

REPUBLIC OF KENYA



Enhancing Accountability

**REPORT
OF**

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 JUN 2025	DAY: Monday
TABLED BY: Hon. Silvanus Oloo (Majority Party Whip)	
CLERK-AT-THE-TABLE: Anastacia	

THE AUDITOR-GENERAL

ON

**THE KIAMBU NATIONAL POLYTECHNIC
(KINAP)**

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

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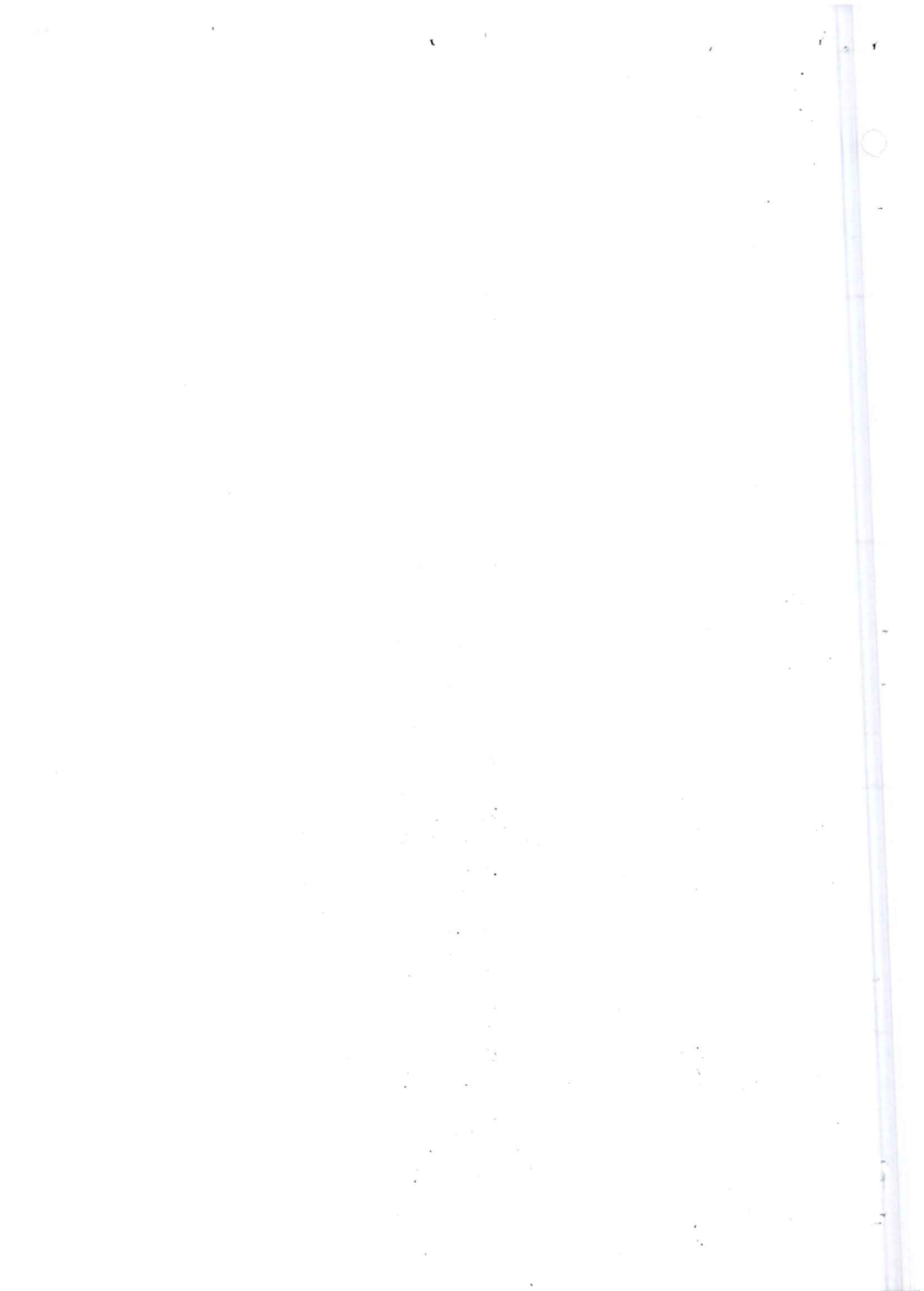


THE KIAMBU NATIONAL POLYTECHNIC (KINAP)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2024

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



THE KIAMBU NATIONAL POLYTECHNIC
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1. Acronyms & Glossary of Terms

CPA	Certified Public Accountant
CDACC	Curriculum Development, Assessment and Certification Council
CCTV	Closed Circuit Television
Fiduciary Management	Key management personnel who have financial responsibility in the entity
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KINAP	The Kiambu National Polytechnic
MOE	Ministry of Education
OSH	Occupational Health and Safety
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
PSC	Public Service Commission
TVET	Technical and Vocational Education and Training
WIBA	Work Injury Benefits Act

2. Key Entity Information and Management

(a) Background information

The Kiambu National Polytechnic (KINAP) is one of the colleges in Kenya that has produced thousands of graduates since 1973. KINAP falls under the auspices of the Ministry of Education, State Department of Technical and Vocational Education and Training. It is a registered Institution under the TVET Act 2013 of the Laws of Kenya to offer Technical and Vocational Education and Training (TVET). The Governing Council which is appointed by Ministry of Education in Consultation with the stakeholders oversees the day-to-day running of the Polytechnic.

(b) Principal Activities

The principal activity/mission of KINAP is to provide Technical and Vocational Education and Training.

i. Vision

A Centre of Excellence in Technical and Vocational Educational and Training

ii. Mission

To provide and promote quality training in science and technology that is responsive to the needs of a changing society

iii. Strategic Objectives

- To provide access and equity to TVET and higher education
- To improve infrastructure
- To enhance customer satisfaction
- To ensure prudent management of resources
- To promote Research, Development and Innovations in KINAP
- Uphold institutional Governance

(c) Key Management

The KINAP day-to-day management is under the following key organs:

- The Governing Council
- Accounting officer/ Principal
- Management

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(d) Fiduciary Management

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

SN.	Designation	Name
1.	Chief Principal	Mr. Sammy K. Waititu
2.	D/ Principal Administration	Dr. Jane M. N. Gitau
3.	D/ Principal Academics	Mr. Charles Ndirangu
4.	Head of Finance	CPA. Mercy M. Nyakundi
5.	Ag.Head of Procurement	Ms Roselyn Esaboka
6.	Registrar	Ms. Phena M. Owiye
7.	Dean of Students	Mr. Isaac Nyakundi

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Academic and Human Resource Committee:

The Academic and Human Resource Committee monitors the academic performance of the Polytechnic and is mandated to handle human resource issues for both teaching and non-teaching personnel including staff recruitment.

Technical and Finance Committee:

The Technical and Finance Committee is appointed to oversee and monitor on-going projects and report status to the Board and any recommendations for approval and implementation. The committee monitors financial performance of the Polytechnic.

Risk, Audit and Compliance Committee:

The committee monitors the integrity of the financial statements of the Polytechnic, reviews the Polytechnic's internal financial controls systems and oversees the internal audit function.

Senior Management:

Senior management comprise of Principal, Deputy Principal Administration, Deputy Principal Academics, Registrar and Dean of Students. The senior management is appointed by the Principal in consultation with the Board are responsible in the overall running of the Polytechnic.

Management:

The management report directly to the senior management.

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The management comprise of Head of Departments, Deputy Head of Departments, Head of Sections and their deputies. The management is responsible in day to day running of their departments and sections.

(f) The Kiambu National Polytechnic

P.O. Box 414 – 00900
Kiambu, KENYA

(g) The Kiambu National Polytechnic Contacts

Telephone: (+254) 727807713
E-mail: principal@kiambupoly.ac.ke
Website: www.kist.ac.ke

(h) The Kiambu National Polytechnic Bankers

1. Cooperative Bank of Kenya Limited
Kiambu Branch
P.O. Box 1064 - 00900
Kiambu
2. KCB Bank Kenya Limited
Kiambu Branch
P.O. Box 81 – 00900
Kiambu
3. Housing Finance Corporation
Rehani house Branch – Koinange Street
P.O. Box 30088-00100
Nairobi

(i) Independent Auditors

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

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Key Entity Information and Management (Continued)

(j) Principal Legal Adviser





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

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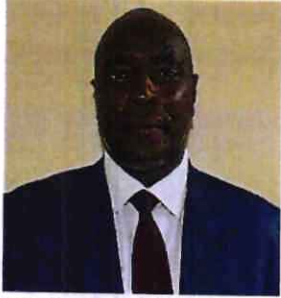

3.The Council/Board of Governors

No.	Member	Details
1.	 Mr. Fredrick Kairu Chairperson	DOB: 7 th August 1958 Executive Master in Business Administration Council Chairperson 32 Years' experience
2.	 Mr. Samuel Waweru	DOB:15 th October 1969 MSc. in Computer Based Information System Deputy Director Technical Education. Member Finance & Technical Committee, Risk and Compliance and Academic Committees 25 Years' Experience
3.	 Diana Kendi Tarichia	DOB: 2 nd February 1986 MBA in Strategic Management Member Finance & Technical Committee 16 Years' experience

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4.	 Roselyne Atwori	DOB: 10 th June 1969 Bachelor of Law Member Risk and Audit Committee 19 Years' experience
5.	 Florence Suji	DOB: 4 th June 1971 Masters in Management & Leadership (MML) Chair Technical and Finance Committee 32 Years' experience
6.	 Richard Krop	DOB: 24 th October 1974 Master of Business Administration Chair Academic and Human Resource Committee 20 Years' experience
7.	 Mr. Naftali Oyugi	DOB: 1962 Diploma in Mapping(Cartography) Consultant in Property Management & Geospatial Engineering Chair Risk and Audit Committee 36 Years' experience

