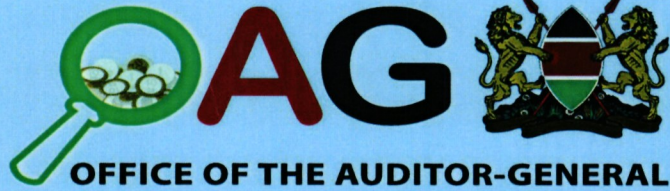


REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT


OF

THE AUDITOR-GENERAL

ON

**ST. JOSEPH'S TECHNICAL TRAINING
INSTITUTE FOR THE DEAF**

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

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

ST JOSEPH'S TECHNICAL TRAINING INSTITUTE FOR THE DEAF.

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**ST'JOSEPH'S TECHNICAL INSTITUTE FOR THE DEAF NYANG'OMA.
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

1.1. Vision, Mission and Core Values

1.1 a) Vision

To be a global centre for modern technology for learners with emphasis on learners with hearing impairment.

1.1 b) Mission

To equip learners with hearing impairment with technical knowledge, skills and attitude for self-reliance.

1.1 c) Core Values

- Fear of God.
- Professionalism.
- Integrity and Honesty.
- Tolerance and Empathy.
- Responsibility.
- Peace and Unity.
- Respect and Courtesy.

Motto: Education for Self Reliance.

1.2. Quality Policy

As an institution St Joseph's Technical Institute for the deaf is committed to providing affordable, accessible, and sustainable and quality training by ensuring our services are effective and efficient and meet the customer needs and expectations. St Joseph's Technical Institute for the deaf is committed to complying with requirements of ISO 9001:2008 Quality Management Systems. To achieve this, the institute has established Quality Objectives which shall be reviewed from time to time for continuous improvement.

The key Quality Objectives seek to: -

- I. Achieve and maintain a level of quality training which enhance the institutions' reputation with customers.
- II. Ensure compliance with the TVET Act 2013 and other relevant statutory and safety requirements.
- III. Endeavour to always maximize customer satisfaction with services provided by St Joseph's Technical Institute for the deaf.

1.3 Historical Background

St. Joseph's Technical Institute, Nyang'oma was started in 1965 by Franciscan Sisters of St. Anna. It was officially blessed on 14th November 1972 and registered by the Ministry of Education.

The Institution was started to cater for children who are deaf completing primary education at a primary school also managed by Franciscan Sisters of St. Anna Congregation within Nyang'oma complex. The Dutch sisters who founded the congregation saw the need of training these young boys on technical and practical skills that would enable them to be self-reliant as is reflected in the motto and thus have a better and sustainable future.

At its inception, the Institution faced the challenge of qualified local skills for special education in technical skills among sisters and in the country in general. The institution therefore relied mainly on expatriates' staff to teach the students. When this practice was no longer sustainable, the sister with the assistance of Fr. Van Ouderaa, the then parish priest of Nyang'oma Catholic Mission, identified and invited African Religious brothers (Brothers of St. Charles Lwanga) to assist in the technical teaching and who later took over the management of the institution.

The school progressed and developed into a technical institute, a status it holds to the present day and was registered in 1972 with the Ministry of Education as a Public Institution. In the year 2008 the Franciscan Sisters of St. Anna took back the management of the institution in response to the Ministry of Education call that all institutions administration be managed by qualified personnel. The institute was later transferred to the department of Education science and Technology under TVET Authority as one of the Technical Training Institutions.

In the course of time, the institute has upgraded its courses from Trade Test courses to a higher level Artisan, Craft and Diploma courses. This necessitated new registration requirements which were met. To prepare our students for the fast evolving world out there, the institute in 2009 introduced computer training at diploma level. Later, the Institute started inclusive education programme that gears towards mainstreaming people with disabilities into the general society. This programme is particularly encouraged and advocated for by the government as a vehicle of mainstreaming the skilled disabled persons into the general labour market smoothly.

The Institute is fed by a big and growing catchment area beyond the original primary school for the deaf started by the sisters. Presently, students come from all over the country and beyond. In fact there are a number of students from the neighbouring country Uganda.

1.4 Our Core Mandate

St. Joseph Technical institute for the deaf has the mandate to implement the government technical education programme and curriculum that equip learners with hearing impairment, with technical knowledge, skills and attitude for self-reliance. This mandate is expected to be realised by the institution in a self-sustaining manner. The implementation of this mandate is driven by four key core functions.

1.5 Functions and objectives of St. Joseph Technical Training Institute for the Deaf.

- To implement technical education programme. (curriculum)
- To provide training opportunities learners with hearing impairment.
- To provide skills for self-reliance learners with hearing impairment.
- To provide alternative source of income to the institution.

In its endeavours to realise its mandate and implement its core values, St. Joseph Technical Institute for the Deaf is guided by a clearly articulated vision, mission statement, and core values. These were developed through a participatory process by all the key stakeholders and have been regularly reviewed to reflect the evolving mandate of the institute and the volatile social, economic and technological environment impacting the institute.

