Grants and Subsidies</b>	<b>56,002,762</b>	<b>43,079,429</b>

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
MOE State Department of Tvet	56,002,762	0	0	56,002,762	43,079,429
<b>Total</b>	56,002,762	0	0	56,002,762	43,079,429

Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	0	0
World Bank Grants	0	0
In-Kind Donations	0	0
Other Grants	0	0
<b>Total Grants from Development Partners</b>	<b>0</b>	<b>0</b>

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	0	0
Current year receipts	0	0
Conditions Met - Transferred to Revenue	0	0
<b>Conditions Yet To Be Met - Remain Liabilities</b>	<b>0</b>	<b>0</b>

(Provide brief explanation for this revenue)

8. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer from County XX	0	0
Transfer from XX University	0	0
Transfer from XX Institute	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

9. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	0	0
Donations from Local Leadership	0	0
Donations from Religious Institutions	0	0
Donations from Alumni	0	0
Other Donations	0	0
<b>Total Donations and Contributions</b>	<b>0</b>	<b>0</b>

**Machakos Technical Institute for the Blind**  
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**Notes to the Financial Statements (Continued)**

**10. Rendering of Services**

Tuition fees	3,465,672	2,219,980
School Equipment and Stores (SES)	2,880,893	677,610
Lunch	45,500	35,000
Activity fees	801,149	154,730
Examination fees-KNEC	1,225,550	502,050
Examination fees-NITA	226,800	48,600
Registration fees	87,500	32,000
Boarding Fees	2,713,569	1,318,130
Accommodation	5,601,814	912,715
Personal Emoluments	1,436,850	453,450
Electricity Water & Conservancy	1,114,730	378,300
Local Transport & Travelling	2,017,348	626,060
Administration cost	1,016,610	317,915
Repairs Maintenance & Improvement	825,055	323,110
Computer maintenance	67,405	51,850
Student ID	24,960	19,200
Insurance	272,038	209,260
Caution money	65,000	50,000
Bursary	520,500	590,290
Attachment fees	775,500	135,000
NSSF	72,000	48,000
NHIF	82,800	55,200
PAYE	60,888	58,426
HELB	1,435,800	1,003,250
Macho Sacco	616,356	419,435
Scholarship support	486,800	580,200
Examination materials	235,400	150
Centre fees	115,250	15,750
White Cane	75,000	10,000
Writing Frame	75,000	17,200
Training fees	-	104,500
<b>Total revenue from the rendering of services</b>	<b>32,437,165</b>	<b>11,367,361</b>

**11. Sale of Goods**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Sale of Farm Produce	535,290	156,195
Cafeteria sales	0	43,500
Other	0	0
<b>Total Revenue from Sale of Goods</b>	<b>535,290</b>	<b>199,695</b>

**12. Rental revenue from facilities and equipment**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Hire of Facilities and Equipment	9,595,507	6,878,936
Rental Income from Institute houses	641,500	746,500
<b>Total</b>	<b>10,237,007</b>	<b>7,625,436</b>

**Notes to the Financial Statements (Continued)**

**13. Finance Income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash investments and fixed deposits	0	0
Interest income from treasury bills	0	0
Interest income from treasury bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

**14. Other Income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Face Masks	2,550	565,190
Braille Transcription	69,150	757,400
Uniform – Production Unit	114,000	227,860
Interests	0	97,378
Income from sale of tender	45,000	33,000
<b>Total other income</b>	<b>230,700</b>	<b>1,680,828</b>

**Machakos Technical Institute for the Blind**  
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**Notes To The Financial Statements (Continued)**