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8.	 Mr Samuel Kamau	DOB:26 th July 1970 Executive Masters of Business Administration (Strategic Management) CPA(K) Member Finance & Technical Committee 31 Years' experience
9.	 Mr. Sammy K. Waititu	DOB: 6 th December 1966 Chief Executive Officer/ Principal BBA, Diploma in Technical Education, CPA(K) 27 years in training 9 years in top management Secretary to the Council

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4. Key Management Team

No.	Member/ Director	Details
1. Mr. Sammy K. Waititu		Chief Executive Officer/ Chief Principal
2. Dr. Jane Gitau		Deputy Principal Planning, Administration & Finance
3. Mr. Charles Mwangi Ndirangu		Deputy Principal Academics & Quality Assurance

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4.		Dean of students
5.		Registrar
6.		Finance Officer

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OTHER MANAGEMENT TEAM (Continued)

S/No.	Name of the Staff	Responsibility
1.	Dr. Virginia W. Nyagah	Guidance and Counselling Coordinator
2.	CPA. Bedan M. Mwangi	Internal Auditor
3.	Ms. Jeniffer Nyambura Mugo	Performance Contract and Strategic Plan Coordinator
4.	Ms. Norah Eileen Nyakira	ISO Certification Management Representative
5.	Ms. Eunice Ndiga Ileri	HOD Hospitality Department
6.	Ms. Alice Gitika	HOD Baking Technology Department
7.	Ms. Ann Mwangeli Maweu	HOD Applied Science Department
8.	Ms. Naomi Kihara	HOD Building and Civil Engineering Department
9.	Mr. David Baiya Mwathi	HOD Computer Studies Department
10.	Mr. Samuel Mulandi Matheka	HOD Electrical and Electronics Department
11.	Ms. Esther Nyambura Muthini	HOD Business, Entrepreneur and Social Studies Department
12.	Ms. AnnMary Nkirote Kamundi	Human Resource Officer
13.	Ms. Roselyn Esaboka	Ag. Supply Chain Officer
14.	Ms. Christine Muketha	Industrial attachment coordinator
15.	Mr Josephat Kariuki	Career Services
16.	Mr. Peter Kirui	Research and Innovations Coordinator
17.	Mr. Geoffrey Kamau	HOD Industrial Mechatronics
18.	Mr. Githara Chuchu	HOD Sports
19.	Dr Dinah Changamu	HOD Environmental and Safety Affairs
20.	Dr Racheal Nyamu	HOD Enterprise Services

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5. Chairman's Statement

The financial year 2023/2024 was a success. The students' population stood at 9,095 with the Building Technology department having the highest number of students being 2,028. This has contributed to growth in financial status of the Polytechnic hence it was able to meet its financial obligations as they fell due and at the close of the year on 30th June 2024. The Polytechnic managed to pay its staff on time and also managed to pay its suppliers within the agreed time period. The Polytechnic thus was able to comply with legal requirements in filing and remitting statutory payments.

The Polytechnic managed to report a surplus of Ksh. 196 Million, despite students' fees arrears being at Ksh. 135.4 Million.

The Polytechnic completed the construction of Library and ICT resource Centre Phase III, Perimeter Wall phase II and the Soccer field phase II. The projects were financed from internal savings.

The Polytechnic cleared the loan balance of Ksh. 24.5 Million.

One of the major milestones this year has been the successful transition to the Competency Based Education Training Curriculum (CBET). This transition was to ensure that the courses offered remain relevant and aligned with the demands of the modern workforce. The Polytechnic has prioritized training staff with the necessary skills and resources. Tools and equipment the various academic departments were also purchased. This ongoing process is expected to enhance the learning outcomes of our students and better prepare them for the competitive job market.

The delay in remittance of capitation from the government and reduction in the amount each trainee benefits from is a challenge to the institution causing a rise in student debtors.



Chairman, Governing Council

Date.....6/03/2025.....

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6. Report of the Chief Principal

The year 2023/2024 is our sixth year to report under International Public Sector Accounting Standards (IPSAS) Annual Financial Reporting.

The Polytechnic has experienced major growth in terms of students' enrolment and recruitment of trainers by the Public Service Commission (PSC) in consultation with the Governing Council. The staff population stood at 99 support staff, 169 BOG trainers, 7 interns and 148 PSC trainers.

At the close of the year the students' population stood at 9,095 with the Building Technology department having the highest number of students being 2,028. This has contributed to growth in financial status and the Polytechnic was able to meet its financial obligations as they fall due. The Polytechnic managed to pay its staff on time and also managed to pay its suppliers within the agreed time period. The Polytechnic thus was able to comply with legal requirements in filing and remitting statutory payments.

The Polytechnic cleared the loan balance of Ksh. 24.5 Million in May 2024.

The Polytechnic has continued to demonstrate academic excellence, as reflected in our growing student population and exam pass rates. The overall average national exam pass rate is 60% which is a testament to the hard work and dedication of both our students and staff.

The Polytechnic managed to make a surplus of Ksh. 196 Million, despite students' fees arrears balance at Ksh. 135.4 Million at the close of the financial year. The Polytechnic received capitation grants for three quarters. The fourth quarter grants were not disbursed by the Ministry of Education.

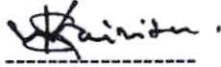
Major projects completed include construction of the Library and ICT resource Centre Phase III, Perimeter Wall phase II and the Soccer field phase II. Ongoing projects as at the end of the financial year are: Library and ICT resource Centre Phase IV, Modern gate and Phase I of the solar project.

The Polytechnic held a graduation ceremony during the year. The courses offered at the Polytechnic are examined by Kenya National Examination Board and by Curriculum Development, Assessment and Certification Council (CDACC)

The construction for the Centre of Excellence (CoE) in Industrial Mechatronics is ongoing whose foundation stone was jointly laid by His Excellency the former President of Kenya and

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The President of the Federal Republic of Germany on 25th February 2020 at The Kiambu
National Polytechnic.



Chief Principal

Date.....6 / 03 / 2025.....

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7. Statement of Performance Against Predetermined Objectives

The Polytechnic has 7 strategic key result areas and objectives within current Strategic Plan for the FY 2019/2020- FY 2023/2024. These key result areas are as follows:

Summary of key result areas and overall strategic objectives

KRA 1: Leadership and Integrity (Governance)

Overall Strategic Objective: Enhance corporate governance at the Polytechnic

KRA 2: Access and Equity

Overall Strategic Objective: Enhance access and equity in the Polytechnic

KRA 3: ICT

Overall Strategic Objective: Integrate ICT in the operations of the Polytechnic

KRA 4: Resources

Overall Strategic Objective: Optimize on the resources available at the Polytechnic (HR and Financial)

KRA 5: Research and Innovation

Overall Strategic Objective: Promote research and innovation in the Polytechnic

KRA 6: Collaboration and linkages

Overall Strategic Objective: Strengthen collaboration and linkages with relevant organizations

KRA 7: Management of Physical Environment

Overall Strategic Objective: Conserve and improve on the physical environment

The Polytechnic develops its annual work plans based on the above 7 key result areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the FY 2023/24 period for its 7 strategic key result areas, as indicated in the diagram below:

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Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Key result areas 1	Leadership and Integrity (Governance)	Enhance corporate governance at the Polytechnic	Enhance operational efficiency	Acquire ERP system that is compatible with existing system and ensure its maintenance	ERP Upgrade in progress
				Install electronic security system for library materials	Installation complete
				Upgrade and maintain the KINAP website and incorporate staff and student portals and an online customer service platform	Website upgraded and staff and student portals incorporated
				Construct a modern gate, install and maintain a biometric access system	Biometric Access Control System Installation in done. Construction of modern gate ongoing
			Ensure the procurement process adheres to statutory requirements	Develop Institute procurement plan based on departmental procurement plans	Implemented annually
				Adhere to procurement plans and departmental budget allocations	Implemented annually

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				Undertake annual stock taking	Annual stock taking was done and incorporated in the FS.
				Review and appraise supplier performance	Annual activity
				Adopt e-procurement module within the ERP system	Procurement done through ERP
			Enhance decision making in the Polytechnic	Conduct training for management teams on leadership and governance	Senior Management Course for the management was conducted by Kenya School of Government
				Undertake annual students' leaders training and motivation trips	Carried out annually
Key result areas 2	Access and Equity	Enhance access and equity in the Polytechnic	Renovate and improve the existing physical Infrastructure	Repair, maintain and upgrade workshops	Complete
				Paint and rebrand the Polytechnic	Complete
				Renovate and maintain existing ablution blocks	Complete
				Repair, maintain and Improve roads and pathways by tarmacking, laying cabros and kerbs.	Complete
				Tile all the hostels	Complete

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				Repair maintain and upgrade the reception and administrative offices	Complete
			Expand the physical Infrastructure	Complete the new tuition / administration block	Complete
				Increase number of ablution blocks, hand washing and sanitization points	Ongoing
				Procure a least a 450KVA power generator	Complete
				Drill and operationalize a bore hole	Complete
			Enhance transport at the Polytechnic	Establish a parking garage for the Polytechnic's vehicles	Complete
				Purchase Principal's official vehicle	Complete
Key result areas 3	ICT	Integrate ICT in the operations of the Polytechnic	Integrate ICT in training	Implement E-learning by introducing e-programs/courses	On going
			Enhance paperless communication	Enhance internet access through networking all offices	On going
Key result areas 4	Resources	Optimize on the resources	Enhance staff motivation	Conduct at least 1 capacity	On going

