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ON

NAIROBI NATIONAL POLYTECHNIC

FOR THE YEAR ENDED 30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 03 DEC 2025
DAY: Wednesday
TABLED BY: Hon. Naomi Wako, MP
CLERK-AT-THE-TABLE: Gertrude Chebet

Revised 30th June 2025

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THE NAIROBI 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)

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1. Acronyms and Definition of Key Terms

A. Acronyms

COUNCIL	Council of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Council
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Nairobi National Polytechnic is under the Ministry of Education, State Department for Vocational and Technical Training established under the legal order no 34 of 2025. In line with Technical and Vocational Education Training (TVET) Act of 2013, whose mandate is to offer knowledge for social economic development in business, science and technology. The Institute receives full support from the Government through grants, training equipment and personnel.

It was started as a technical school in 1952, and in 1989, was converted to a Technical Training Institution after the country adopted changes to the 8.4.4 system of education. It offers courses at three levels i.e. Artisan; Certificate and Diploma both in Technical and Business related disciplines.

The Institute continues to play a significant role in provision of skilled manpower to various sectors of the economy.

The Institute comprises the following Departments:

1.Institutional Management
2.Health and Applied Sciences Department
3.Automotive Department
4. Electrical Department
5. Mechanical Department
6. Liberal Department
7. Business Department
8. Entrepreneurship Department
9. ICT Department

(b) Principal Activities

Training competent human resource for Social Economic Development in Business, Science and Technology.

Vision

A Global Leader in Technical, Vocational Training, Research and Innovation

Mission

To provide Competent graduates in Technical, Vocational, Research and Innovation for the Global market

Core Values

a) Excellence
b) Integrity

c) Professionalism
d) Innovation
e) Inclusion
f) Empowerment

(c) Key Management

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

- Chief Principal
- Deputy Principal-Administration affairs
- Deputy Principal-Academic affairs
- Registrar
- Dean of Students
- Senior Finance Officer
- Heads of Departments

(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:

SN.	Designation	Name
1.	Principal	Dr. Glory K. Mutungi, PhD
2.	Deputy principal Administration	Elias Obure
3	Deputy principal Academics	Purity Mutea
4	Registrar (s)	Danson Wachira
5	Dean of students	Roselyda Oundo
6	Head of Finance	Maxwell Gitonga

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance & General Purposes Committee's Activities

The Committee shall exercise all the powers of Council in financial matters except in relation to the items which are reserved to Council in these Standing Orders, on which the Committee shall advise Council.

Terms of Reference.

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

a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters.
b) To receive reports from the Chief Principal and the Finance Officer.
c) To monitor implementation of the strategy for the Institute.
d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements.
e) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
f) To determine the fees and charges made for Institute services and facilities.
g) To supervise the financial administration of the Institute and make recommendations to Council where appropriate.
h) To supervise the arrangements for safeguarding the Institute's assets.
i) To ensure the proper financial evaluation and control of projects.
j) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments.
k) To ensure the appropriate exploitation of the Institute's intellectual property.
l) To make recommendations to Council on the financing of projects.
m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

Key Entity Information and Management (Continued)

Audit Committee Activities

Some detailed audit committee responsibilities include:

a) Ensuring that financial statements are understandable, transparent, and reliable.
b) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic.
c) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top.
d) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud.
e) Reviewing current and pending corporate-governance-related litigation or regulatory proceedings to which the institution is a party.
f) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas.

g) Ensuring the internal auditors' access to the audit committee, encouraging communication beyond scheduled committee meetings.

h) Reviewing internal audit plans, reports, and significant findings.

i) Establishing a direct reporting relationship with the external auditors.

Academic Committee Activities

The committee activities include the following:

a) Provide academic leadership to The Nairobi National Polytechnic, through promotion of excellence in teaching and learning, and ensuring that The Nairobi National Polytechnic embraces a philosophy of quality enhancement and innovation.

b) Facilitate academic freedom and freedom of speech and ensure academic integrity within The Nairobi National Polytechnic.

c) Ensure a culture of scholarship is developed, nurtured and embedded within TNNP.

d) Formulate, coordinate and review academic policy, procedures and guidelines within The Nairobi National Polytechnic.

e) Monitor and regularly report on compliance with academic policy within The Nairobi National Polytechnic.

f) Oversee the quality assurance of the academic activities of The Nairobi National Polytechnic, within the The Nairobi National Polytechnic Risk Management Framework.

g) Partner with the Audit and Risk Management Committee to identify, assess and monitor academic risks within the The Nairobi National Polytechnic Risk Management Framework.

h) Consider and make decisions on all aspects of the development and accreditation or re-accreditation of higher education courses, the admission of students, teaching, assessment and requirements for graduation, prizes, awards and scholarships.

i) Ensure that The Nairobi National Polytechnic engages in regular benchmarking exercises with other higher education providers, and monitor the outcomes of such benchmarking exercises against targets in The Nairobi National Polytechnic's plans.

j) Refer certain matters to such standing committees or working groups as it may from time to time establish to advise on such matters.

k) Receive reports from standing committees or working groups and ensure that their referred responsibilities are discharged.

l) Consider and recommend on any matter referred to the it by the Council of Governors.

m) In addition to such matters as are specifically referred to the Academic Council, the Academic Council may generate reports and recommendations to the Council of Directors, including recommending new courses for development.

Undertake regular self-reviews of performance, and oversee reviews of performance of the Teaching and Learning committees, and any other sub committees of Academic Council.

Senior Management Committee's Activities

The main purpose of the Senior Management Team is to:

(a) Ensure that TNNP's Council is able to take strategic decisions relating to TNNP's activities.

(b) Provide leadership in communicating TNNP's mission, values, plans and achievements effectively and consistently to Council Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;

(c) Be accountable for the development and implementation of TNNP's strategic, corporate and business plans in line with the mission and values.

(d) Take a strategic overview of performance in all areas of TNNP's activities.

Specifically, the Senior Management Team

i. Makes recommendations to the Council on the implementation and achievement of the Council's Strategic Framework;

ii. Agrees TNNP's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Council of Governors as appropriate.

iii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;

iv. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of TNNP, making recommendations as appropriate to the Council of Governors and/or its relevant Committees;

v. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;

vi. Oversees and monitors TNNP's joint work with the other stakeholders

vii. Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Council and/or its relevant Committees.

viii. Leads all senior managers in motivating and developing TNNP staff to deliver the highest standards of performance and customer service.

(f) Entity Headquarters

P.O. Box 30039-00100
Mogira road-Off Park Road
Nairobi,
KENYA

(g) Entity Contacts

Telephone: 020 8034403
Cell :(254) 721233394
E-mail: info@nairobitti.ac.ke
Website: www.nairobitti.ac.ke

(h) Entity Bankers

1. National Bank of Kenya

   Harambee Avenue
   P.O. Box 72866
   City Square 00200
   Nairobi, KENYA

2. Cooperative Bank of Kenya
   Cooperative House-Haile Selassie Avenue
   P.O Box 48231
   G.P.O 00100
   Nairobi, KENYA

3. Kenya Commercial Bank

   Kencom Hse.
   P. O. Box 48400
   G.P.O 00100
   Nairobi, KENYA

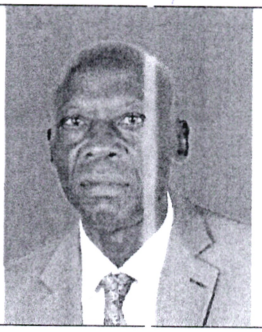
(i) Independent Auditors

Auditor-General
Office of Auditor Genera
Anniversary Towers, Inst tute 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 Council/Council of Governors

Governor	Title	Photograph	Date of birth, key qualifications and work experience	
1. Charles Aondo Kimwomi	Chairman		Date of Birth	1960
			Qualification	Master of Education
			Experience	32 years
2. Dr. Fr. Lawrence Njeru Murucha	Member		Date of Birth	26.12.1968
			Qualification	PHD in Educational Administration and Planning
			Experience	35 years
3. Jackline Kemunto Momanyi	Member		Date of Birth	10.06.1974
			Qualification	Master of Business Administration
			Experience	18 years
4. Daud Hujale Ali	Member		Date of Birth	01.01.1974
			Qualification	MBA in construction Management
			Experience	29 years

Governor	Title	Photograph	Date of birth, key qualifications and work experience	
5. Prof. Francis K. Nganga	Member		Date of Birth	1953
			Qualification	PHD in Mass Communication
			Experience	51 years
6. Akoth Mary Olang'o	Member		Date of Birth	1978
			Qualification	Bsc. Electrical Engineering
			Experience	19 years
7. Maryan A. Hassan	Member		Date of Birth	12.12.1977
			Qualification	Master of Education
			Experience	23 years
8. Prof. Kenneth Lawrence Wanjau	Member		Date of Birth	22.07.1972
			Qualification	PHD in Entrepreneurship
			Experience	33 years

Governor	Title	Photograph	Date of birth, key qualifications and work experience	
9. Dr. Glory K. Mutungi, PhD	Secretary		Date of Birth	03.01.1973
			Qualification	PhD in Leadership and Education Management
			Experience	29 years

Council Committees

Name of the Committee	Members	
Finance. Infrastructure and Human Resource Committee	Dr. Eng. Lawrence N. Murucha Prof. Kenneth L. Wanjau Maryan Abdi Hassan	Chairperson Member Member
Academic, Research and Innovation Committee	Prof. Kenneth L. Wanjau Daud Hujale Mary Akoth Olang'o	Chairperson Member Member
Audit Committee	Prof. Francis K. Nganga Jackline K. Momanyi Maryan Abdi Hassan	Chairperson Member Member

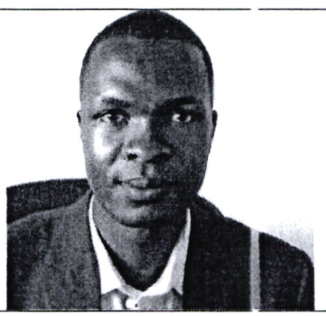
Functions of the Council of Governors

According to the TVET act 2013, the Council shall have the following functions.

i. Provide oversight and strategic leadership
ii. Approve statutes
iii. Approve policies for the institutes
iv. Approve budgets
v. Make new or additional regulations, amend or revoke existing regulations
vi. Make appointments authorised by the law
vii. Acquire land, buildings, premises, equipment, vehicles, machinery and facilities acquired for carrying out the work/duties of the institute.
viii. Determine the method of recruitment, appointment and promotion of all staff of the institutes as per the law.
ix. Provide welfare for every person as per the law
x. Provide control and regulate finances
xi. Enter into contracts, vary carry, out or terminate contracts on behalf of the institutes
xii. Empower committee of the Council appointed
xiii. Transact from time to time any other business of the institute which is covered by the law.

4. Key Management Team

Manager	Photograph	Title	Qualification & Responsibility	
Dr. Glory K. Mutungi, PhD		Chief Principal	Date of Birth	03.01.1973
			Qualification	PhD in Leadership and Education Management
			Experience	29 years
Elias O. Obure		Deputy Principal-Administration	Date of Birth	09.03.1970
			Qualification	BED, CPA-(K)
			Experience	28 Years
Purity K. Mutea		Deputy Principal-Academics	Date of Birth	01.05.1970
			Qualification	MA-Strategic Management
			Experience	32 years
Danson Wachira Muriithi		Registrar	Date of Birth	07.07.1975
			Qualification	BSc Computer Science
			Experience	18 years
			Date of Birth	04.09.1966

Manager	Photograph	Title	Qualification & Responsibilit	
Roselyda Oundo		Dean of Students	Qualification	MED – Educational Administration
			Experience	36 Years
Maxwell Gitonga		Finance Officer	Date of Birth	31.03.1994
			Qualification	B-Com., CPA-K-29418
			Experience	11 years
Moses Fwamba		Internal auditor	Date of Birth	12.2.1987
			Qualification	MSC Finance, B-Com CPA-K
			Experience	14 years
Gilbert Bowen		Procurement officer	Date of Birth	03.01.1989
			Qualification	BSc Supply Chain MKISM-65158
			Experience	14 years

5. Chairman's Statement

It is my pleasure to present the institute's annua report and financial statement for the year ended 30th June 2025.

