

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 01 APR 2026 DAY: WED

TABLED BY: Hon. Naomi Wago
Deputy Majority Whip

CLERK-AT-THE-TABLE: Mado Minam

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REPORT

OF

THE AUDITOR-GENERAL

ON

KERICHO NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2025**



THE KERICHO NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Table of Contents

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	The Governing Council.....	viii
4.	Key Management Team.....	xii
5.	Chairman’s Statement.....	xiv
6.	Chief Principal’s Report.....	xvi
7.	Statement of Performance against Predetermined Objectives.....	xviii
8.	Corporate Governance Statement.....	xxiv
9.	Management Discussion and Analysis.....	xxix
10.	Environmental And Sustainability Reporting Statement.....	xxx
11.	Report of the Council.....	xxxvii
12.	Statement of Council’s Responsibilities.....	xxxviii
13.	Report of the Independent Auditor of The Kericho National Polytechnic.....	xl
14.	Statement of Financial Performance For The Year Ended 30 June 2025.....	1
15.	Statement of Financial Position As At 30th June 2025.....	2
16.	Statement of Changes in Net Asset For The Year Ended 30 June 2025.....	3
17.	Statement of Cash Flows for The Year Ended 30 June 2025.....	4
18.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025	5
19.	Notes to the Financial Statements.....	7
20.	Appendices.....	32

1. Acronyms and Definition of Key Terms

A. Acronyms

	Acronyms & Glossary of Terms
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TKNP	The Kericho National Polytechnic
Fiduciary Management	Key management personnel who have financial responsibility in the entity
FOC	Finance and Operations Committee
ARC	Audit and Risk committee
TRC	Training and Research Committee
TVETA	Technical and Vocational Training Authority.
KASNEB	Kenya Accountants and Secretaries National Examinations Board.
ICPAK	Institute of Certified Public Accountants of Kenya.
IIA	Institute of Internal Auditors.
IHRM	Institute of Human Resource Management.
EBK	Engineers Board of Kenya.
KNEC	Kenya National Examinations Board
HELB	Higher Education Loans Board.

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

2. Key Entity Information and Management

The *Polytechnic* was incorporated/ established under the TVET Act/ 2013 of 25th January 2013 by the legal order No.13 of 2024. The entity is domiciled in Kenya and has a campus in Chebwagan. The Polytechnic is under the Ministry of Education.

The Polytechnic currently has six functional departments namely:

1. Electrical and electronics engineering
2. Building and Civil Engineering.
3. Agriculture.
4. Mechanical and Automotive Engineering.
5. Hospitality and Institutional Management.
6. Information communication technology and Business.

(a) Background information

The *Polytechnic* was incorporated/ established under the TVET Act/ 2013 of 25th January 2013 by the legal order No.13 of 2024. The entity is domiciled in Kenya and has a campus in Chebwagan. The Polytechnic is under the Ministry of Education.

(b) Principal Activities

The principal mandate of the *TKNP* is captured in our vision and mission statements as well as our strategic objectives guided by our core values as stated below.

(a) Vision

To develop a human resource that skilful, flexible and dynamic

(b) Mission

To objectively meet the needs of the dynamic socio-economic challenges with innovation and creativity

(c) Strategic objectives

- I. Enhance equity and access
- II. Improve institutes governance
- III. Promote effective application of ICT
- IV. Institutionalize effective research and development
- V. Diversify sources and increase funding
- VI. Develop effective communication internally and externally
- VII. Enhance collaboration and linkages
- VIII. Enhance competitiveness
- IX. Upgrade infrastructure

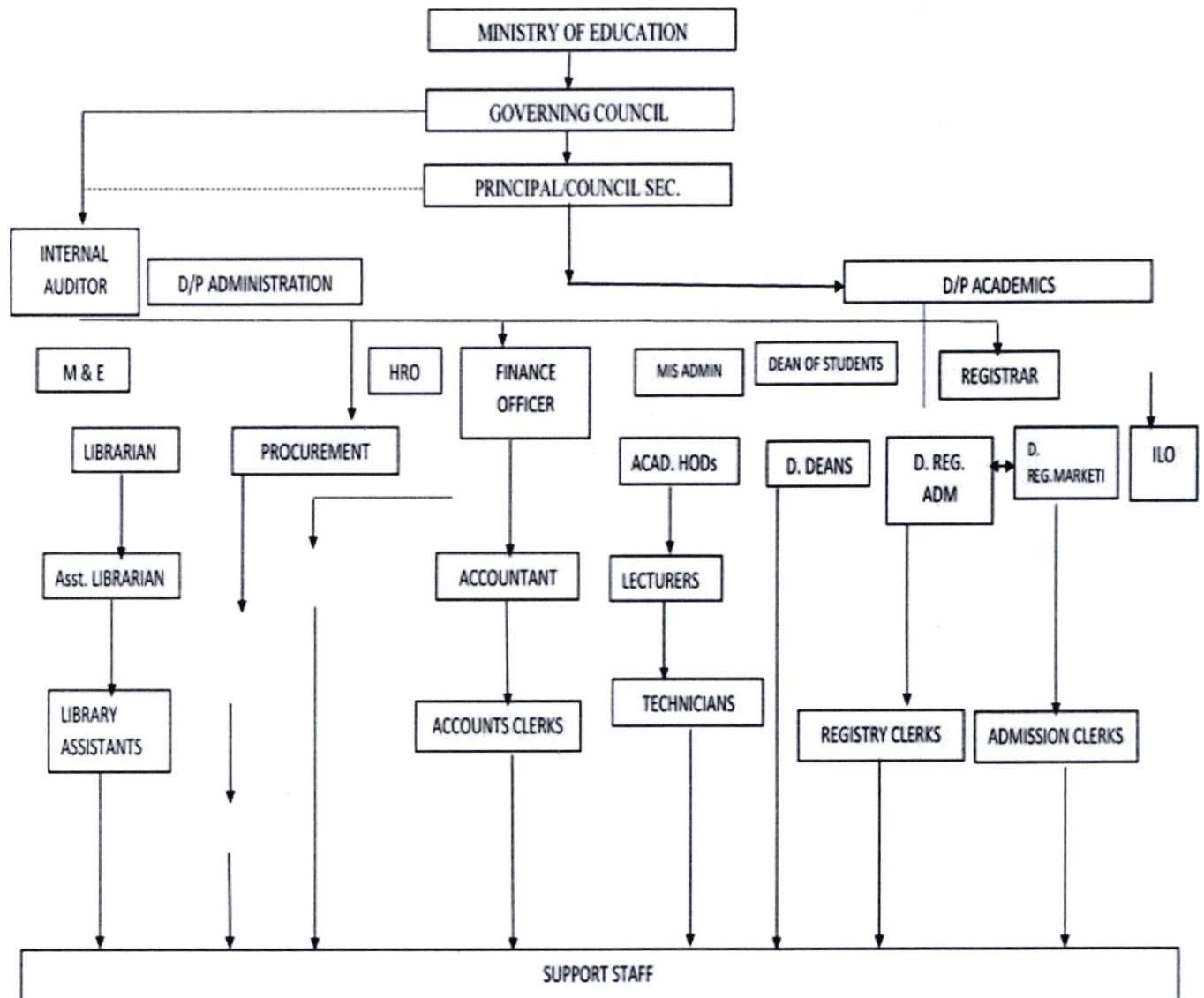
(d) Core Values

Professionalism
Integrity
Accountability
Efficiency
Teamwork
Discipline and hard work
Respect

(c) **Key Management**

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

- Governing Council/ Management etc.
- Accounting officer/ Chief Principal
- Management...;



**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

Key Entity Information and Management (Continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Principal	Sammy K. Cheruiyot
2.	Deputy Principal Administration	Nelson Chirchir
3.	Deputy Principal Academics	Anton A. Agesa
4.	Registrar	Geoffrey Bett
5.	Dean of Trainees	Hillary Koech
6.	Head of Finance	Janeth Chepkirui
7.	Head of Procurement	Weldon Kipronoh
8.	Human Resource Management Officer	Milka cheptoo
9.	Internal Auditor	Kipkoech Ngenoh
10.	System Administrator	Benard Kibet Too

(e) Fiduciary Oversight Arrangements

The Governing Council has three committees in place namely;

1. Audit committee with the membership as follows:

S NO.	Name	Designation	Expertise
i.	Dr. Nyakwara Simon	Chairman	HR
ii.	Beatrice Wanjiru	Member	ICT
iii.	Irine Ngeno	Member	Education
iv.	Jepi Lentoijoni	Member	Development
v.	Mengeech Rono	Member	Education

The responsibility of the committee is to receive and consider reports, make recommendations and advise the Governing Council on:

- ✓ Internal and external audit reports
- ✓ Internal Audit annual plan
- ✓ Internal controls
- ✓ Risk management
- ✓ Compliance to laws, regulations and standards.
- ✓ Governance
- ✓ Governance Audit Reports

2. Finance and human resource committee with the membership as follows.

Name	Designation	Professional Background
Dorris Tochiu	Chairperson	Finance
Zachary Ooko	Member	Education
Jepi Lentoijoni	Member	Development specialist
Engineer Richard Bett	Member	Engineering and technology

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Name	Designation	Professional Background
Mengeech Rono	Member	Education
Sammy Cheruiyot	Member	Education

The committee is in charge of oversight activities involving hiring and management of human resource personnel within the institution. To receive and consider reports, make recommendations and advise the Governing Council on:

- ✓ The Polytechnic planning and financial strategy
- ✓ Annual budget and medium-Term Expenditure Framework.
- ✓ Resource Mobilization
- ✓ Purchase and sale of property and disposal of idle assets.
- ✓ The Polytechnic investment and borrowings.
- ✓ The progress of the implementation of plans and policies as outlined in the strategic plan.
- ✓ Approval of new construction projects.
- ✓ The progress of projects.
- ✓ Maintenance and development of buildings and land.
- ✓ Development, investment and enterprise.
- ✓ Collaboration and Partnerships
- ✓ Memorandum of Understanding
- ✓ College Legal and ICT Status
- ✓ Human Resource Strategy, Policies and Procedures and standards.
- ✓ Terms and conditions of employment for the college staff
- ✓ To discuss all personnel issues affecting Polytechnic employees.
- ✓ Staff recruitment, selection, deployment and career development

3. Training and Research committee with the membership as follows;

Name	Designation	Professional Background
Zachary Ooko	Chairman	Education
Engineer Richard Bett	Member	Engineering and technology
Dorris Tochiu	Member	Finance
Irine Ngeno	Member	Education
Mengeech Rono	Member	Education
Sammy K. Cheruiyot	Member	Education

The committee's role and responsibility is to receive and consider reports, make recommendations and advise the Governing Council on:

- ✓ Issues relating to student's affairs.
- ✓ Establishment of new Campuses.
- ✓ Admissions and examinations.
- ✓ Curriculum development/ Reviews
- ✓ Quality management systems.
- ✓ Sports updates
- ✓ Graduation updates
- ✓ Research Activities
- ✓ Performance Contracting

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

(f) Entity Headquarters

P.O. Box 444-20406
Off Sotik- Roret Road
Sotik, KENYA

(g) Entity Contacts

Telephone: (254) 742888444
E-mail: buretitechnical@gmail.com
Website: www.kerichopoly.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Sotik branch
P.O Box 264-20406
Sotik, Kenya

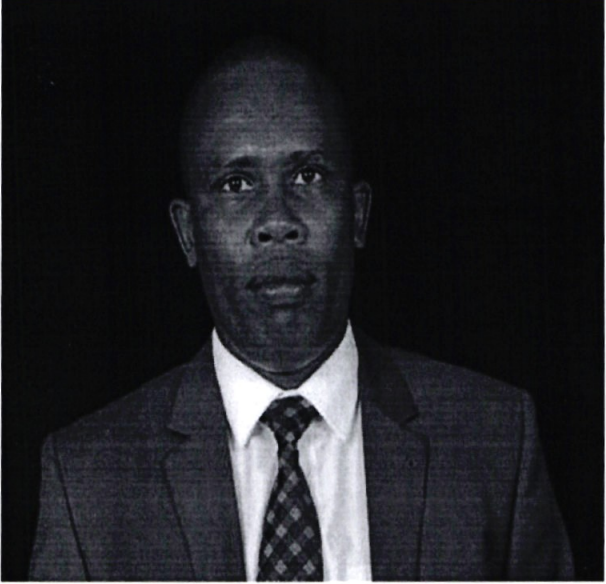

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3.The Governing Council

 <p>Dr. Kenneth Chelule, PhD Chairman of the Governing Council</p>	<ul style="list-style-type: none"> • Date of birth: 10th January, 1971. • Dr. Kenneth Chelule is the Director of Partnership Strategy, Research, and Resource Mobilization at the Special Economic Zones Authority (SEZA). • Previously, he held the positions of Chief Research Scientist and Deputy Director at the Kenya Industrial Research and Development Institute (KIRDI). • He has worked for Johnson & Johnson (UK), Summit Medical (UK), and the University of Leeds (UK). • Dr. Chelule is an experienced professional with more than 20 years of expertise in industrial research, technology transfer and MSME support. • He holds a PhD in Mechanical Engineering and MSc in Mechanical Engineering from Staffordshire University in the United Kingdom, as well as an Executive MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) as well as Bachelor of Education (Technology) EDT, Power Mechanics Technology.
 <p>Mr. Zachary Ooko Chair, Training and Research committee</p>	<ul style="list-style-type: none"> • Date of birth: 1959. • Master of Education. • Bachelor of Education Technology. • 34 years' experience in field of education and a senior education officer in ministry of education, state department of vocational and technical training.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**



Engineer Richard Bett

- Date of birth: 27th Feb 1961.
- B.Sc. Civil Engineering, Bangalore University India .
- Diploma in building civil engineering.
- Experienced in building and civil engineering and currently involved in private practice.