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		available at the Polytechnic (HR and Financial)		building session per year	
				Provide medical cover for BOG staff	Pending
				Establish a staff centre	Pending
				Enhance BOG staff remuneration	On going
			Revenue mobilization	Increase the number of courses	On going
				Establish income generating activities	On going
			Enhance prudent management of finances	Prepare departmental and institutional budgets	Complete
				Ensure adherence to departmental budgets	On going
Key result areas 5	Research and Innovation	Promote research and innovation in the Polytechnic	Promote research and innovation in the Polytechnic	Showcase innovations in robotics and TVET fairs	On going
Key result areas 6	Collaboration and linkages	Establish and strengthen collaboration and linkages with relevant organizations	Strengthen the existing collaboration and linkages with relevant organizations Some of the MoU signed are mentioned below for training in mechatronic course;	Ensure implementation of the signed MoU/MoA	On going
				Ensure renewal of expiring MoU/MoA	On going
				Involve the organization in institutional activities	On going

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			<ul style="list-style-type: none"> i) Tropikal Brands Africa ii) Kronos EA iii) Kevian Kenya Ltd. 		
Key result areas 7	Management of Physical Environment	Conserve and improve on the physical environment	Adopting and implementing the ministerial policy on education for sustainable development (ESD)	Install solar powered lighting systems along access roads and path ways	Pending
				Utilize renewable energy in heating and lighting	On going
			Greening KINAP	Plant 3000 more trees within the Polytechnic and surrounding community	On going
				Adopt proper waste management practices	On going
				Promote use of recyclable materials	On going
				Acquire a paper shredding machine	Complete
				Adopt green technology in upcoming projects at the Polytechnic	On going

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8. Corporate Governance Statement

The current Governing Council was appointed in on 8th September 2022. The induction was held in October 2022.

The Council held meetings as per the sub-committees and full board meetings in adherence to the schedule. The attendance to these meetings was at one hundred per cent with one apology on few occasions. Six full board meetings were held and each subcommittee held four meetings during the financial year.

The Board of Governors consists of eight members who were appointed by the Cabinet Secretary, Ministry of Education. The members comprise of; Chairman, representative of Principal Secretary, MOE and five other persons appointed on the basis of their knowledge and experience. The Principal of The Kiambu National Polytechnic is the Secretary to the Board. The Board of Governors has three sub-committees, that is, Academic & HR, Technical & Finance, Risk, Audit & Compliance.

The Board members were inducted on the new issues of International Public Sector Accounting Standards (IPSAS) Annual Financial Reporting, TVET Act, 2013 and requirements under Public Finance Management Act

During the year the Board held a retreat to approve policy documents and for sensitization on the reviewed strategic plan.

Functions of the Governing Council include:

- i. To discuss and approves the budget for each financial year.
- ii. To approves financial reports for every quarter and for each year.
- iii. To negotiate and approve performance contracts for each year;
- iv. To administer and manage property of the Polytechnic
- v. To develop and implement the Polytechnic Strategic Plan;
- vi. Receive on behalf of the Institution, fees, grants, subscriptions, donations, bursaries;
- vii. Recruit and appoint trainers from among qualified professionals;
- viii. Determine suitable terms and conditions of service for support staff, trainers and remunerate staff of the Polytechnic;
- ix. Provide the welfare of the students and staff of the Polytechnic;
- x. Prepare annual financial statements and submit to the relevant authority

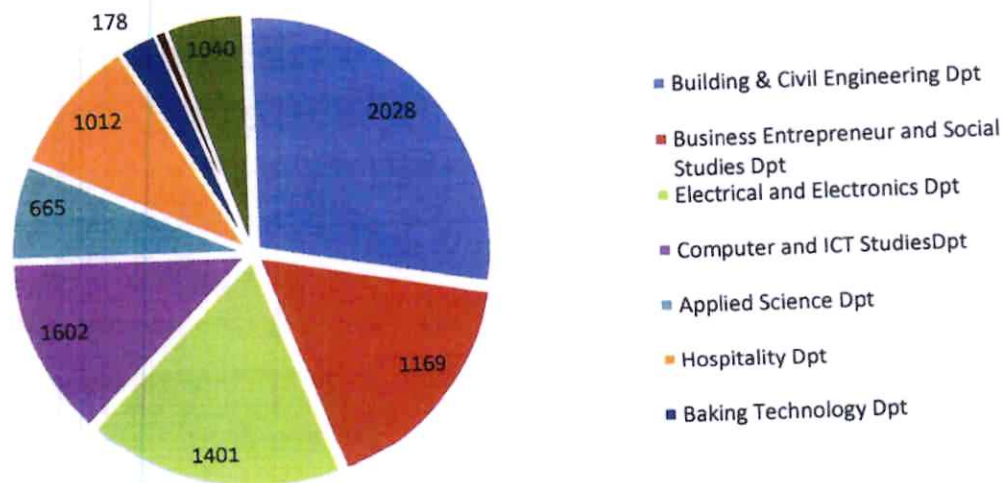
9. Management Discussion and Analysis

The Kiambu National Polytechnic operational and financial performance

The students' population stands at 9,095 as represented by each department;

- i. Building Technology department – 2,028 students
- ii. Business Entrepreneur and Social Studies Dept. – 1,169 students
- iii. Electrical and Electronics Dept. – 1,401 students
- iv. Computer and ICT Studies Dept. – 1,602 students
- v. Applied Science Dept. - 665 students
- vi. Hospitality Dept. – 1,012 students
- vii. Baking Technology Dept. - 178 students
- viii. Mechanical Engineering – 1,040 students

Figure 1: Pie Chart for Number of Students



Source: KINAP Students Register as at 30th June 2024

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The Polytechnic received capitation grants for the first, second and third quarters as tabulated below;

Quarter	Amount (Ksh.)	Date received
1	28,427,000	30/09/2023
2	21,647,500	19/01/2024
3	24,740,000	01/02/2024

Fourth quarter capitation grant was not received as at the end of the financial year. A recurrent grant of Ksh 500,000 was also received

The Polytechnic is able to meet its financial obligations as they fall due and is thus able to comply with legal requirements in filing and remitting statutory payments.

Polytechnic's compliance with statutory requirements

The Polytechnic has complied with the statutory requirements. The Polytechnic is fully accredited with TVETA. All statutory remittances are paid to the respective authorities and in due time.

Major risks facing the Polytechnic

There is increased cost in property maintenance and upgrade as most departments have had new workshops and laboratories upgraded to meet the requirements for the new training curriculum. The increased cost followed by low fees collection and delayed remittance of capitation by the Ministry of Education may affect projects implementations. To avert the risk of low fees collection, the Polytechnic is instituting measures to optimize fees collection

Material arrears in statutory/financial obligations

The Polytechnic has not defaulted in loan repayment and has no major outstanding pending bills. The staff salary deductions are remitted to the respective institutions as and when they fall due.

Key projects and investment decisions the Polytechnic is planning/implementing

The Polytechnic completed construction of phase III of the library and ICT Resource Centre project. Phase IV construction is ongoing.

Other completed projects include: Construction of the perimeter wall phase two and soccer field

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phase II.

The above projects are being financed by savings realized through prudent financial management of internal funds.

The entity's financial probity and governance issues

The entity has no governance issues. The KINAP Governing Council are appointed by the Cabinet Secretary, MOE and is responsible for the management of The Kiambu National Polytechnic as a Government training Institution.

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10. Environmental and Sustainability Reporting Statement

Sustainability strategy and profile

The vision of the Polytechnic is to be a Centre of Excellence in Technical and Vocational Education and Training and its mission is to provide and promote quality training in Science and enhance innovations through emerging technology.

To ensure sustainability of water supply and save on high water bills from water companies, the Polytechnic drilled its own water borehole which is supplying enough water to the whole of the Polytechnic

Environmental performance

The Polytechnic has an Environmental Policy that was developed in year 2015 and is due for review.

The main objective of the policy is to provide a framework to address environmental sustainability in the Polytechnic. It aims to:

- i. Provide a framework for an integrated approach to planning and sustainable management of the Polytechnic's environment and its natural resources.
- ii. Promote awareness on issues related to environmental conservation amongst members of the Polytechnic.
- iii. To strengthen the institutional capacity on conservation and management of the resources.
- iv. Promote and enhance cooperation, collaboration, synergy, partnerships and participation in the protection, conservation and better management of the environment by all the stakeholders.

The Polytechnic's commitment to the environmental sustainability extends to its customers, staff, students and the neighbouring community. The Polytechnic is committed to:

- i. Operate in Compliance with all relevant and applicable environmental regulations.
- ii. Integrate the consideration of environmental concerns and impacts into Institutes' activities such as training, Research and Development, innovations as well as in sports and games.
- iii. Prevent pollution whenever possible and reduce waste through re-use and recycling and by purchasing and using recycled, recyclable or re-furnished products and materials where these alternatives are available, economical and suitable.

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- iv. Sensitize staff and students on the Polytechnic environmental program and empower them to contribute and participate by promoting efficient use of materials and resources including water, electricity, raw materials and other resources, particularly those that are non-renewable.
- v. Communicate the environmental commitment and efforts to customers, staff, students and neighbouring community and encourage them to support it.
- vi. Contribute to Kenya's efforts to have achieved 10% forest cover by 2030 by mainstreaming tree planting in the Polytechnic's calendar of events.

Employee welfare

The Polytechnic has Career Progression Guidelines that was developed in year 2015 and Human Resource Manual which were reviewed in the year 2022. Other Policies in place that guide on staff welfare are benevolent policy, Occupational Safety and Health policy (OSH) and Sexual Harassment Policy.

All employees are treated equally without discrimination and the Polytechnic management complies with the relevant laws and regulations for the management of human resource.

All employees are covered under Work Injury Benefits Act (WIBA). This includes casuals who are engaged from time to time. The Polytechnic is also registered under OSH and in case of any Occupational accident, procedures are in place to ensure that the case is reported accordingly. KINAP employees have been trained on Occupational Safety and Health and safety champions are in place in all departments.