The Institute's Council of Governors note with appreciation the continued support of the government and other stakeholders in the daily running of the Polytechnic.

As a Council we extend our appreciation to the Ministry of Education for providing financial support and competent staff to this institution. Once again, I cannot underestimate the role of the Ministry of Education for embracing Competency Based Education and Training (CBET) which has equipped the youths, through TVET Education with technical and entrepreneurial skills that are essential for fast tracking this great Nation towards achieving Kenya Vision 2030.

The Nairobi National Polytechnic has been on the forefront in fulfilling its mandate to teach and train at TVET level. This has seen the Council of Governors come up with strategies to expand the existing infrastructure and equipping the workshops and laboratories with modern training equipment that are meant to expose the trainees to hands on skills needed in the industry.

Through the efficient Management of this Institution, Nairobi Technical Training has witnessed growth in enrolment of trainees which currently stands at 9,000. This is commendable and as a Council we are committed to oversee that this institution continues to deliver on its mandate.

As a Council also, we appreciate the Ministry of Education for identifying The Nairobi National Polytechnic as a Centre of Excellence in offering Automotive Mechatronics Technician course. We acknowledge the Governments effort in collaborating with the GIZ in this endeavour which has culminated in the funding of the State of the Art Automotive Mechatronics Workshop.

Ongoing Projects.

- Automotive Mechatronics workshop
- Landscaping works at the Polytechnic's field

The Polytechnic has witnessed a reduction in the grants from GOK and the institution has faced challenges in meeting its obligations resulting in pending bills from quarter to quarter.

Due to delay in release of Capitation the Institute has not been able to implement the projects in the budget as anticipated. We are pleased of the achievements realised so far realised despite the financial challenges faced.

Challenges faced by the institute include:

- Inadequate funding by the ministry of education- on capitation/operation and development grant
- Delayed funding
- Poor fees payments
- Untimely marketing due to late funding
- Due to limited capacity, it is not possible to increase the number of students as expected.

Lastly, let me thank the Government of Kenya, parents, guardians, suppliers and service providers for their trust, support and continued partnership and cooperation during the Financial Year 2024/2025

CHARLES AONDO KIMWOMI
CHAIRMAN COUNCIL OF GOVERNORS

6. Report of the Chief Principal

Let me take this opportunity to present The Nairobi National Polytechnic financial statement for the Financial Year 2024/2025 ending 30th June 2025 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

With support of the Council we have put in place the necessary financial, procurement and internal control measures to ensure proper utilization of funds entrusted to us.

The Nairobi National Polytechnic has recorded a number of positive gains in the past two years. To start with, the number of trainees enrolled has risen over the years and currently stands at 9,000 trainees. We expect this number to continue rising. Trainees are attracted to the Institute due to good academic performance, high discipline and the level of quality training offered in the Institute by the highly competent staff. The increased enrolment has also been as a result of government support for TVET training in the form of financial support for trainees and grants for development of training infrastructure to accommodate the large number of trainees seeking opportunities in TVET institutions.

In support of the Government Agenda, the Institute continues to introduce courses that are relevant to the government agenda. In the last two years, the Institute has introduced and enrolled trainees in Competence Based Education and Training (CBET) courses. The following courses are the latest additions to the Institute's training program: Tour and Travel Operations Level 5, Fashion Design Level 6, Baking Technology Level 5, Beauty Therapy Level 5, Computer Programming Level 6, Cyber Security Level 6, Housekeeping and Accommodation Level 5, there are other courses lined up for introduction including Science Laboratory Technology Level 6, Masonry Level 4, Office Administration (Secretarial Studies) Level 6, Information Science Level 6, Network Administrator Level 5 & 6 scheduled to commence in September, 2025. Those eligible for the course are encouraged to enrol in large numbers.

The Institute is actively engaged in co-curricular activities including sports, drama and athletics. This year, the Institute participated in regional and national championships and won several trophies in different categories. In support of Science, Innovation and

Technology, the Institute has over the years presented innovations and research papers in both regional and national conferences and have won awards in several categories.

Every year, the Institute signs a Performance Contract with the government in which Key Performance Indicators (KPIs) are established and agreed upon. These KPIs form the basis for evaluation and ranking of government entities in each financial year. In the Financial Year 2019/2020, the Institute was ranked position 1 (one) Nationally in the Tertiary Institutions category, while in the Financial Year 2020/2021 it was ranked position 6 (six). The Institute expects to maintain the high national rankings in the coming years. I take this opportunity to thank the Nairobi TTI community for working towards this great achievement. We as an institution are still committed to performing even better and to delivering quality services as we have always done.

Nairobi TTI is a great Institution to be in. Our motto is "Excel in Business, Science & Technology" and I can assure you that we are excelling.

KNEC Examination Results Analysis

The institute during the financial year 2024/2025 enrolled a total of 3,070 trainees for Kenya National Examinations. During the year, the performance improved from a percentage pass of 85.29% for the financial year 2023/2024 to 88.75% in 2024/2025.

TVET CDACC Implementation

All the courses have been transited into CBET curriculum, trainees have been registered for assessment for TVET CDACC exams and the performance is improving.

All the courses have been modularized and integrated into the modularized curriculum by structuring training programs into smaller, independent units. Each module focuses on specific skills or competencies, allowing learners to acquire and be assessed on individual units. This approach offers flexibility, responsiveness, and alignment with industry needs, making it a cornerstone of Kenya's Competency-Based Education and Training (CBET) framework.

Students enrolment

The Institute enrolment during the F/Y 2024-2025 increased to 9,000 from 8,700 in the year 2023/2024

Promotion of the Government Agenda

To promote the Government Agenda, in F/Y 2024-2025, the enrolment increased from 8,700 to 10,054. This gave the youth an opportunity to acquire skills in Electrical and Electronics Engineering, Institutional Management, Health and Applied Sciences, Information Communication Technology and Mechanical Engineering. These are skills needed in the various sectors under the Government Agenda.

New courses in Automotive Mechatronics and Community Health were introduced with a total enrolment of 227 trainees. The enrolment in Plumbing and Solar Photovoltaic also increased to a total of 128 trainees during the year

During the year under review the institute continued working on various projects among them:

- Purchase of Furniture for both students' and staff to cope with the growing population
- Tuition Block

Ongoing Projects.

- Automotive Mechatronics workshop
- Landscaping works at the Polytechnic's field

I am humbled by the support from institutes Council, Management and all members of staff for their commitment and dedication to their work and effort that have seen Nairobi Polytechnic move forward in attaining its vision and mission.

Dr. Glory K. Mutungi, PhD
Chief Principal/Secretary Council

7. Statement of Performance against Predetermined Objectives

The Nairobi National Polytechnic (TNNP) has 7 strategic pillars and objectives within its Strategic Plan for the FY 2023/2024- 2027/2028. These strategic pillars are as follows:

Pillar 1: Technical training
Pillar 2: Infrastructure Development
Pillar 3: Human Resource
Pillar 4: ICT integration
Pillar 5: Research and innovation
Pillar 6: Governance and management
Pillar 7: Growth and sustainability

TNNP develops its annual work plans based on the above 7 pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The TNNP achieved its performance targets set for the FY 2024/2025 period for its 7 strategic pillars, as indicated in the diagram below:

Key Result Area	Strategic Objective	Strategies/Achievement
Technical Training	Enhance technical training and quality of graduates produced at NTTI	To limit and maintain annual growth in trainee enrolment to 5% throughout the planning period.
		To grow the online training delivery component of its training programmes by 40 – 80% for all training programmes by the end of planning period.
		To review at least 10 of all training programmes each year during the planning period.
		To implement at least 10 CBET training programmes by the end of the planning period.
		To develop and implement 2-5 short courses each year guided by market needs by the end of the planning period.
		To ensure at least 10% of new trainees enrolled in various training programmes are female.
		To increase by 20% trainees' retention and completion rates by the end of planning period.
Infrastructure Development	Increase the infrastructure to accommodate the growing number of students	To review the current Institute's Masterplan in order to plan to accommodate the envisioned infrastructural development.
		To construct one additional lecture hall and 20 additional tuition rooms by the end of the planning period
		To expand the Health facility to triple its current capacity by the end of the planning period.
		To expand the capacity of the library to sit about 600 trainees and provide access to electronic resources
		To construct a Sporting Complex at NTTI by the end of the planning period

Key Result Area	Strategic Objective	Strategies/Achievement
		To upgrade obsolete training equipment in laboratories and workshop with state-of-the-art technologies used in contemporary industrial and production factories.
Human Resource	Enhance the capacity of the staff to deliver on NTTIs mandate	To develop and implement appropriate talent management strategies and plans
		To review, develop and implement a progressive compensation and benefits policy framework and plan for NTTI
		To create opportunities for all staff to undergo at least one 5-day on-the-job training per year
		To establish and maintain HR policies and practices that ensure that NTTI complies to all applicable laws and regulations.
		To develop and implement workplace Occupational Safety and Health Policy framework by the end of the planning period.
ICT Integration	Enhance the ICT capacity to support training and management	To ensure 100% improvement of the effectiveness of ICT management and practices.
		To achieve a 100% integration of ICT infrastructure systems and performance by the end of the planning period.
		To achieve 100% integration of ICT applications systems by end of the planning period.
		To adopt 100% ICT databases system integration by ensuring that all the levels of management at NTTI are connected by the end of planning period.
		To enhance by 50% server technology capability and reliability in order to increase the amount of data it can hold by the end of the planning period
Research and Innovation	Enhance research and innovation at NTTI	To establish an Applied Research Centre (ARC), allocate 2% of its budget to applied research, support and sponsor at least six research proposal during the planning period.
		To establish an innovation centre, allocate 2% of its budget to support and sponsor innovation work and grow the innovative capacity of NTTI by 25% during the planning period.
		To initiate at least three (3) new business incubators and innovation hubs by the end of planning period.
		To promote at least one (1) innovation, transfer and commercialize research and innovations during the planning period.
Governance and Management	Improve corporate governance at NTTI	Develop and review 20% of the policies the institution needs annually during the planning period
		To organize and conduct at least 3 training sessions for the governing body and senior

Key Result Area	Strategic Objective	Strategies/Achievement
		management on organizational leadership strengthening by the end of the planning period.
		To enhance governance performance to at least 95% of performance index by the end of the planning period.
		To enhance best practices by 20% through corporate governance and leadership by the end of planning period.
		To enhance 80% risk surveillance in order to mitigate against impacts of potential risks by the end of the planning period.
Growth and Sustainability	Enhance the sustainability of NTTI	To achieve the status of a National Polytechnic by the end of the planning period.
		To establish at least four (4) collaborations and partnerships by the end of planning period.
		To establish and operationalize at least three (3) income generation units by the end of planning period.
		To create an alumni database and operationalize it through continuous interactions by the end of the planning period.
		To achieve 100% compliance with Public Finance Regulations and Standard Operating Procedures (SOP's) by the end of the planning period.
		To secure at least two (2) project grants from partners by the end of the planning period

