

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



Paper Laid on  
the Table of  
the House by

**REPORT**

the Leader of  
the Majority  
Party on Thursday

**OF**

**THE AUDITOR-GENERAL**

**ON**

14<sup>th</sup> December 2017  
during the

**THE FINANCIAL STATEMENTS OF  
ELDOROT NATIONAL POLYTECHNIC**

Special  
Sitting  
in the Morning

**FOR THE YEAR ENDED  
30 JUNE 2016**





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**THE ELDORET NATIONAL POLYTECHNIC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2016**

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



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## **I. THE ELDORET NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Eldoret Polytechnic was established as per the legal notice No. 120 in the Kenya Gazette Supplement No. 30 dated 8<sup>TH</sup> May 1987 under the Education Act(Cap. 211) conferring the Minister then to make an order establishing the Governing Council of Governors of Eldoret Polytechnic referred to as -THE EDUCATION(GOVERNING COUNCIL OF GOVERNORS) (ELDORET POLYTECHNIC), ORDER, 1987. Subsequent to this order, the institution changed status as per Kenya Gazette Legal Notice No.114 dated 22<sup>nd</sup> August, 2014 for THE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING ACT (no. 29 of 2013) which states;

IN EXERCISE of the powers conferred by section 26 ( 2) of the Technical and Vocational Education and Training Act, 2013, the Cabinet Secretary for Education Science and Technology makes the following Order:- THE ELDORET NATIONAL POLYTECHNIC ORDER, 2014 hence recognizing the governing council as responsible for the general policy and strategic direction of the The Eldoret National Polytechnic.

### **(b) Principal Activities**

The principal activity/mission of the *The Eldoret National Polytechnic* is to be a centre of excellence in technical advancement. Its mission is produce human capital through innovative training for a dynamic economy. At Eldoret National Polytechnic, we are committed to the following values:

**Integrity, Team work, Commitment, Creativity & Innovation and Health and Safety. The following are objectives and functions;**

To restructure the Governing organs including Governing Council and management committee to be compatible with a degree awarding institution with appropriate industrial cluster;

To establish and maintain effective and strategic leadership that is able to formulate policies and monitor the achievement of institutional vision , mission and objectives;

To establish and encourage democratic governance and management of the institution;

To promote and adopt principle of good corporate governance and achieve high quality of work, image and culture to ISO 9001 standards;

To strengthen guidance and counselling and public relations office;

To attract and retain highly qualified competent and motivated human resource for the institution ;

1. To develop human resource capacity and capability that is able to provide an excellent service delivery in teaching and research for the institution;
2. To develop and upgrade teaching/learning facilities and equipment up-to the required international standards;
3. To develop quality ICT infrastructure for learning, research, effective and efficient institutional management information systems;
4. To develop high quality academic and research programs that are market driven so as to contribute towards training of competent innovative graduates;
5. To restructure and broaden resource base of the growing institution by diversifying sources and improving the resource management system;
6. To harmonize admission criteria to meet Quality assurance standards; and
7. To promote and establish collaboration, linkages and networking with other institutions.

**(c) Key Management**

The *Eldoret National Polytechnic*'s day-to-day management is under the following key organs:

Principal;  
Deputy Principal (Administration)  
Deputy Principal (Academics)  
Registrar  
Dean of Students  
Finance Officer

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Principal	<b>Josphat K. Sawe</b>
2.	DeputyPrincipal( Admin)	<b>Isaac Kipkoech Kilach</b>
3.	Deputy Pncipal (Academics)	<b>Josphat Kipkemboi</b>
4.	Registrar	<b>David Ogega Onyimbo</b>
5.	Dean of Students	<b>John Kipkorir</b>
6.	Finance Officer	<b>Richard K. Sang</b>

**(e) Fiduciary Oversight Arrangements**

During the year under review, the Polytechnic had the following over sighting committee

1. Finance committee activities
2. Disciplinary Committee

**(f) The Eldoret National Polytechnic Headquarters**

P.O. Box 4462 code 30100  
Kisumu Road  
Eldoret, KENYA

**(g) The Eldoret National Polytechnic Contacts**

Telephone: (254) 708212633, (054) 714871685  
E-mail: [eldopoly@africaonline.co.ke](mailto:eldopoly@africaonline.co.ke)  
Website: [www.tenp.ac.ke](http://www.tenp.ac.ke)

**(h) The Eldoret National Polytechnic Bankers**

1. National Bank of Kenya Ltd

Eldoret Branch

P.O. Box 3111 code 30100

Eldoret, Kenya

2. Co-operative Bank of Kenya Ltd

Eldoret Branch

P.O. Box 2948 code 30100

Eldoret, Kenya

**(i) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(j) Principal Legal Advisers**

The Attorney General

State Law Office



Harrabee Avenue

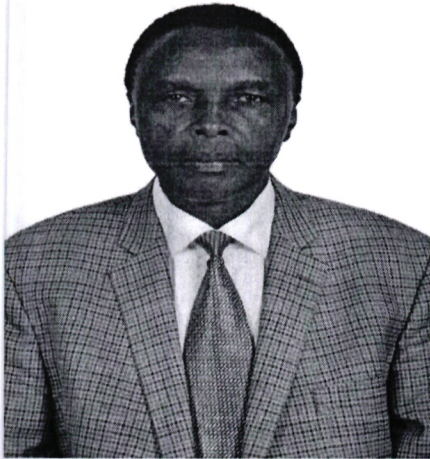
P.O Box 40112

City Square 00200

Nairobi, Kenya

**II. THE GOVERNING COUNCIL**

Director's passport-size photo and name, and key profession/academic qualifications	Description of each Director's date of birth, key qualifications and work experience
 <p>Amb. Samson K. Chemai, Msc(USIU)</p> <ul style="list-style-type: none"> <li>Chairman, Governing Council</li> </ul>	<p>Amb. Chemai was born on 6<sup>th</sup> March, 1942. He is the Governing Council Chairman. He has a wealth of corporate and public administrative experience having been a managing director and a director of various organisations, chairman of Kenya Airport Authority and Kenya Polytechnic and ambassador to Japan and United States of America. He has a masters degree in Management and organizational Development from United States International university</p>
 <p><b>Veska J. Kangogo,</b> MBA(Methodist),Bed( K.U)</p>	<p>Veska was born in February 1976. She is the Chair-person of Finance and general purposes committee of the polytechnics Governing Council .She has a rich background and experience in industrial relations having worked at senior positions in H.R Management in various considerably large organizations. She is a holder of a Masters in Business Administration Degree from Kenya Methodist University; a Bachelors Degree in Education from Kenyatta University; and a Higher National Diploma in Human resource management from Kenya Polytechnic.</p>



**Hosea K. Sitienei,**  
MBA(Salford,U.K), CPA(K)

Hosea was born on 15<sup>th</sup> November, 1952. He is currently the chairman of Audit and Risk committee in the Governing council of the polytechnic. He has a wide experience in general administration for having worked in public organisations including being the managing director at Kenya Seed Company and a Finance officer in Moi University and currently at University of Eldoret. His main discipline is in financial planning, accounting and auditing. He undertook his masters degree in business administration (MBA) in Salford University, United Kingdom and has Post graduate diploma in Education in from Kenyatta University. He is a member of ICPAK.



**Elizabeth A.O Nyawade,**  
Msc(TEIFI-Russia)

Elizabeth was born in December 1959. She is a member of the Infra-Structure committee of the Governing Council at the polytechnic. Elizabeth has Master in Science from the Technical Engineering Institute of Food Industry, Moscow-Russia. She has vast experience in the technology industry having worked as an Assistant Fermentation Engineer in the Ministry of Energy, Trainee Engineer, Production Superintend, Production Manager and a Quality Assurance Manager at Coca –Cola Africa for a span of more than 10 years. Her competences include Production Management Computer based systems and Quality management assurance, Environmental management systems.