(a) Key Management

The entity's day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer
- Deputy Principal
- Registrar
- Dean of Students

Fiduciary Management

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

No.	Designation	Name
1.	Principal	Sr. Celestine Mangiti
2.	Deputy Principal	Mr. Michael Odhiambo
3.	Registrar	Mr. Dedan Jagero
4.	Dean of Students	Mr. Daniel Owiti
5.	Finance Officer	Felix Onyango
6.	Procurement Officer	Rahel Akoth Rabet
7.	Human Resource Officer	Castro Alphonse Okumu

(a) Entity Headquarters

St. Joseph's Technical Institute for the deaf – Nyang'oma
P.O. Box 33-40601
Off Bondo – Usenge Road
Bondo, KENYA

(b) Entity Contacts

Telephone :(254) 0731255167

E-mail: nyangomajoseph@gmail.com

Website: www.stjosephtechnical.ac.ke

(c) Entity Bankers

Kenya Commercial Bank

Oginga Odinga Road

P.O Box 17-40100

Kisumu, Kenya

(d) Independent Auditors

Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(e) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

THE BOARD OF GOVERNORS.



Sr. Zipporah Kerubo Ogalo.

- Bachelor of Commerce.
- **Chairperson.**

Sr. Zipporah was born in 1972. She is a holder of Bachelor of Commerce (Human Resource Management). Currently, she is the administrator of Ukweli Pastoral Centre Kisumu. She is an experienced administrator successful in project implementation and system administration.



Mr. William Stephen Oyucho.

- Bachelors of Education (Arts).
- Member

Mr. Oyucho was born on 11th March, 1980. He is a holder of Bachelor of Education (Arts). Mr. Oyucho is the Branch Manager Co-operative Bank of Kenya, Kisumu Branch, a position he has served for a period of six years.



Sarah Salome Ondego.

- Masters in Business Administration.
- Member

Ms. Ondego was born in 1962. She is a holder of Masters in Business Administration. She is currently working at County Executive Committee Members for water, irrigation, natural resources and energy.



Mr. Paul Siaya.

- Diploma in Technical Education.
- Member

Mr. Siaya was born in 1960. He is a Diploma holder in Technical Education. He is currently working with the Starkey Hearing Foundation. He is specialized in handling people with Hearing Impairment.



Eng. Rosalia Soita.

- Bachelors of Technology Civil and Structural Engineering.
- Member

Eng. Soita was born on 24th March, 1977. She is a holder of Bachelor of Technology Civil and Structural Engineering. She is an experienced Engineer serving at Lake Victoria Water Services Board. She has been a committed member of the Board of St. Joseph's.



Ann Kemunto Iyoga

- Master Degree in Information Technology Management.
- Member

Ms. Kemunto was born on 13th March, 1981. She is a holder of Master Degree in Information Technology Management. She is currently pursuing her PhD in IT at JKUAT. She is a part time lecturer.



Mr. Rombo was born on 31st December, 1963. He is a holder of Diploma in Architecture. He is currently an Architect and the Principal Consultant at Bellfast Technical Services. He was the Chairperson of the outgoing Board of Governors. He has excellent Managerial and leadership skills.

Mr. Kennedy Odongo Rombo.

- Diploma in Architecture.
- Member



Sr. Celestine Mangiti was born on 24th February, 1963. She is currently the Principal of St. Joseph's Technical Institute for the Deaf and consequently the secretary to the institution's Board of Governor. She has a wealth of experience in administration having worked at that level for the last twenty years in various learning institutions as a principal and held leadership positions in various organisations. She attained her undergraduate degree in B.E.D at Kenyatta University and M.A Psychology in the Catholic University of Eastern Africa.

Sr. Celestine Mangiti.







- Masters in Guidance & Counselling Psychology.
- BED. English/Literature.
- Principal/Secretary Board

THE BOARD OF GOVERNORS COMMITTEES


Name of the Committee	Members
Discipline/Academic Committee	1. Paul Siaya- Chairman 2. Eng. Rosalia Soita 3. Ms. Ann Kemunto
Finance/Administration Committee	1. Steve Oyucho – Chairman 2. Mrs. Sarah Ondego 3. Mr. Kennedy Odongo

ST JOSEPH'S TECHNICAL INSTITUTE FOR THE DEAF, NYANG'OMA.
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

MANAGEMENT TEAM

PHOTO	NAME	DESEIGNATION	QUALIFICATIONS.
	Sr. Celestine Mangiti	Principal	.Masters In Guidance & Counselling Psychology. BED. English/ Literature
	MR. Odhiambo Michael Odhiambo	Deputy Principal Administration	BED TED Electrical And Electronics
	Mr. Didan Jagero	Registrar	BED TED power mechanics and technology
	Mr. Daniel Owiti Omoro	Dean Of Students	BED TED Electrical Power
	Mr. Felix Otieno Onyango	Finance Officer	Degree in Business Management. (Banking and Finance) CPA Finalist. Certified Secretaries (CS) On-going
	Rahel Rabet	Procurement Officer	Degree in Business Administration. (On-going) Diploma in Purchasing and Supply Management

ST JOSEPH'S TECHNICAL INSTITUTE FOR THE DEAF, NYANG'OMA.
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Mr. Castro Alphonse Okumu.	Human Resource Officer	Higher National Diploma in Human Resource Management. Diploma in Technical Teacher Education.
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CHAIRMAN'S STATEMENT

St. Joseph's Technical Institute for the Deaf-Nyangoma is one of the technical institutes in Kenya under the Ministry of Education state department of Technical and Vocational Education Training (TVET). The institute has a functional Board of Governors whose core duty is to enable the institute realise its core Mission and Vision, by being a global centre for modern technology for learners and to equip learners with hearing and hearing impaired with technical knowledge, skills and attitude for self-reliance.