Japi Lentoijoni




- Date of Birth: 1st January 1962.
- MSc in Sustainable Agriculture .
- Hons BA Admin Development Studies.
- Diploma in Agriculture.
- Has worked with ministry of agriculture, world vision Kenya and Kenya water towers agency as deputy director sustainable livelihoods.



Beatrice Wanjiru

- Date of Birth: 12th March,1981.
- Degree in Information Technology.
- Diploma in Information Technology.
- Works at the Ministry of Immigration and Registrations of Persons as Civil Registrar.


**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<ul style="list-style-type: none"> • Date of Birth: 1969. • Doctor of Philosophy in Human Resource . • Master’s in business administration. • Post graduate Diploma in Education. • Bachelor of Business Administration and Management. • Works with Mount Kenya University as The Vice Chancellor, Administration Planning and Institutional Advancement Kisii Campus.
<p>Dr. Nyakwara Simon Chair Audit and risk management committee</p>	
	<ul style="list-style-type: none"> • Date of Birth: 30th March 1976. • Master of Development, Diplomacy and International Security, Daystar University. • Maseno University -Bachelor of Education. • Works as the Director of Field Services and ICT Integration at State Department of TVET. • 2017-2022: Member of County Assembly -Nandi County Assembly. • 2001-2017: TSC.
<p>Mr. Mengeech Rono Representing Principal Secretary ,TVET Independent Member</p>	
	<ul style="list-style-type: none"> • Date of Birth: 27th July 1976. • MBA Strategic Management • BED Maseno University. • Works with County, Government of Kericho as the head of Youth affairs technical and vocational training.
<p>Irine Chelangat Ngeno Representing The County Government</p>	






**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

 <p>Dorris Tochiu Imaria Chair, Finance and Human resource committee</p>	<ul style="list-style-type: none"> • Date of Birth: 9th December 1984. • 2007: Bachelor of Commerce (Finance Option) – University of Nairobi. • 2014: ACCA – Accredited Chartered Certified Accountants. London . • Feb 2019 – Present – Consulting Chief Finance Officer and audit manager – SoProCFO and Kawai Consultants (Related parties). • Aug 2018- July 2019 – Independent Financial Reporting Consultant – National Treasury through Deloitte& Touchie Kenya. • Dec 2017- July 2018- Audit Consultant - RSM US LLP – Jan 2009 – Nov 2017 External Auditor – PKF Kenya.
 <p>Sammy K. Cheruiyot – (Principal/BOG Secretary)</p>	<ul style="list-style-type: none"> • Date of Birth: 12th May 1972. • Masters in strategic management. • Bachelor of Education Arts. • Certified Human Resource Professional (CHRP)-Ongoing. • Over 6 years of experience as a Principal in TVET Institutions.

4. Key Management Team

 <p>Sammy K. Cheruiyot</p>	<p>Chief Principal</p> <ul style="list-style-type: none"> • Date of Birth: 12th May 1972. • Master's in strategic management. • Bachelor of Education Arts. • Certified Human Resource Professional (CHRP).. • Over 6 years of experience as a Principal in TVET Institutions.
 <p>Anton Agesa</p>	<p>Deputy Principal Academics</p> <ul style="list-style-type: none"> • Bachelor of Education science, Egerton University.
 <p>Nelson Chirchir</p>	<p>Deputy Principal Administration</p> <ul style="list-style-type: none"> • Master's in technology education. • Bachelor of Education Technology. • Member of TVETA.
 <p>Geoffrey Bett</p>	<p>Registrar</p> <ul style="list-style-type: none"> • Bachelor of Engineering (Mechanical Engineering). • Member of Engineers Board of Kenya (EBK).
 <p>Hillary Koech</p>	<p>Dean of students</p> <ul style="list-style-type: none"> • Bachelor of Technology in Agricultural and Biosystems Engineering, Moi University.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>Finance officer</p> <ul style="list-style-type: none"> • Bachelor of Commerce (Finance), Kenyatta University. • Certified Public Accountant of Kenya. (CPA-K) KASNEB. • Member of ICPAK
	<p>Supply Chain Management Officer</p> <ul style="list-style-type: none"> • Bachelor of Business Management, Supply chain management, University of Kabianga, 2018 • Member of Kenya Institute of Supplies Management (KISM) with good standing. • A licensed practitioner in accordance with SPMA Act 2007
	<p>Human Resource Management Officer</p> <ul style="list-style-type: none"> • BSC Human Resource Management- University of Kabianga, 2015 • Member of IHRM
	<p>Internal Auditor</p> <ul style="list-style-type: none"> • Bachelor of Business management (Accounting)- University of Kabianga, 2017. • Certified Public Accountant- KASNEB • Member of ICPAK and IIA- KENYA
	<p>System Administrator</p> <ul style="list-style-type: none"> • Bachelor of Information Technology-South Eastern Kenya University, 2017. • Member of Association of Computing Professional-Kenya in Good Standing • Member of Internet Society-Kenya Chapter

5. Chairman's Statement

On behalf of the Governing Council, I am honoured to present this report highlighting the performance, challenges, and future outlook of The Kericho National Polytechnic during the year under review.

Economic and Policy Environment

The year was characterised by significant developments within the education sector, underpinned by the Government's commitment to the Bottom-Up Economic Transformation Agenda (BETA), Vision 2030, and the Sustainable Development Goals (SDGs). Guided by the TVET Act, Public Finance Management Act, and other relevant policy frameworks, our Polytechnic continued to strengthen its institutional structures to ensure prudent utilisation of resources, accountability, and alignment with national and regional priorities.

Institutional Growth and Academic Performance

The Polytechnic registered unprecedented growth in enrolment, recording over 100% increase in trainees — from 3,751 trainees in 2024 to 8,700 trainees in 2025. This growth is directly linked to enhanced government support through scholarships, capitation, HELB loans, CDF bursaries, and the continuous employment of trainers by the Public Service Commission. These interventions have not only expanded access but also improved the quality of training, thereby preparing our graduates for both local and international labour markets.

The successful implementation of Competency-Based Education and Training (CBET) under CDACC and modular training has further positioned us as a centre of excellence in technical and vocational training. Our partnerships with industries continue to strengthen dual training opportunities, ensuring our trainees gain practical skills that meet evolving labour market demands.

Major Achievements

During the period under review, the Polytechnic recorded significant milestones:

- Implementation of CBET-CDACC courses and Recognition of Prior Learning (RPL).
- Capacity building of trainers in modular and CBET delivery.
- Progress in construction of the twelve classrooms and the Hospitality block under AfDB Scholarship support.
- Equipping of Hairdressing and Cosmetology workshop.
- Procurement of motor vehicle to support official institutional functions.
- Participation in drama and music leading to a win at regional levels.
- Ongoing fabrication of training chairs, demonstrating our self-reliance and innovation.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

- These developments reaffirm our commitment to becoming a centre of excellence in science, technology, innovation, and entrepreneurship in line with national development aspirations.

Challenges Encountered

- Despite notable progress, the Polytechnic continues to face challenges, including:
- Significant student debtors affecting revenue streams.
- Delays in disbursement of government funding, particularly capitation and scholarships.
- Inadequate boarding facilities and training infrastructure.
- Water shortages and swampy terrain, which raise construction and maintenance costs.

Future Outlook

Looking ahead, the Governing Council is committed to:

- Strengthening financial management through adoption of PFM best practices, enhanced internal controls, and automation of financial processes.
- Expanding collaboration with industry and development partners to widen access to resources, internships, and innovation opportunities.
- Investing in infrastructure, including hostels, workshops, and smart classrooms, to accommodate the rising enrolment.
- Equipping of hospitality Department.
- Embedding sustainability practices in operations to align with the SDGs on education, water, energy, and decent work.

I extend my deepest gratitude to the Governing Council, Management, Trainers, Trainees, and all stakeholders for their unwavering commitment. Together, we shall continue to nurture a Polytechnic that produces competent, innovative, and globally competitive graduates.



Sign:.....
08 DEC 2025
PO BOX 44 - 20406, SOTIK

Dr. Kenneth Chelule
Chairman, Governing Council

6. Chief Principal's Report

Introduction

It is with great pride that I present the Chief Principal's Report for the year under review. The Kericho National Polytechnic, a public TVET institution registered by TVETA in 2016 and elevated to National Polytechnic status through Legal Notice No. 13 of 18th January 2024, continues to position itself as a leading centre for technical and vocational training in the South Rift region and beyond.

Our mission is to offer market-driven programs approved by TVETA and examined by KNEC and CDACC, while contributing to the BETA Agenda, Vision 2030, and the Sustainable Development Goals.

Campuses and Enrolment

The Polytechnic currently operates two campuses: the Main Campus and Chebwagan Campus, with combined enrolment rising by over 100% from 3,751 in 2024 to 8,700 in 2025. Our strategic target is to expand enrolment to 15,000 trainees within the medium term.

Staffing and Human Capital

As of June 30, 2025, the Polytechnic had 187 staff, broken down as follows:

PSC Trainers – 71

Council Trainers – 45

Council Non-Teaching Staff – 71

In recognition of the growing enrolment and demand for more programmes, the Council has initiated a process to recruit additional PSC staff in accordance with the Public Service Commission's procedures.

Key Achievements during the Year

Progress in construction of the twelve classrooms and the Hospitality block under AfDB Scholarship support. The twelve classrooms construction is currently at 28% while the Hospitality block is currently at 77%.

Equipping of Hairdressing and Cosmetology workshop. The Increased number of trainees in Hairdressing and Cosmetology has necessitated the purchase.

Procurement of motor vehicle to support official institutional functions.

Participation in drama and music leading to a win at regional levels.

Ongoing fabrication of training chairs, demonstrating our self-reliance and innovation.

The Polytechnic has a trainee pursuing Agriculture course and has benefited from Ukulima Majuu programme through partnership in which he has been employed to work at United Kingdom.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Challenges Faced

The institution encountered several challenges during the year:

- Insufficient government financing relative to institutional needs.
- Delays in fee collection, exacerbated by prevailing economic hardships.
- Poor access infrastructure at the institution's entry points.
- Shortage of water and inadequate training facilities.

Future Strategic Plans

To address these challenges and secure long-term sustainability, the Polytechnic will:

- Expand enrolment to 15,000 trainees, supported by modern infrastructure and ICT-enabled training.
- Construct additional student hostels, workshops, and specialised training units.
- Strengthen financial sustainability through diversified revenue streams, enhanced debt collection, and prudent resource utilisation.
- Deepen collaborations with government agencies, development partners, and the private sector to enhance innovation, research, and industrial linkages.
- Build institutional visibility and competitiveness within the TVET sector both nationally and regionally.

Appreciation

I wish to express my sincere gratitude to the Government, Governing Council, partners, collaborators, staff, and students for their continued support and dedication. Their contributions have enabled the Polytechnic to operate in a stable, innovative, and forward-looking environment.

We remain confident that with sustained partnership, prudent financial management, and visionary leadership, The Kericho National Polytechnic will continue to play a central role in producing the skilled workforce needed to drive Kenya's social and economic transformation.



Sammy K. Cheruiyot
Accounting Officer/Chief Principal

7. Statement of Performance against Predetermined Objectives

The Kericho National Polytechnic has 5 strategic pillars and objectives within its Strategic Plan for the FY 2023-2028. These strategic pillars are as follows:



The Kericho National Polytechnic develops its annual work plans based on the above 5 pillars. Assessment of the Governing Council performance against its annual work plan is done on an annual basis. The Polytechnic achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Key Activities	Expected Output
1: Access and Equity	To enhance access and equity to quality training	<ul style="list-style-type: none"> Validated admission register 	<ul style="list-style-type: none"> Carry out marketing (road shows and advertising in local radio and TV stations) Introduction of industry driven courses Organize career talks, exhibitions, sports activities Establish two more campuses in Kericho Town and Litein Town Carry out tracer Studies 	Increased Trainee enrollment to a population of 8,700 from 3,751.
		<ul style="list-style-type: none"> Percentage of funded beneficiaries 	<ul style="list-style-type: none"> Establish collaboration with stakeholders e.g. CDF, Counties, AfDB, and others Establish internal scholarship to needy trainees Sensitize trainees and parents on the available funding options 	Increased access to funding by trainees

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

			<ul style="list-style-type: none"> Establish student finance coordination office 	
		<ul style="list-style-type: none"> Number of female trainees in STEM courses 	<ul style="list-style-type: none"> Implement the gender mainstreaming policy Encourage female trainees to undertake STEM programs by visiting girls' schools in the area Market the STEM programs Allocate a percentage of the internal scholarship Appoint female in STEM champion (a trainee and a trainer) 	Increased female trainees enrolment in STEM
		<ul style="list-style-type: none"> Number of industry driven STEM Programs 	<ul style="list-style-type: none"> Carry out market research on the industry driven STEM program Benchmark on the industry-oriented STEM programs already successful in other institutions Introduce more industry driven STEM programs Engage the industry regarding the program Monitor and evaluate on the already introduced market-oriented STEM programs to determine their effectiveness and success 	Increased industry STEM program
		<ul style="list-style-type: none"> Percentage of trainee participants of PWDs and disadvantaged group in institutional activities 	<ul style="list-style-type: none"> Implement disability mainstreaming policy Introducing games friendly to PWDs. Create a disability program and club Create awareness of trainers on handling PWDs Development of trainers awareness kit Equal opportunities for all Allocate a percentage of internal scholarship and work study programs to PWDs and disadvantage. Encourage PWDs and 	Increased participation of PWDs and disadvantaged groups