**Victoria Chebseba,**  
LLB(Hons)-Moi

Victoria was born on 9<sup>th</sup> December, 1976. She is a member of the Infra structure committee of the polytechnic's Governing Council and a member of LSK in good standing. She is also an advocate of the High Court of Kenya with effect from 18/11/2004. She is currently in legal practice and also a Diocesan chancellor at the Diocese of Eldoret and a board member in various institutions including Konza Technopolis Development Authority. Victoria is a holder of Bachelor of Law from Moi University and also currently pursuing her masters in law at the same university. She is also a holder of a diploma in Business Administration.



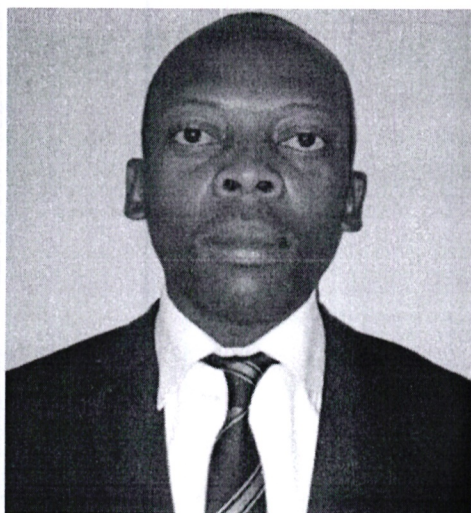
**Chrisantus Misaro,**  
Bsc(UoN), Msc(City-London)

Chrisantus was born on 18<sup>th</sup> August, 1957 and has 30 years of ICT industry experience covering both public and private sectors. Has spearheaded many implementations of emerging technologies in ICT within and outside Kenya. Has over the years ably demonstrated how the choice of sound appropriate information technology can be a critical enabler and/or asset in achieving an enterprise's objectives. He has Bachelor in Science (Hons) Statistics & Computer Science (UoN), MSc Business Systems Analysis & Design (City University, London).



**Prof. Peter Okemwa, PhD.**

Peter was born in 1961. He is a member of the In-fra structure committee of the Governing Council and he is currently an associate professor in the department of Technology Education at the University of Eldoret. He has a PhD in manufacturing and automation from the University of Shanghai Jiao Tong, China. He attained his masters degree in engineering from Tsinghua University, China. Professor did his diploma in mechanical Engineering and graduated from Kenya Polytechnic after attaining his diploma in Technical Education from Kenya Technical Training College



**Patrick Mbehi Stom, Msc(Finance-JKUAT), Member ICPAK.**

- Representative of the PS, The National Treasury

Mr Patrick Mbehi Stom was born on 6.4.1981. He is an accountant and a financial analyst. He works in the department of Government Investment and Public Enterprises at The National Treasury. He holds a Bachelor degree in Business Administration (Accounting option) from Moi University, Certified Public Accountants of Kenya, Certified Securities and Investment Analysts Part II and he is currently pursuing a Masters of Science degree in Finance at Jomo Kenyatta University of Technology. Mr. Stom is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) with wealth of experience in Public Sector Financial Management.



**Eng. Claude Kirwa Busienei,**  
Msc(Civil Engineering),  
Bsc(Civil Engineering)


Claude was born on 17<sup>th</sup> April, 1960. Eng. Claude is the Chairman of the Infra structure committee of the polytechnic's Governing Council. He is a Registered Civil Engineer with over 25 years of experience in planning, design, tender documentation, construction supervision of dams, management and maintenance of water supply, and sewerage/sanitation projects. He has carried out procurements processes both for Consultancies and Construction Works For Nzoia Cluster Ph I, II and Ph III under World Bank and Kfw of Federal Republic of Germany. He holds a Bachelor of Science and a Master of Science in Civil Engineering specializing in Geotechnical Engineering. Currently he is a lecturer in the Department of Civil Engineering, University of Eldoret.




**Michael K. Rugut**  
MBA(K.U), Bsc(Production &  
Technology)



- Representative of the PS,  
State Department of Science  
& Technology(TVET)



Mr. Rugut was born on 10<sup>th</sup> June, 1967. He is career civil servant currently serving as the Uasin Gishu County Director of TVET and represents the Principal Secretary, State Department of Vocational & Technical Training in the Governing Council having worked previously at the Head Office, Ministry of Education, Science & technology Nairobi. He also worked for National Youth Service as a lecturer in the Department of Technology. He has a degree in Production Technology from Moi University. He attained a certificate in Automotive Engineering and Construction Plant Engineering from the Polytechnic University of Japan. Mr. Rugut holds a Masters Degree in Administration (Project Management) from Kenyatta University.


 <p><b>Josphat K. Sawe</b>                  Med(Baraton), Bed(CUEA),                  Diploma(Education)</p> <ul style="list-style-type: none"> <li>• Principal/ Secretary                      Governing Council</li> </ul>	<p>Josphat was born on 12th December, 1958. He is the chief executive officer of the polytechnic serving as the principal and secretary to the Governing Council. He has a wealth of experience in Education Management having served as a principal in various institutions. He has been a deputy principal, head of department at Primary teacher training college and a teacher in high school. He has a masters degree in Education from the University of East Africa, Baraton. He attained his Bachelors degree in Education from Catholic University and also has a diploma in Education.</p>
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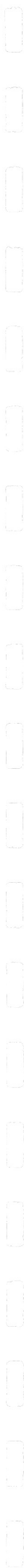
**III. MANAGEMENT TEAM**

Key manager's passport-size photo and name, and key profession/academic qualifications	The main area of responsibility
 <p><b>Josphat K. Sawe</b></p>	<p>Josphat was born on 12th December, 1958. He is the chief executive officer of the polytechnic serving as the principal and secretary to the Governing Council. He has a wealth of experience in Education Management having served as a principal in various institutions. He has been a deputy principal, head of department at Primary teacher training college and a teacher in high school. He has a masters degree in Education from the University of East Africa, Baraton. He attained his Bachelors degree in Education</p>

<p>Med(Baraton), Bed(CUEA), Diploma(Education)</p> <ul style="list-style-type: none"> <li>• <b>Principal/ Secretary Governing Council</b></li> </ul>	<p>from Catholic University and also has a diploma in Education.</p>
 <p><b>Isaac Kipkoech Kilach,</b> Bed(science) University of Nairobi</p> <ul style="list-style-type: none"> <li>• <b>Deputy Principal(Administration)</b></li> </ul>	<p>Mr. Kilach was born on 14<sup>th</sup> September, 1956. He attended Kenyatta University College then under University of Nairobi and graduated with Bachelors in Education science option. He has been a teacher and a Principal in Various Public schools and also a lecturer at Tambach Teachers Training College before joining Eldoret Polytechnic as a registrar. He has vast experience in education management and curriculum development.</p>
 <p><b>Josphat K. Kipkemboi,</b> MPhil(Moi), Bed( K.U)</p>	<p>Josphat was born on 31<sup>st</sup> December, 1964 . He is the Deputy principal in charge of academic affairs. He is currently pursuing his PhD in agriculture economics and resource management in Moi University where he also attained his masters degree in agriculture economics and resource management. He has a bachelors degree in education from Kenyatta University. Mr.Kipkemboi has vast experience in education management for a span of 25+ years including having been a Principal and a Dean of Students.</p>