8. Corporate Governance Statement

a) Good corporate governance is the key to integrity and corporations and central to the institute stability
b) Corporate governance therefore encompasses the system practices and procedures by which the individual corporation regulates itself to remain stable, competitive, sustainably and fair.
c) The Council follows principles of transparency and accountability in its stewarding institute's affairs'
d) The role of the Council is to ensure conformity by focusing and providing the institutes strategic direction and policy making as well as performance review through accountability, monitoring, supervision and internal control to safeguard the assets and ensure the reliability of financial information
e) Management team comprising of the principal, deputy principal, head of departments and staff meet regularly to consider issues of operational and strategic importance.
f) Below are key features of the existing governance practices within the institutes which are revised and improved from time to time

Institutes COUNCIL

a) The Council constitutes of chairman Council and eight members who have been appointed in accordance to the TVET Act 2013, which meets formally at least three times a year and or any other time when need arises
b) Council Is responsible for setting the direction of the institute through establishment of strategic information, policies and approval of budgets. It monitors implementation of the above through structured approach of reporting by the management and accountability.
c) The Council is actively involved and bring strong independent judgement on its deliberations and discussions
d) The Council members have diverse skill set, wide range of knowledge and experience of the institute in objectives and decision making.
e) The Council meets regularly and retains full and effective control over the institutes in all strategic financial operation and compliance areas

Related Party Disclosure

Related parties for the purposes of this report include:

a) The Government
b) The Board of Governors
c) The Management

Number of Board Meetings during the year and their attendance
During the year under review, Board meetings were held as follows

Date	Type of Meeting	Number of Members Present
10/7/2024	Full Board	7
11/10/2024	Full Board	8
11/1/2025	Full Board	6
12/4/2025	Full Board	8

9. Management Discussion and Analysis

SECTION A: Operational and Financial Performance

Nairobi Technical Training Institute operational and financial performance

The Institute is a public institution that depends on student fees and government funding. It is not a profit making entity. TNNP has seen increasing enrollment numbers as the demand for skilled labor rises. In the 2nd Quarter for the F/Y 2024/2025; together with 5 other Institutions, the Institute was upgraded to a National Polytechnic through a cabinet meeting dated 13th November 2024. Subsequently, the Legal order was received on 14th February 2025 thus giving the Institute Full Polytechnic Status.

The Polytechnic held its Inaugural graduation on 23rd May 2025 with a total of 1,930 graduates.

During the Quarter, the Institute received ksh 7,500,000 for construction of Hostel, dining and Kitchen for Narok South TVC which was subsequently transferred to the mentor Institution.

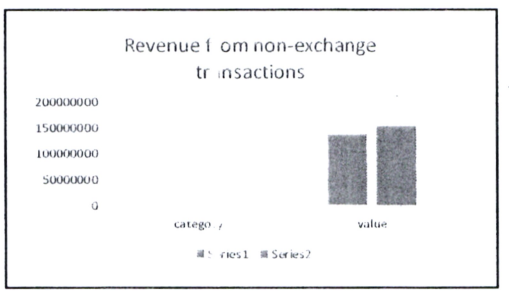
The strategic plan, which lays out the overall objectives and plans to attain them, serves as the foundation for the Institute's operations.

The Institute has not been able to carry out the budgeted projects as planned due to the delay in the disbursements.

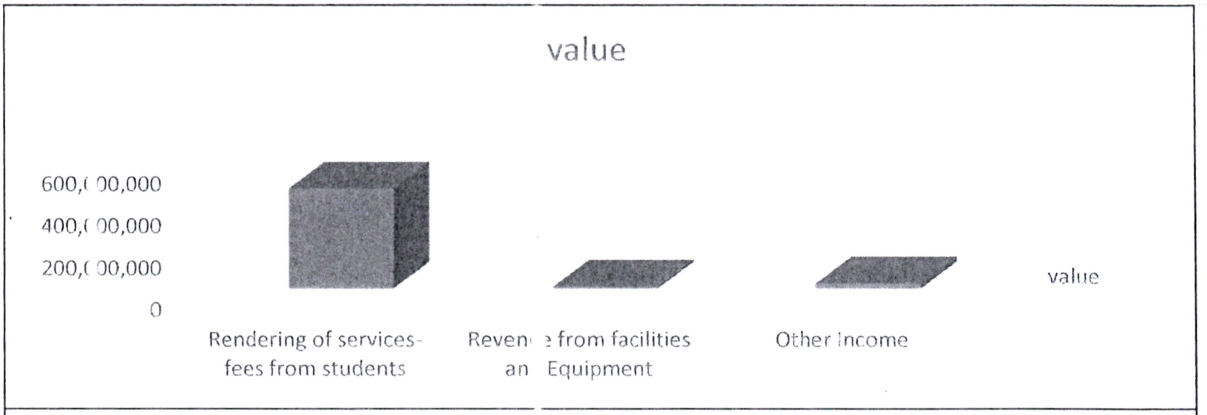
The Institute has made investments in e-learning infrastructure to enable the seamless implementation of the curriculum.

The revenue collected in revenue over the year is as shown below:

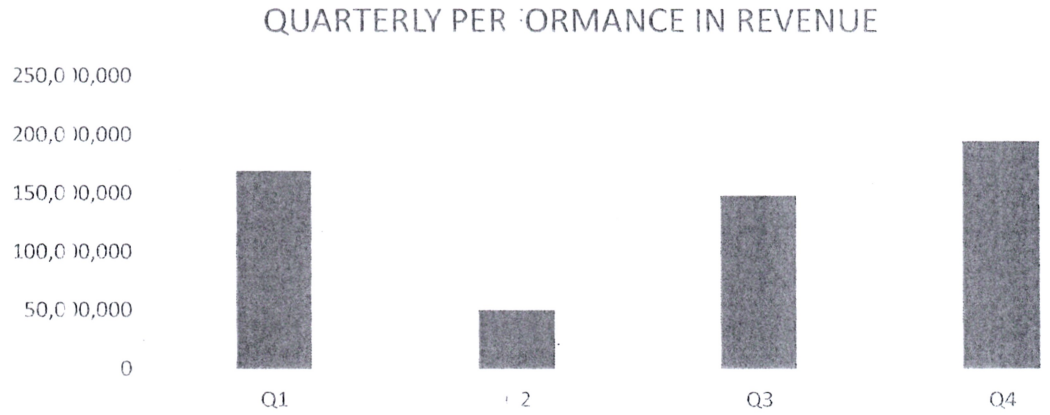
Revenue from Non-Exchange Transactions		
FYR 2023	*FYR 2024*	
136,616,127	*153,335,115*	*16,718,988*
Increase by	*12%*	



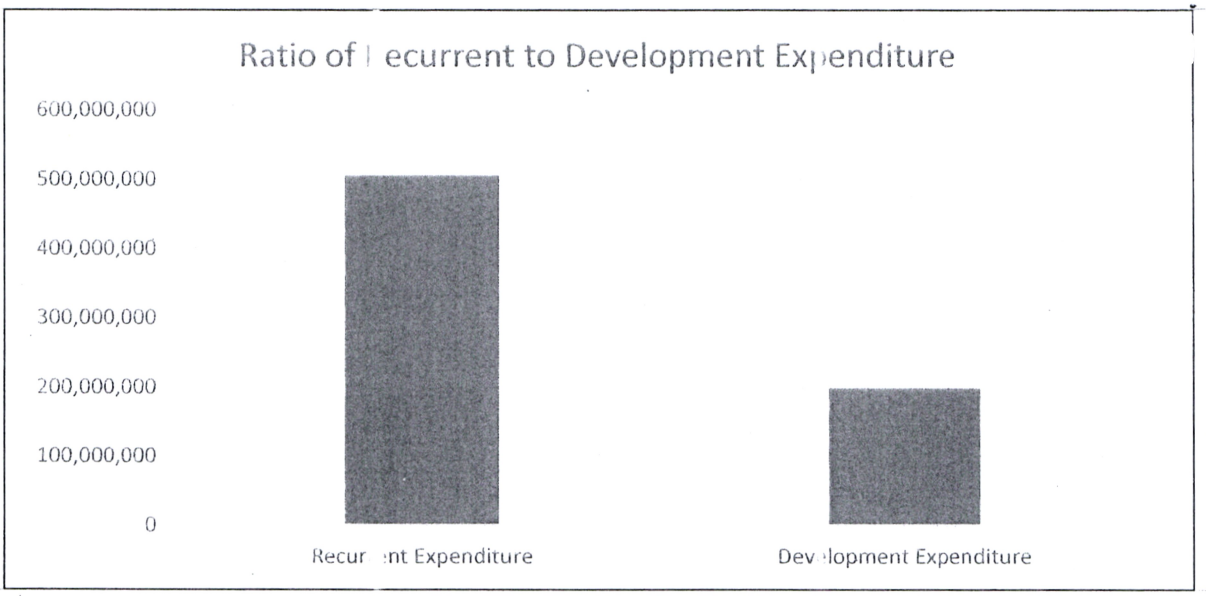
Revenue from Exchange Transactions		
	FYR 2024	*FYR 2025*
Rendering of Services - Fees from students	*549,694,073*	*476,921,622*
Rental revenue from facilities and equipment	*14,825,680*	*9,365,192*
Other Income	*27,526,010*	*25,278,730*



QUARTERLY PERFORMANCE IN REVENUE			
QT 1	*QT 2*	*QT 3*	*QT 4*
169,416,153	50,723,156	148,438,561	194,597,446



Re-Current Expenditure	*505,033,757*
Development Expenditure	*198,058,250*


Ratio of Recurrent to Development Expenditure
600,000,000
500,000,000
400,000,000
300,000,000
200,000,000
100,000,000
0
Recurrent Expenditure
Development Expenditure

SECTION B: Compliance with Statutory Requirements

Nairobi Technical Training Institute compliance with statutory requirements
The Institute complies with remittance of statutory obligations such as:

PAYE, Taifa Care(SHA), NSSF, NITA, Housing Levy

SECTION C: Key Projects and Investment Decisions

Key projects and investment decisions Nairobi Technical Training Institute is planning/implementing
The State Department of TVET is presently considering several major projects related to institutional development. The Nairobi National Polytechnic mentors Langata, Ol kalou and Mathare Tvc.
Langata Tvc additional construction works are ongoing.
The Mathare T.V.C. construction project received KShs 42.5 million from the GoK, the tender has been awarded and the site handed over to the contractor. The ground-breaking ceremony was done by the President of the Republic of Kenya on 11th March 2025.

Rebranding and paintworks around the Polytechnic are in progress. Landscaping works are ongoing at the Polytechnic's annex.
The second phase of construction for the Hospitality Block is complete and was commissioned by the PS, TVET together with a block with 20 classrooms for tuition. Construction of the Automotive mechatronics workshop under the GIZ programme is underway. Additionally, construction of the Printing and Publishing Complex funded by the African Development bank is ongoing.

The Institute's asset valuation is complete, meeting the PFM Act of 2012's requirements for Institutions who prepare their financial reports on accrual basis.

SECTION D: Financial and Management Risks

Major risks facing the entity

Due to the government's delay in funding HELB, Scholarship and Capitation, the Institute is at risk of not meeting its obligations. It will be extremely difficult for her to fulfill her operational responsibilities if the already allotted capitation and HELB are not released on time. One of the risks associated with this delay is the intense pressure from creditors who are threatening to withhold supplies. Simultaneously, certain creditors are threatening to take legal action to recoup the debt.

As a result of the E-learning System's implementation, the Institute might be vulnerable to malicious software and improper use of the system.