**15. Use Of Goods And Services**

Description	2021-2022	2020-2021
	KSHS	KSHs
Electricity	1,288,995	613,100
Water	848,668	309,426
Advertising	141,346	97,480
Internet expenses	517,243	356,719
Airtime Expenses	372,361	256,801
White cane and frame	108,750	75,000
Postage	20,155	13,900
Registration expenses	90,773	62,602
Students ID cards	2,030	1,400
KNEC exam	1,225,550	1,072,100
NITA Exam	226,800	566,050
Exam materials	36,526	25,190
Security costs	-	-
Attachment expenses	367,400	73,000
TVET Fair and Robotics	2,067,300	-
Training & workshop expenses	3,989,110	2,831,539
Bus-Insurance	220,340	300,480
Property-Insurance	242,096	287,178
Students Personal Cover	264,500	-
Helb Loans	0	824,000
Green House	32,002	22,070
Dairy farm expenses	366,944	253,065
Conference facility expenses	5,339,039	3,612,492
Tuition Expenses - Stationery	1,428,552	2,727,242
Boarding Expenses	5,236,255	4,193,396
Accommodation Expenses	123,500	846,441
Local Transport and Travelling	1,248,060	-
Administration Costs	11,591,401	2,790,102
Activity	4,405,394	6,000
Training Materials (SES) - Departmental	3,345,873	2,957,647
Caution money refunds	8,500	1,200
Cleaning Materials	786,470	573,265
Dairy cow	103,742	110,000
Centre fee	-	9,000
Fuel and oil	10,000	186,190
Printing and stationery	7,525	11,350
Sewage treatment costs-Toilet waste disposal	-	-
KATTI	180,000	-
Medical	31,200	25,400
Performance Contracting	125,650	362,500

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Operating Management system	-	-
Braille Transcription	65,500	211,500
Service Gratuity	-	204,402
Staff welfare	-	30,000
Face masks	1,750	2,187,075
KUCCPS fee	37,500	-
Bank charges	-	-
Newspapers	51,240	46,440
Other (Zuku , Dstv Premium and Internet)	78,600	47,093
Food court construction and equipping	-	1,293,850
Boardroom seats	-	337,500
Covid19 mitigation measures	-	2,459,250
Cabros production unit	168,660	2,667,027
Staff Uniform	123,420	259,660
Cabros fixing	-	1,426,480
Hostel Face-lifting	-	144,900
Dining hall face-lifting	-	155,000
Tools and Equipment	-	9,300
Parking lot and shed	-	960,924
Tilling of Dining hall and Hostels	-	678,325
Face-lifting of classrooms	-	124,210
Road Expansion	-	111,040
Hostel curtains	-	134,225
Masonry training shed	-	52,350
Students seats	-	-
Tents for alternative classrooms	-	100,000
<b>Total good and services</b>	<b>69,201,864</b>	<b>40,093,876</b>

**Notes to the Financial Statements (Continued)**

**16. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	4,776,976	4,242,184
Employee related costs - contributions to pensions and medical aids	0	0
Travel, motor car, accommodation, subsistence and other allowances	0	5,033,050
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
Social contributions	0	0
<b>Employee Costs</b>	<b>4,776,976</b>	<b>9,275,234</b>

**Machakos Technical Institute for the Blind**  
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**17. Board/Council Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	0	0
Directors Emoluments	0	0
BOG Members Allowances	1,320,000	1,095,000
Other Board/Council Expenses	0	0
<b>Total</b>	<b>1,320,000</b>	<b>1,095,000</b>

**18. Depreciation and Amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	5,785,126	5,725,535
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>5,785,126</b>	<b>5,725,535</b>

**19. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property - Buildings	1,004,686	616,425
Equipment and machinery	112,690	268,120
Vehicles	17,334	0
Furniture and fittings	68,132	145,250
Computers and accessories	55,225	103,595
Others ; Ground and compound maintenance	78,126	669,245
<b>Total Repairs and Maintenance</b>	<b>1,121,162</b>	<b>1,802,635</b>

**Notes to the Financial Statements (Continued)**

**20. Contracted Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Security Services	816,000	408,000
Part-time teaching	0	318,000
<b>Total contracted services</b>	<b>816,000</b>	<b>726,000</b>

**21. Grants and Subsidies**

Description	2021-2022	2020-2021
	Kshs	Kshs
Monitoring and Evaluation Exercise - MOE	5,554,400	0
Yatta Technical and Vocational College	5,346,424	0
<b>Total Grants and Subsidies</b>	<b>10,900,824</b>	<b>0</b>

**22. Finance Costs**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Borrowings (Amortized Cost)*	0	0
Finance Leases (Amortized Cost)	0	0
Unwinding of Discount	0	0
Interest on Bank Overdrafts	0	0
Interest on Loans from Commercial Banks	0	0
<b>Total Finance Costs</b>	<b>0</b>	<b>0</b>

**23. Gain On Sale of Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Other Assets not capitalised	0	0
<b>Total Gain On Sale of Assets</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	0	0
<b>Total Gain</b>	<b>0</b>	<b>0</b>

25. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total Impairment Loss</b>	<b>0</b>	<b>0</b>

26. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	1,005,029	2,652,568
On - Call Deposits	0	0
Fixed Deposits Account	0	0
Staff Car Loan/ Mortgage	0	0
Others (Specify)	4,500	0
<b>Total Cash and Cash Equivalents</b>	<b>1,009,529</b>	<b>2,652,568</b>