Deputy Principal - Academics	
 <p data-bbox="162 929 450 1093"> <b>David Ogega Onyimbo,</b>                      MPhil(Moi), Bed(Moi)  <ul style="list-style-type: none"> <li>• Registrar</li> </ul> </p>	<p data-bbox="810 465 1439 1115">                     David was born in 1962. He is the Registrar and has a master in Business Administration from the Catholic University of East Africa , a <i>Bachelors</i> degree in Business Administration from Kenya Methodist university and a diploma in education. Mr Onyimbo has experience in education management) with over 25 years’ experience having worked as a lecturer and a Head of department.                 </p>
 <p data-bbox="162 1774 686 1892"> <b>John Kipkori</b>                      Mphil(Moi), Bed, Technology(Moi)  <ul style="list-style-type: none"> <li>• Dean of students</li> </ul> </p>	<p data-bbox="810 1214 1412 1908">                     Mr. Kipkorir was born on 18<sup>th</sup> Jan.1974. He was the Dean of students, holder of master of philosophy in Technology Education,(Mechanical Technology option) and a Bachelors degree in Education Technology from Moi University. He has experience in technical vocational education and training (TVET) with over 15 years experience as a trainer, examiner, Campus coordinator and Dean of Students.                 </p>

 <p>Richard K. Sang</p> <p>MBA(Moi),Bcom(UON),CPA(K),CPS(K)</p> <ul style="list-style-type: none"><li>• <b>Finance Officer</b></li></ul>	<p>Mr.Sang was born on 31st December, 1966. He graduated from the University of Nairobi having trained in Bachelor of Commerce(Accounting Option). He also has MBA(Finance) degree from Moi University. Mr. Sang is a member of ICPAK and ICPSK. He has been in accountancy field for more than 30 years.</p>



#### **IV. CHAIRMAN'S STATEMENT**

I am delighted to present this financial report for the year ended 30<sup>th</sup> June, 2016.

As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the vision of the institution of being a centre of excellence in technological advancement may be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial and material support from the Government and other stakeholders at this critical period of having been elevated to a National Polytechnic status in order to realize its academic and physical infrastructure development.

Indeed, the Governing Council of Eldoret National Polytechnic is committed to providing new appropriate facilities and improving existing ones to facilitate effective learning and teaching. In the financial year under review, we worked very hard towards accomplishing this duty. For instance, we succeeded in enhancing physical facilities in the institution to cater for the increasing number of students which stand at 5194 currently.

With the help of the Ministry of Education, Science and Technology, we have successfully nutured Ziwa Technical Training Institute and construction is under way in our mentoring institutions in Endebess and Turkana East. We have also completed construction works on the science laboratory and hospitality department complex here in main campus. All these are to enhance public access to technological training.

I take this opportunity once again to thank The Ministry of Education, Science and Technology for funding our activities to ensure our continued progress during the year under review. I also appreciate our sponsors and other stakeholders who chose

to partner with us in different ways during this year. The unwavering support, patience and understanding exhibited by our staff, students and the suppliers of services and goods during times of challenges along the way are highly appreciated by the Governing Council. Similarly the immense contributions and the support I received from the previous members of the Council is invaluable and highly appreciated.

I also thank the Principal for his robust leadership and guidance to the Polytechnic during the year. The passion and positive attitude we all exhibited during the year gives us hope and courage that we are all ready and prepared to face the future as a prospective Centre of Excellence in the region with confidence as we look forward to another successful year.



Amb. Samson K. Chemai

**CHAIRMAN OF THE GOVERNING COUNCIL**

6<sup>th</sup> September, 2016

## **V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

As a Polytechnic, the institution is well placed to providing adequate and relevant knowledge to its graduates that will enable them to contribute towards the attainment of our country's Vision 2030 strategic objectives. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Council, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We were able to attain ISO 9001-2008 certification during the year. Under my leadership and the overall direction of the Polytechnic's Governing Council we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Polytechnic nevertheless continued to discharge its mandate of teaching, research and outreach. We were able to successfully host a conference on Innovations For Advancement in Humanity (IFAH).

The main source of funding to the Polytechnic during this period under review was the Exchequer with a contribution of a total of **Kshs.112,051,268** million for recurrent expenditure purposes. Internally generated revenue from Fees was **Ksh.189,811,966**. In the Financial year under review hire of facilities was another major source of funding. In a nutshell, the Polytechnic realized an aggregate income of **Kshs. 301,863,234** in revenue during the year. The recurrent expenditure stood at **Kshs.306,512,427** therefore the Polytechnic closed the year with a shortfall of **Kshs. 4,649,193**. The shortfall is attributed to the general price

increase in goods and services while fees charged remain constant and all were not realised.

Under the Capital development Exchequer allocations, the Polytechnic received a total of **Kshs.81,000,000** for budgeted physical and infrastructure development during the year. The amount was expended in construction of the on-going Capital projects namely; Institutional, Hospitality and Consumer Science Lab project, Applied Science Lab, and Renovation of existing Buildings. I wish to report that construction works on these projects progressed well during the year and that all of them are expected to be completed in the 2016/2017 financial year.

Eldoret National Polytechnic being a National institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Polytechnic requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Polytechnic in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Polytechnic Governing Council and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Council as well as the

cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my gratitude to them all.

I look forward to their continued support in the new financial year and the years ahead.



**Mr. Josphat K. Sawe**  
**2016**

**PRINCIPAL**

**Date 6<sup>th</sup> September,**

## **VI. CORPORATE GOVERNANCE STATEMENT**

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

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

The Governing Council has established Corporate Governance Guidelines which provide a framework for the effective governance of the Polytechnic. The guidelines address matters such as the Governing Council's Vision and mission, overall strategy, members' responsibilities, Governing Council committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Governing Council regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The Polytechnic's corporate governance materials, including the Corporate Governance Guidelines, the Polytechnic's legal order, the terms and reference for each Governing Council committee, the Polytechnic's Codes of Business Conduct, information about how to report concerns about the Polytechnic and the Polytechnic's public policy engagement and technological contributions policy, can be accessed by visiting the polytechnic's website: *www.tenp.ac.ke*.

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The Eldoret National Polytechnics strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

- **Socially responsible graduates**

Our graduates are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities.

- **Responsible processes**

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

- **Environmental sustainability**

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

**VIII. REPORT OF THE GOVERNING COUNCIL**

The Governing Council submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the *The Eldoret National Polytechnic's* affairs.

**Principal activities**

The principal activities of the The Eldoret National Polytechnic are;

- (a) provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
- (b) participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development;
- (c) contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
- (d) examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation;
- (e) promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students;
- (f) develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya.
- (g) provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
- (h) provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;

- (i) Advance knowledge and its practical application by research and other means, the dissemination of outcomes of research by various means, and the commercial exploitation of search results;
  - (j) Promote critical enquiry within the polytechnic and in the general community;
  - (k) Participate in commercial ventures and activities;
  - (l) Foster the general welfare of all staff and students;
  - (m) Provide opportunities for development and further training for staff of the National Polytechnic;
  - (n) Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;
  - (o) Provide programmes, products and services in ways that reflect the principles of equity and social justice;
  - (p) Facilitate student mobility between different programmes at different technical training institutions, national polytechnics and other National Polytechnics;
  - (q) Conduct examinations for and grant such academic awards as provided under this Order;
  - (r) Collaborate with recognized universities for the conduct and award of degree programmes in technology.
- (2) The National Polytechnic shall have powers to grant higher diplomas, diplomas, certificates, or other academic qualifications which may, for the time being, be authorized by the Academic Policy of the National Polytechnic.
- (3) Subject to Technical, Vocational, Education & Training Order, the National Polytechnic may award scholarships, bursaries and prizes and make other awards which may be provided for by the Academic Policy.

## **Results**

The results of the The Eldoret National Polytechnic for the year ended June 30, 2016 are set out on page 1 to 5

## **Governing Council**

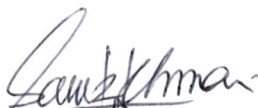
The members of the Governing Council who served during the year are shown on page v-x in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education, Science & Technology.

## **Auditors**

The Auditor General is responsible for the statutory audit of the *The Eldoret National Polytechnic* in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

No other auditors were appointed.