The Board of Governors has come up with academic policies, finance policies, procurement and human resource policies to enable in smooth running of the institute by the management. Some of the key challenges the Board is facing is full implementation of Technical and Vocational Education Training (TVET) Acts, fee collection as a result of government policies on capitation which isn't remitted on time to enable smooth operation of the institute's activities.

The Board of Governors intend to increase its operation by opening Got-Ramogi campus for more learners to access training in different courses of their interest for self-reliance.

STATEMENT OF THE PRINCIPAL

As a technical training institute, St. Josephs Nyang'oma is well placed to provide adequate and relevant knowledge to its trainees who majorly are hearing impaired to enable them to graduate as skilled individuals who have a positive impact in the society despite challenge they face in their daily livelihood.

During the training of our students , the institute factors in the role of technical and vocational training colleges towards the achievement of the countries vision 2030 and the Governments Big four Agenda and all the presidential directives as they are released.

In the course of undertaking our core mandate, we have consistently reviewed our academic programs and managerial systems to ensure that they are competitive in terms of quality, reliability and relevance.

The Board of Governors has put a lot of effort in setting up systems, structures policies and guidelines that assist in the attainment of the institute's strategic objectives and ease flow of work while still adhering to the standards set by the law.

The sources of funding during the financial year ending 30th June, 2019 were revenue from rendering of services- Fees from students amounting to Kshs. 21,406,795, recurrent grant of Kshs 19,494,126 and government development grant of Kshs 13,424,007.

ENROLMENT

During the financial year 2018/2019, the institute admitted over 350 students. Out of the total population, 87 Trainees sat for their final year examination on November 2018.

Population table for the financial year 2018/2019.

Details	Hearing		Hearing Impaired		Total
	Male	Female	Male	Female	
Automotive- Mechanical	12	1	1	-	14
Automotive- Production	36	1	1	-	38
Building- Masonry	101	17	24	-	142
Building - C&J	1	-	7	-	8
Building - Plumbing	48	8	5	-	61
Electrical Engineering	69	25	9	2	105
Clothing Technology	-	46	1	8	55
Computer Studies	17	37	2	1	57
Hair Dressing & Beauty	2	61	-	8	71
Kenya Sign Language (KSL)	3	13	-	-	16
Food & Beverage	3	41	-	3	47
TOTAL	292	250	50	22	614

ST JOSEPH'S TECHNICAL INSTITUTE FOR THE DEAF, NYANG'OMA.
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The institution presented students for both the NITA and KNEC exams in July 2018. The overall percentage pass for NITA exams was 82.40% while that of KNEC exams was 52.10%. Results are as presented in the table below.

NITA

LEVEL	No. of candidates	% Pass
GRADE 3	45	82.22
GRADE 2	30	90.00
GRADE 1	8	75.00
MEAN		82.40

KNEC

SERIES	No. of candidates	% Pass
JULY 2018	63	46.00
NOVEMBER 2018	196	58.20
MEAN		52.10

Capacity Building for staff/Board of Governors

During the year a number of capacity building activities took place for the institute trainers, staffs as well as Board members.

Two staffs from the finance department attended sensitization training workshop on the requirements of public finance management Act 2012 from 19th November, 2018 to 23rd November, 2018 held at the Kenya School of Government, Kabete-Nairobi County.

We had Induction for the Board of Governors that was held at Tom Mboya Labour College Kisumu County from 15th April, 2019 to 17th April, 2019.

On 13th May, 2019 to 17th May, 2019 two staffs from the finance department attended Annual workshop on the preparation of Financial Statements held at the Kenya School of Government, Kabete-Nairobi County.

Co-Curriculum Activities

During the financial year 2018/2019 the institution took part in a number of co-curricular activities organised by Kenya Technical Trainings Institutes Sports Organisation (KETTISO):-

- a. National ball games championship held at Friends College Kaimosi from 29th July 2018 to 2nd August 2018. The institute emerged position three overall in the competition.
- b. KETTISO National election exercise held at Rift Valley Institute of Science and Technology (RVIST) in Nakuru County in November 2018 where the games master represented the institute.
- c. National Athletics Championship held at St. Marks Teachers Training College Kigari in Embu County from 2nd August 2019 to 7th August 2019. The institute emerged position three overall in the competition.