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**Notes To The Financial Statements (Continued)**

**26 (a). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
<b>a) Current Account</b>			
Standard Chartered Bank- Current A/C	0102867548600	884,819	2,649,017
Standard Chartered Bank- Savings A/C	0152567548600	120,210	0
<b>Sub- Total</b>		<b>1,005,029</b>	<b>2,649,017</b>
<b>b) On - Call Deposits</b>			
Standard Chartered Bank- Current A/C	0102867548600	0	0
Standard Chartered Bank- Savings A/C	0152567548600	0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Fixed Deposits Account</b>			
Standard Chartered Bank- Current A/C	0102867548600	0	0
Standard Chartered Bank- Savings A/C	0152567548600	0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>d) Staff Car Loan/ Mortgage</b>			
Standard Chartered Bank- Current A/C	0102867548600	0	0
Standard Chartered Bank- Savings A/C	0152567548600	0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>e) Others(Specify)</b>			
Cash in Transit		0	0
Cash in Hand		4,500	3,551
Mobile Money account		0	0
<b>Sub- Total</b>		<b>4,500</b>	<b>3,551</b>
<b>Grand Total</b>		<b>1,009,529</b>	<b>2,652,568</b>

**Notes to the Financial Statements (Continued)**

**27. Receivables from Exchange transactions**

**27(a) Current Receivables from Exchange transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Current Receivables</b>		
Student Debtors	1,548,600	785,250
Rent Debtors	535,500	135,500
Other Exchange Debtors	535,700	147,500
Less: Impairment Allowance	(0)	(0)
<b>Total Current Receivables</b>	<b>2,619,800</b>	<b>1,068,250</b>

**27(b) Long- term Receivables from Exchange transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Non-Current Receivables</b>		
Refundable Deposits	0	0
Advance Payments	0	0
Public Organizations	0	0
Less: Impairment Allowance	(0)	(0)
<b>Total</b>	<b>0</b>	<b>0</b>
Current Portion Transferred To Current Receivables	(0)	(0)
<b>Total Non-Current Receivables</b>	<b>0</b>	<b>0</b>
<b>Total Receivables</b>	<b>0</b>	<b>0</b>

**27 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	785,250	0
Provisions during the year	0	0
Recovered during the year	(450,500)	0
Write offs during the year	(0)	(0)
At the end of the year	<b>334,750</b>	<b>0</b>

**28. Receivables from Non-Exchange transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Current Receivables</b>		
Capitation Grants*	0	0
Transfers from Other Govt. entities	0	0
Undisbursed Donor Funds	0	0
Other Debtors (Non-Exchange Transactions)	0	0
Less: Impairment Allowance	(0)	(0)
<b>Total Current Receivables</b>	<b>0</b>	<b>0</b>

**28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	(0)	(0)
Written off during the year	(0)	(0)
At the end of the year	<b>0</b>	<b>0</b>

**29. Inventories**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumable stores	0	0
Maintenance stores	0	0
Health Unit stores	0	0
Electrical stores	0	0
Cleaning Materials stores	0	0
Catering stores	0	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>0</b>	<b>0</b>

Notes to the Financial Statements (Continued)

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury Bills and Bonds</b>		
<b>Financial Institution</b>		
CBK	0	0
CBK	0	0
<b>Sub- Total</b>	<b>0</b>	<b>0</b>
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank X	0	0
Bank Y	0	0
<b>Sub- Total</b>	<b>0</b>	<b>0</b>
<b>c) Equity Investments (Specify)</b>		
Equity/ Shares in Company Xxx	0	0
<b>Sub- Total</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**31. Property, Plant and Equipment**