To improve skills and manage careers, the Polytechnic organizes trainings for all its employees which may be either external or internal. The Polytechnic's performance and appraisal system is conducted in the ERP system after the end of every financial year.

Market place practices

The Polytechnic engages in fair competition while marketing its training courses in the various media platforms. The Polytechnic competes in sports, drama festivals and athletics at regional and national levels, TVET fair exhibitions and robotics contests.

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The Polytechnic suppliers are fairly treated and payments for goods and services supplied are paid within the stipulated credit period and contract terms.

Corporate Social Responsibility / Community Engagements

The Polytechnic engaged in corporate social responsibility activities during the financial year which entailed: participating in Kiambu market monthly clean up, donating reflector jackets to motorbike riders, umbrellas and aprons to vegetable vendors within Kiambu and its environs.

11. 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, 2024, which show the state of the Polytechnic's affairs.

Principal activities

The principal activities of the Polytechnic is to provide Technical and Vocational Education and Training.

Results

The results of the entity for the year ended 30th June 2024 are set out on page 1 to 7

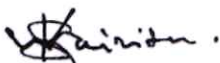
Council/Board of Governors

The members of the Board who served during the year are shown on page vii. The current Governing Council has been in office since 8th September 2022. No director has resigned during the financial year under consideration

Auditors

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

By Order of the Board



.....
Secretary of the Board/Council

Date...../...../.....

12. Statement of Board of Governors/ Council's 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, 2013 require the Council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year and the operating results of the Polytechnic for that year. The Board members are also required to ensure that KINAP keeps proper accounting records which disclose with reasonable accuracy the financial position of KINAP. The Board members are also responsible for safeguarding the assets of KINAP.

The Board members are responsible for the preparation and presentation of the The Kiambu National Polytechnic financial statements, which give a true and fair view of the state of affairs of KINAP for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Polytechnic;
- 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 the Polytechnic;
- 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 the Polytechnic'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 TVET Act)). The Board members are of the opinion that KINAP financial statements give a true and fair view of the state of the transactions during the financial year ended June 30, 2024, and of the financial position as at that

**THE KIAMBU NATIONAL POLYTECHNIC
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The Board members further confirm the completeness of the accounting records maintained for The Kiambu National Polytechnic, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

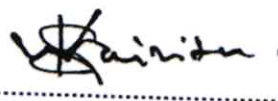
Nothing has come to the attention of the Council members to indicate that the Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Polytechnic's financial statements were approved by the Board on 19th September 2024 and signed on its behalf by:



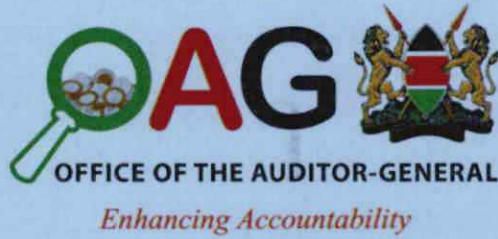
Name: Mr. Fredrick Kairu
Chairperson of the Board/Council



Name: Mr. Sammy K. Waititu
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIAMBU NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu National Polytechnic set out on pages 1 to 58, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial records revealed the following anomalies:

- i. The statement of comparison of budget and actual amounts reflects repairs and maintenance and other repairs final budget amount of Kshs.58,023,955 while the approved budget reflects an amount of Kshs.39,800,000 resulting to a variance of Kshs.18,223,955. Further, the budget does not include estimates for transfers from other Government entities.
- ii. The statement of cash flows reflects net cash flows from operating activities totalling Kshs.206,068,540. However, casting of the corresponding Note 32 to the financial statements revealed a net operating cash flow total of Kshs.188,777,826 resulting to a variance of Kshs.17,290,714 which was not explained or supported.

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

2. Long Outstanding Accounts Receivables

The statement of financial position and as disclosed in Note 21(a) and Note 22 to the financial statements reflects receivables from exchange transactions and receivables from non-exchange transaction amounting to Kshs.144,810,842 and Kshs.8,006,450 respectively. The amounts include receivables from exchange transactions and receivables from non-exchange transactions totaling Kshs.61,792,215 and Kshs.7,416,590 respectively that have been outstanding for more than one (1) year. Management has however not provided measures taken to recover funds from the concerned debtors. Further, Management did not provide the account receivables individual ageing analysis and aging analysis policy for audit.

In the circumstances, the recoverability of receivables from exchange and non-exchange transactions amounting to Kshs.144,810,842 and Kshs.8,006,450 respectively could not be confirmed which may lead to loss of funds.

3. Long Outstanding Transfers to Other Institutions

The statement of financial position and Note 26 to the financial statements reflects transfers to other Institutions amounting to Kshs.2,877,491. The amount has remained outstanding for more than three (3) years. No explanation has been provided by Management regarding the delay in transferring the funds to the respective Institutions.

In the circumstances, existence and validity of transfers to other Institutions amounting to Kshs.2,877,491 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.452,829,915 against actual revenue receipt of Kshs.621,219,390 resulting to an underutilization of Kshs.168,389,475 or 27% of the actual revenue receipt.

The under -utilization affected planned activities and may have had a negative impact on resource management and service delivery by the Institution.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iii to xxix which comprise of Key Entity Information and Management, The Council/Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting

Statement, Report of the Council/Board of Governors and Statement of Board of Governors/Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kiambu National Polytechnic financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Direct Procurement of System Module

As a result of restricted access to the database by the vendor, the Polytechnic Management awarded a contractor the contract to supply, deliver, install, train, commission and maintain a biometric student management system at a cost of Kshs.5,182,880. This procurement limited competition from other bidders as the procured solution did not meet the criteria to warrant direct procurement thereby contravening procurement regulations. Further, the vendor was awarded another contract to supply and implement an online student marks management system as a service at cost of Kshs.174,000 using direct procurement. Following the Ministry of Education's introduction of a new examination body, TVET CDACC, the Institution required a more dynamic exam reporting feature than what had been procured from the same vendor. As a result, the Institution may not have secured the most cost-effective option, raising concerns on value for money and compliance with procurement best practices.

In the circumstances, Management was in breach of the law and the Institution may not derive value for money from the online student marks management system.

2. Non-Compliance with Requirements in Ethnic Diversity

Review of human resource records as at 30 June, 2024 revealed that out of the total one hundred and ninety five (195) staff members recruited by the Board of Governance, one hundred and three (103) or 53% were from one dominant ethnic community contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008. This noncompliance may result in violations of legal requirements, potentially leading to fines and legal action.

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

3. Irregular Acquisition of Loans

The statement of financial performance and as disclosed in Note 19 to the financial statements reflects an amount of Kshs.2,031,852 in respect to finance cost. This relates to the interest paid on loan obtained by the Institution. However, documents to confirm approval by the Board and The National Treasury, loan schedule of the loan amount obtained, the details of the loan, the purpose for the borrowing and the security against which the loan was charged were not provided for audit review.

In the circumstances, the compliance with loan requirement could not be confirmed.

4. Students Taking Exams with Fees Balances

Examination of students' debtors lists as at November, 2023 indicated that there were 4,859 students who sat for the examinations with fees balances amounting to Kshs.95,356,872 contrary to the Kiambu Polytechnic fees policy that requires a student to pay fee on or at the start of semester or to have cleared fees balance before exams. Further, review of the student financial records for the financial year 2023–2024 revealed that twelve (12) students graduated from Kiambu National Polytechnic with an outstanding fee balance totalling Kshs.193,000.

In the circumstances, compliance with the fee policy on revenue collection could not be confirmed.

5. Lack of System Ownership

The Polytechnic procured a Human Resource and Payroll Management System from a contractor at a cost of Kshs.12,528,000. However, review of system ownership and control revealed that the Vendor did not surrender the administrator credentials for the database to the Institution. As a result, the Polytechnic has no direct control over its database relying entirely on the Vendor for system administration, updates, modifications, and troubleshooting. The lack of access restricts the Institution's ability to independently manage its data, conduct system customizations, or implement security measures without vendor intervention.

In the circumstances, the lack of database access creates a significant dependency on the vendor, increasing the risk of unauthorized data manipulation, loss of critical data, and potential financial misstatements. Further, the inability to conduct independent

system audits and implement security controls exposes the Institution to fraud and operational inefficiencies. In addition, the ownership and value for money of the system are in doubt, despite the Polytechnic fulfilling its part of the contract agreement.

6. Lack of Data Protection Officer (DPO) and Certification on Data Processing and Control

Review of the Polytechnic's data management processes revealed that the Institution had not appointed a Data Protection Officer (DPO) as required under the Data Protection Act, 2019. Further, the Polytechnic had not obtained certification on data processing and control raising concerns over compliance with legal and regulatory requirements for handling personal and sensitive data.

In the circumstances, Management was in breach of the law and the Institution is exposed to risks of data breaches, non-compliance penalties, and potential legal liabilities, which may compromise the integrity and security of student and staff records.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Gaps in Student Management Information System Receipt Numbers

Analysis of fees collection data from the Student Management Information System (SMIS) for the financial year 2023/2024 revealed gaps in the receipt number sequence. The total accounted for receipts were 744 valued at Kshs.9,672,000 based on the average amount of Kshs.13,000 for a receipt for the period under review. The cause for the gaps in the receipt number sequence was not satisfactorily explained by Management. Further, analysis of the receipts transaction file for the student management system revealed 12,975 receipts with a value of zero, which were not amongst the exempted services from payment.

In the circumstances, the sequence of occurrence, accuracy and completeness of revenue transactions could not be confirmed.

2. Lack of ICT Steering Committee

During the year under review, the Polytechnic did not have in place information technology steering committees. Reasons as to why the committee was not in place were not provided for audit.