- d. Regional ball games championship held at Mawego Technical Training Institute in Homabay County from 18th June 2019 to 22nd June 2019. The institute emerged position one overall in the competition. The institute performed tremendously well and was to proceed to the National ball games championship which was to be held in The Nyeri National Polytechnic in Nyeri County in July/August 2019.

Research and Innovation.

On 1st February 2019- The institute attended Research Coordinators and Registrars meeting held at Shamberere Technical Training Institute in Kakamega County.
Three staff members attended the meeting to represent the institute.

On 26th February 2019 - The institute attended Research Coordinators and Registrars meeting held at Shamberere Technical Training Institute in Kakamega County.
Two staff members attended the meeting to represent the institute.

The institute participated in KATTI Western Region TVET Exhibition and Robotics contest that was held at Shamberere Technical Training Institute in Kakamega County from 6th March, 2019 to 9th March, 2019. St Joseph's Technical Institute for the Deaf, Nyang'oma emerged the best in the special category giving it an opportunity to proceed to the next level of the competitions. Three trophies were taken by the institute during the regional competitions held at Shamberere TTI.

On 27th March, 2019 to 30th March, 2019 the institute participated in KATTI National TVET Exhibition and Robotics contest held at The Kenya Coast National Polytechnic in Mombasa County

On 5th August, 2019 to 9th August, 2019 the institute participated in NACOSTI Science week held at KICC in Nairobi County. The robotics team was position 12 in the national category and 1st in the special category.

Production unit.

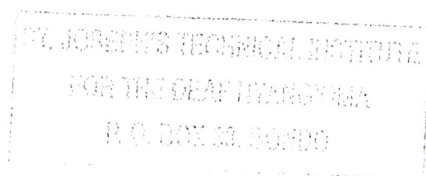
The production units owned by the institute are fish farming and broiler chicken rearing. These production units are internally consumed by the institute to improve on the learners and trainers diet. The chicken rearing unit is located in the institute's Compound while fish farming on St Joseph's Technical Institute for the Deaf in Got Ramogi campus.

Renovation and Facelift of Institute Facilities

There were some renovations done in the institution during the financial year 2018/2019 like renovation of automotive and electrical workshops, installation of new broilers in the kitchen, acquisition of more student chairs and staff chairs.



Sr. Celestine Mangiti
Principal



MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

The institute has received Kshs. 10,153,190.00 for the 2nd quarter, Kshs 9,340,936.00 for the 3rd quarter totaling to Kshs. 19,494,126.00 for recurrent grant and Kshs. 13,424,007.00 for project Development making it a total sum of **Kshs 32,918,133.00** received from the government of Kenya for the financial year 2018/2019.

The institute operated at a deficit of Kshs. 12,532,559 As shown in the statement of financial performance.

Compliance With Statutory Requirements.

St. Joseph's Technical Institute for the Deaf has complied with all statutory requirements which include;

- The constitution of Kenya, 2010
- TVET Act, 2013
- KRA provisions on taxes
- Employment act and labor relations
- Statutory deductions; NSSF, NHIF.

Key projects and investment the institution implemented

On-Going Projects						Contractor Paid	Balance Due
Project Title	Funding	Contract Sum	Status	Amount Spent To Date	% Status		
Twin Workshop Classroom and Offices	G.O.K	53,470,287	On-going	15,688,409	50%	Le-Brilliance Entreprises	37,781,878
Got-Ramogi Campus	African Development Bank thru' M.O.E	218,784,240	On-going		55%	Senders services Co. Limited	

The institute does not manage the funds for Got Ramogi campus, hence making it difficult to ascertain the amount spent to date and balance due.

Major Financial risks facing St. Joseph's Technical Institute.

The institute's activities expose it to a variety of risks: Market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

i) Foreign exchange risk

Foreign exchange risk arises from recognized assets and liabilities. St. Joseph's Technical Institute operates within Kenya and its assets and liabilities are denominated in Kenya shillings.

The institute has no transactions in foreign currency since most of our trainees pay fees in Kenyan shillings.

ii) Price Risk.

St. Joseph's Institute does not hold any financial instruments that may lead to price risk.

iii) Cash flow and interest rate risk.

Interest rate risk arises out of long/short term borrowings. St. Joseph's institute for the deaf has no long/short term borrowings from any financial institutions.

iv) Credit Risk.

Credit risk arises from cash and cash equivalent and deposits with banks as well as credit exposures to customers including outstanding receivables and committed transactions. Credit risk is the risk that counter party will default on its contractual obligations resulting in financial loss to the institute. The institute does not have significant concentrations of credit risk For banks and financial institutions. St. Joseph's institute only deals with well-established banks. For trade and receivables, the institute assesses the credit worth of the customers, taking into account their financial position, past experience and other cross cutting factors. The institute works closely with CDF'S, HELB and other funding institutions that support trainees to ensure reduction on default risk on student's fee balances.

v) Liquidity risk

Liquidity risk is the risk that the institute will not be able to meet its financial obligations as and when they fall due. Due to the dynamic nature of the institute business, the institute maintains flexibility in funding by maintaining availability under committed credit lines. The institute's approach when managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risk damage to the institute's reputation. However, external factors such as delays in capitation do creates serious constrain on the liquidity of the institute.