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

			<p>disadvantaged groups to participate in leadership positions</p> <ul style="list-style-type: none"> • Assist PWD trainees to be registered by NCWPDs • Trained focal abled persons for disability mainstreaming. 	
2: ICT, Research and Development		Number of hotspots	<ul style="list-style-type: none"> • Increase the number of hotspots • Establish and operationalize Research center 	<ul style="list-style-type: none"> • Increased number of hotspots • Established and operationalized Research center
		Number of established and operationalized Research center		
	To promote use of ICT in training, learning and research	<ul style="list-style-type: none"> • Number of computer and computer stations • Internet bandwidth • Number of Learning Management System content 	<ul style="list-style-type: none"> • Increase number of computer and computer stations • Increase internet bandwidth • Develop a Learning Management System content • Capacity build trainees and staff on the use of Learning Management System. • Operationalize an E-library. 	<ul style="list-style-type: none"> • Increased number of computer and computer stations • Increased internet bandwidth • Developed Learning Management System content.
3: Human and Capital Resource Mobilization	To attract and retain skilled, motivated and productive staff	Number of staffs projected	Determine optimal staff establishments based on the institution requirement	Projected staff establishment
		Number of performance appraisals per employee conducted	Conduct performance appraisal	Performance appraisal conducted per employee
		Recognition Frameworks in place	Review and Implement the framework for recognition of outstanding performance, harnessing and incentivizing talents and skills	Recognition framework
		Level of implementation		Implementation report
		No of reports	Conduct training needs assessment	<ul style="list-style-type: none"> • TNA Reports
		Level of implementation	Implementation of the recommendation of the training gaps	Trainings

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

		Number of cadres	Develop career progression guidelines	Career guidelines
		Level of implementation	Implement career progression guidelines	Career guidelines implementation report
		Level of implementation	Implement Human Resource Policy.	HR policy implemented
		Number offices equipped	Acquire and deploy adequate office space, furniture and equipment	Well-equipped offices
		Number of staff sensitized	Sensitize staff on health and safety and Environmental care space	Staff sensitized
		Number Team building activities	Undertake Team building activities	Team building undertaken
	To increase TKNP sources of funding	Number of fundable projects	<ul style="list-style-type: none"> • Train staff on developing fundable projects • Capacity build the Research Committee • Encourage staff and trainees to come up with fundable proposals 	Increased number of fundable projects
		Number of increased IGA projects	<ul style="list-style-type: none"> • Develop mechanisms for enhanced IGA • Set up and equip IGA office • Capacity build the IGA office • Come up with IGA framework 	Increased IGA projects
		Validated admission register	<ul style="list-style-type: none"> • Research on market-oriented courses to introduce • Introduce and support the market-oriented courses • Sensitize community on trainee intakes • Participate in barazas and community activities 	Increased Trainee enrollment
4: Communication, branding, collaboration and linkages	To develop a strong brand identity that reflects the status of the institution	Number of engagements	<ul style="list-style-type: none"> • Ensure frequent updates and engagements on social media • Sensitizing trainees and staff to engage with the social media account • Rebranding the Institution Website. 	Increased social media engagements
		Number of website visits		Increased website visits

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

		Number of Developed documentaries		Developed documentary
		Percentage of established Public Relations Department.	<ul style="list-style-type: none"> Identify the relevant staff member for the position Appoint the PRO Set up the office and efficiently equip it. 	Established Public Relations Department
To enhance collaboration and linkages with industries and other stakeholders		<ul style="list-style-type: none"> Number of Signed MOUs with relevant industries 	<ul style="list-style-type: none"> Establishing collaborations and linkages with relevant industries existing collaboration and linkages 	Signed MOUs with relevant industries
		Number of Signed MOUs with relevant International TVET Institutions	<ul style="list-style-type: none"> Establishing collaborations and linkages with relevant International TVET Institutions existing collaboration and linkages 	Signed MOUs with relevant International TVET Institutions
		<ul style="list-style-type: none"> Number of CSR activities conducted 	<ul style="list-style-type: none"> Identifying the CSR activities Encouraging staff and trainees to participate in the CSR activities 	Identified CSR activities
To develop a strong brand identity that reflects the status of the institution		<ul style="list-style-type: none"> Percentage of Facelifted infrastructure 	<p>Identify the infrastructure that need face-lifting Creating a Budget for face-lifting. Install relevant signage within and outside the institution</p> <ul style="list-style-type: none"> Paint the Institute infrastructure bi-annually Beautify the compound with flowers in the institute 	Facelifted infrastructure
		Number of built sporting facilities	<p>Identify the playing fields that need landscaping Create a plan for the landscaping of the playing fields</p> <ul style="list-style-type: none"> Build the sporting facilities Appoint competent coaches Capacity building the coaches 	<ul style="list-style-type: none"> Built sporting facilities Trained coaches
		Number of trained coaches	<ul style="list-style-type: none"> Build the sporting facilities Appoint competent coaches Capacity building the coaches <p>Encourage trainees to participate in the sporting activities Recognize and nurture top talents financially support the sports in the institution</p>	Trained coaches

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

		<ul style="list-style-type: none"> • Number of Performance contracting trainings 	Continuous capacity building of Performance Contracting members of various committees	Performance contracting trainings
		<ul style="list-style-type: none"> • Improved Performance contracting weighted score 	Creating a budget for the Performance contracting	Performance contracting performance
		Percentage pass rate	<ul style="list-style-type: none"> • Training all staff on Performance Contracting class attendance by trainees Organizing academic trips for trainees Preparing Teaching tools increase pass rate in examinations 	Analyzed results
5: Equipment and Infrastructure	To provide adequate equipment and infrastructure for quality service delivery	<ul style="list-style-type: none"> • Percentage of completion of constructed facilities 	<ul style="list-style-type: none"> • Identify the infrastructure needed in the institution • Developing Physical Infrastructure plan • Create a conclusive budget for the infrastructure • Construct institute infrastructure in order of priority 	Constructed facilities
		<ul style="list-style-type: none"> • Percentage of PWDs friendly facilities 	<ul style="list-style-type: none"> • Developing framework for improving facilities for PWD's • Carry out periodic audits to identify facilities that need to be PWD friendly and implement • implementing Policy for PWD's • Constitute a committee in charge of implementing the policy 	PWDs friendly facilities
		<ul style="list-style-type: none"> • Percentage of equipped facilities 	<ul style="list-style-type: none"> • Identify the facilities to be equipped in various departments • Creating a budget to equip the various for the various management • Equip the facilities in various departments 	Equipped facilities

8. Corporate Governance Statement

The Kericho National Polytechnic is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Council and management accountability and helps build public trust in the Institute.

The Council is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, state department of Vocational and Technical Training to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Council serves as the ultimate decision-making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Governing Council selects and oversees the members of senior management, who are charged by the Council with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Governing Council held four Full Council meetings, one Ad-hoc council meeting and ten subcommittee meetings in the financial 2024/2025. The current council was appointed on 17th March 2022 and inaugurated on 26th April 2022, for a term of three years which ended on 16th March 2025.

The process of appointment of a new Governing Council is ongoing as laid out in the TVET act of 2013. The functions of Governing Council as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Governing Council;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Governing Council;
- (l) Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority.
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Governing Council;
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
- (r) Discharging all other functions conferred upon it by this Act or any other written law.

The Governing Council in the period it has been in existence has endeavoured to discharge its functions independently with vigour and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the institution to move forward as we actualize the strategic plan. Moving forward, the Governing Council is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible.

Induction, training, and development

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the councils and Boards of Governors to manage the TVET institutions on behalf of the Education Cabinet Secretary. It is a requirement that the Governing Council members understand their functions and conduct, hence the need for induction. In the 2024/2025 financial year, Council did not attend any training since the Institution had insufficient funds to fund the training.

Board and Members' performance,

The Governing Council performed its oversight and strategic roles during the period it was in office. The Board provided leadership in key areas including policy formulation, approval of strategic initiatives, oversight of financial management, and monitoring of compliance with

relevant laws and regulations. Members participated in scheduled meetings, contributed to deliberations, and supported the implementation of institutional objectives.

Policy on management conflict of interest

The Institution has a **Conflict of Interest Policy** designed to ensure that all management decisions are made objectively and in the best interest of the Institution. The policy requires managers to disclose any personal, financial, or professional interests that may influence their judgment or impartiality. All disclosed conflicts are reviewed by the appropriate authority, and affected officers are excluded from related decision-making processes. During the reporting period, no significant conflict of interest cases were reported, and management continued to uphold transparency, integrity, and ethical conduct in all operations.

Board Remuneration

Kericho National Polytechnic Council members do not receive a salary. However, they are paid a sitting allowance for every scheduled meeting attended. The Chairman did not receive sitting allowances nor a monthly honorarium since he is a state officer. The sitting allowance paid to the council members is disclosed in **Note 10** of the financial statements

Ethics and Conflict

The Institution maintains an Ethics and Integrity Framework guided by the Leadership and Integrity Act and the Public Officer Ethics Act. All employees are required to abide by the Institutional Code of Conduct and Ethics. Mechanisms for reporting unethical behaviour, including anonymous reporting channels and disciplinary procedures, are in place and operational.

Communication policy

The Institution has an approved Communication Policy that guides both internal and external communication. The policy provides for the timely dissemination of information to stakeholders, media engagement procedures, social media management, public relations, and reporting protocols. The Institution ensures transparency by providing regular updates through official communication channels.

TORs of Committees

Each Council Committee operates under formally approved Terms of Reference outlining its mandate, responsibilities, reporting structure, meeting frequency, and accountability framework. The key committees include: Audit and Risk Committee, Finance and Operations Committee, and

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Training & Research Policy, which held meetings in accordance with their TORs and submitted periodic reports to the Council for resolutions.

Attendance of Governing Council meetings

During FY 2023/2024, there was 100% eligible attendance at all meetings of the Council and Committees with 4 full Council meetings, 1 Ad-hoc Council meeting and 10 Sub Committee meetings.

The following table shows the number of meetings held during 2024/2025.

FULL COUNCIL MEETINGS					
	DATE	29.09.2022	28.09.204	1.11.2024	24.01.2025
S/NO	NAME				
1	Dr. Kenneth Chelule	Present	Present	Present	Present
2	Dr. Simon Nyakwara	Present	Present	Present	Present
3	Beatrice W. Gathumbi	Present	Present	Present	Present
4	Richard Bett	Present	Present	Present	Present
5	Dorris Tochiu	Present	Present	Present	Present
6	Zachary Ooko	Present	Present	Present	Present
7	Irine Ngeno	Present	Present	Present	Present
8	Jepi Lentoijoni	Present	Present	Present	Present
9	Mengeech Rono	Present	Present	Present	Present
10	Sammy K Cheruiyot	Present	Present	Present	Present

FOC MEETINGS					
S/NO	NAME	16.07.2024	23.09.2024	14.10.2024	13.01.2025
1	Dorris Tochiu	Present	Present	Present	Present
2	Zachary Ooko	Present	Present	Present	Present
3	Beatrice Wanjiru	Present	Present	Present	Present
4	Richard Bett	Present	Present	Present	Present
5	Jepi Lentoyoni	Present	Present	Present	Present
6	Sammy K Cheruiyot	Present	Present	Present	Present
7	Mengeech Rono	N/A	N/A	Present	Present

TRC MEETINGS				
S/NO	NAME	15.07.2024	28.10.2024	14/01/2025
1	Zachary Ooko	Present	Present	Present
2	Dr. Simon Nyakwara	Present	Present	Present
3	Irine Ngeno	Present	Present	Present
4	Richard Bett	Present	Present	Present
5	Dorris Tochiu	Present	Present	Present

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

6	Sammy K Cheruiyot	Present	Present	Present
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AUDIT & RISK COMMITTEE				
S/NO	NAME	14.07.2024	25.10.2024	15.01.2025
1	Dr. Simon Nyakwara	Present	Present	Present
2	Mengeech Rono	Present	Present	Present
3	Jepi Lentoijoni	Present	Present	Present
4	Beatrice Gathumbi	Present	Present	Present
5	Irene Ngeno	Present	Present	Present

AD-HOC COUNCIL MEETING		
S/NO.	NAME	9.10.2024
1	Zachary Ooko	Present
2	Dorris Tochiu	Present
3	Richard Bett	Present
4	Peter Cheruiyot	Present
5	Irine Ngeno	Present
6	Sammy K.Cheruiyot	Present