By Order of the Governing Council



**Amb. Samson K. Chemai**

Chairman, Governing Council

Eldoret

Date: 6<sup>th</sup> September, 2016

## **IX. STATEMENT OF GOVERNING COUNCIL S' RESPONSIBILITIES**

The Technical , Vocational, Education & Training Act 2013, require the Council to prepare financial statements in respect of *The Eldoret National Polytechnic*, which give a true and fair view of the state of affairs of the *Polytechnic* at the end of the financial year/period and the operating results of the *Polytechnic* for that year/period. The Council are also required to ensure that the *Polytechnic* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Polytechnic*. The Council are also responsible for safeguarding the assets of the *The Eldoret National Polytechnic*.

The Council is responsible for the preparation and presentation of the *The Eldoret National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *The Eldoret National Polytechnic* for and as at the end of the financial year (period) ended on June 30, 2016. 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 Eldoret National Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of *The Eldoret National Polytechnic*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

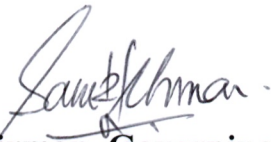
The Council accept responsibility for *The Eldoret National Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Council are of the opinion that *The Eldoret National Polytechnic's* financial statements give a true and fair view of the state of *The Eldoret National Polytechnic's* transactions during the financial year ended June 30, 2016, and of *The Eldoret National Polytechnic's* financial position as at that date.

The Council further confirm the completeness of the accounting records maintained for *The Eldoret National Polytechnic*, which have been relied upon in the preparation of *The Eldoret National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

The *Eldoret National Polytechnic's* financial statements were approved by the Governing Council on 6<sup>th</sup> September, 2016 and signed on its behalf by:



**Chairman ,Governing Council**



**Secretary, Governing Council**



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON ELDORET NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Eldoret National Polytechnic set out on pages 1 to 28, which comprise statement of financial position as at 30 June 2016, 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.

#### **Management's Responsibility for the Financial Statements**

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The 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.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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*Report of the Auditor-General on the Financial Statements of Eldoret National Polytechnic for the year ended 30 June 2016*

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Polytechnic's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

## **Basis for Adverse Opinion**

### **1.0 Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalent figure of Kshs.79,979,159 as at 30 June 2016, which is at variance with the statements of cash flows balance of Kshs.70,490,548 resulting in a variance of Kshs.9,488,611 and which the management has not reconciled or explained. Under the circumstances, the validity, accuracy and completeness of the cash and cash equivalent figure of Kshs.79,979,159 as at 30 June 2016 could not be confirmed.

### **2.0 Bank Overdraft**

As reported in the previous year 2014/2015, the statement of financial position as at 30 June 2016 reflects bank overdraft figure of Kshs.9,488,613 relating to college fund account at National Bank of Kenya. However, there was no documentary evidence availed to confirm that the overdraft had been approved by the governing council and Cabinet Secretary for Finance in line with Section 24 of Technical and Vocational Educational and Training Act 2013 which requires that the governing councils shall be responsible for making arrangements to raise any loan which they may, at the request of the institution, authorize the governing council to secure for the purpose of the institution and shall ensure that proper provision is made for the repayment thereof and payment of all interest and other charges thereon in accordance with any order made by the Cabinet Secretary in the matter, or in accordance with the terms and conditions of the loan. Although the management explained that the overdraft relates to overdrawn cash book balance, no justification was given for this anomaly. Under the circumstances, the validity, accuracy and propriety of the overdraft balance of Kshs.9,488,613 as at 30 June 2016 could not be confirmed.

### **3.0 Over Expenditure on Governing Council Expenses**

Included in the total expenditure of Kshs.306,512,427 that is reflected in the statement of financial performance is expenditure of Kshs.136,296,603 incurred against a budget of Kshs.129,568,506 resulting to an over expenditure of Kshs.6,728,097 as summarized below:

<b>Expenditure</b>	<b>Approved Budget 2015/206 (Kshs)</b>	<b>Actual Expenditure 2015/2016 (Kshs)</b>	<b>Over expenditure(Kshs)</b>
Compensation of Employees	127,368,506	129,526,129	2,157,623
Governing Council Expenses	1,200,000	5,537,496	4,337,496
Finance Cost	1,000,000	1,232,978	232,978
<b>Total</b>	<b>129,568,506</b>	<b>136,296,603</b>	<b>6,728,097</b>

However, documentary evidence of the approval of the over expenditure of Kshs.6,728,097 was not availed for audit review. Under the circumstances, the propriety of Kshs.6,728,097 excess expenditure for the year ended 30 June 2016 could not be confirmed. It was also observed that the governing council's expenditure increased by Kshs.3,481,925 or 169% compared with Kshs.2,055,571 reported in the financial year 2014/2015. No justifiable explanation was provided for this huge increase in the governing council's expenditure. Consequently, the propriety of Kshs.3,481,925 increase in the governing council's expenses during the year under review could not be confirmed.

#### **4.0 Trade and Other Payables From Exchange Transactions**

Included in the trade and other payables from exchange transactions figure of Kshs.118,523,530 as at 30 June 2016, in note 19 to the financial statements and as reported in the previous year 2014/2015, is Ministry of Education grants for Ziwa and Bomet Technical Training Institutes of Kshs.5,841,708 and Kshs.21,324,553 respectively, all totaling Kshs.27,166,261 and whose supporting documents were not availed for audit verification. Further, the trade and other payables figure also include retention money due to two contractors of Kshs.3,400,000 and Kshs.1,549,040 totaling Kshs.4,949,040. However, records availed indicate that the retention money relates to Endebess Technical Training Institute and Turkana Technical Training Institute respectively which are financed through Authority to Inter Expenditure (AIE) from the Ministry of Education to the Polytechnic for the construction of the above Institutes. It is not clear and the management has not explained how the retention money relate to Eldoret National Polytechnic. Under the circumstances, the validity, accuracy and existence of trade and other payables of Kshs.118,523,530 as at 30 June 2016 could not be confirmed

#### **5.0 Receivables from Exchange Transactions**

#### **6.0 Student Debtors**

Included in receivables from exchange transactions figure of Kshs.185,713,981 reflected in the statement of financial position is an amount of Kshs.105,217,730 in respect of student debtors. Examination of records and detailed fee analysis of the

institution for the year under review indicated that students from Health Science, Business and Applied Science Department had huge fee balances totaling to Kshs.10,092,480. However, further examination from the heads of department's records revealed that some of the students pursuing the courses with fee balances totaling to Kshs.2,932,605 had either differed or dropped out yet they were still being billed by the Polytechnic. In addition, two students had two registration numbers each with balances totalling Kshs.122,450 while other records availed for the same students indicated nil balances.

In the circumstances, the accuracy and completeness of the receivables figure of Kshs.185,713,981 as at 30 June 2016 could not be confirmed.

### **6.1 Staff Imprests**

Included in the receivables from exchange transactions figure of Kshs.185,713,981 also is outstanding staff imprest figure of Kshs.1,118,941 which ought to have been surrendered on or before 30 June 2016 but had not been surrendered or accounted for as at the time of this audit. No reason was provided for failure to recover these imprests from the defaulting officers. Consequently, the recoverability of staff imprest balance of Kshs.1,118,941 as at 30 June 2016 could not be confirmed.

### **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Eldoret National Polytechnic as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act 2013.

### **Other Matter**

#### **7.0 Financial Performance**

During the year, the Polytechnic recorded a loss of Kshs.4,649,194 and a loss of Kshs.50,472,173) during 2014/2015 which reduced the revenue reserve to a negative of Kshs.1,262,192. Although the Polytechnic recorded a favourable working capital of Kshs.136,523,281, if strategies are not put in place to reverse the loss making trend, the Polytechnic future operations are likely to be adversely affected due to cash flow challenges.