Material arrears in statutory/financial obligations.

St Joseph's Tech. Institute is a law abiding institution and is committed to its core mandates hence it has no statutory or tax default to date.

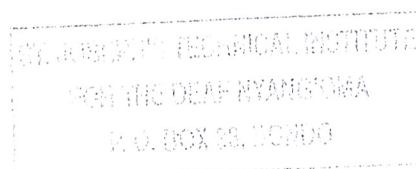
In the financial year ending 30th June, 2019 there were pending bills amounting to Kshs. 5,283,327.

The institute was owed a total of Kshs. 11,272,125 being arrear for the year under review.

Financial Probity and serious governance Issues.

During the financial year 2018/2019 the Board Members had no conflict of interest reported during the period.

By order of the Board
Sr. Celestine Mangiti
Principal/ Secretary BOG



CORPORATE GOVERNANCE STATEMENT

The Nomination Panel of Board of Governors comprise of a Chairperson Director of TVET and three other persons as follows;

- a) Representative of County Commissioner
- b) One person nominated by the area Member of Parliament and.
- c) A representative of the Interest group.

The appointment of a Board member may cease by resigning in a written notice

The Board is charged with ensuring that St. Joseph's Technical Institute for the Deaf is managed in a sound manner and delivers members value within an environment of good corporate governance. It is in this value that the Board considers corporate governance as a key to good performance of St. Joseph's Technical Institute for the Deaf.

The Board continually reviews various policies, procedures, internal control systems used in stewardship of St. Joseph's Technical Institute for the Deaf, Nyangoma assets and resources with the objective of maintaining and enhancing stakeholder value in the context of the institute's Vision, Mission and Values.

The Board comprises of 8 (eight) non-executive members and a secretary who is the Principal of the institution. The Board members were appointed on 5th October 2018 by the cabinet Secretary, Ministry of Education.

The Board ensures that proper standards of corporate governance are maintained and have oversight over the management of the institution, not only through the Board meetings but also through the various Board Committees.

The Board is required to meet at least three times in every financial year to discuss the overall performance of the institution. All full Board meetings are convened by the Secretary to the Board upon instructions from the Chairperson or upon the requisition of at least four members of the Board. All decisions are passed by a majority of present members voting with the Chairperson having the decisive vote in the event of a tie.

During the financial year 2018/2019 the Board members had no conflict of interest reported during the period of reporting.

The number of Board meetings held during the financial year 2018/2019 and the attendance to those meetings by members is as shown below.

BOARD MEMBER	MEETING ATTENDANCE		
	25 TH JAN 2019	15 TH FEB 2019	29 TH JUNE 2019
Sr. Zipporah Kerubo	Present	Present	Present
Mr. Oyicho William Steve	Present	Present	Present
Sarah Salome	Present	Present	Present
Paul Siaya	Present	Present	Present
Eng. Rosaria Soita	Absent	Absent	Present
Anne Kemunto Iyoga	Present	Present	Present
Mr. Rombo Kennedy Odongo	Present	Present	Present
Sr. Celestine Mangiti	Present	Present	Present

Zipporah Kerubo
.....

Sr. Zipporah Kerubo

BOG chair

Celestine Mangiti
.....

Sr. Celestine Mangiti

Principal

ST JOSEPH'S TECHNICAL INSTITUTE FOR THE DEAF, NYANG'OMA
 P. O. BOX 3, ODONGO

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

During the year under review, the institute offered various activities to support the locals and needy groups as below;

- The institute offered supplied fish to St. Bernard Children's Home Nyang'oma to assist the orphanage in feeding the needy children
- The institute also participated in monthly cleaning of the local market as a way of sustaining clean environment.
- The institute also offered free hair care (Saloon services) in the institute hair dressing and beauty therapy workshop to locals every quarterly as a way of giving back to the community. This has raise self-esteem to local women who cannot afford good saloon services

The institute plans to extend these services in future to include training some locals on short courses to enable them become self-reliance.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the St. Joseph's Technical Institute affairs.

Principal activities

The principal activities of the entity are

- To implement technical education programme. (curriculum)
- To provide training opportunities learners with hearing impairment.
- To provide skills for self-reliance learners with hearing impairment.
- To provide alternative source of income to the institution.

Results

The results of the institute for the year ended June 30, 2019 are set out on page 1-5

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vi to viii. During the financial year 2018/2019 no member retired/ resigned from the Board

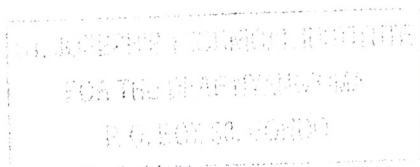
Auditors

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

By Order of the Board



Principal



STATEMENT OF BOARD OF GOVERNORS/ BOARD MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,) require the Board members to prepare financial statements in respect of St. Joseph's Technical Institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year 2018/2019 and the operating results of the institute, for the year 2018/2019. The Board members are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The Board members are also responsible for safeguarding the assets of the institute.