	<b>Land and Buildings</b>	<b>Motor vehicles (25%)</b>	<b>Furniture and fittings (10%)</b>	<b>Computers (30%)</b>	<b>Buildings (2%)</b>	<b>Plant and Equipment (10%)</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
At 1 July 2020	284,000,000	7,138,564	1,813,100	1,964,200	30,355,721	31,244,000	356,515,585
Additions	0	0	0	0	0	0	0
Disposals	(0)	(0)	0	0	(0)	0	0
Transfers/Adjustments	0	(0)	0	(0)	(0)	0	(0)
<b>At 30<sup>th</sup> June 2021</b>	<b>284,000,000</b>	<b>7,138,564</b>	<b>1,813,100</b>	<b>1,964,200</b>	<b>30,355,721</b>	<b>31,244,000</b>	<b>356,515,585</b>
Additions	0	0	0	0	8,365,939	0	0
Disposals	(0)	0	0	0	(0)	0	(0)
Transfer/Adjustments	(0)	0	0	(0)	(0)	0	(0)
<b>At 30<sup>th</sup> June 2021</b>	<b>284,000,000</b>	<b>7,138,564</b>	<b>1,813,100</b>	<b>1,964,200</b>	<b>38,721,660</b>	<b>31,244,000</b>	<b>364,881,524</b>
<b>Depreciation And Impairment</b>							
At 1 July 2021	(0)	(0)	(0)	(0)	(0)	-	(0)
Depreciation	(0)	(1,784,641)	(181,310)	(589,260)	(774,433.20)	(3,124,400)	(6,286,725.42)
Impairment	(0)	0	0	0	(0)	0	(0)
<b>At 30 June 2022</b>	<b>284,000,000</b>	<b>5,354,000</b>	<b>1,631,790</b>	<b>1,374,940</b>	<b>37,947,226.80</b>	<b>28,119,600</b>	<b>350,228,936.58</b>
Depreciation	(0)	(1,338,500)	(163,179)	(412,482)	(758,944.54)	(2,811,960.)	(5,485,065.54)
Additional	0	0	2,348,240	0	0	2,223,274	0

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	<b>Land and Buildings</b>	<b>Motor vehicles (25%)</b>	<b>Furniture and fittings (10%)</b>	<b>Computers (30%)</b>	<b>Buildings (2%)</b>	<b>Plant and Equipment (10%)</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Impairment	(0)	(0)	-	-	(0)	( 0)	(0)
Transfer/Adjustment	0	(0)	(0)	0	(0)	(0)	0
<b>At 30<sup>th</sup> June 2022</b>	<b>284,000,000</b>	<b>4,015,500</b>	<b>3,816,851</b>	<b>962,458</b>	<b>37,188,282.26</b>	<b>25,307,640</b>	<b>352,942,491.26</b>
<b>Net Book Values</b>							
<b>At 30<sup>th</sup> June 2022</b>	<b>284,000,000</b>	<b>4,015,500</b>	<b>1,468,611</b>	<b>962,458</b>	<b>37,188,282.26</b>	<b>25,307,640</b>	<b>352,942,491.26</b>
<b>At 30<sup>th</sup> June 2022</b>	<b>284,000,000</b>	<b>4,015,500</b>	<b>1,468,611</b>	<b>962,458</b>	<b>37,188,282.26</b>	<b>25,307,640</b>	<b>352,942,491.26</b>

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**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). These amounts were adopted in the financial statements on 2018.

**31. (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	284,000,000	0	284,000,000
Buildings	30,355,721	(1,533,377.74)	28,822,343.26
Plant And Machinery	31,244,000	(5,936,360)	25,307,640
Motor Vehicles including Motorcycles	7,138,564	(3,123,141)	4,015,423
Computers and Related Equipment	1,964,200	(1,001,742)	962,458
Office Equipment, Furniture, And Fittings	1,813,100	(344,489)	1,468,611
<b>Total</b>	<b>356,515,585</b>	<b>(11,939,109.74)</b>	<b>352,942,491</b>

**32. Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	0	0
Additions	0	0
<b>At end of the year</b>	0	0
Additions–internal development	0	0
<b>At end of the year</b>	0	0
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	0	0
Amortization	0	0
<b>At end of the year</b>	0	0
Impairment loss	0	0
<b>At end of the year</b>	0	0
<b>NBV</b>	0	0

**Notes to the Financial Statements (Continued)**

**33. Investment Property**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At beginning of the year</b>		
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>

**34. Trade and Other Payables from Exchange transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	1,206,160	383,830
Fees paid in advance	1,845,500	0
Salary deductions	0	0
Third-Party Payments	0	0
Other Payables	0	0
<b>Total Trade and Other Payables</b>	<b>3,051,660</b>	<b>383,830</b>

**35. Refundable Deposits from Customers/Students**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumer deposits	0	0
Caution money	150,000	0
Other refundable deposits	0	0
<b>Total Deposits</b>	<b>150,000</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**