SECTION E: Material arrears in Statutory and Financial Obligations

Material arrears in statutory/financial obligations

There are no material arrears in statutory or Financial Obligations

SECTION F: Governance

The entity's financial probity and serious governance issues

During the period under review, there were no governance issue reported

SECTION G:

Environmental Sustainability and Corporate Social Responsibility

TNNP conducts online meetings hence saving on paperwork. In compliance with the Government Agenda, the Polytechnic plays an active role in conserving the environment.

The Polytechnic utilizes solar panels and has acquired a water treatment plant for efficient utilization of resources.

The Polytechnic periodically cleans Mogira Road as part of Corporate Social Responsibility. Other social and environmental conservation activities include training on motor vehicle recycling through partnership with KAIHO Japan, planting of trees along Thika road and sponsorship of needy students

10. Environmental and Sustainability Reporting Statement

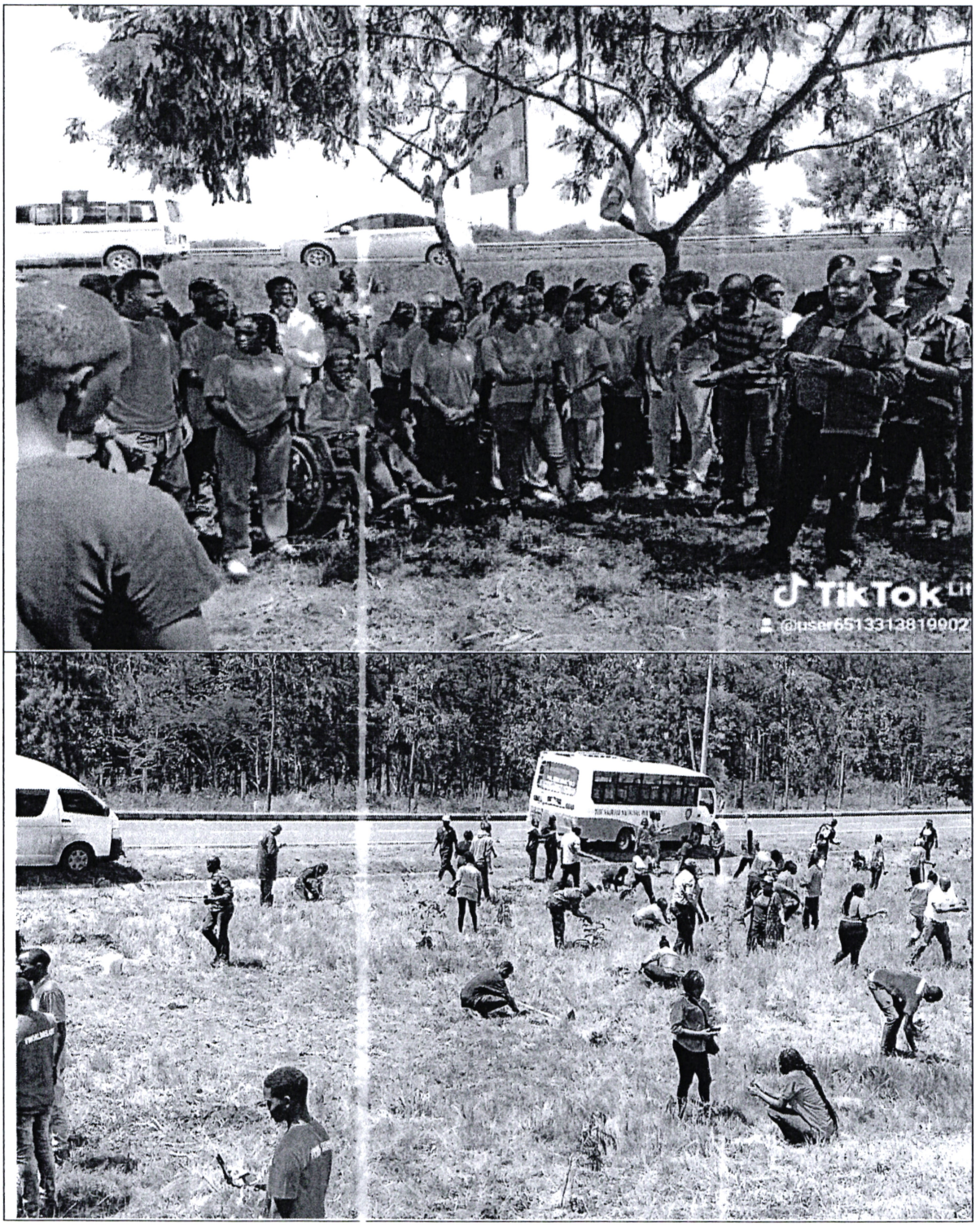
Nairobi TTI being a public entity embraces the policy of the corporate social responsibility (CSR) through engaging itself with the following social responsibility:

i. Financial support to needy students through coordinating bursary, HELB loans, support sustainability and sponsorship to students where possible as well work study programme.
ii. Offering both social and economic support to external community through provision of casual labour opportunity and suppliers when opportunities arises
iii. Offering careers advices to students.
iv. Offering internship and industrial attachment to youth from surrounding community institutions in Kenya.
v. Environmental activities like planting of trees were conducted during the Financial year

Below are some of the pictures depicting how the exercise was conducted.

A.) Tree planting- GREENING THIKA SUPERHIGHWAY (KENYATTA UNIVERSITY SECTION) Our Initiative in greening the aforementioned section aims to beautify that section, improve air quality, neutralize carbon footprints, provide shade for motorist plying the busy superhighway, mitigate pollution caused motorized traffic emissions as well as encouraging members of the public on the importance of planting trees. Three tree species namely Markhamia Lutea, Vitex Keniensis and Croton Megalocarpus were planted.

A total of 963 trees were planted there.


TikTok
@user6513313819902

Sustainability strategy and profile

a. Organisational Sustainability

This strategy focuses on achieving financial, environmental organisational and institutional sustainability within the institute

b. Financial sustainability

The institute has diversified the sources of revenue which include; school fees, rentals and production unit program.

c. Environmental sustainability

The institute embraces the use of environmentally friendly methods in waste disposal. The strategies are targeted at protecting and improving the environment.

d. Organisational and institutional sustainability

Organisational and institutional sustainability aims at achieving and maintaining sustainability. This is addressed from various viewpoints that include community engagement, having in place a risk management framework and implementation of strategies to mitigate the defined risks.

Environmental performance

a. Greening TVET
   - ✓ greening the institution
   - ✓ greening the curriculum
   - ✓ greening research
   - ✓ greening the culture
   - ✓ greening the community

b. Solid Waste management
   - ✓ disposal of wastes
   - ✓ policies on re-cycling

c. Emission control
   - ✓ control on gases emitted to the environment

d. Adoption of Environmental sustainability guidelines issued by NEMA and adherence to environmentally friendly operational practices within the institute.

Employee welfare

The Institute with the support of the Board Members has developed the following policies to guide its operations: -

- ➢ Scheme of service for BOG Staff.
- ➢ Career progression guidelines for BOG Staff.
- ➢ Motivation Policy for both Staff and Students.
- ➢ Production Unit Policy.
- ➢ ICT policy
- ➢ Gender Mainstreaming and Youth Empowerment Policy.

Market place practices

Responsible Competition Practice

(i) Anti -corruption

a. Student fees: The institute charges the students fees as per the guidelines from the Ministry of Education. The fees charged is Ksh. 67,189 as capped by the Ministry of Education.

b. The admission process is transparent and the institute has introduced online admission to ensure effectiveness and transparency. This helps to ensure that there is integrity in the admission process.

(ii) Political involvement

a. The institute liaises with the area leadership for community service where cleaning the area around the institute is done Participation in trade fairs/ robotics: The institute participates in trade fairs where the students show case their talents and this enhances responsible competition within the students.

b. During the graduation ceremonies, the institute invites the local leadership to interact with the grandaunts and the NTTI community.

(iii) Fair competition

a. The institute acquires the curriculum and syllabus from Kenya Institute of curriculum development (KICD) and CDACC to ensure that what is offered at NTTI is similar to what is offered in other institutions.

b. Entry criteria for the program and the entry requirements for the students are clearly defined. i.e. Mean grade C- for Diploma students, D+ for Certificate students and KCSE for artisan. This allows the institute to have a fair competition with the universities who require students to have a mean grade of c to access university education.

c. The institute participates in trade fairs which are organized by KATTI for all TVET Institutions. The students are encouraged to compete with other students from other institutions. This encourages the students to solve diverse issues in the industry.

(iv) Respect for competitors

a. Mutual beneficial relationships: - The institute undertakes benchmarking with other institutions so as to offer quality service to the trainees and to assist one another to better improve

b. The students are placed by KUCCPS and the institute ensures that when student seek for transfers from other institutions to NTTI, there is correspondence from the institution that the student wishes to leave so as to ensure that there is mutual understanding.

Responsible Marketing and Advertisement

(i) Efforts to maintain ethical marketing practices

a. The institute openly advertises in the print and electronic media for all the courses offered in the institution so as to ensure transparency and integrity in the admission process.

c. The institution only advertises for the courses that are being offered during the intake to ensure that students do not apply for courses that are not available in the institute.

d. The institute ensures that information given during the advertisement is current and not misleading to the prospective students so that they are able to make informed choices on the courses that they want to undertake.

e. Brochures with well explained courses and their requirements are issued to prospective students before the intakes to give adequate time for the parents/ guardians and students to prepare for the admission.

Product Stewardship

(I) Efforts to safeguard consumer rights and interests

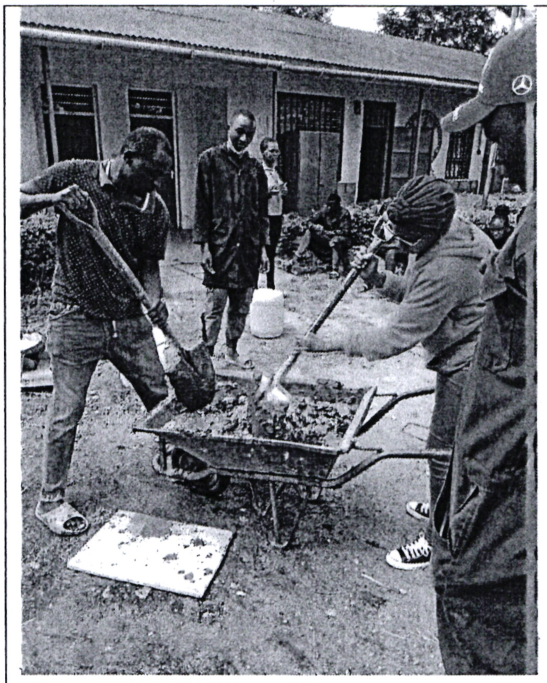
a. The institute has a complaints procedure and complaints registers at various offices.
b. A complaints line has been established in the institute (0717764444)
c. There is proactive disclosure of information by ensuring that information is given through the institutes website, brochures, print and electronic advertisement
d. Requests by customers for information on admission and courses is done through e – mail, telephone call and letters. The institute has ensured an active e-mail address info@nairobitti.ac.ke and the telephone line 0721233394.
e. There is a service charter that is prominently displayed at the institute's entrance and at various points and offices within the institute. Where the customers are encouraged to report to the CAJ and EACC in case their rights and interests are not met by the institution.

Community Engagements

The Institute has continuously engaged the community in matters of corporate social responsibility (CSR).

Participants of President's award program-TNNP accompanied by their award leaders visited Rescue Dada Centre located in Park road, Ngara. The program works to reduce the number of street connected girls between the age of 5 and 16 years for a period of 3 to 6 months. They are then re-socialized through a 2 year follow up supporting the girls to readjust to family and community environment







11. Report of the Council/Council of Governors

The Board members submit their report which show the state of the Institute's affairs.