The Board members are responsible for the preparation and presentation of St. Joseph's Technical Institute for the Deaf, Nyangoma financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial year ended on June 30, 2019. This responsibility includes:

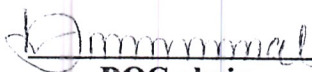
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute.
- (iii) Designing,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

The Board members accept responsibility for St. Joseph's Institute 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 TVET Act. The Board members are of the opinion that the institute's financial statements give a true and fair view of the state of institute's transactions during the financial year ended June 30, 2019, and of the institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute'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 institute 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 St. Joseph financial statements were approved by the Board on _____ 27/09/2019 and signed on its behalf by:


BOG chair


BOG Secretary

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ST. JOSEPH'S TECHNICAL TRAINING INSTITUTE FOR THE DEAF FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of St. Joseph's Technical Training Institute for The Deaf set out on pages 1 to 22, which comprise the, statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of St. Joseph's Technical Training Institute for the Deaf as at 30 June, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Educational Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2021 reflects receivables from exchange transactions of Kshs.39,148,001. Included in the balance and as explained in Note 17 to the financial statements is a balance of Kshs.37,758,295 relating to student debtors which date back to the year 2014/2015 whose supporting documents were not availed for audit review. Further, the Institute has not established a policy on debtors nor made provision for bad and doubtful debts thereby casting doubt on the recoverability of the debt.

Under the circumstances, the accuracy and validity of the receivables from exchange transactions balance of Kshs.39,148,001 could not be confirmed.

2.0 Property, Plant and Equipment

The statement of financial position further reflects property, plant and equipment balance of Kshs.207,572,915 as at 30 June, 2019. As disclosed in Note 22 to the financial statements, depreciation charged and during the year is Kshs.11,989,705.. However, it is not clear how the amount was arrived at since the depreciation policy and rates used to depreciate the property, plant and equipment have not been disclosed in the financial statements.

Under the circumstances, the accuracy and validity of the property, plant and equipment balance of Kshs.207,572,915 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the St. Joseph's Technical Training Institute for the Deaf 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. I have determined that there are no other key audit matters to communicate in my report.

REPORT ON WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Withhold VAT

The statement of financial performance for the year ended 30 June, 2019 reflects expenditure under use of goods and service of Kshs.3,876,979. Included in the expenditure are payments totaling Kshs.2,027,500 made to two local suppliers without withholding VAT amounting to Kshs.115,235 as required under the VAT Act, 2013.

Consequently, the Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Audit Committee

The Institute has not established an audit committee contrary to Section 75(5) of the Public Finance Management Act, 2012 and Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015 which require each National Government entity to establish an audit committee to oversee governance and promote transparency in the management of the Institute's resources.

The Management is therefore in breach of the law.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the St. Joseph's Technical Training Institute for the Deaf ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to terminate the St. Joseph's Technical Training Institute for the Deaf or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the St. Joseph's Technical Training Institute for the Deaf financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 St. Joseph's Technical Training Institute for the Deaf 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 St. Joseph's Technical Training Institute for the Deaf ability to continue as a going concern or 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 St. Josephs Technical Training Institute for the Deaf 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 St. Joseph's Technical Training Institute for the Deaf to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 January, 2022

**ST JOSEPH'S TECHNICAL INSTITUTE FOR THE DEAF NYANG'OMA.
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	19,494,126	-
Total Revenue from non-exchange transactions		19,494,126	-
Revenue from exchange transactions			
Rendering of services- Fees from students	7	21,406,795	
Sale of goods	8	565,200	
Other income	9	570,900	
Revenue from exchange transactions		22,542,895	-
Total revenue		42,037,021	-
Expenses			
Use of goods and services	10	3,876,979	-
Employee costs	11	10,328,345	-
Depreciation and amortization expense	12	11,989,705	-
Repairs and maintenance	13	5,017,195	-
General expenses	14	23,290,236	-
Finance costs	15	67,120	-
Total expenses		54,569,580	-
Net deficit for the year		- 12,532,559	-


The notes set out on pages 15 to 20 form an integral part of the Annual Financial Statements.

**ST. JOSEPH'S TECHNICAL TRAINING (INSTITUTE FOR THE DEAF – NYANG'OMA)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

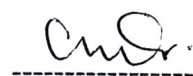
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	11,156,389	-
Receivables from exchange transactions	17	39,148,001	-
Receivables from non-exchange transactions	18	600,780	-
Inventories	19	1,723,459	-
Total Current Assets		52,628,629	-
Non-current assets			
Property, plant and equipment	22	207,572,915	-
Total Non-current Assets		207,572,915	-
Total assets		260,201,544	-
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	5,283,327	-
Refundable deposits from customers	21	2,774,135	-
Total Current Liabilities		8,057,462	-
Non-current liabilities			
Total liabilities		8,057,462	-
Capital and Reserves			
Reserves		183,462,850	-
Accumulated surplus		55,013,775	-
Capital Fund		13,667,457	-
Total Capital and Reserves		252,144,082	-
Total Liabilities and Capital & Reserves		260,201,544	-