This absence poses a potential risk of breaching data security and regulatory compliance requirements set out.

3. Lack of ICT Strategy Committee

Review of the Polytechnic governance documentation and information provided revealed that as at June, 2024 the Polytechnic did not have in place an ICT strategic committee which is important in aligning ICT strategy with the organization's strategy to ensure the achievement of the organization's goals and growth.

In the circumstances, the Polytechnic is exposed to a potential risk of breach of data security and regulatory compliance requirements.

4. Lack of Business Continuity and Disaster Recovery Plan

The Polytechnic did not have in place a Business Continuity Plan (BCP). The Institution therefore did not capture some of the key areas as minimum domains of a comprehensive business continuity and disaster recovery planning (BCP/DRP) which include; details of how the risk will impact each departments ability to operate, identify specific safeguards the Polytechnic can implement to mitigate the risk prior to the event, proactively test the procedures implement to ensure mitigations works properly, and scheduled annual reviews of the Polytechnics business continuity plan to ensure it is up-to-date and effective.

In the circumstances, the Polytechnic may not be prepared for disruptions to critical business functions increasing the risk of operational failure.

5. Failure to Fully Implement the ICT Policy

Review of the Polytechnic ICT policy document and the actual practices within the ICT department revealed the following gaps:

- i. The ICT policy requires passwords to be changed monthly; however, the Institution implemented a quarterly expiration policy.
- ii. There is no centralized password storage facility as mandated by the ICT policy. Instead, passwords are stored separately by the Head of Department and the ICT Officer in individual password vault applications.

- iii. The Institution has not established an off-campus disaster recovery site, as required by the ICT policy.
- iv. The ICT policy requires the formation of a risk, audit, and compliance committee for business continuity, however this committee had not been created at the time of the audit.

These gaps indicate non-compliance with the approved ICT policy, exposing the Institution to security vulnerabilities, data loss risks, and potential operational disruptions.

In the circumstances, failure to implement the ICT policy as stipulated may expose the Institution to security vulnerabilities, data loss, and operational disruptions, compromising business continuity and institutional security.

6. Weaknesses in Payroll and HR System Reporting

Kiambu National Polytechnic utilizes a Human Resource and Payroll Processing System for leave management, contract management, and staff records maintenance. However, a review of the system and related HR processes revealed that the system lacks the capability to generate customized detailed reports for the staff register. Consequently, HR personnel were maintained a manual register in excel, which is manually updated to reflect staff entries, promotions, and exits.

In the circumstances, the Polytechnic was exposed to errors, inconsistencies, and data manipulation, potentially resulting in inaccurate financial reporting and payroll misstatements.

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

Responsibilities of the Management and the Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

8 April, 2025

Report of the Auditor-General on Kiambu National Polytechnic for the year ended 30 June, 2024

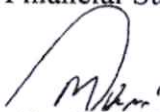
**THE KIAMBU NATIONAL POLYTECHNIC (KINAP)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024**

14. Statement of Financial Performance for the Year Ended 30th June 2024

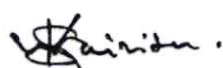
	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	95,652,610	149,664,000
Grants from donors and development partners	7	2,312,790	806,820
		97,965,400	150,470,820
Revenue from Exchange transactions			
Rendering of services- fees from students	8	521,266,978	342,439,568
Sale of goods	9	11,188,988	13,044,299
Rental revenue from facilities and equipment	10	31,954,949	18,954,565
Finance income	11	12,585,600	7,271,342
Miscellaneous income	12	2,514,284	4,027,323
Revenue from Exchange transactions		579,510,798	385,737,097
Total Revenue		677,476,198	536,207,917
Expenses			
Use of goods and services	13	281,981,610	172,492,602
Employee costs	14	82,766,853	68,736,868
Board /Council Expenses	15	6,917,300	6,612,253
Depreciation and amortization expense	16	52,732,360	42,522,489
Repairs and maintenance	17	50,455,634	33,295,240
Contracted services	18	4,157,960	448,000
Finance costs	19	2,031,852	5,385,822
Total Expenses		481,043,569	329,493,274
Net surplus/(deficit) for the year		196,432,630	206,714,643

(The notes set out on pages 8 to 61 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 6 were signed by:


Mr. Fredrick Kairu
Chairman of
Council/Board


CPA. Mercy Nyakundi
Finance Officer


Mr. Sammy K. Waititu
Chief Principal

ICPAK No:24992

Date 06/03/2025

Date 06/03/2025

Date 06/03/2025

**THE KIAMBU NATIONAL POLYTECHNIC
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JUNE 2024**

15. Statement of Financial Position as at 30th June 2024

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	20	314,972,981	285,628,457
Current portion of receivables from exchange transactions	21(a)	144,810,842	91,938,522
Receivables from non-exchange transactions	22	8,006,450	7,416,590
Inventories	23	5,427,509	4,060,665
Total Current Assets		473,217,782	389,044,234
Non-Current Assets			
Long term receivables from exchange transactions	21(b)	2,498,395	2,733,459
Property, plant, and equipment	24	5,111,091,411	805,030,972
Intangible assets	25	13,336,600	12,401,600
Total Non-Current Assets		5,126,926,406	820,166,031
Total Assets		5,600,144,187	1,209,210,265
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	26	652,131	281,638
Refundable deposits from customers	27	39,664,267	37,418,289
Deferred income	28	7,959,952	7,959,952
Transfer to other Institutions	26	2,877,491	2,890,931
Payments received in advance	30	164,582,268	113,165,300
Total Current Liabilities		215,736,109	161,716,110
Non-Current Liabilities			
Non- Current Borrowings	31	-	24,518,707
Total non- current liabilities		-	24,518,707
Total Liabilities		215,736,109	186,234,817
Net Assets			
Accumulated Surplus		1,057,762,248	861,329,619
Revaluation Reserve		4,165,000,000	-

**THE KIAMBU NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2024**

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Capital Fund		161,645,829	161,645,829
Total net assets		5,384,408,077	1,022,975,448
Total Net Assets and Liabilities		5,600,144,186	1,209,210,265

The Financial Statements set out on pages 1 to 6 were signed by:



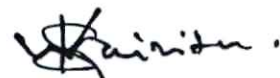
.....
Mr. Fredrick Kairu
Chairman of Council/Board

Date: 06/03/2025



.....
CPA. Mercy Nyakundi
Finance Officer
ICPAK No: 24992

Date: 06/03/2025



.....
Mr. Sammy K. Waititu
Chief Principal

Date: 06/03/2025

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16. Statement of Changes in Net Asset for the Year Ended 30th June 2024

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	-	654,614,976	161,645,829	816,260,805
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	206,714,643	-	206,714,643
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023		861,329,619	161,645,829	1,022,975,448
At July 1, 2023	-	861,329,619	161,645,829	1,022,975,448
Revaluation gain(Land)	4,165,000,000	-	-	4,165,000,000
Surplus/(deficit) for the year	-	196,432,630	-	196,432,630
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2024	4,165,000,000	1,057,762,248	161,645,829	5,384,408,077

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17. Statement of Cash Flows for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	95,652,610	149,664,000
Grants from donors and development partners	7	2,312,790	806,820
Rendering of services- fees from students(Reconciled)	32	465,575,494	339,515,802
Sale of goods	9	11,188,988	13,044,299
Rental revenue from facilities and equipment	10	28,749,809	18,954,565
Finance income	11	12,585,600	7,271,342
Miscellaneous income	12	2,514,284	4,027,323
Receivables from Exchange Transactions	32	5,898,655	3,686,975
Refundable Deposits from students		48,795,192	77,261,704
Fees paid in advance	30	51,416,968	26,517,872
Total Receipts		724,690,390	640,750,702
Payments			
Use of goods and services	32	282,696,323	168,752,956
Employee costs	14	82,766,853	68,736,868
Board /Council Expenses	15	6,917,300	6,612,253
Repairs and maintenance	17	50,455,634	33,295,240
Contracted services	18	4,157,960	448,000
Finance cost	19	2,031,852	5,385,822
Refundable Deposits from students paid		85,483,021	79,342,321
Supplier payments	26	281,638	804,792
Receivables from Exchange Transactions	21(a)	-	5,838,385
Other payments		3,241,410	
Receivables from Non-exchange transactions	22	589,860	551,723
Total Payments		518,621,850	369,768,360
Net Cash Flows from operating activities		206,068,540	270,982,342
Cash flows from investing activities			
Purchase of property, plant, equipment	24	-151,270,309	-244,147,867
Purchase of Intangible Asset	25	-935,000	-626,400
Net cash flows used in investing activities		-152,205,309	-244,774,267
Cash flows from financing activities			
Repayment of Borrowings	31	-24,518,707	-27,348,468
Net cash flows used in financing activities		-24,518,707	-27,348,468
Net Increase/(Decrease) in Cash and Cash equivalents		29,344,524	-1,140,393
Cash and Cash equivalents at 1 July 2023		285,628,457	286,768,850

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Description		2023-2024	2022-2023
	Note	Kshs	Kshs
Cash and Cash equivalents at 30 June 2024	20	314,972,981	285,628,457

18. Statement of Comparison of Budget & Actual Amounts for Year Ended 30th June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance Utilisation difference	% Variance	Explanation of material variances
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from other Govt entities Govt grants	-	-	-	97,965,400	97,965,400		a)
Public contributions and donations	-	-	-	-	-	0%	b)
Rendering of services	523,640,000	-	523,640,000	468,215,309	55,424,691	-11%	c)
Sale of goods	11,200,000	-	11,200,000	11,188,988	11,012	0%	d)
Rental revenue from facilities and equipment	18,050,000	-	18,050,000	28,749,809	10,699,809	59%	e)
Finance Income	7,000,000	-	7,000,000	12,585,600	5,585,600	80%	f)
Miscellaneous Income	-	-	-	2,514,284	2,514,284		
Total income	559,890,000	-	559,890,000	621,219,390	61,329,390		
Expenses							
Compensation of employees	76,875,496	12,000,000	88,875,496	82,766,853	6,108,644	7%	g)
Use of Goods and services & Tuition Materials	267,950,000	40,850,000	308,800,000	281,981,610	26,818,390	9%	h)
Repairs and Maintenance & Other repairs	46,223,955	11,800,000	58,023,955	50,455,634	7,568,322	13%	i)
Finance costs	30,029,183		30,029,183	26,550,559	3,478,624	12%	j)