## 8.0 Failure to Observe One Third Staff Establishment Rule

Audit review of the payroll for the month of June 2016 showed that Eldoret National Polytechnic had a staff establishment of 259 (two hundred fifty nine), out of whom 205 (two hundred and five) or 79.15% of staff are from one dominant ethnicity leaving only 54 (fifty four) or 20.85% from other ethnicities as analyzed here below:

Staff Structure	No	Dominant Ethnic Community	% Of Dominant Ethnic Community
Governing Council	11	7	64
Senior Management	6	5	83
Other permanent and pensionable staff	242	193	80
<b>Total</b>	<b>259</b>	<b>205</b>	<b>79</b>

This is Contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

Consequently the management is in contravention of the one third ethnic diversity rule on staff establishment as a means of promoting national unity.

My opinion is not qualified in respect of this matters.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**18 September 2017**

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

**XI. STATEMENT OF FINANCIAL PERFORMANCE**

For the year ended 30 June 2016

	NOTE	2016 Kshs	2015 Kshs
<b>Revenue from non-exchange transactions</b>			
Exchequer grants	3	112,051,268.00	102,686,375
		<b>112,051,268.00</b>	<b>102,686,375</b>
<b>Revenue from exchange transactions</b>			
Tuition fees & Other incomes	4	176,309,036.00	151,887,702
Rental revenue from facilities and equipment	5	1,301,040.00	909,030
Other income	6	12,201,890.00	10,490,700
		<b>189,811,966.00</b>	<b>163,287,432</b>
<b>Total revenue</b>		<b>301,863,234.00</b>	<b>265,973,807</b>
<b>Expenses</b>			
Employee costs	7	129,526,129.00	108,890,307
Remuneration of Governing Council members	8	5,537,496.00	2,055,571
Depreciation and amortization expense	9	33,281,612.94	38,033,380
Repairs and maintenance	10	8,623,179.00	13,460,110
Administration & Central service expenses	11	115,239,569.20	132,904,061
Rents	12	4,295,272.00	5,699,614
Marketing expenses	13	7,155,106.00	12,052,055
Provisions	22	1,621,085.00	1,804,895
Finance Cost	25	1,232,978.00	1,545,986
<b>Total Expenses</b>		<b>306,512,427.14</b>	<b>316,445,979</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets		-	-
<b>Surplus before tax</b>		<b>( 4,649,193)</b>	<b>(50,472,173)</b>
Taxation		-	-
<b>Deficit for the period</b>		<b>( 4,649,193)</b>	<b>(50,472,173)</b>

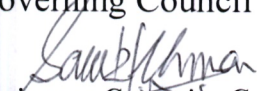
The notes set out on pages 6 to 27 form an integral part of the Financial Statements

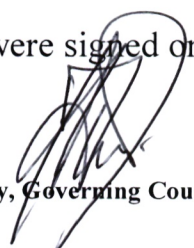
The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016

**XII. STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2016

Assets	NOTES	2,016	2,015
<b>Current assets</b>		<b>Ksh</b>	<b>Ksh</b>
Cash and cash equivalents	14	79,979,159	34,506,812
Receivables from exchange transactions	15	185,713,981	130,641,765
Inventories	16	2,655,323	4,062,025
		<b>268,348,463</b>	<b>169,210,602</b>
<b>Non-current assets</b>			
Biological assets	17	7,812,300	7,292,800
Property, plant and equipment	18	1,153,124,717	1,155,343,841
		<b>1,160,937,017</b>	<b>1,162,636,641</b>
<b>Total assets</b>		<b>1,429,285,480</b>	<b>1,331,847,243</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	118,523,530	102,285,507
Bank Overdraft	20	9,488,613	3,314,655
Refundable deposits from customers-caution money	21	2,073,039	1,703,839
Provisions	24	1,740,000	1,160,000
		<b>131,825,182</b>	<b>108,464,001</b>
<b>Non-current liabilities</b>			
Borrowings	23	4,547,499	6,821,248
<b>Total liabilities</b>		<b>136,372,681</b>	<b>115,285,249</b>
<b>Net assets</b>		<b>1,292,912,799</b>	<b>1,216,561,994</b>
Revaluation Reserves	Xiii	922,167,330	922,167,330
Accumulated surplus/Deficit	Xiii	(1,262,192)	3,387,002
G.O.K Exchequer grants	Xiii	341,706,446	260,706,446
Donated Assets (MOEST)	Xiii	30,301,215	30,301,215
<b>Total net assets and liabilities</b>		<b>1,292,912,799</b>	<b>1,216,561,994</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governing Council by:

  
Chairman, Governing Council

  
Secretary, Governing Council

**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
For the year ended 30 June 2016

	Revenue reserve	Revaluation reserve	G.O.K grants	Donated Assets (MOEST)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 30 JUNE 2015</b>	3,387,001.00	922,167,330.00	260,706,446.00	30,301,215.00	1,216,561,993.00
Surplus/(deficit) for the period	(4,649,193)	-	-	-	(4,649,193)
Prior year adjustment(Segregation of mentoring Projects)	-	-	-	-	-
Exchequer grant	-	-	81,000,000	-	81,000,000
Revaluation of Biological assets	-	-	-	-	-
<b>Balance as at 30 JUNE 2016</b>	<b>( 1,262,192)</b>	<b>922,167,330.00</b>	<b>341,706,446</b>	<b>30,301,215.00</b>	<b>1,292,912,798.86</b>

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

**XIV. STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30.6.2016**

	2016 Ksh	2015 Ksh
<b>Surplus/Deficit for the year</b>	<b>(4,649,193)</b>	<b>(50,472,173)</b>
Adjustments for non-cash income and expenses		
Prior year ledger adjustments		(27,267)
Adjustments for :-		
Realised income from revaluation of Biological Assets	-	(735,100)
Finance cost	-	1,545,986
Contribution to Provisions during the year	-	1,804,895
Depreciation	33,281,613	38,033,380
	<b>28,632,420</b>	<b>(9,850,278)</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Changes in Inventories	1,406,702	1,288,077
Changes in biological assets	(519,500)	(735,100)
Changes in Accounts Receivable	(55,072,216)	(23,186,454)
Changes in Accounts Payable	16,238,023	(174,424)
Changes in refundable deposits from customers	369,200	415,150
Changes in Provisions	580,000	80,000
	<b>(36,997,791)</b>	<b>(22,312,751)</b>
<b>Net Inflows/Outflows from Operating Activities</b>	<b>(8,365,371)</b>	<b>(32,163,029)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Non-currents assets	(31,062,489)	(42,441,474)
Adjustment for Transfer of assets (Projects bank accounts)	-	-
<b>Net cash flows from investing activities</b>	<b>(31,062,489)</b>	<b>(42,441,474)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Government Development Grants	81,000,000	81,000,000
Asset Financing Term loan (NBK)/Repayment	(2,273,749)	(2,273,752)
<b>Net cash flows from financing activities</b>	<b>78,726,251</b>	<b>78,726,248</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>39,298,391</b>	<b>4,121,745</b>
Cash and cash equivalents at the beginning of the year	34,506,812	38,625,393
Bank overdraft at the beginning of the year	(3,314,655)	(11,554,981)
	<b>31,192,157</b>	
<b>Cash and cash equivalents at the end of the year:</b>	<b>70,490,548</b>	<b>31,192,157</b>