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


Chair BOG


Finance Officer


Principal

Date 29/7/2020

ICPAK No
Date 29/07/2020

Date 29/7/2020

ST. JOSEPH'S TECHNICAL INSTITUTE
FOR THE DEAF NYANG'OMA
P. O. BOX 53, BUNDO

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f at July 1, 2017	-	-	-	-	-
Revaluation gain					-
Prior year adjustments.					-
Total comprehensive income					-
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
Balance c/d as at June 30, 2018	-	-	-	-	-
Balance b/f as at July 1, 2018	-	-	67,546,334	-	-
development donation				243,450	243,450
Revaluation During the year	181,739,391			13,424,007	195,163,398
Closing stock revaluation	1,723,459				1,723,459
Total comprehensive income					-
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
Balance c/d as at June 30, 2019	183,462,850	-	55,013,775	13,667,457	184,597,748

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	19,494,126	-
Rendering of services- Fees from students	7	21,406,795	-
Sale of goods	8	565,200	
Other income, rentals and agency fees	9	570,900	
Total Receipts		42,037,021	-
Payments			
Use of goods and services	10	3,876,979	
Compensation of employees	11	10,328,345	
Repairs & Maintenance	13	5,017,195	
General Expenses	14	23,290,236	
Finance cost	15	67,120	
Total Payments		42,579,875	-
Net cash flows from operating activities		- 542,854	-
Cash flows from investing activities			
Purchase of property, plant, equipment (Additions)	22	- 17,111,609	
Net cash flows used in investing activities		-17,111,609	-
Cash flows from financing activities			
Donations		243,450	
Increase in development grant		13,424,007	
Net cash flows used in financing activities		13,667,457	-
Changes In Working Capital			
Inrease in receivables from exchange transactions	17	- 8,725,501	
Inrease in receivables from non-exchange transactions	18	- 600,780	
increase in payables	20	4,386,472	
increase in refundable deposits	21	1,526,087	
Net cash flows used in financing activities		- 3,420,722	-
Net increase/(decrease) in cash and cash equivalents		- 7,407,728	-
Cash and cash equivalents at 1 July 2018		18,564,117	-
Cash and cash equivalents at 30 June 2019		11,156,389	-

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Performance Difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from other Govt entities						
Govt grants	52,000,000	-	52,000,000	19,494,126	32,505,874	63
Rendering of services- Fees from students	42,948,900	-	42,948,900	21,406,795	21,542,105	50
Sale of goods (Tender and Production)	500,000	-	500,000	565,200	65,200	13
Gains on disposal, rental income and agency fees	96,000	-	96,000	570,900	474,900	495
Total income	95,544,900	-	95,544,900	42,037,021	53,507,879	56
Expenses						
Compensation of employees	11,594,472	-	11,594,472	10,328,345	1,266,127	11
Use of Goods and services	14,088,000	-	14,088,000	3,876,979	10,211,021	72
Finance costs	48,000	-	48,000	67,120	19,120	40
Repairs and Maintenance	4,000,000	-	4,000,000	5,017,195	1,017,195	25
General expenses	65,814,428	-	65,814,428	23,290,236	42,524,192	65
Total expenditure	95,544,900	-	95,544,900	42,579,875	52,965,025	55
Surplus for the period	-	-	-	542,854	542,854	

**ST. JOSEPH'S TECHNICAL TRAINING INSTITUTE FOR THE DEAF – NYANG'OMA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note on huge variances

- The treasury allocation was not fully received to a tune of Kshs. 32,505,874
- The students had hoped for the HELB to assist them pay fees but by the end of the year, HELB funds had not been received. The government also changed fees structure in the course of the year making fees from students to be reduced for capitation levy
- On sale of good and services, the institute managed to attract more Production Unit due to increase marketing.
- Use of good and service s reduced because of proportional revenue to meet such expenditure. The institute did not commit beyond their revenue base.
- Payment of fees through bank reduced because of HELB and capitation hence the reduction in bank charges.
- General expenditure reduced by huge figure because there was a massive reduction in expenditure due to low fee collection as explained above

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

St Joseph's Technical institute is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

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 St Joseph's Technical Institute accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the St. Joseph's Technical Institute

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
<p>IPSAS 40: Public Sector Combinations</p>	<p>Applicable: 1st January 2019 The institute does not operate under business combination hence this IPSAS 40 does not apply</p>
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The institute does not operate with financial instruments covered under this area, hence this IPSAS 41 does not apply</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The institute does not operate other social benefits. It is only operating with NSSF as the only social benefit hence this IPSAS 42 does not apply</p>

4. EARLY ADOPTION OF STANDARDS

The institute is adopting IPSAS accruals for the first time and has taken into account clauses covered under IPSAS 33

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2018/2019 was approved by the Board. 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.

c) Property, plant and equipment

The institute during the year did internal valuation of all its property plant and equipment with values include in the property plant and equipment attached.