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Board of Governors Expenses	7,479,000		7,479,000	6,917,300	561,700	8%	k)	-
Contracted Services	6,500,000	1,000	6,501,000	4,157,960	2,343,040	36%	l)	
Total expenditure	435,057,634	64,651,000	499,708,634	452,829,915	46,878,719			
Surplus for the period	124,832,366	- 64,651,000	60,181,366	168,389,475	108,208,109			

(Budget notes)

- a) The Polytechnic received capitation grants for three quarters and recurrent grants. Fourth quarter capitation was not disbursed.
- b) The Polytechnic did not receive any donations
- c) The variance is due to increase in student enrolment leading to a rise in student debtors
- d) There was an improvement in catering sales
- e) The Polytechnic had major hiring of facilities during the year
- f) The Polytechnic was able to hold funds in short term fixed deposits and earn interest income.
- g) The variance is due to increase in number of B.O.G trainers hired during the year
- h) The variance is due to savings on some vote heads in of goods and services
- i) The Polytechnic expenditure on repairs and maintenance was within the budget
- j) The Polytechnic cleared the Cooperative bank loan.
- k) Board meetings were held as per the schedule of meetings.
- l) Contracted service for valuation of assets was carried out.

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JUNE 2024**

19. Notes to the Financial Statements

1. General Information

The Polytechnic is established by and derives its authority and accountability from TVET Act 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is training.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Polytechnic. The values are rounded off to the nearest shilling. 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.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></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 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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be</p>

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	<p>recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>(The standard has no impact to the Polytechnic)</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities</p>

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	geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>(The standard has no impact to the Polytechnic)</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>(The standard has no impact to the Polytechnic)</i>

iii. Early adoption of standards

The Polytechnic did not early-adopt any new or amended standards in year 2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Polytechnic recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2023/2024 was approved by the Council on 28th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh 64,651,000 on the FY 2023/2024 budget following the Council's approval.

The Polytechnics' 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 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 on page 6 under section 18 of these financial statements.

c) Taxes

Current income tax

The Polytechnic is exempt from paying taxes as a public training institution.

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.

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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)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

Land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on Property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The rates in use are:

Land	-
Buildings	2.5%
Motor vehicles	25%
Furniture and Fittings	12.5%
Computers	30%
Office Equipment	12.5%

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A full year depreciation charge is recognised in the year of asset purchase. Depreciation charge is not recognised in the year of disposal.

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 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

The Kiambu National Polytechnic 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.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial

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liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method.

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

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

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the entity.

k) Provisions

Provisions are recognized when the Polytechnic 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 Polytechnic 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 Polytechnic 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 Polytechnic 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 Polytechnic 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

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or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Social Benefits

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

m) Nature and purpose of reserves

The Polytechnic creates and maintains reserves in terms of specific requirements. The Polytechnic maintains Capital and Revenue reserves.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Polytechnic provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at

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the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The Polytechnic 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.

s) Service concession arrangements

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

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the 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 imprest.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Polytechnics 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 Polytechnic.
- 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

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Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

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Notes to the Financial Statements (Continued)

6. Transfers From Other National Government Entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	74,814,500	149,664,000
Operational Grant	500,000	-
TVET Scholarship	20,338,110	-
Total unconditional Grants	95,652,610	149,664,000
Conditional Grants amortised/ recognised in revenue		
Other Organizational Grants	-	-
Total Government Grants and Subsidies	95,652,610	149,664,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY 22-23
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education, State Department of TVET	95,652,610	-	-	95,652,610	149,664,000
Total	95,652,610	-	-	95,652,610	149,664,000

The details of the reconciliation have been included under appendix III

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Notes to the Financial Statements (Continued)

7. Grants From Donors and Development Partners

Description	2023-2024	2022-2023
	Kshs	Kshs
PEP Grants	2,312,790	806,820
Total Grants from Development Partners	2,312,790	806,820

(a) Reconciliations of grants from donors and development partners

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance unspent at beginning of year	470,020	-
Current year receipts	2,312,790	806,820
Conditions Met	2,782,810	336,800
Conditions Yet to be met - Remain Liabilities	-	470,020

PEP grant objective was for the Polytechnic to carry out research on Evaluation of Gender Sensitive Intervention to improve women's labour market outcomes in Kenya.

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Notes to the Financial Statements (Continued)

8. Rendering of Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Activity Fees	31,904,651	25,172,600
Industrial Attachment Fees	24,480,140	22,710,780
Library Fees	146,325	45,550
Training Materials	22,708,671	26,001,350
Registration Fees	3,621,030	4,054,000
Electricity water & conservancy	29,753,046	24,231,190
Personnel emolument	102,845,450	85,569,285
Repairs Maintenance & Improvement (R.MI)	18,055,768	12,623,330
Local Transport and Travel (LT&T)	28,628,356	22,721,050
Application Fees	1,007,060	1,162,958
Exam materials External exam processing	6,210,050	8,417,375
Boarding fees	21,895,023	16,787,250
Centre fees	3,407,100	3,138,480
KNEC registration passports	1,285,500	936,100
Student ID & Boarding pass	2,899,750	2,936,710
KUCCPS Registration fee	4,321,500	3,329,000
Bakery & Hospitality class sales	1,009,498	1,122,801
Development levy	8,511,000	73,000
Students medical & meal card	71,965	97,421
Equipment maintenance	-	53,000
Sports & Games	-	1,261,400
Charges for damages	96,291	51,218
Supplementary exams	81,700	132,200
ICT and Internet	6,190,000	33,000
Certificate storage ,& lost documents	115,100	94,230
Practicum in nutrition & dietetics	-	14,000
Generator fuel	-	7,400
Tuition fees, part time courses	289,400,953	229,326,890
Driving School Training Fees	4,886,000	-
Graduation Income	2,101,660	-
TVETA Registration fee	786,000	-
Less Capitation & Scholarships	-95,152,610	-149,664,000
Total Rendering of Services	521,266,978	342,439,568

Rendering of services consists of fees charged to students for training as per the various vote heads in the fee structure.

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9. Sale of Goods

Description	2023-2024	2022-2023
	Kshs	Kshs
Sale of Farm Produce	170,860	13,265
Cafeteria sales	11,018,128	13,031,034
Total Revenue from Sale of Goods	11,188,988	13,044,299

The revenue is in relation to sale of farm produce, tree seedlings and catering sales

10. Rental Revenue from Facilities and Equipment

Description	2023-2024	2022-2023
	Kshs	Kshs
Hire of Facilities, grounds	88,828	1,184,220
Hire of transport	167,900	62,870
Hire seminar facilities	31,698,221	17,707,475
Total	31,954,949	18,954,565

This revenue is from hiring of facilities and equipment to external parties for use majorly for conferences and workshops.

11. Finance Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Cash investments and fixed deposits	12,585,600	7,271,342
Total finance income	12,585,600	7,271,342

Finance income is revenue realised from interest earned on 3 months fixed deposits from commercial banks

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12. Miscellaneous Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Sewer bill reimbursement	300,000	360,000
Rent income	487,745	405,274
Income from sale of tender	-	7,000
Income from disposal of assets, glass, empty container	330,720	198,430
Miscellaneous income	710,969	2,170,222
Open Day	96,580	295,106
Research Conference	57,170	366,211
Centre fees and Meals -PSC	531,100	225,080
Total other income	2,514,284	4,027,323

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Notes to the Financial Statements (Continued)

13. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Teaching and learning materials	41,129,048	29,023,230
Industrial attachment costs	3,462,510	3,005,900
Electricity	11,208,311	7,869,189
Water	8,460,567	1,657,525
Security	5,914,470	5,465,847
Professional and consultancy services	1,946,885	1,828,300
Affiliation, Membership, Subscriptions fees	773,056.00	1,398,800
Advertising	6,720,905	2,411,076
Cleaning materials	3,516,514	1,792,316
Catering expenses	9,547,105	8,468,522
seminar food & boarding	14,032,134	3,892,560
Travelling and subsistence	19,709,024	14,362,622
Fuel and oil	11,006,483	6,800,970
Insurance	1,140,679	2,544,155
Licenses and permits	187,225	17,000
Office Printing and stationery	11,230,980	6,385,085
KNEC exam materials	13,122,863	8,090,074
Library Books purchases	5,555,163	851,808
Staff development and training	4,890,280	2,119,210
Telephone, postage expenses and airtime	1,550,206	1,397,910
Internet bills	7,297,560	6,634,808
Graduation expenses	2,927,529	7,800
Office and meeting Expenses	8,910,828	4,998,111
Sewerage bills	6,017,400	2,778,677
ISO Certification consultancy fee	2,005,490	-
Staff Uniforms	518,230	64,952
Bank charges	79,169	1,322,861
Workshops and seminars	6,905,680	4,374,757
TVET Fair & Robotics	1,294,548	375,955
Interview expenses	-	369,200
Guidance& Counselling expenses	1,072,270	2,395,997
Performance contracting	5,700,772	2,477,908
Farm Peri- Urban	-	4,000
Library Expenses	-	4,440
Student medical	2,447,009	2,190,234
Newspapers and periodicals	373,430	535,114
Hire charges transport	-	54,800
Seminars - Staff Honoraria	3,645,884	1,648,997
Research and development	1,127,100	5,000