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
AS AT 30th JUNE, 2016**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2015-2016	2014-2015	2015-20156	2015-2016	2015-2016
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Exchequer operations grants	120,000,000	-	120,000,000	112,051,268	(7,948,732)
Tuition fees & other incomes	201,166,548	-	201,166,548	189,811,966	(74,362,835)
<b>Total income</b>	<b>321,166,548</b>	<b>-</b>	<b>321,166,548</b>	<b>301,863,234</b>	<b>(82,311,567)</b>
<b>Expenses</b>					
Compensation of employees(both teaching & non teaching staff)	127,368,506	-	127,368,506	129,526,129	(2,157,623)
Administration costs & Central services	165,936,059	-	165,936,059	115,239,569	50,696,490
Repairs and maintenance	8,814,828	-	8,814,828	8,623,179	191,649
Finance cost	1,000,000	-	1,000,000	1,232,978	(232,978)
Rent	6,000,000	-	6,000,000	4,295,272	1,704,728
Governing Council expenses	1,200,000	-	1,200,000	5,537,496	(4,337,496)
Marketing expenses	10,847,155	-	10,847,155	7,155,106	3,692,049
Provisions	-	-	-	1,621,085	(1,621,085)
Provision for Depreciation	-	-	-	33,281,613	(33,281,613)
<b>Total expenditure</b>	<b>321,166,548</b>	<b>-</b>	<b>321,166,548</b>	<b>306,512,427</b>	<b>14,654,121</b>
<b>Surplus/Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,649,193)</b>	<b>(67,657,446)</b>

## **XVI. NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of compliance and basis of preparation – IPSAS 1**

The The Eldoret National Polytechnic's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the The Eldoret National Polytechnic and all values are rounded to the nearest shilling (Ksh0.00). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### **2. Summary of significant accounting policies**

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

##### **i) Revenue from non-exchange transactions – IPSAS 23**

#### **Fees, taxes and fines**

The Eldoret National Polytechnic recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to The Eldoret National Polytechnic and the fair value of the asset can be measured reliably.

#### **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 Eldoret National Polytechnic and can be measured reliably.

##### **ii) Revenue from exchange transactions – IPSAS 9**

#### **Rendering of services**

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

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

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

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

### ***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 – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of The Eldoret National Polytechnic. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or The Eldoret National Polytechnic differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

## **c) Taxes – IAS 12**

### ***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where The Eldoret National Polytechnic operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### ***Sales 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 – IPSAS 16**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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 – IPSAS 17**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, The Eldoret National Polytechnic 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.

#### **g) Intangible assets – IPSAS 31**

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.

#### **i) Research and development costs**

The Eldoret National Polytechnic expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when The Eldoret National Polytechnic 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.

#### **h) Financial instruments – IPSAS 29**

##### ***Financial assets***

##### ***Initial recognition and measurement***

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

##### ***Loans and receivables***

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

##### ***Held-to-maturity***

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

### ***Impairment of financial assets***

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

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

#### ***ii) Financial liabilities***

##### ***Initial recognition and measurement***

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

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

##### ***Loans and borrowing***

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

IPSAS 29.65

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

#### ***i) Inventories – IPSAS 12***

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 condition 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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of The Eldoret National Polytechnic.

#### **j) Provisions – IPSAS 19**

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

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

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

#### ***Contingent liabilities***

The Eldoret National Polytechnic does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. In this light then, a contingent liability for Ksh. 3,960,000 was disclosed in 2013/2014 which regards to a civil case No. 362 of 2013 between the polytechnic and Ekatchware company for the supply of of a management information system.

***Contingent assets***

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

**k) Nature and purpose of reserves**

The The Eldoret National Polytechnic creates and maintains reserves in terms of specific requirements. The Eldoret National Polytechnic to state the reserves maintained and appropriate policies adopted.

**l) Changes in accounting policies and estimates – IPSAS 3**

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

**m) Employee benefits – IPSAS 25**

**Retirement benefit plans**

The Eldoret National Polytechnic provides retirement benefits for its employees on gratuity basis. Defined contribution plans are post employment benefit plans under which an The Eldoret National Polytechnic pays fixed contributions into a separate The Eldoret National Polytechnic (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.

**n) Foreign currency transactions – IPSAS 4**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**o) Borrowing costs – IPSAS 5**

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.

**p) Related parties – IPSAS 20**

The Eldoret National Polytechnic regards a related party as a person or an officer/member with the ability to exert control individually or jointly, or to exercise significant influence over The Eldoret National Polytechnic, or vice versa. Members of key management are regarded as related parties and comprise the Chairman, the Chief executive officer(principal), Governing Council members, top management members and any other officer working for the polytechnic.

**q) Service concession arrangements – IPSAS 32**

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

**r) 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.

**s) Comparative figures**

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

**t) Significant judgments and sources of estimation uncertainty – IPSAS 1**

The preparation of The Eldoret National Polytechnic'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.

State all judgements, estimates and assumptions made: e.g

***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 The Eldoret National Polytechnic 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 The Eldoret National Polytechnic. Such changes are reflected in the assumptions when they occur.

***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 Eldoret National Polytechnic
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are

rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of on-going programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

#### **u) Subsequent events – IPSAS 14**

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, 2015.

#### **v) Fixed assets and depreciation –IPSAS 17**

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates of assets in use are as follows:-

<b><u>Assets</u></b>	<b><u>Rate (p.a)</u></b>
<b>Buildings</b>	<b>2%</b>
<b>Furniture, plant and equipment</b>	<b>12.5%</b>
<b>Motor vehicles</b>	<b>25 %</b>
<b>Computers</b>	<b>33.3 %</b>

**Freehold land is not depreciated as it is deemed to have an infinite life.**

**v) Agriculture – IPSAS 27**

Biological assets were dealt as per IPSAS 27 which outlines the accounting treatment for agricultural activity, the biological transformation and harvest of biological assets and conversion into agricultural produce. Biological assets were measured at fair value less costs to sell unless fair value measurement is unreliable. In regard to agricultural produce, we presumed that the fair value could be determined reliably by the Farm Manager who is also a member of Agricultural Society of Kenya as stated in basis of valuations given below.

In the fore-going the biological assets in the financial statements were dealt with in consideration of the following assumptions:

- Agricultural activity means the management by the polytechnic of the biological transformation and harvest of biological assets
- Conversion into agricultural produce or into additional biological assets for sale or for distribution at no charge or for a nominal charge.
- Agricultural produce means the harvested product of the polytechnic's biological assets.

- Biological asset means a living animal or plant.
- Harvest means the detachment of produce from a biological asset or the cessation of a biological asset's life processes.
- Costs to sell means the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

### **Recognition**

A biological asset or agriculture produce was recognized only when

- a) the entity controls the asset as a result of past events
- b) it is probable that future economic benefits will flow to the entity
- c) the fair value or cost of the asset can be measured reliably

### **Basis for valuation**

All farm biological assets are valued based on market rates. Apart from market rates, valuation for all the farm biological assets is based on the following factors:

#### **Dairy cows**

All the cows were valued differently based on:

1. *Age*- Older cows in a higher lactation stage will have a lower value than a cow in its first lactation. An in calf heifer that has never given but before will have the highest value than any cow in the herd. Younger cows also have a lower value.
2. *Sex*: Bull cows in the same age are valued differently from heifer cows in the same age.
3. *Registration*: All our female cows are registered with Kenya Stud Book and all have registration certificates. Registered cows are valued highly.
4. *Pedigree*: The institution cows have been bred and upgraded for many years using artificial insemination. Their pedigree information and records is well known through continued record keeping. They are superior breeds with *high milk production*. Pedigree cows have a higher value than other cows.
5. *Pure breeds*: These are cows whose ancestors or pedigree information is the same. The cows are pure Ayrshires without any mix of other blood. This means their lineage is known therefore an added value.

#### **Dorper Sheep**

The dorper sheep are valued based on the following:

- *Sex*: females have a higher value than the males
- *Age*: Female sheep that have been weaned and have already been served or in lamb for the first time fetch the highest price than older or younger females.
- *Pure breeds*: Sheep that have been bred selectively from pedigree rams will also be valued higher than those bred randomly.

### **Pigs (Large White)**

Pigs are valued based on:

- Age
- Breed
- Sex
- Condition e.g whether lactating, dry or in gilt (pregnant)
- Live weight

### **Poultry**

The poultry is valued based on the following:

- *Age*
- *Indigenous vs Hybrid*: Hybrid chicken is valued higher than indigenous chicken.