The values are net book values of Kshs 207,572,915 after depreciation of Kshs 11,989,705 being factored in for the financial year under review.

d) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 institute determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

k) 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.

l) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) 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 BOG members, Principal and senior managers.

n) 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.

o) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The institution is adopting IPSAS for the first time hence does not have comparative figures

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6. Transfers From National Government Ministries

	2018/2019	2017/2018
Currency	Kshs	Kshs
Transfers from National Government Ministries		
Unconditional grants	-	-
Operational grant	19,494,126	-
Conditional grants	-	-
Total Government grants	19,494,126	-

7. Rendering of Services

	2018/2019	2017/2018
	Kshs	Kshs
Boarding	9,354,970	-
Attachment	1,165,220	-
Activity	2,289,450	-
Tuition	1,021,075	-
Medical	700	-
Lt&T	1,149,225	-
Ewc	1,324,864	-
Contingencies	1,000	-
Library Fees	1,170	-
Internet	3,000	-
P.Emol	4,446,720	-
Admission Fee	500	-
I.D Card	14,760	-
Rmi	634,141	-
Total Rendering Of Services	21,406,795	-

8. Sale of goods

	2018/2019	2017/2018
	Kshs	Kshs
Sale of farm produce	565,200	-
Total Sale of goods	565,200	-

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9. Other income

	2018/2019	2017/2018
	Kshs	Kshs
Rent	432,400	-
Income from sale of tender	138,500	-
Total other income	570,900	-

10. Use of Goods and Services

	2018/2019	2017/2018
	Kshs	Kshs
Electricity	518,728	-
Water	1,060,687	-
Security	1,397,000	-
Subscriptions	900,564	-
Total good and services	3,876,979	-

11. Employee Costs

	2018/2019	2017/2018
	Kshs	Kshs
Salaries and wages	10,328,345	-
Total Employee costs	10,328,345	-

12. Depreciation and Amortization Expense.

	2018/2019	2017/2018
	Kshs	Kshs
Property, plant and equipment	11,989,705	-
Total depreciation and amortization	11,989,705	-

13. Repairs and Maintenance

	2018/2019	2017/2018
	Kshs	Kshs
Other	5,017,195	-
Total Repairs and Maintenance	5,017,195	-

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14. General Expenses

DETAILS	2018/2019	2017/2018
	Kshs	Kshs
Boarding	8,004,786	-
Activity	1,406,750	-
Tuition	7,191,870	-
Medical	100,290	-
Lt&T	1,319,500	-
Contingencies	3,651,144	-
Library Fees	2,630	-
Internet	15,300	-
Attachment	663,091	-
Production Unit	903,265	-
Tender	31,610	-
Total General Expenses	23,290,236	-

15. Finance Costs.

	2018/2019	2017/2018
	Kshs	Kshs
Bank Error	48,400	-
Bank Charges	18,720	-
Total finance costs	67,120	-

16. Cash and Cash Equivalents

	2018/2019	2017/2018
	Kshs	Kshs
KCB Current account Main a/c	1,799,632	-
Cash at Hand Current account Main a/c	9,603	-
KCB Bank Saving a/c	1,999,323	-
KCB Bank Project account	7,347,832	-
Total cash and cash equivalents	11,156,389	-

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17. Receivables from Exchange Transactions

	2018/2019	2017/2018
	Kshs	Kshs
Current receivables		
Student debtors	37,758,295	-
R/D Cheques	116,600	-
Exams fee paid	1,273,106	-
Total current receivables	39,148,001	-

18. Receivables from Non-Exchange Transactions

	2018/2019	2017/2018
	Kshs	Kshs
Rent Receivables	432,400	-
Advance	45,000	-
Service gratuity	123,380	-
Total non-current receivables	600,780	-

19. Inventory.

	2018/2019	2017/2018
	Kshs	Kshs
Learning materials	179,675	-
Maintenance stores	279,295	-
Stationery	472,569	-
Catering stores	791,920	-
Total Inventories	1,723,459	-

20. Trade and other Payables from Exchange Transactions

	2018/2019	2017/2018
	Kshs	Kshs
Trade payables	5,283,327	-
Total trade and other payables	5,283,327	-

21. Refundable deposits from customers/students

	2018/2019	2017/2018
	Kshs	Kshs
Retention Fee	1,065,284	-
Prepaid fees	538,473	-
Caution money	1,047,600	-
Uniform	87,048	-
student union	35,730	-
Total deposits	2,774,135	-

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

ST JOSEPH'S NYANG'OMA	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Other	Total Amount - KES	Statement of Financial Performance	Capital Fund	Receivables	Total Transfers during the Year
Ministry of Education		Recurrent	19,494,126	19,494,126	0	0	19,494,126
Ministry of Education		Development	13,424,007	0	13,424,007	0	13,424,007
USAID		Donor Fund	0	0	0	0	0
Ministry of Education		Direct Payment	0	0	0	0	0
Total			32,918,133	19,494,126	13,424,007	0	32,918,133

ULTIMATE AND HOLDING ENTITY

The institute is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya and the Catholic Church Arch Diocese of Kisumu

Currency

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