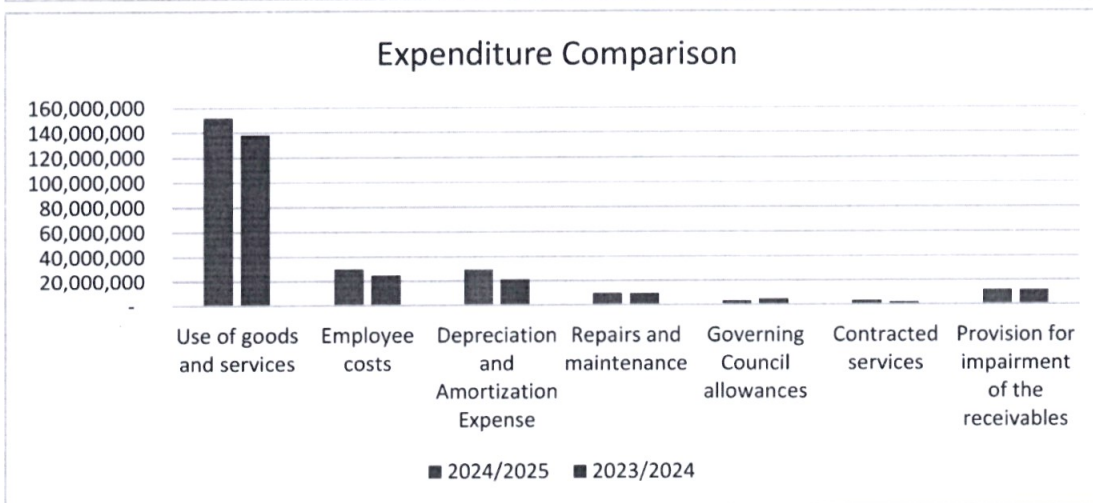
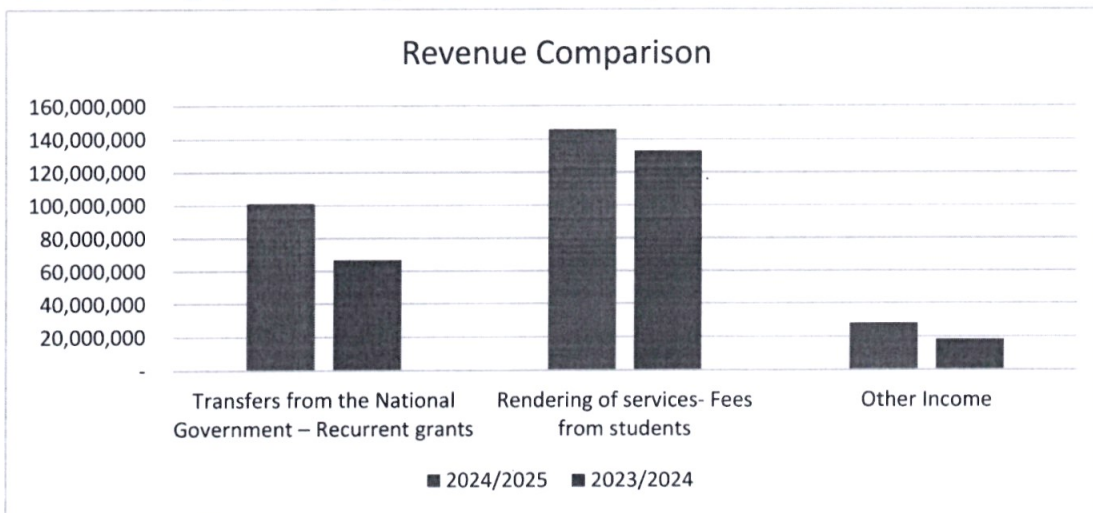
**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

9. Management Discussion and Analysis

The Kericho National Polytechnic's operational and financial performance

During the year ended June 2025, the Polytechnic had 8,700 trainees compared to 3,751 in year 2023/2024 leading to 26 percent increase in revenue.

Below are the graphs analysing the revenues and expenses of the institution.



The Kericho National Polytechnic compliance with statutory requirements

The Kericho National Polytechnic complies to deduction and remittance of statutory deductions such SHIF, NSSF and PAYE.

Major risks facing the organisation.

The institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Trainee turnover
- ii. Inadequate student accommodation and support facilities
- iii. Delayed disbursement of capitation, government scholarship and HELB grants
- iv. Shortage of water

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

The Polytechnic has impacted skills to trainees who are able to create job opportunities and end poverty.

The Agriculture department has ensured cultivation of vegetables and Livestock farming for food production to end hunger, awareness has also been created on climate change through training of staff. The Polytechnic has ensured Contract Management guideline has been implemented by ensuring that 30 percent of the procurable budget is reserved to youth, women and persons with disabilities and 2 percent of the 30 percent is reserved to people with disabilities.

Environmental performance

Environmental Policy Overview

Environmental policy -The Kericho National Polytechnic is committed to minimizing its environmental impact and continually improving its environmental performance as an integral part of its business strategy and operations. We aim to operate sustainably and comply fully with all relevant environmental legislation and best practices.

The objectives of the policy are to reduce carbon emissions and energy usage, minimize waste and increase recycling, promote sustainable resource use, prevent pollution and environmental degradation, comply with environmental laws and regulations, raise awareness and educate staff on environmental responsibilities and engage suppliers and stakeholders in sustainable practices.

This policy applies to all areas of operation, including office activities, transportation, procurement, and waste management across all campuses of The Kericho National Polytechnic.

The commitments of the policy are to monitor and manage energy consumption, implement waste segregation and recycling initiatives, use environmentally friendly materials where possible, encourage remote meetings to reduce travel emissions and partner with eco-certified suppliers.

Evidence of Policy Implementation are:

1. Installation of LED lighting and smart meters in all office locations leading to 15% reduction in electricity usage over the past year.
2. Introduction of pedal color coded recycling bins and composting systems resulting to about 70% of office waste now diverted from landfill.
3. Monthly environmental awareness campaigns and staff training sessions has led to about 90% of staff completed the “Green Workplace” training module.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Efforts to manage biodiversity are:

1. Conservation initiatives – presence of protected green spaces around the polytechnic workshops and classrooms with trees which provide fresh air and protects and preserves the natural environment.
2. Tree planting campaigns – the polytechnic gets involved in regular afforestation and reforestation campaigns. The polytechnic has also partnered with other entities e.g. Kenya Commercial Bank, ICPAK to provide seedlings which are then planted in designated areas around the polytechnic grounds.
3. Habitat restoration – the polytechnic has in the past and is in the process of reclaiming unutilized lands filled with clay soils which renders it unusable and has done this by filling the unutilized parcels with murrum and red soils to improve its status.

Shortcomings

1. Lack of continuous monitoring – there is no sufficient tracking of performance indicators.
2. Low turnout from members of the surrounding community on biodiversity programs organized by the polytechnic.
3. Increased enrolment witnessed in the current past has caused straining of the available resources and improved construction and development activities within polytechnic grounds which is likely to lead to loss of natural habitats.

Mitigation measures

- a) Enhancing of partnership with regulatory bodies e.g. NEMA and other interested government bodies and NGOs in the fight towards sustainability.
 - b) Encouraging all relevant departments to implement biodiversity management systems and ensure proper and regular reporting.
 - c) Polytechnic administration to establish biodiversity offsetting programs to counterbalance habitat loss.
- a) Waste management

Successes:

1. A total of 13 pedal bins have been installed at designated areas within the polytechnic grounds clearly labelled to enable collection and segregation of waste according to the form, whether organic, plastic or general.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

2. Internal recycling programs - consuming departments are encouraged to ensure that all containers like water bottles are kept after use for reuse in other functions like repackaging of liquid soap for the departments.
3. A lot of sensitization has been done to the suppliers to ensure they deliver their supplies packaged in recyclable material.

Shortcomings:

1. Improper segregation – employees and trainees do not always follow proper waste disposal practices and procedures leading to mixing of different types of waste.
2. Some suppliers still deliver their supplies packed in unrecyclable material thereby hindering reuse of those materials by Polytechnic authorities.
3. Outsourced services like those who dispose off used pads do not disclose the means of disposal which they apply, raising uncertainties on whether they apply environmentally friendly methods.

Mitigation measures

1. The polytechnic management should conduct regular waste audits and trainings to staff and trainees on proper waste disposal methods.
2. Enhance collaboration with certified and licensed waste disposal vendors so that the poly can gain some insights on waste management.
3. The polytechnic management should provide incentives to departments that continually reduce waste and ensure adherence to proper waste disposal procedures.

b) Efforts to reduce the environmental impact of the organisation's products

Successes:

1. The polytechnic has provided water dispensers to a majority of the polytechnic offices and common staffrooms to enable elimination of plastic bottles.
2. All polytechnic vehicles are well maintained and their maintenance records well-kept to ensure that the emission of harmful carbon (ii) oxide fumes is eliminated.
3. The polytechnic has embraced sustainable packaging by using biodegradable, compostable or recyclable materials to do packaging of all products and farm produce before disposal.

Shortcomings:

1. Occasionally, there has been reported the use of non-eco-friendly packaging materials which slip through unnoticed.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

2. There has been noticed continued use of single use plastics in some departments.
3. The available polytechnic vehicles have not yet transitioned to electric or hybrid models.

Mitigation measures

1. The polytechnic management should set a dateline for phasing out non-biodegradable packaging materials in all disposing departments.
2. Introduce incentives to staff and trainees to deliver reusable materials e.g. plastic bottles, cups, etc. to the polytechnic.
3. The polytechnic management to embrace transitioning of motor vehicles to electric or hybrid models.

Climate change technology at The Kericho National Poly has been achieved by embracing the use of solar-powered lighting systems to illuminate indoor and outdoor spaces particularly hostels and some dark areas which were identified within Main Campus grounds. These systems typically consist of solar panels, LED lights, and battery storage.

Employee welfare

The Polytechnic has established Human Resource Policy which guides in the recruitment and selection guided by principles of fairness, transparency, and equal opportunity. It ensures that all qualified candidates are considered regardless of gender, age, or disability status.

The policies are developed and reviewed with input from key stakeholders including employee representatives. Stakeholder consultations are carried out regularly to align recruitment practices with labour laws and evolving social expectations. The policies are reviewed every 3 years or sooner if required by changes in legislation, market trends, or organizational needs. This ensures policies remain relevant, inclusive, and legally compliant.

The Polytechnic is committed to continuous professional development through structured training and development programs (in-house, workshops, e-learning) and Career progression frameworks that outline growth paths within the institution. Performance Appraisals are conducted annually, using a mix of self-assessment and supervisor evaluation. Rewards Outstanding performance is recognized through financial and non-financial rewards (recognition awards, staff retreats, certificates). Special attention is paid to ensure rewards are free from bias and reflect productivity. The institution has a safety and health policy in line with the Occupational Safety and Health Act, 2007 (OSHA) through provision of Personal Protective Equipment (PPEs) where necessary and establishment of a Health and Safety Committee. Records of workplace injuries are maintained

and reviewed annually and there are efforts to minimize injuries through regular training on safety practices, installation of safety signage and routine health and safety inspections.

Market Place Practices-

a) Responsible Competition Practice.

The Polytechnic prominently displays signage declaring its commitment to a corruption-free environment. A service charter is positioned at the main entrance, outlining the institution's standards and expectations. Trainees have access to a dedicated student portal, enabling them to report termly, monitor their fee payments, and track academic progress. To facilitate cashless transactions, bank account details are clearly provided within the fee structure, and trainees are educated on payment procedures during induction sessions.

Open tendering is done for high-value procurements, we employ Open Tendering, inviting all qualified suppliers to participate. This method maximizes competition and ensures value for money.

b) Responsible Supply Chain And Supplier Relations

The Kericho National Polytechnic maintains good business practices by Promoting Competitive Procurement of Services and conducting market surveys. This is achieved by:

- **Open Tendering:** For high-value procurements, we employ Open Tendering, inviting all qualified suppliers to participate. This method maximizes competition and ensures value for money.
- **Request for Proposals (RFP):** For complex services such as consultancy, we use the RFP process. This allows for comprehensive evaluation of technical expertise, methodology, and past performance—not just price.
- **Registration of suppliers:** For frequently procured services, we conduct biennial registration exercises. This results in a vetted supplier list from which we issue Request for Quotations (RFQs), balancing competition with operational efficiency.
- **Debriefings:** Upon request, we provide constructive feedback to unsuccessful bidders. This promotes transparency, supports supplier development, and strengthens the overall competitiveness of the market.

In ensuring that suppliers are treated responsibly, Procurement operations are anchored in the Kenyan public procurement legal framework, primarily the Public Procurement and Asset

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Disposal Act, 2015 and its accompanying regulations. These are further reinforced by the TKNP's Procurement Policy, 2023, duly approved by our Governing Council.

We uphold a clear segregation of duties across the procurement unit, evaluation committee, and Finance department. This structure embeds checks and balances to mitigate risks of fraud and corruption. All procurement opportunities exceeding the prescribed threshold are publicly advertised in national newspapers and on the Public Procurement Information Portal (PIIP), ensuring equal access for all eligible suppliers. Evaluation criteria are explicitly outlined in the tender documents. All decisions are based strictly on these pre-established parameters, eliminating favoritism and subjective bias.

Contractual obligations are fulfilled by: 1) Contract Management in which upon award, each contract is comprehensively documented. Both the supplier and relevant staff receive copies and are briefed on obligations, deliverables and timelines. 2) Recognizing that project scopes may evolve, any contract variation must follow a formal process: submission of a written request with justification, review by the relevant department head, and approval in line with financial thresholds. This ensures transparency, prevents scope creep, and secures mutual agreement. 3) All contracts include clear dispute resolution clauses, beginning with amicable negotiation, followed by mediation, and—if necessary—legal arbitration. This tiered approach preserves working relationships and minimizes disruption.

The Polytechnic respects the payment practices by: 1) Ensuring timely payment which is a tangible demonstration of respect for our suppliers. It supports their financial sustainability and positions us as a preferred client among high-quality vendors. 2) Efficient Processing: Our internal payment workflow is streamlined. Upon submission of a valid invoice and supporting documents (e.g., delivery note or completion certificate), the Finance department processes payment within the agreed credit terms, typically 30 days. 3) Managing Delays: In rare cases of payment delays—due to budgetary constraints or documentation issues—we proactively communicate with the supplier, explaining the cause and providing a revised payment timeline. Transparency remains our guiding principle.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The Polytechnic consider the following as our key components in setting communication strategies;

- i. Seeking consent from our clients to use their images either for social media marketing.