Principal Activities

The principal activities of the institution are to train competent Human Resource for social economic development at TVET level.

Results

The results of the entity for the year ended 30 June, 2025 are set out on page 1-5

BOARD OF GOVERNORS

The members of the Board members who served during the year are shown on page ix

Auditors

The Auditor General is responsible for the statutory audit of Nairobi Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

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

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

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

The Board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial 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 institute;

(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;

(iv) Safeguarding the assets of the institute;

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the

State Corporations Act, and the TVET Act). The Board members are of the opinion that the institute's financial statements give a true and fair view of the state of institute's transactions during the financial year ended June 30, 2025, and of the institute's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The institute's financial statements were approved by the Board on ...12/10/25... and signed on its behalf by:

.....
Charles Aondo Kimwomi
Chairman of the Board

.....
Dr. Glory K. Mutungi (PhD)
Accounting officer/Chief Principal

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI 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 Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nairobi National Polytechnic set out on pages 1 to 46, 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 the Nairobi 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Recognition of Revenue from Rendering of Services

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects rendering of services income of Kshs.499,910,503. However, review of revenue documents revealed that the May – August semester runs across two (2) financial years and the related invoices were not apportioned between the respective accounting periods.

In the circumstances, the accuracy and completeness of revenue from rendering of services amount of Kshs.499,910,503 could not be confirmed.

2. Unsupported Receivables from Exchange Transactions

The statement of financial position and Note 18(a) to the financial statements reflects net receivables from exchange transactions balance of Kshs.262,019,153 which relates to student debtors. This was an increase of Kshs.144,470,215 or 123% from the prior year balance of Kshs.117,548,938. However, the ageing analysis of receivables from exchange transactions balance of Kshs.262,019,153 was not provided.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions totalling Kshs.262,019,153 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in

the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Audit Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control, Risk management and Governance respectively. Review of the status during the audit of the Nairobi National Polytechnic in 2024/2025 revealed the following matters remained unresolved:

	Financial Year	Audit Issue
1	2023/2024	Inconsistencies in Cash and Cash Equivalents
2	2023/2024	Unsupported Accounts Receivables
3	2023/2024	Students Sitting Examination with Fee Balances
4	2023/2024	Lack of System Ownership
5	2023/2024	Non-Compliance with One Third Basic Salary Rule

Other Information

The Management is responsible for the Other Information set out on page iii to xxxvi which comprise of Key Entity Information and Management, Council of Governors, Chairman's report, Report of senior principal, Corporate Governor's statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Management Responsibilities, Statement of Performance Against Predetermined Objectives, Statement of Council of Governors and Statement of Council of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the Nairobi 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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Manual Payroll for Non-Technical BOG Staff Without Unique Identifiers

Reported in the statement of financial performance and as disclosed in Note 10 is employees' costs of Kshs.70,536,678. Included in the amount is Kshs.23,927,844 relating to staff employed by the Board of Governors (BOG). The audit established that the payroll was manually maintained and only contained staff names, with no unique identifiers such as staff numbers, National ID, KRA PIN, job groups, or designations. This was contrary to the Employment Act, 2007 which requires employers to maintain proper employment records including details of each employee's identity, terms of service and remuneration.

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

2. Violation of the One-Third Basic Pay Rule on Statutory and Third-Party Deductions

Audit review of the payroll established that sixteen (16) staff had statutory and third-party deductions that exceeded the legal limit, thereby violating the one-third basic pay rule. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that an employer shall not make any deductions from an employee's wages, together with deductions already made, exceeds two-thirds of the employee's wages at any one time.

In the circumstances, Management was in breach of the law and the affected staff are exposed to possible reputational damage which may weaken their morale and performance.

3. Board Expenses

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects BOG meetings expenses of Kshs.9,068,693. Audit review of the list of Board meetings revealed that the Board held eight (8) meetings during the financial year which exceeded the ceiling of six (6) meetings without justification as required by Circular MOE/SDTVET/DTE/ADM/144 dated 6 December, 2024 which states that in line with the edicts of Mwongozo, there shall be at least four (4) meetings in a year, the number of meetings shall not exceed six (6) in a year. In addition, the Board did not have an annual Board work plan which should set out the activities of the Board during the year as required by Chapter 1.9 of Mwongozo.

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

4. Delayed Transfer of Narok TVC Grant

The statement of financial performance and as disclosed in Note 6(a) to the financial statements reflects revenue from National Government amount of Kshs.178,356,250

which includes an amount of Kshs.10,000,000 received for the Narok Technical and Vocational College (TVC) for construction. The grant was recognized as revenue from non-exchange transactions under conditional grants. However, as at year-end, the funds had not been transferred to the intended project and no reason was provided for failure to transfer the funds to the intended entity. The delayed transfer of the funds exposes the entity to non-compliance with grant conditions.

In the circumstances, there is exposure to inefficiencies in project implementation and delay in timely delivery of services or outputs expected from the grant.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Use of Personal Emails for Official Communication

Audit established that the Polytechnic staff continue to use personal email accounts to transmit official information, including administrative, financial and student-related correspondence. This is contrary to the Head of Public Service directive requiring migration to Government-managed email domains. The continued use of personal emails circumvents institutional ICT controls, exposes sensitive data to unauthorized access and undermines accountability as such communications are not centrally monitored or archived.
In the circumstances, the Polytechnic is exposed to risks of data leakage and breach of confidentiality.

2. Lack of ICT Strategy Committee

Review of the Polytechnic's governance documentation and information provided revealed that as at 30 June, 2025 the Polytechnic did not have in place ICT Strategic Committee which is important in aligning ICT Strategy with the Organization's Strategy to ensure the achievement of the Organization's goals and growth.

In the circumstances, the Polytechnic is exposed to gaps in ICT governance that might affect ICT management dispensing the department's mandate.

3. Gaps in Business Continuity and Disaster Recovery Plan

Review of records provided revealed that the Polytechnic maintained a combined document of Business Continuity and Disaster Recovery Planning, of which much is focused on the disaster recovery limiting establishment of the Polytechnic preparedness in terms of business continuity in case of a disaster. Business Continuity Planning (BCP) involves the process of building a set of systems that prevent and recover the business operating procedures from potential threats.

In the absence of business continuity comprehensive work plan, the Institution may not proceed in operation incase of disruption of critical business functions.

4. Lack of System Ownership

The Institute procured a Human Resource and Payroll Management System from ABNO Unisol. However, review of system ownership and control revealed that the vendor did not surrender the administrator credentials for the database to the Institution. As a result, the Institute had no direct control over its database, relying entirely on the vendor for system administration, updates, modifications and troubleshooting. This lack of access restricts the Institution's ability to independently manage its data, conduct system customizations or implement security measures without vendor intervention. Further, such dependency poses significant operational, security and financial risks including potential delays in system updates, increased costs for modifications and vulnerability to data manipulation or loss.

In these circumstances, the ownership and value for money of the system was in doubt.

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

Review of the Institute's data management processes revealed that the Institution had not appointed a Data Protection Officer (DPO) as required under the Data Protection Act, 2019. Further, the Institute had not obtained certification on data processing and control, raising concerns over compliance with legal and regulatory requirements for handling personal and sensitive data.
In the circumstances, the Institution is exposed to non-compliance with data protection regulations, potential data breaches and unauthorized access.

6. Unrestricted System Administrator Access

Review of the system access controls of the Institute revealed that the System Administrator has user rights across all modules, including finance, human resource, procurement and student management. This level of unrestricted access presents a significant internal control weakness, as it increases the risk of unauthorized data modifications, financial fraud and loss of data integrity.

The lack of proper access control increases the likelihood of fraudulent activities including unauthorized system adjustments, financial misstatements and tampering with student records.

7. Failure to Update the Asset Register

The statement of financial position reflects property, plant and equipment balance of Kshs.4,688,446,197 as disclosed in Note 28 to the financial statements. Review of asset additions revealed that the register was not updated to reflect the dates of acquisition, serial numbers or asset locations. Further, the 10% depreciation rate applied to intangible assets is not provided for in the finance policy manual.

In the circumstances, effectiveness of internal controls in asset management could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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 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.

Those charged with governance are responsible for overseeing the 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 ISSAIs requires 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

6 November, 2025

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

		Period Ended	Comparative Period
		30/6/2025	Prior Year
REVENUE	Note	Ksh	Ksh
Revenue from National Gov. & Min.	6a	178,356,250	228,488,459
Grants from donors and development partners		7,187,409.00	
Revenue from Rendering of Services	7	499,910,503	413,077,946
Rental Revenue From Facilities & Equip.	8	34,923,922	42,699,891
Total revenue		**720,378,084**	**684,266,296**
EXPENSES			
Use of Goods & Services	9	358,453,789	379,645,853
Staff Costs	10	70,536,678	66,222,966
BOG Meetings Expenses	11	9,068,693	12,949,350
Depreciation & Amortization	16	34,505,755	30,550,530
Repairs & Maintenance	12	38,150,369	18,168,254
Contracted Services	13	6,584,778	9,845,092
Finance Costs (Bank Charges)	14	1,734,960	1,483,340
Mentoring Institutions	15	26,127,292	18,864,945
Total Expenses		**545,162,313**	**537,730,330**
Surplus (Shortfall) for the Period		**175,215,772**	**146,535,966**

.....	.....	.....
Chairman of Council/Council	**Principal**	**Finance Officer**
		ICPAK No
Date 22/10/25	**Date** 22/10/25	**Date** 22/10/25

15. Statement of Financial Position as at 30th June 2025

	Note	Period Ended	Comparative Period
		30/6/2025	Prior Year
Assets		Ksh	
Current assets			
Cash and cash equivalents	17	153,292,833	257,561,992
Receivables from exchange transactions	18a	262,019,153	117,548,938
Receivables from non-exchange transactions	18b	40,219,675	113,146,425
Inventories	19	3,400,361	3,291,823
Total Current Assets		**458,932,022**	**491,549,178**
Non-current assets			
Property, plant and equipment	28	4,688,446,197	4,691,404,968
Total Non-Current Assets		**4,688,446,197**	**4,691,404,968**
Total Assets		**5,147,378,219**	**5,182,954,146**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	107,474,701	65,744,897
Retentions	22	7,930,630	7,698,539
Deferred Income	24	50,608,528	62,665,965
Total liabilities		**166,013,859**	**136,109,401**
Reserves & Surpluses			
Revenue Reserves	25	726,784,540	551,568,768
Capital & Equity	26	4,254,579,820	4,495,275,977
Total Capital Reserves & Surpluses		4,981,364,360	5,046,844,745
Total Reserves and liabilities		**5,147,378,219**	**5,182,954,146**

.....	.....	.....
Chairman of Council/Council	**Principal**	**Finance Officer**
		ICPAK No
Date 22/10/25	**Date** 22/10/25	**Date** 22/10/25

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

Description	Revaluation reserve	Retained earnings	Capital Reserve	Total
At July 1, 2024	**Revaluation reserve**	**Retained earnings**	**Capital Reserve**	**Total**
Balance b/f	1,249,845,199	551,568,768	3,245,430,778	5,046,844,745
Ol Kalau TVC		-		-
Total comprehensive income	-	175,215,772	-	175,215,772
Capital/Development grants during the year	-	-	-	-
Fair value adjustment on capital	-	-	- 240,696,157	- 240,696,157
Prior year adjustment	-	-	-	-
At June 30, 2025	**1,249,845,199**	**726,784,540**	**3,004,734,621**	**4,981,364,360**