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Sports and games, Drama, Music & Students Clubs	14,597,003	10,200,840
Awards and motivation	5,042,680	3,233,700
Team building activities	2,548,200	7,566,550
Covid-19 Response expenses	-	458,917
KUCCPS & TVETA Registration	2,660,500	-
Welfare expenses	344,913	60,000
Educational trip	1,749,040	665,761
Prayer day	51,500	51,951
Baking Unit	429,100	79,240
Dreams Program	-	812,265
Limuru TVC Operations	189,060	551,723
Lari TVC Costs	400,800	-
ICT Integration Systems	2,112,769	209,520
Tender expenses	-	153,800
Open day expenses	5,487,924	3,017,914
Travelling & Subsistence - International	-	2,197,154
Internal Audit Activities	-	40,000
Research Conference	1,956,547	1,151,127
B.O.G Internal Bursary	4,000,000	1,500,000
Driving School Expenses	2,972,757	595,800
Social Responsibility Activities	1,296,468	-
Audit fees	500,000	-
PSC Shortlisting Expenses	1,432,010	-
Customer Care Week Expenses	613,084	-
Renaming and logo change from KIST to KINAP	910,000	-
Environmental and Safety Affairs	2,755,810	-
Coffee Farm expenses	2,725,983	-
Landscaping	1,778,155	-
Total good and services	281,981,610	172,405,073

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Notes to the Financial Statements (Continued)

14. EMPLOYEE COSTS

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	74,476,438	62,881,979
Employee related costs - contributions to pensions and medical aids	3,757,248	1,557,648
Service Gratuity	160,620	245,371
Management Allowances	4,372,547	4,372,500
Employee Costs	82,766,853	69,057,498

15. Board/Council Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Monthly Honoraria	600,000	600,000
Sitting Allowances	6,317,300	6,012,253
Total	6,917,300	6,612,253

16. Depreciation And Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	52,732,360	42,522,489
Total depreciation and amortization	52,732,360	42,522,489

17. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property	28,333,690	16,631,294
Equipment and machinery	781,850	83,764.00
Vehicles	3,313,924	1,984,185
Road Expansion	-	-
Computers and accessories	3,898,492	4,501,147
Removal & Replacement of Asbestos	6,171,999	10,094,850
Road Recarpeting & Expansion	3,147,315	-
New Tuition Block Reception	1,280,679	-
Establishment of Applied Science Workshop	1,493,730	-
Establishment of ICT Maintenance Workshop	2,033,955	-
Total Repairs and Maintenance	50,455,634	33,295,240

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Notes to the Financial Statements (Continued)

18. Contracted Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Property valuations	4,157,960	448,000
Total contracted services	4,157,960	448,000

19. Finance Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Borrowings (Amortized Cost) *	2,031,852	5,385,822
Total Finance Costs	2,031,852	5,385,822

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Notes to the Financial Statements (Continued)

20. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	23,761,880	10,477,398
On - Call Deposits	157,243,143	145,478,579
Fixed Deposits Account	120,000,000	120,000,000
Development Account	5,704,420	5,705,620
Others (Petty Cash & Till)	5,386,074	83,210
Unbanked Cheques	-	992,719
Project Funds for new TTIs	2,877,491	2,890,931
Total Cash and Cash Equivalents	314,972,981	285,628,457

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Notes to the Financial Statements (Continued)

20 (A). Detailed Analysis of Cash and Cash Equivalents

		2023-2024	2022-2023
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1217851976	5,129,730	6,804,283
Cooperative bank	01129063992300	17,584,250	2,622,816
Housing Finance	2182423201	1,047,900	1,050,300
Sub- Total		23,761,880	10,477,398
b) On - Call Deposits			
Kenya Commercial Bank	1217852204	13,512,105	75,453,260
Cooperative bank	01100063992300	143,501,568	69,795,849
Equity Bank	0640294156799	229,470	229,470
Sub- Total		157,243,143	145,478,579
c) Fixed Deposits Account			
Kenya Commercial Bank	-	-	-
Cooperative bank	01132063992311	120,000,000	120,000,000
Sub- Total		120,000,000	120,000,000
d) Development Account			
Cooperative bank	01139063992300	5,704,420	5,705,620
Sub- Total		5,704,420	5,705,620
e) Others (Specify)			
Petty Cash	-	20,844	83,210
Unbanked Cheques	-	-	992,719
Till	7601760	5,365,203	-
Sub- Total		5,386,074	1,075,929
Project funds under new TTIs			
Kist Nachu TTI	01129371379700	750,928	756,448
Kist Lari TTI	01129371609800	970,187	975,707
Kist Gatundu TTI	01139063992302	390,745	393,145
Kist Limuru TTI	01139063992301	765,631	765,631
Sub- Total		2,877,491	2,890,931
Grand Total		314,972,981	285,628,457

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Notes to the Financial Statements (Continued)

21. Receivables from Exchange Transactions

21 (a) Current Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Student Debtors	135,414,164	79,722,681
Sundry Debtors	8,876,677	11,516,492
Staff advances	520,000	520,000
Advance payment for Newspapers subscription	-	179,349
Total Current Receivables	144,810,841	91,938,522

21 (b) Long- term Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Non-Current Receivables		
Riara Farm Coffee Estate loan c/f	-	335,527
Electricity deposit c/f	504,463	404,000
Board of Trustees Account	1,993,932	1,993,932
Less: Impairment Allowance	-	-
Total		2,733,459
Current Portion Transferred to Current Receivables	-	-
Total Non-Current Receivables	2,498,395	2,733,459
Total Receivables	147,309,236	94,671,981

21 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	85,517,021	58.1%	41,072,389	43.4%
Between 1- 2 years	12,483,272	8.5%	13,917,592	14.7%
Between 2-3 years	11,691,740	7.9%	25,032,106	26.4%
Over 3 years	37,617,203	25.5%	14,649,894	15.5%
Total (a+b)	147,309,236	100%	94,671,981	100%

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22. Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Receivables from Mentoring Institutions		
KIST Nachu operations cost		
Balance b/f	731,740	731,740
Expenses incurred during the year		-
Less Recovered during the year		-
	731,740	731,740
KIST Lari operation cost		
Balance b/f	439,465	439,465
Expenses incurred on behalf during the year	400,800	-
Less Recovered during the year	-	-
	840,265	439,465
KIST Gatundu operation cost		
Balance b/f	1,117,660	1,117,660
Expenses incurred on behalf during the year	-	-
Less Recovered during the year	-	-
	1,117,660	1,117,660
KIST Limuru operation cost		
Balance b/f	5,127,725	4,576,002
Expenses incurred on behalf during the year	189,060	551,723
Less Recovered during the year	-	-
	5,316,785	5,127,725
Total Current Receivables	8,006,450	7,416,590

22 (a) Aging Analysis on Receivables from Non-Exchange Transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	589,860	7.4%	551,723	7.4%
Between 1- 2 years	551,723	6.9%	4,195,637	56.6%
Between 2-3 years	4,195,637	52.4%	-	-
Over 3 years	2,669,230	33.3%	2,669,230	36%
Total	8,006,450	100%	7,416,590	100%

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23. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Central stores	1,236,830	806,873
Hospitality stores	1,581,491	1,047,436
Clinic stores	1,709,451	901,920
Housekeeping Stores	203,730	257,018
Baking department stores	231,770	378,745
Catering stores	464,237	668,673
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	5,427,509	4,060,665

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Notes to the Financial Statements (Continued)

24. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital In Progress	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2022	-	458,776,062	28,274,400	47,106,801	52,797,623	182,537,773	25,504,348	794,997,007
Additions	-	128,943,382	12,087,900	6,954,520	4,337,774	26,125,232	65,699,059	244,147,867
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	25,504,348	-	-	-	-	25,504,348	-
At 30th June 2023	-	613,223,792	40,362,300	54,061,321	57,135,397	208,663,005	65,699,059	1,039,144,874
Additions	-	58,472,645	3,179,465	8,945,167	2,964,990	16,607,687	61,100,355	151,270,309
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	65,699,059	-	-	-	-	65,699,059	-
At end of year - June 2024	-	737,395,496	43,541,765	63,006,488	60,100,387	225,270,692	61,100,355	1,190,415,183
Depreciation and impairment	-							
At 1 July 2022	-	19,677,850	15,373,592	19,924,929	31,655,062	66,513,827	-	153,145,260
Depreciation	-	10,977,455	3,225,202	3,397,734	6,342,768	14,502,993	-	38,446,152
On Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	30,655,305	18,598,794	23,322,663	37,997,830	81,016,820	-	191,591,412
Depreciation for the year	-	17,668,505	5,440,877	4,960,478	6,630,767	18,031,734	-	52,732,360
On Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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Transfer/adjustment	-	-	-	-	-	-	-	-
At 30 June 2024	-	48,323,810	24,039,671	28,283,141	44,628,597	99,048,554	-	244,323,772
Net book values								
At 30 June 2024	4,165,000,000	689,071,686	19,502,095	34,723,347	15,471,790	126,222,138	61,100,355	5,111,091,411
At 30 June 2023		568,004,275	19,344,605	26,896,326	13,396,297	111,690,412	65,699,059	805,030,972

WIP is the cost incurred in construction of the library/ICT Resource centre phase IV centre, Solar Project, Modern Gate and CCTV Phase II as at 30th June 2024.

**THE KIAMBU NATIONAL POLYTECHNIC
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30TH JUNE 2024**

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The Land (LR 81/47) was valued by County Government of Kiambu, Department of Lands, Housing, Physical Planning in May 2024. These amounts were adopted in the financial statements on 30th June 2024.