- ii. Responding to queries from our clients is what we emphasize mostly. This will inform us on what client's needs, their difficulty in getting our services hence this will inform us on our course of action.
- iii. Regularly, we train our employees on emerging trends in marketing world. This enables them to respond adequately to client's queries, make them key team players and avoid hitches when it comes to marketing.
- iv. Transparency is unavoidable. To ensure our dealings or strategies are acceptable, we ensure every communication or marketing strategy is transparent, verifiable and consumable. In our marketing contents, we avoid stereotyping or any content that discriminates.
- v. Instant feedback is provided to the satisfaction of our clients.

d) Product Stewardship or Awareness Creation

Efforts to safeguard consumer rights and interests include:

- (i) Providing health insurance coverage for trainees.
- (ii) Enforcing the Work Injury Benefits Act to protect workers.
- (iii) Promoting occupational safety and health standards
- (iv) Ensuring timely disbursement of the Social Health Insurance Fund

Additionally, to guarantee transparency in product information and uphold consumer data protection, measures such as firewalls and access controls are implemented

e) Corporate Social Responsibility / Community Engagements

During the financial year, the Polytechnic invited secondary school students to its workshops and computer laboratories, providing them with hands-on learning experiences to enhance their practical skills. Additionally, the Polytechnic took part in book harvesting initiatives and donated printing paper to support educational efforts. The Polytechnic also conducted career talk during the two events. In doing this part of the students are admitted to the Polytechnic after completing their Secondary school education.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

11. Report of the Council

The Council members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the *The Kericho National Polytechnic's* affairs.

Principal activities

The principal activities of the entity are to offer training.

Results

The results of the entity for the year ended June 30 2025, are set out on Pages 1 to 6.



Governing Council

The members of the Council who served during the year are shown on page viii-xi. During the year, the Council's serving period expired.

Auditors

The Auditor General is responsible for the statutory audit of The Kericho National Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2025.

By Order of the Council



.....
Secretary of the Council.....
Date: 9th December, 2025

12. Statement of Council's Responsibilities

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

The Council members are responsible for the preparation and presentation of The Kericho National Polytechnic financial statements, which give a true and fair view of the state of affairs of The Kericho National Polytechnic for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of The Kericho National Polytechnic, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for The Kericho National Polytechnic financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The council members are of the opinion that The Kericho National Polytechnic financial statements give a true and fair view of the state of The Kericho National Polytechnic transactions during the financial year ended June 30, 2025, and of the The Kericho National Polytechnic financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for The Kericho National Polytechnic, which have been relied upon in the preparation of The Kericho National Polytechnic financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed The Kericho National Polytechnic ability to continue as a going concern. Nothing has come to the attention of the Council members to indicate that the The Kericho National Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

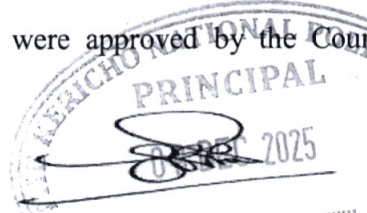
Approval of the financial statements

The Kericho National Polytechnic financial statements were approved by the Council on 1st December, 2025 and signed on its behalf by:



.....
SIGNATURE

Name
Chairperson of the Board/Council



.....
SIGNATURE

Name
Accounting Officer/Principal

REPUBLIC OF KENYA

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E-mail: 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 KERICHO NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

A Qualified Opinion 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 Kericho National Polytechnic set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 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 Kericho National Polytechnic as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents totalling Kshs.30,747,895 comprising of bank balances in four (4) commercial bank accounts, cash in hand and prepaid card as disclosed in Note 16 to the financial statements. However, review of the bank reconciliation statements revealed that the enterprise bank account and the main bank account contained long-outstanding reconciling items relating to deposits in the bank not receipted and unrepresented deposits amounting to Kshs.814,784 and Kshs.2,301,980 respectively, dating back to May 2018. However, the reconciling items were not investigated and updated in the cash book. Management did not provide an explanation for the failure to record these long reconciling items in the cashbook to date.

In the circumstances, the accuracy and completeness of the cash and cash equivalents totalling Kshs.30,747,895 could not be confirmed.

2. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions totalling Kshs.164,782,846. This amount is net of impairment allowance amounting to Kshs.11,856,633 as disclosed in Note 17 to the financial statements. However, the impairment allowance differs with Kshs.12,076,800 reflected in Note 15 to the financial statements resulting in unexplained variance of Kshs.220,167. The basis for impairment allowance was also not disclosed in the financial statements and specific provision for the impairment of debts that had been outstanding for long period was not made.

Further, the receivables from exchange transactions increased by Kshs.19,554,890 from Kshs.145,227,956 to Kshs.164,782,846 as at 30 June, 2025. However, the movement schedule and ageing analysis indicating how long the receivables had been outstanding was not provided or disclosed in the financial statements contrary to the requirements of the approved financial reporting template. The individual student debtors control ledger indicating the students' details, the fees chargeable, actual payments received, the outstanding balance and the corresponding dates the fees arrears were incurred was also not provided.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions totalling Kshs.164,782,846 could not be confirmed.

3. Unconfirmed Biological Assets Balance

The statement of financial position reflects biological assets totalling Kshs.3,765,901. The amount includes fair value adjustment of Kshs.1,129,901 as disclosed in Note 20 to the financial statements. However, a reconciliation of changes in the carrying amount of biological assets between 01 July 2024 and 30 June 2025 was not provided for audit. This was contrary to Paragraph 48 of IPSAS 27 which requires Management to present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period including gain or loss arising from changes in fair value less costs to sell, biological transformation and price changes.

In the circumstances, the accuracy and completeness of the biological assets totalling of Kshs.3,765,901 could not be confirmed.

4. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.694,458,055. The balance includes land and buildings totalling Kshs.131,000,000 and Kshs.360,302,366 respectively as disclosed in Note 22 to the financial statements. The value of land includes two (2) parcels approximated at 6.83 acres where the satellite campuses were located. However, the survey reports and ownership documents were not provided for audit.

Further, the assets register presented for audit was not prepared in the prescribed format indicating identification or serial number, acquisition date, description of asset, location, responsible officer, class, cost of acquisition, accumulated depreciation, net book value and identification codes with which assets were tagged. This was contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, accuracy, completeness and ownership of the property, plant and equipment totalling Kshs.694,458,055 could not be confirmed.

5. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions totalling Kshs.25,799,276. The amount includes trade payables totalling Kshs.20,820,831 as disclosed in Note 23 to the financial statements. However, the related movement schedule and ageing analysis were also not provided for audit review.

Further, the trade and other payables from exchange transactions amount includes prepaid fees totalling Kshs.4,165,345. However, the ledger schedule provided in support of the prepayments did not indicate the students' particulars, invoiced amount, actual fees received, and the fees received in advance. Prepayments totalling

Kshs.213,278 in respect of sixteen (16) students whose accounts had been closed had been outstanding for more than four (4) years since 2021.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions totalling Kshs.25,799,276 could not be confirmed.

6. Inaccuracy of Statement of Cashflows

The statement of cash flows and as disclosed in Note 27 to the financial statements reflects net cash flows from operating activities amounting to Kshs.32,853,723. The amount is adjusted for depreciation amounting to Kshs.29,610,529. However, the amount differs with the depreciation and amortization expenses totalling Kshs.30,012,529 reflected in the statement of financial performance resulting in an unexplained variance of Kshs.402,000.

Further, Note 27 to the financial statements reflects decrease in payables for recurrent expenses amounting to Kshs.10,809,037. However, the decrease in payables differs with the recomputed decrease of Kshs.9,004,193 resulting in unexplained variance of Kshs.1,804,844.

In addition, Note 27 to the financial statements reflects adjustments of fair value gain, gain on disposal and prior year adjustments of Kshs.1,129,901, Kshs.581,625 and Kshs.815,411 respectively. However, the adjustments relate to transactions not reflected in the financial statements.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kericho 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 final revenue budget and actual on comparable basis amounting to Kshs.287,673,403 and Kshs.214,635,508 respectively resulting to an under-funding of Kshs.73,037,895 or twenty-five percent (25%) of the budget. Further, the statement reflects final expenditure budget and actual on comparable basis amounting to Kshs.287,673,403 and Kshs.221,251,724 respectively resulting to under-expenditure of Kshs.66,421,679 or twenty-three percent (23%) of the budget.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

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 effect of 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 Matter

Unresolved Prior Year Audit Matters

In the audit reports of the previous year, fifteen (15) issues were raised under the Report on the Financial Statements as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

Management is responsible for the Other Information set out on page iii to xxxix which comprise of Key Entity Information and Management, The Governing Council, 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, Report of the Governing Council, and Statement of Governing Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in 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. Non-Compliance with Law on Ethnic Composition of Staff

Review of staff establishment revealed that the Polytechnic had one hundred and forty-eight (148) members of staff out of whom one hundred and forty-five (145) or ninety seven percent (97%) members of staff belonged to dominant ethnic community. This was contrary to the provisions of Section 7 (2) of the National Cohesion and Integration Act, 2008 which states that that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Irregular Borrowing from Belgut Technical and Vocational College

The statement of financial position reflects trade and other payables totalling Kshs.25,799,276. The amount includes third party payments – payable to Belgut Technical and Vocational College of Kshs.813,100 as disclosed in Note 23 to the financial statements. Management explained that the amount was in respect of short-term loan obtained from the mentee institution in the financial year 2021/2022. However, the approval by Board of Governors, loan agreement with details of when the loan was taken, the principal amount, the interest rate applicable and approval by the Cabinet Secretary were not provided for audit. This was contrary to Section 51 (2) of the Public Finance Management Act, 2012 which states that a National Government entity shall obtain the approval of the Cabinet Secretary for its intended program of borrowing, refinancing and repayment of loans.

Further, the loan had also remained outstanding for more than four (4) years. However, measures put in place to ensure full repayment or a laid down plan on how the funds were to be refunded was not provided for audit.

In the circumstances, the accuracy and completeness of the third-party payments payable to Belgut Technical and Vocational College of Kshs.813,100 could not be confirmed.

3. Irregular Establishment of Satellite Campuses

Review of the records provided revealed that the National Polytechnic had established three Satellite campuses namely Chebwagan, Tebesonik and Kapkatet within Kericho County. However, the inspection reports, licenses, registration certificates and accreditation approval issued by the Technical and Vocational Education and Training Authority were not provided for audit review. Due diligence reports done before the decision to open the new campuses, the existing number of students in the satellite campuses and the respective approved training programmes were also not provided for audit review. This was contrary to Sections 7(k) and (r) of the Technical and Vocational Education and Training Act, 2013 which mandates the Technical and Vocational Education and Training Authority to inspect, license, register and accredit training institutions and approve the process of introduction of new training programmes and review existing programmes in Technical and Vocational Education and Training Board institutions.

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

4. Irregular Transfer of Funds to Mentored Institution

The statement of financial position reflects receivables from mentored institution totalling Kshs.1,981,509. The amount was due from Kericho Township Technical and Vocational College and is net of impairment allowance amounting to Kshs.220,168 as disclosed in Note 18 to the financial statements. Review of records revealed that the receivable was in respect of borrowing by the mentored institution of Kshs.2,446,308 in 2021/2022 financial year. However, the transfers were made without approved budgets. This was contrary to Section 43 (1) (a) of the Public Finance Management Act, 2012 which states that an accounting officer shall not authorise the transfer of an amount that is appropriated for transfer to another government entity or person.

Further, the Board approval, acknowledgement letter and transfer agreement between the mentor and mentee institutions were not provided for audit. In addition, the borrowed amount had been outstanding for more than four (4) years but no measures had been put in place to ensure full repayment.

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

5. Failure to Conduct Quarterly Stock Take of Inventory Balances

The statement of financial position reflects inventories balances totalling Kshs.4,361,954 as further disclosed in Note 19 to the financial statements. However, the amount excludes inventories of undetermined values held in three satellite campuses of Chepwagan, Kapkatet and Tebesonik since the Management did not undertake stock taking as at 30 June, 2025 in the satellite campuses.

Further, stock ledgers and bin cards supporting the inventories were not provided for audit and quarterly stock-take reports were also not provided, as management did not conduct any quarterly stock counts during the year. This was contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the head of procurement function to conduct quarterly and annual inventory and stock taking in order to ensure compliance with all respective governing laws and submit the report to the accounting officer.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for

Conclusion on the 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. Lack of the Polytechnic's Governing Council

The Polytechnic's Governing Council mandated to develop and implement the institutions' strategic plan and oversee the administration of the institution had not been constituted since March, 2024 when the tenure of the previous Council expired. This was contrary to Section 28 (1) (c) of the Technical and Vocational Education and Training Act, 2013 which states that the Cabinet Secretary shall, in consultation with Organs of the Board, establish the governing council for national polytechnics to govern the respective public institutions.

In the circumstances, the effectiveness of overall governance of the National Polytechnic could not be confirmed.

2. Understaffing of Internal Audit Unit

Review of the staff establishment and the list of staff in the Internal Audit Department revealed that the Department had only one (1) staff against the staff establishment of two (2) resulting to understaffing of personnel. This was contrary to Regulation 162(2)(a) of the Public Finance Management (National Government) Regulations, 2015, which states that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities.

In the circumstances, the effectiveness of the internal audit function and governance structure of the National Polytechnic could not be confirmed.

3. Weakness of Controls in the Revenue Management System

Review of the revenue management system revealed several significant weaknesses that affected the accuracy of financial data and operational reliability. It was established that the revenue system was not integrated with the institution's payment platforms and students made payments directly through banks and subsequently presented bank slips to the institution for manual reconciliation. This manual process was prone to human errors and omissions. Similarly, there was no segregation of duties in the revenue management process. A single officer was responsible for billing, invoicing, receipting, and generating reports in the Enterprise Resource Planning (ERP).

Further, the ERP did not allow users to generate revenue data for a specific time period but instead, it only produced cumulative data from the system's inception up to a selected end date. This limitation affected the period-based financial reporting and analysis.

In addition, operational inconsistencies were noted in the system, as identical queries produced different outputs when run at different times, for instance student invoices

varied depending on when reports were generated and numerous manual adjustments were required to correct the data and produce accurate outputs, highlighting weaknesses in system configuration, data integrity, and reliability.