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

	Note	Period Ended	Comparative Period
		30/6/2025	30/6/2024
		Ksh	Ksh
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6a	178,356,250	228,488,459
Grants from donors and development partners		7,187,409	
Cash flows from Exchange Transactions	7	489,858,888	366,578,160
Cashflow from Rents of Facilities	8	34,923,922	42,699,891
		710,326,469	**637,766,510**
Payments			
Use of Goods & Services	9	358,453,789	379,645,853
Staff Costs	10	70,536,678	66,222,966
BOG Meetings Expenses	11	9,068,693	12,949,350
Repairs & Maintenance	12	38,150,369	18,168,254
Contracted Services	13	6,584,778	9,845,092
Finance Costs (Bank Charges)	14	1,734,960	1,483,340
Supervision of Projects	15	26,127,292	18,864,945
		510,656,558	**507,179,800**
Cash flows from operating activities		199,669,911	130,586,710
Adjust for Working Capital Changes	23	-33,582,952	-34,552,941
Net Cash flows from operating activities		**166,086,959**	**96,033,769**
Cash flows from investing activities			
(Purchase) of property, plant, equipment and intangible assets		-273,135,021	-32,704,808
Decrease/(Increase) in investments		2,778,903	
Net cash flows used in investing activities		**-270,356,118**	-32,704,808
Cash flows from financing activities			
Grants for Development			
Net cash flows used in financing activities			**0**
Net increase/(decrease) in cash and cash equivalents		**-104,269,159**	**63,328,961**
Cash and cash equivalents at the beginning of the year		**257,561,992**	**194,233,031**
Cash and cash equivalents at end of the year		**153,292,833**	**257,561,992**

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

	NOTE	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	% of Utilization
		a	b	c=a+b	d	e=d/c %
Revenue		**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Transfers from other Govt entities Govt grants	5	261,000,000	-80000000	181,000,000	165,857,115	92
Rendering of services- Fees from students	6	392,274,300	80000000	472,274,300	489,858,888	104
Facilities and Equipment	7	6,505,000	30000000	36,505,000	34,923,922	96
Total income		**659,779,300**	**-**	**689,779,300**	**690,639,925**	
Expenses						
Use of Goods and services	8	369,877,366		369,877,366	358,453,789	97
Compensation of employees	9	72,869,006		72,869,006	70,536,678	97
Remuneration of BOG Members	10	12,600,000	-2,500,000	10,100,000	9,068,693	90
Repairs and Maintenance	11	26,127,877	10,000,000	36,127,877	38,150,369	106
Contracted Services	12	16,124,000	-10000000	6,124,000	6,584,778	108
Capital Development Costs		162,181,051	32,500,000	194,681,051	273,135,021.00	140
Total expenditure		**659,779,300**	**42,500,000**	**689,779,300**	**755,929,327**	

19. Notes to the Financial Statements

1. General Information

The Nairobi National Polytechnic (TNNP) is under the Ministry of Education, State department of Technical and Vocational Training. In line with Technical and Vocational Education Training (TVET) Act of 2013 the institute has continually imparted its trainees with the necessary knowledge and skills for social economic development in business, science and technology.

The mandate of the institution is to train competent Human Resource for social economic development at TVET level. The institute's strategic obligations revolve around promoting Technical Training through access to quality 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 *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The 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	***Applicable 1st January 2025*** 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. **(Nairobi National Polytechnic has not dealt in Leases during the Year under review)**
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** 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. **(Nairobi Technical Training Institute has not dealt in Discontinued operations during the Year under review)**
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** 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. **(Nairobi Technical Training Institute has not dealt in Heritage Assets during the Year under review)**
IPSAS 46:	***Applicable 1st January 2025***

Measurement	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. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. **(Nairobi Technical Training Institute has implemented IPSAS 46 during the Year under review)**
IPSAS 47: Revenue	***Applicable 1st January 2026*** 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. **(Nairobi Technical Training Institute has reported revenue as per IPSAS 47)**
IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** 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. **(Nairobi Technical Training Institute has not dealt in transfer expenses during the Year under review)**
IPSAS 49: Retirement Benefit Plans	***Applicable 1st January 2026*** 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. **(Nairobi Technical Training Institute has not dealt in Retirement Benefits plan during the Year under review)**
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

	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. 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. **(Nairobi Technical Training Institute has not dealt in IPSAS 50 during the Year under review)**

iii. Early adoption of standards

Nairobi Technical Training Institute did not early-adopt any new or amended standards in year 2024. The entity adopted IPSAS standard.

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 or Council on ***May 2024.*** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2024/2025 budget following the Council/ Council's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per Income Tax Act.

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) 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.

i) 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.

j) 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. (amend as appropriate).* 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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx.*

Financial liabilities

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

k) 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.

Inventories (Continued)

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

l) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

m) 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 socia 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.

n) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) 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.

r) 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.

s) Related parties

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

t) Service concession arrangements

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

u) 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.

v) Comparative figures

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

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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.

The Institute maintains a provision of 5% on all student debtors as outlined in the Finance policy

6. Transfers from other National Government entities

		2024-2025	2023-2024
6a	TRANSFERS FROM NATIONAL GOVERNMENT	30/6/2025	Prior Year
	Description		
		KShs	**KShs**
i	**Unconditional grants**		
	Capitation grants	76,765,000	91,707,000
	Scholarship	76,570,115	44,909,127
		153,335,115	**136,616,127**
ii	**Conditional grants**		
	Gilgil TVC Operations	2,499,135	14669000
	Ministry of Education grant	12,522,000	4000000
	Training Material		34930000
	Research Fund		1185567
	Public service Recruitment		588,500
	Total Operational grant	**15,021,135**	**55,373,067**
	Other grants	-	
		15,021,135	**55,373,067**
		15,021,135	**55,373,067**
ii	**Conditional grants**		
	Narok TVC Construction	10,000,000	
	Gilgil TVC construction		2,711,194
	Langata tvc construction		14,361,571
	Mathare TVC construction		15,000,000
	Ol kalou tvc construction		4,426,500
		10,000,000	**36,499,265**
	Total government grants and subsidies	**178,356,250**	**228,488,459**

(a)Transfers from other Government entities (Categorized)

6b	TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES				
	Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the period
		KShs	KShs	KShs	KShs
330013	State Department for Technical Vocational Education and Training-scholarship	11,267,595			11,267,595
330015	State Department for Technical Vocational Education and Training-scholarship	2,029,108			2,029,108
330016	State Department for Technical Vocational Education and Training-scholarship	7,861,113			7,861,113
330017	State Department for Technical Vocational Education and Training-scholarship	27,769,300			27,769,300
330018	State Department for Technical Vocational Education and Training-scholarship	154,535			154,535
330019	State Department for Technical Vocational Education and Training-scholarship	23,484,000			23,484,000
330022	State Department for Technical Vocational Education and Training-scholarship	248,599			248,599
330045	State Department for Technical Vocational Education and Training-scholarship	2,499,135			2,499,135
330020	State Department for Technical Vocational Education and Training-scholarship	3,755,865			3,755,865
342506	State Department for Technical Vocational Education and Training-scholarship	76,765,000			76,765,000
	State Department for Technical Vocational Education and Training-scholarship	10,000,000			10,000,000
333035	State Department for Technical Vocational Education and Training-scholarship	5,000,000			5,000,000
347328	State Department for Technical Vocational Education and Training-scholarship	7,522,000			7,522,000
	Total	**178,356,250**			**178,356,250**

Grants from Donors and Development Partners

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Donor Funds	5,980,406	
Research Fund	1,207,003	
Total Grants from Development Partners	**7,187,409.00**	

(c) Reconciliations of grants from donors and development partners

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	7,187,409	-
Conditions Met - Transferred to Revenue	7,187,409	-
Conditions Yet To Be Met - Remain Liabilities	-	-

4,240,406 was received for end of life vehicle recycling in partnership with Kaiho Japan, Kshs. 1,740,000 from Colleges and Institutes Canada while 1,207,003 was received for purpose of research fund

	Description	30/6/2025	30/6/2024
7	REVENUE FROM RENDERING OF SERVICES	Ksh	Ksh
	Tuition Fees	279,200,538	279,136,288
	Electricity, Water & Conservancy (EWC)	30,033,816	50,420,196
	Personal Emoluments (PE)	96,471,302	66,620,893
	Local Transport & Travel (L.T.& T)	29,651,658	27,853,522
	Repairs, Maintenance & Improvement (RMI)	19,651,307	18,145,832
	Activity Fees	38,317,636	34,491,801
	Students Registration	4,695,900	4,912,610
	Students Levy (SGC)	6,962,200	6,772,900
	Students ID Cards	2,476,560	3,888,100
	KUCCPS Registration	4963300	11,048,043
	Development Fund	38,700,544	37,898,610
	Examinations Fees	91,653,976	7,246,128
	Gilgil tvc	13,592,387	
	KNEC Practical Materials		31,200
	Library		151,150
	Quality assessment		510,000
	Ict services		107,800
	Program adminstrative fee		255,000
	Project supervision		204,000
	Government scholarship and Capitation	**-156,460,621**	**-136,616,127**
	Total revenue from Rendering of Services	**499,910,503**	**413,077,946**
	Adjustment for receivables	-10,051,615	-46,499,786
	Cash Transfer to the Cashflow Statement	**489,858,888**	**366,578,160**
8	REVENUE FROM FACILITIES, EQUIPMENT & OTHERS		
	Production Units	9,365,192	14,309,681
	Contigent Rentals and hire of facilities	280,000	516000
	Total Revenue from Facilities & Equipment	**9,645,192**	**14,825,681**
	OTHER INCOME		
	Graduation Fees	4,659,094	6,609,180
	Application Fees	821,590	1,290,060
	Disposal of Assets	65,330	6,920
	Institute Over heads	610,645	645,550

	E-Learning(KMLTTB)		1,275,000
	Industrial Attachment		153,000
	Insurance	15,298,071	14,241,000
	TVETA Fees	3,824,000	3,653,500
	Total Other Income		
	Total Revenue from Facilities & Equipment	**34,923,922**	**42,699,891**
9	**USE OF GOODS AND SERVICES**		
	Description	**2024-2025**	**2023-2024**
		30/6/2025	**Prior Year**
	Electricity Expenses	5,398,707	5,150,192
	Water, Fuel And Conservancy	3,459,907	1,737,907
	Servicing & Maintenance of Generator	556,020	753,360
	Marketing Services (Advertising and Publicity)	8,412,984	4,426,169
	School Equipment & Stores (SES)	60,559,409	58,491,210
	Local, Transport & Travel (L.T.& T)	9,786,141	9,245,677
	Student Activities	12,579,160	10,510,560
	TVET Activities (Research, Innovation & Robotics)	2,316,010	5,634,519
	Stationery Expenses	12,183,344	14,356,671
	Staff Training & Development	18,876,035	17,206,035
	Performance Contract	1,672,375	3,006,896
	Security Services	4,699,000	4,315,977
	ISO 9001:2015 Quality Management System/EOMS 21001	1,100,300	1,639,050
	Graduation	1214552	5,836,380
	Students Levy	2,519,400	3,803,772
	Students Id Cards	5,087,200	3,352,500
	Caution money Expense		7,826,000
	NTTI (KNEC) Examinations	62,237,330	60,654,380
	Tuition Related Expenses	67,991,241	60,431,998
	Newspapers	214,029	235,920
	Food Items (Training)	12,391,369	15,829,425
	Subsistence Allowances	10,908,664	17,472,478
	International Conferences and CAPA	2,706,735	2,224,809
	General Cleaning Services	5,225,923	4,169,432
	ICT Expenses	3,652,615	3,468,785
	Library Expenses	1,071,370	1,527,850
	Attachment Expenses	2,109,562	2,486,675
	Telephone Expenses	2,625,508	1,910,201
	Administrative Costs		95,356
	Training Materials		32,430,000
	Student & Motor Insurance	3,357,313	4,567,069
	GIZ Expenses	610,000	1,950,000