**36. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	
<b>Balance at The Beginning Of The Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional Provisions	0	0	0	0	0
Provision Utilised	(0)	(0)	(0)	(0)	(0)
Change Due To Discount And Time Value For Money	(0)	(0)	(0)	(0)	(0)
Transfers From Non -Current Provisions	0	0	0	0	0
<b>Total Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**37. Finance Lease Obligation**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At the start of the year</b>	<b>0</b>	<b>0</b>
Discount interest on Lease Liability	0	0
Paid during the year	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>0</b>

**Maturity Analysis**

Period	Amount
	Kshs
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and Onwards	0
Less: Unearned Interest	(0)
	0

Notes to the Financial Statements (Continued)

Analysed as:

Description	Amount
	Kshs
Current	0
Non- Current	0
<b>Total</b>	<b>0</b>

38. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	0	0
International Funding Bodies	0	0
Public Contributions and Donations	0	0
<b>Total Deferred Income</b>	<b>0</b>	<b>0</b>

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	0	0	0	0
Additions during the year	0	0	0	0
Transfers to capital fund	(0)	(0)	(0)	(0)
Transfers to income statement	(0)	(0)	(0)	(0)
Other transfers	(0)	(0)	(0)	(0)
Balance carried forward	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Analysed as:

Description	Amount
	Kshs
Current	0
Non- Current	0
<b>Total</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

**39. Employee Benefit Obligations**

<b>Description</b>	<b>Defined benefit plan</b>	<b>Post-employment medical benefits</b>	<b>Other Provisions</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
<b>Total Employee Benefits Obligation</b>	0	0	0	0	0

**Retirement benefit Asset/ Liability**

The MTIB does not operate a defined benefit scheme.

Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others ( <i>specify</i> )	0	0
Adjustments for restrictions on the defined benefit asset	0	0
<b>Measurement of the net defined benefit liability (asset)</b>	<b>0</b>	<b>0</b>

b) Amounts recognised in the Statement of Financial Position

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded status(=a-b)	0	0
Restrictions on asset recognised	0	0
Others	0	0
Net asset or liability arising from defined benefit obligation	0	0

The entity contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.6,000 per employee per month. .

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**Notes To The Financial Statements (Continued)**

**40. Non-Current Provisions**

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Less: Current portion	0	0	0	0	0
<b>Total deferred income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**41. Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the year	0	0

**41 a) Analysis of External and Domestic Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External borrowings</b>		
Dollar denominated loan from 'xx organization'	0	0
Sterling pound denominated loan from 'yyy organization'	0	0
Euro denominated loan from 'zzz organization'	0	0
<b>Domestic borrowings</b>	0	0
Kenya shilling loan	0	0
<b>Total balance at end of the year</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**

**41 b) Breakdown of Long and Short-Term Borrowings**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Short Term Borrowings(Current Portion)	0	0
Long Term Borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**42. Service Concession Arrangements**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

**Notes to the Financial Statements (Continued)**

**43. Cash generated from operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>3,897,501</b>	<b>3,656,778</b>
<b>Adjusted for:</b>		
Depreciation	5,485,065.54	6,286,725.42
Non-Cash grants received	(0)	(0)
Contributed assets	(0)	(0)
Impairment	0	0
Gains and Losses on Disposal of Assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance Income	(0)	(0)
Finance Cost	0	0
<b>Working Capital Adjustments</b>		
Increase in Inventory	(0)	(0)
Increase in Receivables	(1,551,550)	(0)
Increase in Deferred Income	0	0
Increase in Payables	1,757,295	383,830
Increase in Payments received in advance	0	0
<b>Net Cash Flow from Operating Activities</b>	<b>9,682,627</b>	<b>6,670,555.42</b>

**44. 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

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the statement of financial position are net of allowances for doubtful receivables, estimated by

**Notes to the Financial Statements (Continued)**

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
<b>At 30 June 2021</b>				
Receivables from exchange transactions	1,068,250	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	2,649,017	0	0	0
<b>Total</b>	<b>3,717,267</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	2,619,800	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	1,005,029	0	0	0
<b>Total</b>	<b>3,624,829</b>	<b>0</b>	<b>0</b>	<b>0</b>

**46. Financial Risk Management (Continued)**

**(i) Credit risk (continued)**

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

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

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.