In the circumstances, the effectiveness of internal controls on the Revenue Management System could not be confirmed.

4. Weak Information and Communication Technology Controls

Review of the functionality of the Enterprise Resource Planning (ERP) system revealed significant weaknesses. The Service Level Agreement (SLA) indicated that eight modules were within the scope of the service provider. However, several modules within the ERP system were non-functional or partially functional, affecting key operational processes. Specifically, the Inventory Management and Asset Management modules were not working as intended, disrupting asset and inventory tracking while the Leave Management function under the Human Resource module was not fully operational, requiring staff to process leave manually. Additionally, the Payroll module lacked the capability to perform reconciliations, limiting the institution's ability to verify and ensure the accuracy of payroll data.

Further, it was noted that backups were conducted periodically using hard drives within the institution's premises and a desktop belonging to the system administrator. However, reliance on local storage increases the risk of data loss due to hardware failure, theft, or unauthorized access.

In addition, users logged into the ERP system using personal email addresses rather than official institution emails or unique staff/student identifiers, such as Personal File Numbers or registration numbers. This practice compromises user accountability and increases security risks. Similarly, password policies were weak as there was no requirement for periodic password changes and enforcement of password complexity or expiry periods.

In the circumstances, the effectiveness of internal controls on the use of Enterprise Resource Planning System (ERP) system could not be confirmed.

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

Appendix I

Unresolved Prior Year Audit Matters

Number	Financial Year	Audit Issue
1	2023/2024	Inaccuracy of revenue from rendering of services – fees from students
2	2023/2024	Inaccuracy of use of goods and services
3	2023/2024	Inaccuracy of employee costs
4	2023/2024	Inaccuracy of governing council allowances
5	2023/2024	Inaccuracy of cash and cash equivalents
6	2023/2024	Inaccuracy of receivables from exchange transactions
7	2023/2024	Unsupported trade and other payables from exchange transactions
8	2023/2024	Inaccuracies in the statement of comparison of budget and actual amounts
9	2023/2024	Unresolved prior year matters
10	2023/2024	Non-compliance with the law on ethnic diversity
11	2023/2024	Irregular transfer of funds to mentored institutions
12	2023/2024	Irregular long outstanding loan repayment to Belgut Technical and Vocational College
13	2023/2024	Irregular establishment of satellite campuses
14	2023/2024	Irregular deferred income
15	2023/2024	Weaknesses in the implementation of the Enterprise Resource Planning (ERP) system

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

14. Statement of Financial Performance For The Year Ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Recurrent grants	6	101,145,555	66,871,167
Total Revenue from non-exchange transactions		101,145,555	66,871,167
Revenue from exchange transactions			
Rendering of services- Fees from students	7	145,752,636	132,868,651
Other income	8	27,976,054	18,467,097
Revenue from exchange transactions		173,728,690	151,335,748
Total revenue		274,874,245	218,206,915
Expenses			
Use of goods and services	9	152,017,564	138,350,260
Employee costs	10	29,981,578	24,819,721
Governing Council allowances	11	3,346,105	4,847,400
Depreciation and Amortization Expense	12	30,012,529	21,299,310
Repairs and maintenance	13	9,663,976	9,432,365
Contracted Services	14	3,312,000	2,160,000
Provision for impairment of the receivables	15	12,076,800	11,627,934
Total expenses		240,410,552	212,536,990
Net (deficit)/surplus for the year		34,463,693	5,669,925

The notes set out on pages 7 to 31 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 46 were signed by



Chairman of Council

Date



Principal

Date



Finance Officer

ICPAK No.28183

Date 9th December, 2024

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

15. Statement of Financial Position As At 30th June 2025

	Notes	2024-2025 Kshs	2023-2024 Kshs
Assets			
Current assets			
Cash and cash equivalents	16	30,747,895	36,548,701
Receivables from exchange transactions	17	164,782,846	145,227,956
Receivable from mentored institution	18	1,981,509	2,201,677
Inventories	19	4,361,954	3,779,329
Total Current Assets		201,874,204	187,757,663
Non-current assets			
Biological assets	20	3,765,901	2,636,000
Intangible assets	21	2,262,000	4,524,000
Property, plant and equipment	22	694,458,055	486,148,539
Total Non-current Assets		700,485,956	493,308,539
Total assets		902,360,160	681,066,202
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	25,799,276	34,803,469
Deferred income	24	-	9,417,800
Total Current Liabilities		25,799,276	44,221,269
Total liabilities		25,799,276	44,221,269
Net Assets (Total assets - Total liabilities)		876,560,884	636,844,933
Represented By:			
Accumulated surplus		273,257,883	227,062,110
Capital grants	25	520,435,828	326,915,650
Revaluation reserve	26	82,867,174	82,867,174
Net Assets		876,560,884	636,844,933

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


 THE KERICHO NATIONAL POLYTECHNIC
 COUNCIL CHAIRMAN
 09 DEC 2025
 P.O. Box 444 - 20406, SOTIK

Chairman of Council

Date 9th December, 2025


 THE KERICHO NATIONAL POLYTECHNIC
 CHIEF PRINCIPAL
 09 DEC 2025
 P.O. Box 444 - 20406, SOTIK

Chief Principal

Date 9th December, 2025


 THE KERICHO NATIONAL POLYTECHNIC
 FINANCE OFFICER
 09 DEC 2025
 P.O. Box 444 - 20406, SOTIK

Finance Officer
 ICPAK No.28183

Date 9th December, 2025

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

	Accumulated surpluses	Capital grants	Revaluation reserve	Total
Balance as at July 1, 2023	215,026,304	306,372,941	82,867,174	604,266,419
Transfer of depreciation from accumulated surpluses to capital grants	8,475,981	(8,475,981)	-	-
Capital grants-WIP of AfDB Hospitality Building Phase III Project		29,018,689		29,018,689
Correction of Total TTI Receivable	(2,110,100)			- 2,110,100
Surplus for the year	5,669,925	-	-	5,669,925
Balance c/d as at June 30, 2024	227,062,110	326,915,649	82,867,174	636,844,933
Capital grants-WIP of AfDB Hospitality Building Phase III Project		48,083,538		48,083,538
Capital grants-AfDB Mechanical Building		110,735,509		110,735,509
Transfer of deferred Income to Capital grants for Tuition Block Construction		9,417,800		9,417,800
Transfer of Capital grants, Depreciation from Accumulated surplus	10,916,669	(10,916,669)		-
Prior year adjustment	815,411			815,411
Reinstatement of Land and Buildings values at Chebwagan and Kapkatet campus		36,200,000		36,200,000
Surplus for the year	34,463,693	-	-	34,463,693
Balance c/d as at June 30, 2024	273,257,883	520,435,828	82,867,174	876,560,884

Note:

1. Prior year adjustment relates to overstated expenses during the prior year, which has consequently affected the Bank opening balance.

17. Statement of Cash Flows for The Year Ended 30 June 2025

	Notes	2024/2025	2023/2024
		kshs	kshs
Revenue			
Transfers from the National Government – Recurrent grants	6	101,145,555	66,871,167
Total Revenue from non-exchange transactions		101,145,555	66,871,167
Revenue from exchange transactions			
Rendering of services- Fees from students		94,443,806	131,063,432
Salary advances recovered			45,000
Prior year fee arrears collected during the year and Advance recovered		10,372,551	8,320,973
Other income		8,673,596	6,187,054
Receipt from mentee		-	314,300
Revenue from exchange transactions		113,489,953	145,930,760
Total revenue		214,635,508	212,801,927
Payments			
Use of goods and services		136,685,417	139,836,156
Employee costs		29,638,427	25,712,086
Repairs and maintenance		9,438,836	9,940,305
Contracted Services		2,673,000	2,160,000
Governing Council allowances		3,346,105	4,847,400
Total expense		181,781,785	182,495,947
Net cash flow from operating activities	27	32,853,723	30,305,979
Cash flows from investing activities			
Purchase of property, plant, equipment		(39,469,939)	(32,635,455)
Prior year adjustment		815,411.00	
Net cash flows used in investing activities		(39,469,939)	(32,635,455)
Net increase in cash and cash equivalents		(5,800,805)	(2,329,476)
Cash and cash equivalents at start of year		36,548,700	38,878,176
Cash and cash equivalents at end of year	16	30,747,895	36,548,700
Cash and cash equivalents as per the Balance Sheet		30,747,895	36,548,700

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

	Original budget	Final budget	Actual on comparable basis	Performance difference	Utilization difference	
	2024-2025	2024-2025	2024-2025	2024-2025		
	Kshs	Kshs	Kshs	Kshs		
Budget carryovers from the previous year*	6,000,000	6,000,000				
Receipts		-				
Transfers from Government	94,863,533	94,863,533	101,145,555	- 6,282,022	-7%	(a)
Rendering of services- Fees from students	160,050,589	160,050,589	94,443,806	65,606,783	41%	(b)
Prior year fee arrears collected during the year and Advance recovered	19,062,281	19,062,281	10,372,551	8,689,730	46%	(c)
Other income	7,697,000	7,697,000	8,673,596	- 976,596	-13%	(d)
Total Receipts	287,673,403	287,673,403	214,635,508	73,037,895	25%	(e)
Payments						(f)
Compensation of employees	30,173,083	30,173,083	29,638,427	534,656	2%	(g)
Use of Goods and services	159,703,520	159,703,520	136,685,417	23,018,103	14%	(h)
Governing Council allowances	7,720,000	7,720,000	3,346,105	4,373,895	57%	(i)
Repair and maintenance	7,409,300	7,409,300	9,438,836	(2,029,536)	-27%	(j)
Contracted services	2,880,000	2,880,000	2,673,000	207,000	7%	(k)
Total Recurrent Expenditure	207,885,903	207,885,903	181,781,785	26,104,118	13%	(l)
Capital expenditure	79,787,500	79,787,500	39,469,939	40,317,561	51%	(m)
Total Expenditure	287,673,403	287,673,403	221,251,724	66,421,679	23%	

Budget notes

- (b) The variance in rendering of services is due to the non-receipt of a huge amount of funds from HELB.
- (g) The introduction of new modular courses to trainees led to the need for training to trainers.
- (h) The governing council allowances variance is due to the non-conducting of third and fourth quarter meetings due to expiry of term by the Council members.
- (i) The repair and maintenance variance is due to the modification of the driving school motor vehicle, high cost of materials purchased for repairs and repair cost for a motor vehicle .
- (l) The Capital expenditure variance is due to inadequate funds received during the financial year.

T Kericho National Polytechnic

Annual Report and Financial Statements for the year ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
1	Actual Surplus Amounts as per the statement of Budget	32,853,721
2	Prior year adjustment	815,411
3	Purchase of Property, Plant and Equipment	(39,469,939)
4	Cash and cash equivalents at start of year	36,548,700
5	Closing Cash and Cash Equivalent as per the statement of Cash flows	30,747,893

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

19. Notes to the Financial Statements

1. General Information

The Kericho National Polytechnic is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer 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 judgment in the process of applying The Kericho National Polytechnic's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of The Kericho National 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.

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There are no new and amended standards issued in the financial year.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>No impact on Kericho National Polytechnic</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>No impact on Kericho National Polytechnic</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>No impact on Kericho National Polytechnic</i>
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>No impact on Kericho National 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>No impact on The Kericho National 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 geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>No impact on The Kericho National Polytechnic</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>No impact on The Kericho National Polytechnic</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>No impact on Kericho National Polytechnic</i></p>

iii. Early adoption of standards

The Kericho National Polytechnic did not early – adopt any new or amended standards in the financial year.

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 have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council on 18th June 2024. No subsequent revisions were done. The Kericho National Polytechnic's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

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 Cash flows has been presented.

c) 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.

d) 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.

Depreciation on all other assets is calculated on reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Assets class	Depreciation rate (%)
Buildings	2
Plant and machinery	12.5
Motor vehicles	12.5
Furniture and fittings	12.5
Computer equipment	25
Semi-permanent buildings	10
Basketball pitch	20
Water pan	10
Fence	12.5

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

e) 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.

f) 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.

g) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

h) Research and development costs

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

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

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

i) Financial instruments

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

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 an 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

Financial liabilities

Classification

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

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

j) Inventories

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

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

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

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

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 The Kericho National 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 Kericho National 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 Kericho National 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 Kericho National 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 The Kericho National 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 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 benefits 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 Kericho National Polytechnic creates and maintains reserves in terms of specific requirements. These reserves include:

- Accumulated surpluses
- Development funds

n) Changes in accounting policies and estimates

The Kericho National 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 Kericho National 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.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

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 Kericho National 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

The Kericho National Polytechnic

Annual Report and Financial Statements for the year ended 30th June 2025

versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

s) Service concession arrangements

The Kericho National 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 Kericho National 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 Kericho National 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 Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 15.

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. Provision for impairments on accounts receivables are applicable in The Kericho National Polytechnic. The management provides for impairment as per the rates in the Debtors and Credit policy.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

6. Transfers from other National Government entities

	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Government Scholarship	28,494,855	29,885,667
Capitation	72,650,700	36,985,500
Total Government grants and subsidies	101,145,555	66,871,167

(a) Transfers from other Government entities (Categorized)

State Department of Technical and Vocational Education and Training	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Technical and Vocational Education and Training	101,145,555		-	101,145,555	66,871,167

7. Rendering of Services

Description	2024-2025	2023-2024
	KShs	KShs
Tuition fees	90,202,038	94,167,393
Activity fees	2,923,838	6,864,513
Attachment	12,199,566	6,386,810
Registration fees	13,405,275	4,980,734
Examination fees	23,473,427	15,587,900
Internet fee	3,548,492	4,881,301
Total Rendering of Services	145,752,636	132,868,651

This relates to fee from the trainees, HELB, CDF and NYS.