### **Crops**

Crops are valued based on the following:

- Growth stage
- Acreage planted
- Inputs applied

**NOTES TO THE FINANCIAL STATEMENT AS AT 30<sup>Th</sup> JUNE, 2016**

<b>3. Exchequer Recurrent grants</b>	<b>2016</b>	<b>2015</b>
	<b>Shs</b>	<b>Shs</b>
Disbursements	112,051,268	102,686,375
<b>Total</b>	<b>112,051,268</b>	<b>102,686,375</b>

<b>4. Tuition fees and other related income</b>	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Tuition fees	122,089,403	102,805,352
Application fees	1,881,525	1,965,417
Attachment fees	2,788,095	3,372,045
Registration fees	1,380,900	1,867,400
Maintenance	2,557,200	2,060,345
Electricity & Water	2,614,300	1,994,070
Local Travel & Transport	3,188,000	3,252,554
Library levy	2,557,521	1,955,079
Internet Levy	2,551,600	2,100,250
Hostel & Catering	6,221,682	8,213,443
Tender fees and other misc. incomes	3,753,080	263,877
Medical fees	6,406,000	5,365,600
Personal Emoluments	18,308,730	14,338,100
Graduation Income	11,000	2,334,170
<b>Total</b>	<b>176,309,036</b>	<b>151,887,702</b>

<b>5. Rental revenue from facilities and equipment</b>	<b>2016</b>	<b>2015</b>
	<b>Shs</b>	<b>Shs</b>
Staff quarters rent	1,301,040	909,030
<b>Total</b>	<b>1,301,040</b>	<b>909,030</b>

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

<b>6. Other income</b>	<b>2016</b>	<b>2015</b>
	<b>Shs</b>	<b>Shs</b>
Receipts from sale of farm produce/other incomes	2,524,498	2,441,910
Rental of physical facilities and services	9,344,778	7,772,876
Interest income	4,631	100,664
Reduction on provision for uncollectible fees debtors	327,983	175,250
<b>Total</b>	<b>12,201,890</b>	<b>10,490,700</b>

<b>7. Employee costs</b>	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Personal Emoluments	72,575,130	56,932,959
Other Allowances(Hse,leave & DIT Levy)	11,692,297	9,115,858
Gratuity Costs	6,912,354	3,136,828
Medical allowances	1,876,075	1,416,590
Part time teaching claims	36,470,273	38,288,072
<b>Total</b>	<b>129,526,129</b>	<b>108,890,307</b>

<b>8. Remuneration of Governing Council</b>	<b>2016</b>	<b>2015</b>
	<b>Ksh</b>	<b>Ksh</b>
Governing Council Expenses	5,537,496	2,055,571
<b>Total</b>	<b>5,537,496</b>	<b>2,055,571</b>

<b>9. Depreciation and amortization expense</b>	<b>2016</b>	<b>2015</b>
	<b>Shs</b>	<b>Shs</b>
Property, plant and equipment	8,968,181	8,906,523
Buildings	9,119,165	9,119,165
Computers, Printers and Copiers	7,443,850	12,336,668
Furniture and fittings	2,158,027	2,078,634
Motor vehicles	5,592,390	5,592,390
<b>Total</b>	<b>33,281,613</b>	<b>38,033,380</b>

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

<b>10. Repairs and maintenance</b>	<b>2016</b>	<b>2015</b>
	<b>Shs</b>	<b>Shs</b>
Property and equipment	8,623,179	13,460,110
<b>Total</b>	<b>8,623,179</b>	<b>13,460,110</b>

<b>11. Administrative and Central service costs</b>	<b>2016</b>	<b>2015</b>
	<b>Ksh</b>	<b>Ksh</b>
Medical Expenses	1,722,783	1,060,590
Travelling, Transport & Accom. Exp.	24,922,617	35,611,456
Telephone Expenses	3,615,999	4,159,464
Electricity, Water & Conservancy	11,603,300	20,685,676
Graduation Expenses	2,384,373	4,954,000
Insurance Expenses	1,137,757	1,421,300
Postage	67,275	-
Bank Charges	436,271	514,659
Administrative costs	5,111,945	-
Fees, Commissions & Honoraria	6,082,086	-
Establishment costs	-	17,318,939
Hostel and Catering Expenses	15,384,428	18,022,561
Attachment Expenses	2,043,000	957,300
Tuition and related Expenses	33,556,630	28,198,116
Farm expenses	7,171,105	-
<b>Total</b>	<b>115,239,569</b>	<b>132,904,061</b>

<b>12. Rent Expenses</b>	<b>2016</b>	<b>2015</b>
	<b>Ksh</b>	<b>Ksh</b>
Rent expense- town campus	4,295,272	5,699,614
<b>Total</b>	<b>4,295,272</b>	<b>5,699,614</b>

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

13. Marketing Expenses	2016	2015
	Ksh	Ksh
Advertising & Publicity	7,155,106	12,052,055
<b>Total</b>	<b>7,155,106</b>	<b>12,052,055</b>

14. Cash and Bank Balances

		2,016	2015
		Ksh	Ksh
Cash-on-hand and in transit		8,305,857	13,615,627
Bank		71,673,302	20,891,185
Short-term deposits		-	-
<b>Total cash and cash equivalents</b>		<b>79,979,159</b>	<b>34,506,812</b>

Detailed analysis of the cash and cash equivalents

14 (a) Banks

Name of the Bank	Bank Account Number	2,016	2015
		Ksh.	Ksh.
National Bank of Kenya -Eldoret	01021027668102	1,454,273	362,601
National Bank of Kenya -Eldoret	01021027668103	585,209	319,930
National Bank of Kenya -Eldoret	01021027668104	392,043	46,807
National Bank of Kenya -Eldoret	01021027668105	68,619,115	16,132,092
National Bank of Kenya -Eldoret	01021027668106	1,006	455
National Bank of Kenya -Eldoret	0124027668100	80,847	3,805,745
Co-operative Bank of Kenya	01129441884400	540,809	-
Co-operative Bank of Kenya	01129441884401	-	223,555
Equity Bank	01640262813295	-	-
Kenya Commercial Bank	1159276706	-	-
<b>Total</b>		<b>71,673,302</b>	<b>20,891,185</b>
<b>Bank accounts overdrawn</b>			

The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016

Name of the Bank	Bank Account Number	2,016	2015
		Ksh.	Ksh.
National Bank of Kenya - Eldoret	01021027668101	(9,488,613)	(3,155,790)
National Bank of Kenya - Eldoret	01021027668103	-	-
Co-operative Bank of Kenya	01129441884400	-	(158,865)
<b>Total</b>		<b>(9,488,613)</b>	<b>(3,314,655)</b>
<b>Cash on hand and in transit</b>			
<b>Form of cash holding e.g liquid cash, Mpesa, Mobicash, e.t.c</b>		<b>2,016</b>	<b>2015</b>
		Ksh.	Ksh.
Hard Currency		24,206	22,530
Money Orders & cheques		3,331,824	931,653
M-Pesa (Pay Bill No. 30425)		4,949,827	12,662,974
<b>Total</b>		<b>8,305,857</b>	<b>13,615,627</b>
<b>14. (C) Net Bank Balances</b>			
		<b>2,016</b>	<b>2015</b>
		Ksh.	Ksh.
<b>Total</b>		<b>62,184,689</b>	<b>31,192,157</b>