24 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	4,165,000,000	-	4,165,000,000
Buildings	737,395,496	48,323,810	689,071,686
Plant And Machinery	225,270,692	99,048,554	126,222,138
Motor Vehicles & Motorcycles	43,541,765	24,039,671	19,502,095
Computers & Related Equipment	60,100,387	44,628,597	15,471,790
Furniture, And Fittings	63,006,488	28,283,141	34,723,347
Total	5,294,314,828	244,323,773	5,049,991,056

**THE KIAMBU NATIONAL POLYTECHNIC
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30TH JUNE 2024**

25. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	12,401,600	11,775,200
Additions	935,000	626,400
At end of the year	13,336,600	12,401,600
Additions–internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	13,336,600	12,401,600

**THE KIAMBU NATIONAL POLYTECHNIC
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Notes to the Financial Statements (Continued)

26. Trade and Other Payables

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade payables	652,131		281,638	
Transfer to other institutions	2,877,491		2,890,931	
Total Trade and Other Payables	3,529,622		3,172,569	
Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	652,131	18.5%	281,638	8.9%
1-2 years	-		-	-
2-3 years	-		-	-
Over 3 years	2,877,491	81.5	2,890,931	91.1%
Total	3,529,622	100%	3,172,569	100%

27. Refundable Deposits from Customers/Students

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Caution money	22,005,357		17,692,757	
Student Council	876,070		3,566,212	
Examination fees	6,904,890		15,010,350	
CDACC Assessment fees	9,652,600		-	
Other refundable deposits(NYS,Helb)	225,350		1,148,970	
Total Deposits	39,664,267		37,418,289	
Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	21,971,510	55.4%	24,099,052	64.4%
1-2 years	4,373,520	11.1%	3,569,130	9.5%
2-3 years	3,569,130	9%	1,718,900	4.6%
Over 3 years	9,750,107	24.6%	8,031,207	21.5%
Total	39,664,267	100%	37,418,289	100%

**THE KIAMBU NATIONAL POLYTECHNIC
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Notes to the Financial Statements (Continued)

28. Deferred Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Library Construction grants	7,959,952	7,959,952
Total Deferred Income	7,959,952	7,959,952

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	7,959,952	-	-	7,959,952
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	7,959,952	-	-	7,959,952

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	7,959,952
Total	7,959,952

29. EMPLOYEE BENEFIT OBLIGATIONS

Retirement benefit Asset/ Liability

Recognition of Retirement Benefit Asset/ Liability

The Kiambu National Polytechnic also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social

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Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 420 for tier one and Ksh 2,160 for tier two per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Jubilee Insurance Pension Fund. Employees contribute 5% while the employer contributes 8.34 % of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

30. Payments Received in Advance.

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Fees received in advance	164,582,268		113,165,300	
Total	164,582,268		113,165,300	
Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	51,416,968	31.2	26,517,872	23.4%
1-2 years	26,517,872	16.1%	37,017,123	32.7%
2-3 years	37,017,123	22.5%	34,363,221	30.4%
Over 3 years	49,630,305	30.2%	15,267,084	13.5%
Total	164,582,268	100%	113,165,300	100%

31. Borrowings

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Balance at beginning of the year	24,518,707		51,867,175	
External borrowings during the year	-		-	
Domestic borrowings during the year	-		-	
Repayments of external borrowings during the year	-		-	
Repayments of domestic borrowings during the year	24,518,707		27,348,468	
Balance at end of the year	-		24,518,707	

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31 a) Analysis of External and Domestic Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
External borrowings	-	-
Domestic borrowings		
Kenya shilling loan from Cooperative Bank	-	24,518,707
Total balance at end of the year	-	24,518,707

31 b) Breakdown of Long and Short-Term Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	24,518,707
Total	-	24,518,707

The loan was fully repaid in May 2024.

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Notes to the Financial Statements (Continued)

32. Reconciliation of Cash Flow Items

		2023-2024	2022-2023
		Kshs	Kshs
Rendering of services	8	521,266,978	342,439,568
Less increase in student debtors	21(a)	-55,691,484	-2,923,767
Cash Inflow		465,575,494	339,515,802
Use of goods and services	13	281,981,610	172,171,972
Less Accrued Expenses as at 30th June 2024	26	-652,131	-281,638
Less Inventories at the beginning of the year		-4,060,665	-7,518,673
Add Inventories at the close of the year	23	5,427,509	4,060,665
Cash Outflow		282,696,323	168,432,326
Receivables from Exchange Transactions	21		
Receipts from Student debtors			-
Receipts from sundry debtors	21(a)	2,639,815	
Riara Farm Coffee Estate loan payments		3,258,840	4,026,324
Advance payment for Newspapers	21(a)	-	-179,349
Salary Advances paid	21(a)	-	-160,000
Advances recovered		-	-
Cash Inflow from Exchange Transactions		5,898,655	3,686,975

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Notes to the Financial Statements (Continued)

33. Financial Risk Management

The Polytechnic activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Polytechnic'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 Polytechnic 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 Polytechnic's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Polytechnic 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 Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from exchange transactions	91,938,522	91,938,522	-	-
Receivables from non-exchange transactions	7,416,590	7,416,590	-	-
Bank balances	285,628,457	285,628,457	-	-
Total	384,983,569	384,983,569	-	-
At 30 June 2024				

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Description	Total amount Kshs	Fully performing Kshs	Past due Ksh s	Impaire d Kshs
Receivables from exchange transactions	144,810,842	144,810,842	-	-
Receivables from non-exchange transactions	8,006,450	8,006,450	-	-
Bank balances	314,975,381	314,975,381	-	-
Total	467,792,672	467,792,672	-	-

Financial risk management (continued)

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

The Polytechnic has significant concentration of credit risk on amounts due from student debtors.

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

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

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Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	281,638	-	281,638
Current Portion of Borrowings	-	11,111,430	-	11,111,430
Provisions	-	-	-	-
Deferred Income	-	-	7,959,952	7,959,952
Employee Benefit Obligation	-	-	-	-
Total	-	11,393,068	7,959,952	19,353,020
At 30 June 2024				
Trade Payables	-	652,131	-	652,131
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	7,959,952	7,959,952
Employee Benefit Obligation	-	-	-	-
Total	-	652,131	7,959,952	8,612,083

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30TH JUNE 2024**

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

(iii) Market risk

The Polytechnic 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 Polytechnic Audit 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 Polytechnic exposure to market risks or the manner in which it manages and measures the risk

a) Foreign currency risk

The Polytechnic 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 Polytechnic 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.

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	4,165,000,000	-
Retained Earnings	1,057,762,248	861,329,619
Capital Reserve	161,645,829	161,645,829
Total Funds	5,384,408,078	1,022,975,448
Total Borrowings	-	24,518,707
Less: Cash and Bank Balances	(314,972,981)	(285,628,457)
Net Debt/(Excess Cash and Cash Equivalents)	314,972,981	261,109,750
Gearing	5.85%	2.40%

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34. Related Party Balances

Nature of related party relationships

Entities and other parties related to the Polytechnic 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 Polytechnic holding 100% of the 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) KIST Board of Trustees
- iv) Key management;
- v) The Governing Council

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Notes to the Financial Statements (Continued)

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

Description	2023-2024	2022-2023
		Kshs
Transactions with Related Parties	Kshs	Kshs
a) Sales to related parties		
Sales of goods (farm produce) to Staff	170,860	13,265
Total	170,860	13,265
b) Grants /Transfers from the Government		
Grants from National Govt	95,652,610	149,664,000
Total	95,652,610	149,664,000
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for Employees	78,394,306	64,684,998
Extraneous allowances for management staff	4,372,547	4,372,500
Total	82,766,853	69,057,498
d) Key Management Compensation		
Board sitting allowance	6,917,300	6,612,253
Total	6,917,300	6,612,253

35. Contingent Assets and Contingent Liabilities

The Polytechnic has no incident that can result into a contingent asset or liability

36. Capital Commitments

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for-Library and ICT Resource Phase III	-	65,699,059
Total		65,699,059

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37. Events After the Reporting Period

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

38. Ultimate and Holding Entity

The Polytechnic is a Semi- Autonomous Government Agency under the Ministry of Education. . Its ultimate parent is the Government of Kenya.

39. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor during the financial year 2021/2022. The financial year 2022/2023 has not been audited by the Auditor General

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracy in Property, Plant and Equipment	A request for valuation of land by the Ministry of Lands was done. Valuation was completed and the report is available	Resolved	



.....
Mr Sammy K. Waititu

Chief Principal

Date: 06.03.2024

**THE KIAMBU NATIONAL POLYTECHNIC
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Appendix II: Projects Implemented by The Kiambu National Polytechnic

Projects

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

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Appendix III- Inter-Entity Confirmation Letter


Name of transferring entity: **State Department of Vocational and Technical training.**

Name of beneficiary entity: **The Kiambu National Polytechnic.**

Confirmation of amounts received by The Kiambu National Polytechnic as at 30th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	30/09/2023	28,427,000	0	28,427,000	Capitation grant for Q1
	19/01/2024	21,647,500	0	21,647,500	Capitation grant for Q2
	01/02/2024	24,740,000	0	24,740,000	Capitation grant for Q3
	19/02/2024	18,470,256.10	0	18,470,256.10	Scholarship grant
	03/03/2024	1,867,854	0	1,867,854	Scholarship grant
	21/06/2024	500,000	0	500,000	Operational grant
Total		95,652,610.10		95,652,610.10	

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

Head of Accounts Department - Beneficiary Entity:

Name MERCY NYAKUNDI Sign  Date 06/03/2025

Appendix IV: Reporting of Climate Relevant Expenditures

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

The Polytechnic did not incur climate relevant expenditure during the year

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Appendix V: Reporting on Disaster Management Expenditure

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

The Polytechnic did not incur disaster related expenditure during the year