8. Other Income

Description	2024-2025	2023-2024
	KShs	KShs
Insurance	8,603,385	2,434,157
Student council	1,520,303	742,840
Student id	2,579,410	976,750
Graduation fee Income	-	1,172,000
Computer packages	79,310	155,700
Boarding and catering	11,336,272	9,264,566
Hire of bus	292,400	15,000

Driving school income	815,870	2,295,400
Sale of milk	1,014,578	1,317,054
Tents hire	-	18,000
Auction income	23,000	
Fair value gain on Biological Assets	1,129,901	75,631
Gain on Motor vehicle write off	581,625	
Total other income	27,976,054	18,467,097

9. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Tuition expenses	17,986,994	18,765,368
Boarding expenses	28,940,189	21,921,102
Activities	5,060,405	3,012,319
Electricity and water	2,941,078	3,825,818
Insurance	1,803,888	2,278,088
Attachment	924,971	284,580
Stationery	8,745,865	4,154,539
House -keeping expenses	1,810,303	821,753
Student council	3,327,480	2,739,910
Students identity cards	575,307	905,458
Administrative expense	14,518,303	26,911,241
Graduation Expense	-	6,681,963
Medical expenses	719,958	487,792
Internet expenses	2,981,104	1,977,611
Examination expenses	35,075,743	29,380,418
Marketing expense	2,613,666	1,646,210
Refund	184,097	268,195
Withholding tax paid	1,193,717	1,296,998
Farm and Dairy expenses	1,749,810	1,432,005
Travel, motor car, accommodation, subsistence and other allowances	14,212,427	7,812,842
Performance contracting	684,720	656,700
Computer training expenses	81,327	50,600
Driving school expenses	561,600	1,038,750
Fuel and Oil	5,324,612	
Total Use of goods and services	152,017,564	138,350,260

10. Employee Costs

	2024-2025	2023-2024
	KShs	KShs
Gross Pay	27,114,734	24,819,721
NSSF-Employer Contribution	1,540,945	
Housing Levy-Employer Contribution	406,730	
Leave Pay	66,093	
NITA Levy	59,200	
Casual Wages	793,876	
Total Employee Costs	29,981,578	24,819,721

11. Governing Council Allowances

Description	2024-2025	2023-2024
	KShs	KShs
Chairman's Honoraria	-	-
Other allowances	3,346,105	4,847,400
Total director emoluments	3,346,105	4,847,400

12. Depreciation and amortization expense

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	27,750,529	19,037,310
Intangible assets	2,262,000	2,262,000
Total depreciation and amortization	30,012,529	21,299,310

13. Repairs, Maintenance, and Improvement

Description	2024-2025	2023-2024
	KShs	KShs
Buildings	6,370,289	7,644,854
Vehicles	2,998,514	1,681,339
Computer and printers	191,844	92,272
Equipment		13,900
Electrical	103,329	
Total Repairs and Maintenance	9,663,976	9,432,365

14. Contracted Services

Description	2024-2025	2023-2024
	KShs	KShs
Security	3,312,000	2,160,000
Total contracted services	3,312,000	2,160,000

15. Provision for Impairment Allowance on Receivables from Exchange Transactions

Less Than 1 Year	1,113,033	755,715
Btw 1-2 Years	1,700,445	1,179,404
Btw 2-3 Years	2,303,314	2,493,820
Over 3 Yrs	6,960,008	7,198,995
Total Provision for Impairment Allowance on Receivables from Exchange Transactions	12,076,800	11,627,934

16. Cash and Cash Equivalents

Description	Account No.	2024-2025	2023-2024
		KShs	KShs
Kenya Commercial Bank - Operation	1257399667	280,958	99,815
Kenya Commercial Bank - Enterprises account	1223552888	1,908,668	837,741
Kenya Commercial Bank - Development	1169796303	9,731,006	9,871,582
Kenya Commercial Bank - Main	1169796559	18,690,885	25,561,629
Cash on hand		59,238	48,306
Prepaid card	CC10028119	77,140	129,628
Total cash and cash equivalents		30,747,895	36,548,701

17. Receivables from exchange transactions

17(a) Receivables from exchange transactions

Description	2024-2025	2023-2024
	KShs	KShs
Student debtors	176,527,979	156,476,259
Advances	111,500	135,000
Impairment Allowance	(11,856,633)	(11,383,303)
Total current receivables	164,782,846	145,227,956

17(b) Reconciliations for impairment Allowance on Receivables from Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	11,627,934	
Provisions during the year	12,076,800	11,627,934
Recovered during the year		
Write offs during the year		
At the end of the year	23,704,734	11,627,934

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

18. Receivables from mentored transactions

Description	2024-2025	2023-2024
	KShs	KShs
Kericho TTI	2,201,677	2,446,308
Impairment Allowance	(220,168)	(244,631)
Total	1,981,509	2,201,677

19. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Medicines	105,656	175,388
House -keeping inventory	372,160	405,580
Stationeries	1,733,715	1,540,072
Boarding inventories	141,693	500,309
Electricals	949,450	650,040
Repair materials	1,059,280	507,940
	4,361,954	3,779,329

20. Biological assets

Description	2024-2025	2023-2024
	KShs	KShs
Heifers opening balance	2,636,000	2,560,369
Fair valuation	1,129,901	75,631
	3,765,901	2,636,000

21. Intangible asset-ERP System

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	11,310,000	11,310,000
Reversal of the impaired system		
Additions		
Cost end of the year	11,310,000	11,310,000
Amortization and impairment		
At beginning of the year	6,786,000	4,524,000
Reversal of the depreciation on impaired system		
Amortization	2,262,000	2,262,000
Reversal of amortization charged		
Amortization		
Amortization at end of the year	9,048,000	6,786,000
NBV	2,262,000	4,524,000

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

22. Property, Plant and Equipment

	Land	Buildings and Structures	Cairo pavements	Motor vehicles	Fence	Equipment, Furniture and fittings	Computers and Accessories	Plant and Machinery	Water pan	basket ball pitch	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
		2%	10%	12.5%	12.5%	12.5%	25%	12.5%	10%	20%	0%	
As at 30th June 2024	115,000,000	149,346,785	6,647,054	12,710,710	4,461,669	22,565,580	35,122,191	67,393,750	4,698,401	420,810	141,644,689	560,011,639
Transfer from WIP		96,900,000		15,726,000							-112,626,000	-
Additions	16,100,000	133,900,089		24,201,179	360,000	6,106,423	5,908,583	-			51,462,146	238,038,420
Write off of Motor vehicle				- 3,165,400								- 3,165,400
As at 30th June 2025	131,100,000	380,146,874	6,647,054	49,472,489	4,821,669	28,672,003	41,030,774	67,393,750	4,698,401	420,810	80,480,835	794,884,659
Depreciation and impairment												-
At 30th June 2021	-	3,990,420		1,750,000	892,334	813,225	2,067,252	8,201,040	-		-	17,714,271
Depreciation		2,870,612		2,103,850	713,867	935,645	3,579,566	7,175,910	-			17,379,450
At 30th June 2022	-	6,861,032	-	3,853,850	1,606,201	1,748,870	5,646,818	15,376,950	-		-	35,093,721
Depreciation	-	2,837,399	174,633	1,107,108	356,934	1,867,944	6,475,230	6,358,820	469,840	84,162	-	19,732,069
At 30th June 2023	-	9,698,431	174,633	4,960,958	1,963,135	3,616,815	12,122,048	21,735,770	469,840	84,162	-	54,825,791
Depreciation		2,792,967	647,242	968,719	312,317	2,368,596	5,750,036	5,707,248	422,856	67,330		19,037,310
At 30th June 2024	-	12,491,398	821,875	5,929,677	2,275,451	5,985,410	17,872,084	27,443,017	892,696	151,492	-	73,863,100
Depreciation		7,353,110	582,518	5,442,852	318,277	2,835,824	5,789,673	4,993,842	380,570	53,864		27,750,529
Reversal of depreciation on Motor vehicle written off				- 1,187,025								- 1,187,025
As at 30th June 2025		19,844,508	1,404,393	10,185,503	2,593,729	8,821,234	23,661,756	32,436,859	1,273,267	205,355		100,426,604
Net book values												-
At 30th June 2025	131,100,000	360,302,366	5,242,661	39,286,986	2,227,940	19,850,769	17,369,018	34,956,891	3,425,134	215,455	80,480,835	694,458,055
At 30th June 2024	115,000,000	136,855,387	5,825,179	6,781,033	2,186,218	16,580,170	17,250,107	39,950,733	3,805,705	269,318	141,644,689	486,148,539
At 30th June 2023	115,000,000	139,032,569	1,571,699	7,749,753	2,498,535	13,075,610	19,425,690	44,511,737	4,228,561	336,648	96,900,000	444,330,800

WIP refers to Hospitality Building donated by Africa Development Bank and Current Tuition Block Construction

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Notes to the Financial Statements (Continued)

23. Trade and other payables from exchange transactions

Description	2024-2025	2023-2024
	KShs	KShs
Trade payables	20,820,831	853,934
Prepaid fees	4,165,345	33,136,435
Third-party payments - Payable to Belgut Tvc	813,100	813,100
Total trade and other payables	25,799,276	34,803,469

24. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
Balance brought forward	9,417,800	9,417,800
Transfer of deferred Income to Capital grants for Tuition Block Construction	(9,417,800)	-
Closing balance	-	9,417,800

25. Capital Grants

Description	2024-2025	2023-2024
	KShs	KShs
Tuition and Administrative block donated by the government	47,000,000	47,000,000
Land donated by the community	225,000,000	225,000,000
Less impairment loss on the land	(88,900,000)	(88,900,000)
Equipment and machinery donated by the government	65,460,320	65,460,320
WIP - Mechanical Building	77,300,000	77,300,000
Donated computers	15,000,000	15,000,000
WIP-Mechanical Building	110,735,509	
Transfer from WIP Building on Completion	188,035,509	
Transfer of depreciation from accumulated surpluses to capital grants	(53,880,028)	(34,487,379)
Capital grants -Hospitality block from Africa Development Bank(AfDB)	29,018,689	
Capital grants -Hospitality block from Africa Development Bank(AfDB)	48,083,538	
Capital grants for construction of Tuition classrooms	9,417,800	
Land and Buildings Donated for Kapkatet and Tebesonik Campus	36,200,000	
Total Capital Grants	520,435,828	306,372,941

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

26. Revaluation Reserve

Description	Cost b/f as at 1st July 2020	Cost b/f as at 1st July 2020	Additions	Transfer from WIP	Capital donations not included in the books	Total cost	Less items not revalued	Total cost subjected to valuation	Market Value	Revaluation loss/gain on cost	Reversal of Depreciation B/F on revaluation	Revaluation reserve
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Land	225,000,000	225,000,000	-	-	-	225,000,000	-	225,000,000	136,100,000	(88,900,000)	-	-
Buildings	50,651,244	50,651,244	25,237,671	11,881,130	-	87,770,045	-	87,770,045	199,521,000	111,750,955	3,793,286	115,544,241
Less revaluation reserve on third parties buildings						-						(52,000,000)
WIP - buildings (library, classrooms and masonary workshops)	20,276,485	20,276,485	4,052,360	(15,518,049)	77,300,000	86,110,796	-	86,110,796	96,900,000	10,789,204	-	10,789,205
Computers	2,475,000	2,475,000	3,201,400	-	-	5,676,400	(3,201,400)	2,475,000	3,689,440	1,214,440	1,470,100	2,684,540
Furniture and fittings	1,941,552	1,941,552	615,000	-	-	2,556,552	(615,000)	1,941,552	5,890,800	3,949,248	480,534	4,429,782
Motor Vehicle	7,489,630	7,489,630	-	-	-	7,489,630	-	7,489,630	7,000,000	(489,630)	1,872,408	1,382,778
Plant and machinery	148,000	148,000	-	-	65,460,320	65,608,320	-	65,608,320	65,608,320	-	36,630	36,630
Fence	-	-	824,750	3,636,919	-	4,461,669	(4,461,669)	-	-	-	-	-
Total	307,981,911	307,981,911	33,931,181	-	142,760,320	484,673,412	(8,278,069)	476,395,343	514,709,560	38,314,217	7,652,957	82,867,175

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

27. Cash generated from operations

	2024-2025	2023-2024
	Kshs	Kshs
Surplus/(deficit) for the year before tax	34,865,693	5,669,925
Adjusted for:		
Depreciation	29,610,529	21,299,310
Fair value gain	(1,129,901)	(75,631)
Gain on disposal	(581,625)	
Prior year Adjustment	815,411	(2,110,100)
Working Capital Adjustments		
Increase in Inventory	(582,625)	(1,914,481)
Increase in Receivables	(19,334,722)	(23,955,184)
Decrease in Payables for recurrent expenses	(10,809,037)	31,392,140
Net Cash Flow from Operating Activities	32,853,723	30,305,979

28. Financial Risk Management

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

The Kericho National Polytechnic's financial risk management objectives and policies are detailed below:

	Total amount	Fully performing
	Kshs	Kshs
At 30 June 2025		
Receivables from exchange transactions	164,782,846	164,782,846
Receivable from mentored institution	1,981,509	1,981,509
Bank balances	30,747,895	30,747,895
Total	197,512,251	197,512,251
At 30 June 2024		
Receivables from exchange transactions	145,227,956	145,227,956
Receivable from mentored institution	2,201,677	2,201,677
Bank balances	36,548,701	36,548,701
Total	183,978,334	183,978,334

(i) Credit risk

The Kericho National 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 company's management based on prior experience and their assessment of the current economic environment.