	Tagging and Valuation of Assets	679,392	
	Unido	653,081	
	Monitoring & Evaluation	7,522,000	
	Research Fund Expense	839,976	
	Production Units Expense	6,023,265	4,153,181
	KUCCPS Registration	2,446,500	1,288,500
	Public service Recruitments Expense		588000
	CCTV expense	476,890	577440
	Audit Fees	500,000	
	Provision for doubtful debts	13,790,482	6,291,479
	Total good and services	**358,453,789**	**379,645,853**

10	EMPLOYEE COSTS	2024-2025	2023-2024
		30/6/2025	Prior Year
	Description	**KShs**	**KShs**
	Salaries and Wages - BOG- Training Staff	23,927,844	22,227,423
	Non-Training Staff		
	Basic Salary	34,147,866	31,362,153
	House Allowance	8,691,250	9,349,470
	Employer Pension	655,718	
	Commuter Allowance	3,114,000	3,283,920
	Employee costs	**70,536,678**	**66,222,966**

11	REMUNERATION OF BOG MEMBERS	2024-2025	2024-2025
	Description	30/6/2025	Prior Year
		KShs	**KShs**
	Members emoluments	4,986,100	6,740,000
	Transport	1,324,593	1,297,400
	Accommodation	2,758,000	3,544,400
	Training		1,367,550
	Total director emoluments	**9,068,693**	**12,949,350**

12	REPAIRS AND MAINTENANCE	2024-2025	2023-2024
	Description	30/6/2025	Prior Year
		KShs	**KShs**
	Maintenances of buildings	15,735,872	11,889,812
	Maintenances of plants and equipment	8,179,024	5,966,452
	Landscaping	14,102,538	
	Maintenances of water supplies and grounds	132,935	311,990
	Total repairs and maintenance	**38,150,369**	**18,168,254**

13	CONTRACTED SERVICES	2024-2025	2023-2024
	Description	**30/6/2025**	**Prior Year**
		KShs	**KShs**
	Other Services	6,584,778	9,845,092
	Total contracted services	**6,584,778**	**9,845,092**

14	FINANCE COSTS (BANK CHARGES)	2024-2025	2023-2024
		30/6/2025	**Prior Year**
	Description	**KShs**	**KShs**
	Bank charges	1,734,960	1,483,340
	Total finance costs	**1,734,960**	**1,483,340**

15	MENTORING PROJECTS		
	Operational Expenses		
	Olkalau TVC	2,895,023	250,000
	Gilgil TVC	17,446,491	9,143,820
	Langata TVC	5,785,778	9,471,125
		26,127,292	**18,864,945**
	Total Mentoring Expenses	**26,127,292**	**18,864,945**

16	DEPRECIATION AND AMORTIZATION EXPENSE	2024-2025	2023-2024
	Description	**30/6/2025**	**Prior Year**
		KShs	**KShs**
	Buildings	10,936,168	6,447,839
	Machinery and Equipment	7,908,966	5,994,174
	Motor Vehicles	3,422,812	4,563,750
	Computers	8,717,979	10,252,512
	Intangible Assets (Software)	954,728	1,060,808
	Furniture	2,565,102	2,231,447
	Total depreciation and amortization	**34,505,755**	**30,550,530**

17	CASH AND CASH EQUIVALENTS		
	Current Accounts	**114,281,232**	**199,051,444**
	Savings Accounts	**39,011,601**	**58,510,548**
	Others (Specified)	-	**0**
	Total cash and cash equivalents	**153,292,833**	**257,561,992**
	DETAILED ANALYSIS OF CASH & CASH EQUIVALENTS		

	a) Current account		
	Kenya Commercial Bank - 1107678412 :	12,548,840	122,705,323
	National Bank - Main Account I 01003002837301 :	47,964,045	23,133
	- Fund Account II 01003002837300 :		1,358
	Equity Bank Limited 0910263423332 :		265,472
	Cooperative Bank of Kenya Limited 01129070020700 :	3,159,819	17,216,036
	OLKALOU TECH & VOC COLLEGE (1260303470	56,870	213,859
	GILGIL TECH & VOC COLLEGE (1260304280	6,572,469	10,426,573
	NNTI GIZ Development: 01293460680		607
	LANGATA TVC	2,853	5,702,198
	MATHARE TVC (01293460311	43,976,336	42,496,885
	Sub-Total	**114,281,232**	**199,051,444**
	(b) Savings Accounts		
	National Bank - Caution Money A/C 01242003387600 :	984,465	2,165,131
	- Income Generating Account : 01241003414500	3,890,488	10,594,204
	- NTTI AC Fund 01241003414700 :	6,447,494	43,763,480
	- NTTI Exams AC 01241003414800 :	27,689,154	1,987,733
	Sub - Total	39,011,601	58,510,548
		-	
	GRAND TOTAL	**153,292,833**	**257,561,992**

18a	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2024-2025	2023-2024
		30/6/2025	Prior Year
	Current receivables	**KShs**	**KShs**
	Student debtors	275,809,635	123,840,417
	Provision for doubtful debts	**13,790,482**	**6,291,479**
	Total current receivables	**262,019,153**	**117,548,938**

18b	Receivables from Non-Exchange transactions		
		2024-2025	2023-2024
	Description	30/6/2024	Prior Year

		Kshs	Kshs
	Current Receivables		
	Capitation Grants*	42,336,500	119,101,500
	Less: Impairment Allowance	**2,116,825**	**5,955,075**
	Total Current Receivables	**40,219,675**	**113,146,425**

18c	**Current Receivables from exchange transactions**		
	Description	**30/6/2025**	**30 6 2024**
		Kshs	**Kshs**
	Current Receivables		
	Student debtors	**275,809,635**	**123,840,417**
	Less: Impairment Allowance		
	Total Current Receivables	**275809635**	**123840417**
	Summary of Receivables from Non-Exchangeand non-Exchange transactions(a+b)		
	Description	**2024-2025**	**2023-2024**
		30/6/2025	**Prior Year**
		Kshs	**Kshs**
	Current Receivables from exchange transactions	275,809,635	**123,840,417**
	Current Receivables from Non-exchange transactions	42,336,500	**119,101,500**
	Total Current Receivables	**318,146,135**	**242,941,917**

18d	**Reconciliation for impairment Allowance on Receivables from Exchange Transactions**		
			Insert
		Insert Current FY	**Comparative FY**
	Description	**Kshs**	**Kshs**
	At the beginning of the year	6,291,479	3867032
	Provisions during the year	7,499,002	2,424,447
	Recovered during the year	0	-
	Write offs during the year	0	-
	At the end of the year	**13,790,482**	**6,291,479**

18e	**Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**		
	Description	**Insert Current FY**	**Insert Comparative FY**
		Kshs	**Kshs**
	At the beginning of the year	5,955,075	**7,580,300**
	Additional provisions during the year		
	Recovered during the year	3,838,250	**1,625,225**
	At the end of the year	**2,116,825**	**5,955,075**

19	INVENTORIES	2024-2025	2023-2024
	Description	**30/6/2025**	**Prior Year**
		KShs	**KShs**
	Consumable stores	**3,400,361**	**3,291,823**
	Total inventories at the lower of cost and net realizable value	**3,400,361**	**3,291,823**

20	Work in progress (As per Schedule)	2024-2025	2023-2024
		30/6/2025	Prior Year
		KShs	**KShs**
	Modern Gate	6,423,241	-
	Ol Kalau TVC		45,044,808
	Boundary Wall & Gatehouse		16,646,957
	Tuition Block		76,985,380
	Hospitality Block		115,592,056
		6,423,241	**254,269,201**

21	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2024-2025	2023-2024
	Description	**30/6/2025**	**Prior Year**
		KShs	**KShs**
	Trade payables	1,672,080	-
	Fees paid in advance	103,279,568	63,313,144
	Bursary		
	Higher Education Loans Board		1,300,000
	Provision for Audit Fees	500,000	500,000

	caution money deposits	2,023,054	631,753
	Total trade and other payables	**107,474,701**	**65,744,897**

22a	Retentions	2024-2025	2023-2024
		30/6/2025	Prior Year
		KShs	KShs
	Ol Kalau Tvc		
	Hospitality Phase 1		
	Boundary Wall & Gatehouse		
	Tuition Block	7,930,630	7,698,539
	Total Retentions	**7,930,630**	**7,698,539**

Cash generated from operations.

23			
		30/6/2024	2023-2024
	Working Capital Adjustments		
	(Increase)/Decrease in Inventories	-108,538	6,503,240
	Increase/(Decrease) in Payables	41,729,804	-30,470,923
	Increase/(Decrease) in Receivables	-75,204,218	-10,585,258
	Net Cash Flow from Operating Activities	**-33,582,952**	**-34,552,941**

24a	Deferred Income	2024-2025	2023-2024
		30/6/2025	Prior Year
		KShs	KShs
	Ol Kalau Tvc	56,870	4,040,359
	Mathare TVC	43,976,336	42,496,885
	Gilgil TVC	6,572,469	10,426,523
	Langata TVC	2,853	5,702,198
		50,608,528	**62,665,965**

24b	Description	Amount	
	Analysed as	**Kshs**	
	Current	**0**	
	Non- Current	**50,608,528**	62,665,965
	Total	**50,608,528**	**38305163**

25	Revenue Reserves		
	Reserves brought forward	551,568,768	405,032,803

	Surplus for the Year	175,215,772	146,535,965
	Reserves carried forward	**726,784,540**	**551,568,768**

26	Capital & Equity		
	Brought forward	4,495,275,977	4,511,117,652
	Conditional Grants Received		36,499,265
	Ol Kalau TVC		-52,340,940
	Transfers during the year	-240,696,157	
	Reserves Carried forward	**4,254,579,820**	**4,495,275,977**

18f	Ageing Analysis of Receivables from Exchange transactions				
	Description	Insert Current FY Kshs		Insert Comparative FY Kshs	
		Current FY	% of the total	Comparative FY	% of the total
	Less than 1 year	204,767,542	%	77340631	%
	Between 1- 2 years	33535113.76	%		%
	Between 2-3 years	24702256.61	%		%
	Over 3 years	12804722	%		%
	Total (a+b)	**275809634**	**%**	**77340631**	**%**

18g	Ageing Analysis on Receivables from Non-Exchange Transactions				
	Description	2024/2025		2023/2024	
		Kshs		Kshs	
		Current FY	% of the total	Current FY	% of the total
	Less than 1 year			153,442,124	62.65
	Between 1- 2 years			220,542,356	90.04
	Between 2-3 years	42,336,500		235,142,574	96.00
	Over 3 years			244,931,088	100

	Total			**244,931,088**	

22b	**Retentions movement**					
	Description	Ol Kalau Tvc	Hospitality phase 1	Boundary wall	Tuition Block	
		Kshs	**Kshs**	**Kshs**	**Kshs**	
	Balance brought forward				7,698,539	
	Additions during the year				232,091	7,930,630
	Transfers to capital fund					
	Balance carried forward				7,930,630	7,930,630

21b .Payment received in advance

Description	2024/2025 **Kshs**	2023/2024 **Kshs**
Fees received in advance	103,279,568	63313144
Total	**103279567.9**	**63313144**