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

<b>15. Receivables from exchange transactions</b>	<b>2,016</b>	<b>2015</b>
<b>Current Receivables:</b>	<b>Kshs.</b>	<b>Kshs.</b>
Amounts falling due within one year:-		
Students debtors	105,217,730	90,539,254
House Rent debtors	3,806,568	3,998,410
Staff P.U Advances	23,072,435	21,687,406
Staff salary advances	952,178	754,951
Staff Imprests	1,118,941	3,833,762
EPSU	6,082,905	4,155,985
Sports	22,480,335	5,452,792
Prepaid Examination fees to KNEC	-	219,205
Court deposit	5,433,255	
Funds held by mentoring Institution at Equity bank account No. 1640262813295	17,549,634	
<b>Total</b>	<b>185,713,981</b>	<b>130,641,765</b>
<b>16. Inventories</b>	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Inventory Farm Stores(Stock)	450,000	450,000
Inventory Central Stores(Stock)	2,205,323	3,612,025
<b>Total</b>	<b>2,655,323</b>	<b>4,062,025</b>
<b>17. Biological assets</b>	<b>2016</b>	<b>2015</b>
<b>Group A</b>	<b>Kshs.</b>	<b>Kshs.</b>
Maize in Field	1,200,000	1,200,000
Fodder in Field	-	40,000
Vegetables	190,000	90,000
Sheep	-	-
Maize in store	-	-
livestock	6,224,000	5,805,000
Pigs	-	-
Poultry	198,300	157,800
<b>Total</b>	<b>7,812,300</b>	<b>7,292,800</b>

### 18. Property, Plant and Equipment Movement Schedule 2015-2016

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate	nil	0.02	-	0.125	0.333	0.125	0.25	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
As at 1st July,2013	520,000,000	371,780,000	215,096,973	39,230,000	20,701,673	14,257,485	11,000,000	1,192,066,131
Additions	-	-	15,900,585	1,109,461	9,700,290	1,355,154	11,369,560	39,435,050
Prior year adjustments(WIP)	-	-	(51,484,383)	-	-	-	-	(51,484,383)
Adjustment/General Journal	-	-	-	-	-	-	-	-
Donations (moest)	-	-	-	30,301,215	-	-	-	30,301,215
Disposals	-	84,178,255	(84,178,255)	-	-	-	-	-
As at 30 June,2014	520,000,000	455,958,255	95,334,920	70,640,676	30,401,963	15,612,639	22,369,560	1,210,318,013
As at 1 July,2014	520,000,000	455,958,255	95,334,920	70,640,676	30,401,963	15,612,639	22,369,560	1,210,318,013
Additions	-	-	34,168,446	611,510	6,645,089	1,016,429	-	42,441,474
Disposals	-	-	-	-	-	-	-	-
Donations (moest)	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Bal as at 30 June,2015	520,000,000	455,958,255	129,503,366	71,252,186	37,047,052	16,629,068	22,369,560	1,252,759,487
Bal as at 1st July,2015	520,000,000	455,958,255	129,503,366	71,252,186	37,047,052	16,629,068	22,369,560	1,252,759,487
Additions	-	-	23,947,910	493,260	5,986,170	635,149	-	31,062,489
Disposals	-	-	-	-	-	-	-	-
Donations (moest)	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Bal as at 30 June,2016	520,000,000	455,958,255	153,451,276	71,745,446	43,033,222	17,264,217	22,369,560	1,283,821,976
Depreciation and impairment								
At 1st July 2013	-	(7,435,600)	-	(4,903,750)	(6,893,657)	(1,782,186)	(2,750,000)	(23,765,193)
Depreciation charged	-	(9,119,165)	-	(8,830,084)	(10,123,854)	(1,951,580)	(5,592,390)	

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

								(35,617,073)
Impairment	-	-	-	-	-	-	-	-
<b>Accum. At 30 June 2014</b>	-	<b>(16,554,765)</b>	-	<b>(13,733,834)</b>	<b>(17,017,511)</b>	<b>(3,733,766)</b>	<b>(8,342,390)</b>	<b>(59,382,266)</b>
At 1st July 2014	-	(16,554,765)	-	(13,733,834)	(17,017,511)	(3,733,766)	(8,342,390)	<b>(59,382,266)</b>
Depreciation charged	-	(9,119,165)	-	(8,906,523)	(12,336,668)	(2,078,634)	(5,592,390)	(38,033,380)
Impairment	-	-	-	-	-	-	-	-
Accum. At 30 June 2015	-	(25,673,930)	-	(22,640,358)	(29,354,179)	(5,812,399)	(13,934,780)	(97,415,646)
At 1st July 2015	-	(25,673,930)	-	(22,640,358)	(29,354,179)	(5,812,399)	(13,934,780)	(97,415,646)
Depreciation charged	-	(9,119,165)	-	(8,968,181)	(7,443,850)	(2,158,027)	(5,592,390)	(33,281,613)
Impairment	-	-	-	-	-	-	-	-
<b>Accum. At 30 June 2016</b>	-	<b>(34,793,095)</b>	-	<b>(31,608,538)</b>	<b>(36,798,029)</b>	<b>(7,970,427)</b>	<b>(19,527,170)</b>	<b>(130,697,259)</b>
NET BOOK VALUES								
At 30 June 2016	520,000,000	421,165,160	153,451,276	40,136,907	6,235,193	9,293,791	2,842,390	<b>1,153,124,717</b>
At 30 June 2015	520,000,000	430,284,325	129,503,366	48,611,828	7,692,873	10,816,669	8,434,780	<b>1,155,343,841</b>

The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016

<b>19. Trade and Other Payables</b>	<b>2016</b>	<b>2015</b>
<b>Amounts falling due within one year:-</b>	<b>Kshs.</b>	<b>Kshs.</b>
Trade Creditors	30,806,570	35,731,653
Staff P.U Creditors	15,433,966	15,896,560
Rent payable	411,007	
Examination Fund	6,480,775	-
Miscellaneous deposits cdc	801,000	-
Endebess TTI Project management expenses	91,500	
Co-op a/c no. 01129441884400		-
CDF Bursaries	19,845,555	11,021,522
Bank deposits	12,537,856	10,294,886
<b>Retention accounts:</b>		
Pako contractors	3,400,000	1,125,000
Nekims Merchants & contractors	1,549,040	1,049,624
<b>Amounts falling due without one year:-</b>		
MOE Grant Ziwa	5,841,708	5,841,709
MOE Grant Bomet	21,324,553	21,324,553
<b>Total</b>	<b>118,523,530</b>	<b>102,285,507</b>
<b>20. Bank Overdrafts</b>	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
College Fund A/C-NBK No.01021027668101	9,488,613	3,155,790

*The Eldoret National Polytechnic Financial Statement for the year ended 30th June, 2016*

Co-operative Bank of Kenya No.01129441884400	-	158,865
Farm Account no.01021027668103	-	-
<b>Total</b>	<b>9,488,613</b>	<b>3,314,655</b>

**21. Refundable deposits from customers**

	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Caution Money	1,991,219	1,622,019
Prepaid Fees	81,820	81,820
<b>Total</b>	<b>2,073,039</b>	<b>1,703,839</b>

**22. Provisions during the period**

	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Provision for Audit fees during the year	580,000	580,000
Provision for uncollectible fees debtors	1,041,085	1,224,895
<b>Total</b>	<b>1,621,085</b>	<b>1,804,895</b>

**23. Borrowings**

	<b>2016</b>	<b>2015</b>
	<b>Shs</b>	<b>Shs</b>
Bank loans(National Bank of Kenya)	4,547,499	6,821,248
<b>Total</b>	<b>4,547,499</b>	<b>6,821,248</b>

**24. Current Provisions for the year ended 30.6.2016**

	<b>Audit fees</b>	<b>Audit fees</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Balance at the beginning of the year	1,160,000	1,080,000
Additional provisions raised	580,000	580,000
Provision paid	-	(500,000)
<b>Balance as at 30 June 2016</b>	<b>1,740,000</b>	<b>1,160,000</b>

**25. Finance Cost**

	<b>2016</b>	<b>2015</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Interest on asset finance loan	1,232,978	1,545,986
<b>Total</b>	<b>1,232,978</b>	<b>1,545,986</b>

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