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade and other payables from exchange transactions		20,820,831		20,820,831
Fees Paid in advance			4,165,345	4,165,345
Deferred income		-		
Payable to Belgut Tvc	-		813,100	813,100

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Total	-	20,820,831	4,978,445	25,799,276
At 30 June 2024				
Trade and other payables		853,934	-	853,934
Fees Paid in advance		1,518,555	31,617,880	33,136,435
Deferred income		-	9,417,800	9,417,800
Payable to Belgut Tvc			813,100	813,100
Total	0	2,372,489	41,848,780	44,221,269

ii) Market risk

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

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

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

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

29. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Governing Council Allowances;
- v) The Kenya Power and Lighting Company.

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

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

	2025-2024	2023-2024
		Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	101,145,555	66,871,167
Total	101,145,555	66,871,167
b) Key Management Compensation		
Governing Council Allowances	3,346,105	4,455,400
Compensation to Key Management	3,144,577	3,290,868
Total	6,490,682	7,746,268
c) Purchases from related parties		
Purchases of electricity from KPLC	2,706,078	3,825,818

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

30. Events After The Reporting Period

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

31. Ultimate And Holding Entity

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

32. Currency

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

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
1.	<p>Inaccuracy of Revenue from Rendering of Services - Fees from Students</p> <p>The statement of financial performance shows revenue from rendering of services—fees from students amounting to Kshs. 132,868,651.</p> <p>This amount includes examination fees totaling Kshs. 15,587,900, as shown in Note 7 of the financial statements.</p> <p>However, the examination fees amount differs from the billing and invoicing records' fees, which total Kshs. 18,265,124, resulting in an unexplained variance of Kshs. 2,677,224.</p> <p>In the circumstances, the accuracy and completeness of the revenue from services—fees from students—of Kshs. 15,587,900 could not be confirmed.</p>	<p>Kshs. 2,677,224 variance relates to debtors amount.</p> <p>The financial statement had been amended and journal entries provided.</p>	Resolved.	
2.	Inaccuracy of Use of Goods and Services	The variance of Kshs. 298,436 resulted from	Resolved	

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>The statement of financial performance reflects the use of goods and services amounting to Kshs. 138,350,260. This amount includes administrative expenses totaling Kshs. 26,911,241, as noted in Note 9 of the financial statements. However, the administrative expense amount differs from the supporting schedules' balance of Kshs. 27,209,677, which results in an unexplained variance of Kshs. 298,436. Therefore, the accuracy and completeness of the use of goods and services expense of Kshs. 29,911,241, which is included in the statement of financial performance, could not be confirmed.</p>	<p>reclassification to correct ledgers and were captured in schedules and Journal entries provided.</p>		
3.	<p>Inaccuracy of Employee Costs</p> <p>The statement of financial performance reflects employee costs amounting to Kshs. 24,819,721, as further detailed in Note 10 of the financial statements. The amount differs from the supporting schedules' balance of KShs. 24,938,898, resulting in an unexplained variance of Kshs. 119,177. In the circumstance, the accuracy and completeness of employee costs amounting to Kshs. 24,819,721 could not be confirmed.</p>	<p>Reconciliation between payroll records, statutory remittance schedules, and the financial statements was done to correct the variance.</p>	Resolved	
4.	<p>Inaccuracy of Governing Council Allowances</p>	<p>The variance had arisen due to a statutory</p>	Resolved.	

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>The statement of financial performance shows governing council allowances totaling Kshs. 4,847,400, as further disclosed in Note 11 of the financial statements. However, the amount differs from the supporting schedules' balance of Kshs. 4,455,401, leading to an unexplained variance of Kshs. 392,000. Consequently, the accuracy and completeness of the governing council allowances of Kshs. 4,847,400 could not be confirmed.</p>	<p>deduction on the Council's payment. The variance was reconciled.</p>		
5.	<p>Inaccuracy of Cash and Cash Equivalents</p> <p>The statement of financial position reflects cash and cash equivalents totaling Kshs. 36,548,701. This amount includes enterprise and main bank account balances of KShS. 837,741 and Kshs. 25,561,629, respectively, as disclosed in Note 16 of the financial statements. A review of the bank reconciliation statements for both accounts showed receipts in the bank statements that had not yet been recorded in the cash book, amounting to Kshs. 2,993,079 and dating back to May 7, 2018. These receipts had not been investigated or cleared.</p> <p>In this circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs. 36,548,701 could not be confirmed.</p>	<p>The Management have been issuing communications to trainees to ensure that they submit the deposits, and is currently working on ensuring that payment through E-citizen is implemented for timely receipting.</p>	In Progress.	30 th December,2025.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

6.	<p>Inaccuracy of Receivables from Exchange Transactions</p> <p>The statement of financial position reflects receivables from exchange transactions totaling Kshs. 145,227,956. The balance is net of an impairment allowance of Kshs. 11,383,303, or seven percent (7%) of gross receivables totaling Kshs. 156,611,259, as disclosed in Note 17 of the financial statements. However, the impairment policy has not been disclosed in the financial statements. Further, the ageing analysis for the receivables from exchange transactions was not provided for audit review, which is contrary to Public Sector Accounting Standards Board reporting requirements. In the circumstances, the accuracy and completeness of receivables from exchange transactions totaling Kshs. 145,227,956 could not be confirmed.</p>	<p>The ageing analysis of the receivables have been provided as per. The provision for impairment allowance on receivables have also been made under Note (15) of the financial statements, the amended amount of Receivables totals to Kshs.147,429,633 and as per the rates of Debt Management and Credit Control Policy.</p>	Resolved	
7.	<p>Unsupported Trade and Other Payables from Exchange Transactions</p> <p>The statement of financial position reflects trade and other payables from exchange transactions totaling Kshs. 34,803,469.</p>	<p>Currently, the management is working closely with the System vendor to ensure the prepayments Control Ledger is included and</p>	In Progress.	31 st March, 2026.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>This amount includes prepaid fees totaling Kshs. 33,136,435, as disclosed in Note 23 of the financial statements. However, the supporting schedule showing the date of receipts, student particulars, invoiced amounts, actual fees paid, and the prepaid fees was not provided for audit review.</p> <p>In this circumstance, the accuracy, completeness, and existence of trade and other payables from exchange transactions totaling Kshs. 33,136,435 could not be confirmed.</p>	<p>implemented in the Finance module.</p>		
8.	<p>Inaccuracies in the Statement of Comparison of Budget and Actual Amounts</p> <p>The statement of comparison of budget and actual amounts does not reflect total expenditure amounts as per the original budget, final budget, and actual expenditure on a comparable basis. This is contrary to Public Sector Accounting Standards Board reporting requirements.</p> <p>In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.</p>	<p>The statement of comparison of budget and actual amounts was revised as per the correct amounts of expenditure in the statement of financial performance.</p>	Resolved	
9.	<p>Non-Compliance with the Law on Ethnic Diversity</p>	<p>The imbalance arose largely due to historical</p>		

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>A review of staff records indicated that the Polytechnic had a total of 105 employees, of which 96 (or 91%) were from the same ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which states that no public establishment shall have more than one-third (1/3) of its staff from the same ethnic community.</p> <p>In this circumstance, Management was in breach of the law.</p>	<p>recruitment practices, limited applicant diversity during recruitment drives. We are committed to complying with the law.</p>		
10.	<p>Irregular Transfer of Funds to Mentored Institutions</p> <p>The statement of financial position reflects receivables from a mentored institution totaling Kshs. 2,201,677, which relates to transfers to Kericho Township Technical and Vocational College totaling Kshs. 2,446,308, less an impairment allowance of Kshs. 244,631, as disclosed in Note 18 of the financial statements. This was contrary to Section 43(1)(a) of the Public Finance Management Act, 2012, which states that an accounting officer shall not authorize the transfer of an amount that is appropriated for transfer to another government entity or person.</p> <p>Furthermore, Board approvals, acknowledgment letters, and transfer agreements between the mentor and mentee institutions were not provided for audit review.</p>	<p>The Management have made efforts to ensure that the amounts have been repaid, as evidenced by the communications to two letters to Kericho TVC. The balances have been amended to KShs. 2,446,308 due to provision for impairment of Kshs. 244,631.</p>	In Progress.	31 st March, 2026.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>Additionally, the receivables have been outstanding for more than three years, and no measures had been put in place to ensure full repayment.</p> <p>In this circumstance, Management was in breach of the law.</p>			
11.	<p>Irregular Long Outstanding Loan Repayment to Belgut Technical and Vocational College</p> <p>The statement of financial position reflects trade and other payables from exchange transactions totaling Kshs. 34,803,469. The amount includes third-party payments to Belgut Technical and Vocational College totaling Kshs. 813,100, as disclosed in Note 23 of the financial statements.</p> <p>The Polytechnic obtained a short-term loan from the Mentee Institution in the 2021/2022 financial year. However, the approval by the Board of Governors, the loan agreement (including details of when the loan was taken, the principal amount, and the applicable interest rate), and approval by the Cabinet Secretary were not provided for audit review. This was contrary to Section 51(2) of the Public Finance Management Act, 2012, which states that a National Government entity shall obtain the approval of the Cabinet</p>	<p>The reconciliation exercise is ongoing to verify the nature and accuracy of the amount. Supporting documents are being compiled and will be provided to the audit team for review. The amount will be cleared once verification is complete and proper approvals are obtained.</p>	<p>In Progress.</p>	<p>31st March, 2026.</p>

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	Secretary for its intended program of borrowing, refinancing, and repayment of loans. In this circumstance, Management was in breach of the law.			
12.	<p>Irregular Establishment of Satellite Campuses</p> <p>Records indicate that the Polytechnic established three satellite campuses within Kericho County. However, the inspection reports, licenses, registration certificates, and accreditation approval issued by the Technical and Vocational Education and Training Authority were not provided for audit confirmation. Furthermore, due diligence reports completed before the decision to establish the three campuses, the existing number of students per satellite campus, and the respective approved training programs were not provided for audit review. This was contrary to Sections 7(k) and (r) of the Technical and Vocational Education and Training Act, 2013, which mandate the Technical and Vocational Education and Training Authority to inspect, license, register, and accredit training institutions and to approve the process of introducing new training programs in Technical and Vocational Education and Training Board</p>	Management has initiated the process of engaging the TVETA to ensure that all three campuses undergo the required inspection, registration, licensing, and accreditation in compliance with the Technical and Vocational Education and Training Act, 2013. Applications and supporting documents have been submitted, and follow-ups are ongoing	In Progress.	31 st March, 2026.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	institutions. In this circumstance, Management was in breach of the law.			
13.	<p>Irregular Deferred Income</p> <p>The statement of financial position reflects deferred income totaling Kshs. 9,417,800, as further disclosed in Note 24 of the financial statements. A review of the records revealed that the amount was an unutilized capital grant received from the State Department of Vocational and Technical Training in the 2016/2017 financial year for the construction of a Tuition Block. The funds had remained unutilized for over eight years, and it was unclear why Management had not used the funds for their intended purpose. The prolonged delay in utilization raises concerns about project implementation and the effectiveness of fund management. In this circumstance, value for money was not achieved.</p>	The management informed the Council of the need to utilize the funds. This led to a decision that a letter should be sent to the Ministry of Education for concurrence to utilize the funds. This was sent to the Ministry of Education on 5 th March 2024, and approval was granted on 23 rd October 2024.	Resolved.	
14.	<p>Weaknesses in the Implementation of the Enterprise Resource Planning (ERP) System</p> <p>The Polytechnic had implemented the use of an Enterprise Resource Planning (ERP) system.</p> <p>However, three modules—procurement management, asset management, and leave management—had not been fully</p>	Management has engaged the ERP vendor and the ICT department to prioritize the full development and roll-out of the procurement,	In Progress.	31 st March, 2026.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

	<p>developed or utilized, which necessitated manual processes. Further, there was a lack of integration of the modules among various departments, including student admissions, student examinations, finance management, inventory, and staff modules.</p> <p>In this circumstance, the effectiveness and efficiency of the Enterprise Resource Planning (ERP) system could not be confirmed.</p>	<p>asset management, and leave management modules.</p>		
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Sammy K Cheruiyot - 20406, SOTIK
Accounting Officer
Chief Principal
 Date 9th Dec. 2025.

**The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025**

Appendix II: Projects Implemented by The Kericho National Polytechnic

Projects

Projects implemented by The Kericho National Polytechnic

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Hospitality Building(Phase II)	100,643,270	77,102,227	77	100,643,270	77,102,227	Africa Development Bank
2	12 Classrooms	11,890,770	3,378,608	28	12,000,000	11,890,770	Ministry of Education and Polytechnic funding
3	Purchase of Motor vehicle	13,577,179	13,577,179	100	18,000,000	13,577,179	Polytechnic finding

The Kericho National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity: **Ministry of Education**

Name of beneficiary entity: **The Kericho National Polytechnic**

Confirmation of amounts received by The Kericho National Polytechnic as at 30th June 2025.					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT24267ZQDJ3	23 Sep 2024	15,854,700	0	15,854,700	Capitation
FT24268BDOBN	26 Sep 2024	11,010,000	0	11,010,000	Capitation
FT24267GSFOB	23 Sep 2024	114,221	0	114,221	Scholarship
FT24264N53Q7	23 Sep 2024	7,901,426	0	7,901,426	Scholarship
FT24264N5OSG	23 Sep 2024	2,996,629	0	2,996,629	Scholarship
FT24268P9SZQ	25 Sep 2024	16,212,706	0	16,212,706	Scholarship
FT24264LNFD2	23 Sep 2024	1,269,872	0	1,269,872	Scholarship
FT250455N7NK	15 Feb 2025	45,786,000	0	45,786,000	Capitation
Total		101,145,554		101,145,554	

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name.....*Janeth Chepkin*..... Sign.....*[Signature]*..... Date.....*9th December, 2025*.....