22c	**Ageing analysis:**	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
	Under one year	87,787,633	85	47795300	75.49
	1-2 years	7,436,129	7	8984015	14.19
	2-3 years	8,055,806	8	6533829	10.32
	Over 3 years	-	-	0	0
	Total	**103,279,568**	**100**	**63,313,144**	

24b	The deferred income movement is as follows:					
	Description	**Ol Kalau Tvc**	Mathare TVC	Gilgil TVC	Langata tvc	Total
		Kshs	Kshs	Kshs	Kshs	
	Balance brought forward	4,040,359	42,496,885	10,426,523	5,702,198	62,665,965
	Additions during the year		1,479,451			1,479,451
	Transfers to capital fund	3,983,489			5,699,345	9,682,834.00
	Transfers to income statement			3,854,054		3,854,054
	Balance carried forward	56,870	43,976,336	6,572,469	2,853	50,608,528

28.Property, Plant and Equipment

Cost	Land	Buildings	Plant and Equip.	Motor Vehicles	Computers	Furniture and fittings	Intangible Assets Software	Capital Work In Progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
		2.00%	10.00%	25%	30%	10%	10.00%		
Cost as at 1st July 2022	**4,000,000,000**	**328,971,398**	**51,198,093**	**22,740,000**	**14,732,681**	**18,530,121**	**11,786,760**	**138,707,162**	**4,586,666,215**
Additions During the Period			**1586093**	**1,599,999**	**10,206,316**	**2,318,068**		**118,896,738**	**134,607,214**
Valuationa in the Year								-60342783	-60342783
Book Value as at 30th June 2023	**4,000,000,000**	**328,971,398**	**52,784,186**	**24,339,999**	**24,938,997**	**20,848,189**	**11,786,760**	**197,261,117**	**4,660,930,646**
Depreciation and impairment for the		**6,579,428**	**5,278,419**	**6,085,000**	**7,481,699**	**2,084,819**	**1,178,676**		**28,688,041**
Net Book Value as at 30th June. 2023	**4,000,000,000**	**322,391,970**	**47,505,767**	**18,254,999**	**17,457,298**	**18,763,370**	**10,608,084**	**197,261,117**	**4,632,242,605**
Cost as at 1st July 2023	**4,000,000,000**	**322,391,970**	**47,505,767**	**18,254,999**	**17,457,298**	**18,763,370**	**10,608,084**	**197,261,117**	**4,632,242,605**
Additions During the Period			**12,435,970**		**16,717,743**	**3,551,095**			**32,704,808**
Transfer		-	-		-			**184,579,953**	**184,579,953**
Book Value as at 30th June 2024	**4,000,000,000**	**322,391,970**	**59,941,737**	**18,254,999**	**34,175,041**	**22,314,465**	**10,608,084**	**12,681,164**	**4,480,367,460**
Depreciation and impairment for the period		**6,447,839**	**5,994,174**	**4,563,750**	**10,252,512**	**2,231,447**	**1,060,808**		**30,550,530**
Net Book Value as at 30th June. 2024	**4,000,000,000**	**315,944,131**	**53,947,563**	**13,691,249**	**23,922,529**	**20,083,019**	**9,547,276**	**12,681,164**	**4,449,816,930**
Cost as at 1st July 2024	**4,000,000,000**	**315,944,131**	**53,947,563**	**13,691,249**	**23,922,529**	**20,083,019**	**9,547,276**	**12,681,164**	**4,449,816,930**
Additions During the Period		230,864,285	25,142,092		5,137,400	5,568,003		6,423,241	273,135,021
Transfer			-		-				-

Book Value as at 30th June 2025	**4,000,000,000**	**546,808,416**	**79,089,655**	**13,691,249**	**29,059,929**	**25,651,022**	**9,547,276**	**19,104,405**	**4,722,951,951**
Depreciation and impairment for the period		10,936,168	7,908,966	3,422,812	8,717,979	2,565,102	954,728		34,505,755
Net Book Value as at 30th June. 2025	**4,000,000,000**	**535,872,247**	**71,180,690**	**10,268,437**	**20,341,950**	**23,085,919**	**8,592,548**	**19,104,405**	**4,688,446,197**
Net Book Values									
At 30th Jun 2024	4,000,000,000.00	315,944,130.64	53,947,563.30	13,691,249.44	23,922,528.63	20,083,018.59	9,547,275.60	12,681,164.00	4,449,816,930.20
At 30th Jun 2025	4,000,000,000.00	535,872,247.33	71,180,689.77	10,268,437.08	20,341,950.04	23,085,919.43	8,592,548.04	19,104,405.00	4,688,446,196.69

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Dansal professional valuers These amounts were adopted in the financial statements.

Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	4,000,000,000	0	4,000,000,000
Buildings	328,971,398	26,110,974.57	302,860,423
Plant And Machinery	51,198,093	19,181,558.23	32,016,535
Motor Vehicles including Motorcycles	22,740,000	14,071,561.92	8,668,438
Computers and Related Equipment	14,732,681	7,481,699.10	7,250,982
Office Equipment, Furniture, And Fittings	18,530,121	6,881,367.57	11,648,753
Total	**4,436,172,293**	**73,727,161.39**	**4,362,445,132**

7. Financial Risk Management

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

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions	123,735,724.21	117,548,938.00		6,186,786.21
Receivables from non-exchange transactions	119,101,500.00	113,146,425.00		5,955,075.00
Bank balances	257,961,992.00			257,961,992.00
Total	**500,799,216.21**	**230,695,363.00**		**270,103,853.21**
At 30 June 2025				
Receivables from exchange transactions	275,809,635.00	262,019,153.25		13,790,481.75
Receivables from non-exchange transactions	42,336,500.00	40,219,675.00		2,116,825.00
Bank balances	153,292,832.64			153,292,832.64
Total	**471,438,967.64**	**302,238,828.25**		**169,200,139.39**

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables			65,744,897	65,744,897
Provisions			500000	500,000
Deferred Income			62,665,965	62,665,965
Total			**128,910,862**	128,910,862
At 30 June 2025				0
Trade Payables			107,474,701	107,474,701
Provisions			500000	500,000
Deferred Income			50,608,528	50,608,528
Total			**158,583,229**	158,583,229

(iii) Market risk

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

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

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

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

iv) Capital Risk Management

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Revaluation Reserve	1,249,845,199.00	1,249,845,199.00
Retained Earnings	726,784,539.54	551,568,768.00
Capital Reserve	3,004,734,621.00	3,245,430,778.00
Total Funds	**4,981,364,359.54**	**5,046,844,745.00**
Total Borrowings	-	-
Less: Cash and Bank Balances	-153,292,832.64	-257,561,992.00
Net Debt/(Excess Cash and Cash Equivalents)	305,639,189.25	233,987,186.00
Gearing	5,133,710,716.15	5,023,269,939.00

8. 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) Council of directors;

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Total		
B) Purchases from related parties		
Purchases of electricity from kplc	5 398,707	5,150,192
Purchase of water from govt service providers	3 459,907	1,737,907
Total	**8,858,614**	**6,888,099**
b) Grants /Transfers from the Government		
Grants from National Govt	173,356,250	228,488,459
Donations in Kind	187409	0
Total	**185,543,659**	**228,488,459**
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees		66,222,966
Payments for Goods and Services for XX		379,645,853
Total		445,868,819
d) Key Management Compensation		
Directors' emoluments		12,949,350
Total		**12,949,350**

9. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised for		
Authorised and Contracted for (Matlıare tvc)	42,500,000	42,500,000
Total	**42,500,000**	**42,500,000**

10. Events After the Reporting Period

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

11. 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.

12. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Cash and cash Equivalents			
1.	The certificate of bank balance for Mathare TVC account reflects a bank balance of Kshs. 676,607 while the bank reconciliation statement indicates balance as per bank certificate of Kshs. 42,573,908 resulting to a variance of Kshs. 41,897,301	The certificate of bank balances amounting to ksh 42,676,607 and cashbook balances of 42,496,885 were availed for audit verification. The balance as per bank statement as at 30/6/2025 is ksh 43,974,806	Resolved	
2.	Unsupported Accounts Receivable the Institute did not have a fee policy to ensure prompt payment of fees and collection of outstanding balances which may have contributed to the accumulation of receivables, posing a risk to the institution's financial sustainability	Receivables from non-exchange transactions was occasioned by arrears in Government capitation for the affected students. The Government through the Ministry of education has since transitioned from the old capitation model to the new scholarship funding to address the issues and continuously disburses funds on availability of resources The Institute has since enforced its revenue collection mechanisms by sending regular	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		reminders to parents/guardians to ensure they clear the outstanding fees balances The Institute is in the process of developing a fee policy in the current F/Y2025/2026 as per the audit recommendation		
3	Students Sitting Examinations with Fee Balances	This was occasioned by the previous funding model where the Government was obligated to pay ksh 30,000 per student hence the parent could not be charged fees. The funding model has since been changed which will streamline the fees enforcement process.		
4	**Lack of System Ownership** The Institute procured a Human Resource and Payroll Management System from a vendor. However, a review of system ownership and control revealed that the vendor did not surrender the administrator credentials for the database to the Institution	The Institute wrote a letter to the system provider on the matter. The system provider indicated that for security, data integrity and risk management process, it is their practice not to release full database administrative access directly. However, they have proposed setting up a secure, read only database access for audit, reporting and oversight purposes		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
5	**Stores Management** A physical audit inspection conducted in the Institution stores revealed that the store was congested, not properly ventilated and supplies were not well-arranged making it difficult to access all the items in the store	This was occasioned by limited available storage space for expansion. Management is analysing its available storage stage with a view to expand the stores with the current Infrastructure expansion in the F/Y 2025/2026	Resolved	
6	Non-compliance with a Third rule on basic salary	This was occasioned by changes in statutory deductions under the Finance Act. Staff have been sensitized to restructure their commitments so as to adhere to the requirement.	Resolved	

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Dr. Glory K. Mutungi, PhD
Accounting Officer
Chief Principal
Date 22/10/25

Appendix II: Projects Implemented by The Nairobi National Polytechnic

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of Automotive Mechatronics Workshop		GIZ	2024/2025		Yes	No
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	HOSPITALITY COMPLEX PHASE 11	216,451,126.00	206,002,217.00	100%	216,451,126.00	206,002,217.00	Council
2	TUITION BLOCK	113,917,130.00	79,306,295.00	100%	113,917,130.00	79,306,295.00	Council
3							

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity: STATE DEPARTMENT OF TVET

Name of beneficiary entity: THE NAIROBI NATIONAL POLYTECHNIC

Confirmation of amounts received by Nairobi National Polytechnic as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
330013	20/9/2024	11,267,595		11,267,595	Capitation/scholarship
330015	20/9/2025	2,029,108		2,029,108	Capitation/scholarship
330016	20/9/2025	7,861,113		7,861,113	Capitation/scholarship
330017	26/9/2024	27,769,300		27,769,300	Capitation/scholarship
330018	20/9/2025	154,535		154,535	Capitation/scholarship
330019	26/9/2024	23,484,000		23,484,000	Capitation/scholarship
330022	24/9/2024	248,599		248,599	Scholarship
353189	8/5/2025		7,500,000	7,500,000	Narok Funds
355829	23/6/2025		2,500,000	2,500,000	Narok Funds
330020	23/9/2025	3,755,865		3,755,865	Scholarship
342506	20/2/2025	76,765,000		76,765,000	Capitation
333035	29/11/2024	5,000,000		5,000,000	Moe Operational Grant
347328	24/4/2025	7,522,000		7,522,000	Moe Operational Grant
Total		**165,857,115**	**10,000,000**	**175,857,115**	
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 ..... **Sign** ..... **Date**.....