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**Notes to the Financial Statements (Continued)**

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
<b>At 30 June 2021</b>				
Trade Payables	1,294,365	0	0	1,294,365
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>1,294,365</b>	<b>0</b>	<b>0</b>	<b>1,294,365</b>
<b>At 30 June 2022</b>				
Trade Payables	3,051,660	0	0	3,051,660
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>3,051,660</b>	<b>0</b>	<b>0</b>	<b>3,051,660</b>

**47. 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.

**Notes to the Financial Statements (Continued)**

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

<b>Description</b>	<b>In Kshs</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities	0	0	0
Trade and Other Payables	3,051,660	0	3,051,660
Borrowings	0	0	0
	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>3,051,660</b>	<b>0</b>	<b>3,051,660</b>

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.

**44. Financial Risk Management (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	<b>In Kshs</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities	0	0	0
Trade and Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**a) 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.

**Notes to the Financial Statements (Continued)**

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2022</b>			
Euro	10%	0	0
Usd	10%	0	0
<b>20xx</b>			
Euro	10%	0	0
Usd	10%	0	0

**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.

**44 Financial Risk Management (Continued)**

**(iii) Market risk (Continued)**

**b) Interest rate risk(continued)**

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

**Notes To The Financial Statements (Continued)**

**iii) 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	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	10,921,638	12,340,420
Capital Reserve	352,942,491.26	364,881,524
<b>Total Funds</b>	<b>363,864,129.26</b>	<b>377,221,944</b>
	0	0
	0	0
Total Borrowings	0	0
Less: Cash and Bank Balances	<b>-1,009,529</b>	<b>-2,652,568</b>
Net Debt/(Excess Cash and Cash Equivalents)	362,854,600.26	374,569,376
<b>Gearing</b>		

**45. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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**Notes to the Financial Statements (Continued)**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others ( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>B) Purchases from related parties</b>	0	0
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others ( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants /Transfers from the Government</b>	0	0
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in Kind	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>c) Expenses incurred on behalf of related parties</b>	0	0
Payments of Salaries and Wages for xx Employees	0	0
Payments for Goods and Services for XX	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key Management Compensation</b>	0	0
Directors' emoluments	0	0
Compensation to Key Management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**46. Segment Information**

The Institute operates in one location and all the activities including reporting are done there.

**Notes to the Financial Statements (Continued)**

**47. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Contingent Assets</b>		
Insurance Reimbursements	0	0
Assets arising from determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Contingent Liabilities**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Contingent Liabilities</b>	0	0
Court Case Xxx against ( <i>The Entity</i> )	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from Contracts including PPPs	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**48. Capital Commitments**

<b>Capital Commitments</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	0	0
Authorised and Contracted for	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**

**49. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	0	0
Unrealised Exchange Gains/(Losses)	0	0
Revaluation Surplus	0	0
Tax Losses carried forward	0	0
Provisions for Liabilities and Charges	0	0
<b>Net Deferred Tax Liability/(Asset)</b>	<b>0</b>	<b>0</b>
The movement on the deferred tax account is as follows:	0	0
Balance at beginning of the year	0	0
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0

**50. Events After The Reporting Period**

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

**51. Ultimate And Holding Entity**

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

**52. Currency**

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

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**XIX. 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.

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

**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 Priscillah Nduku Mutua  
Accounting Officer  
(Principal)**

**Appendix II: Projects Implemented by (The Entity)**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners – There was no project funded by development partners except for the AfDB project that was managed by the Ministry of Education under the state department of Tvet.

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	Construction of tuition block and hostels					
2						

**Status of Projects completion**

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

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**Appendix III- Inter-Entity Confirmation Letter**

*Machakos Technical Institute for the Blind*  
*P.O. BOX 112 -90100, Machakos.*


*Ministry of Education,*  
*State department of Technical and Vocational Training*  
*P.O. BOX 28983 – 00100, Nairobi*

The *Ministry* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 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 return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021(E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		9,909,130.00	0	0	9,909,130.00	9,909,130.00	0
		9,909,130.00	0	0	9,909,130.00	9,909,130.00	0
		9,909,130.00	0	0	9,909,130.00	9,909,130.00	0
		9,909,130.00	0	0	9,909,130.00	9,909,130.00	0
Total							

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

**Head of Accountants department of beneficiary Entity:**

Name **Dr. P. Nduku Mutua.** Sign  Date 12.09.2022

**Appendix IV: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

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

**Appendix V: Disaster Expenditure Reporting Template**

<b>Date:</b>						
<b>Entity</b>						
<b>Period to which this report refers (FY)</b>	<b>Year</b>				<b>Quarter</b>	
<b>Name of Reporting Officer</b>						
<b>Contact details of the reporting officer:</b>	<b>Email</b>				<b>Telephone</b>	
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 (Kshs.)	Comments

