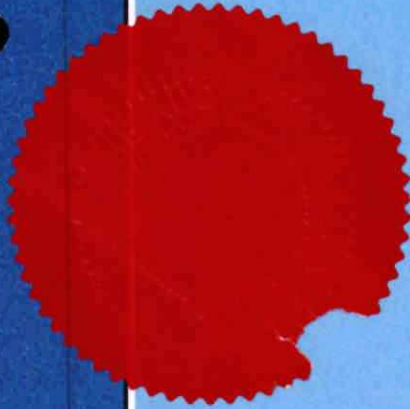


REPUBLIC OF KENYA



Enhancing Accountability



REPORT THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 MAR 2025	DAY: FRIDAY
TABLED BY: OF	DEPUTY MAJORITY LEADER CHON. OWEN BAYA, MP)
CLERK-AT THE-TABLE:	IRENE NDUKU

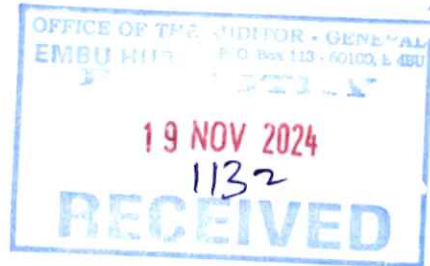
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ON

**JEREMIAH NYAGAH NATIONAL
POLYTECHNIC**

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



JEREMIAH NYAGAH NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Jeremiah Nyagah National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

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1. Acronyms and Definition of Key Terms

A. Acronyms

COVID – 19	Corona Virus
CSR	Corporate Social Responsibility
ECL	Expected Credit Level
FY	Financial Year
HELB	Higher Education Loan Council
HoD	Head Of Department
IEBC	Independent Electro Boundary Commission
ICT	Information Communication Technology
ICPAK	Institute Of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
KNEC	Kenya National Examination Council
KRA	Kenya Revenue Authority
JNNP	Jeremiah Nyagah National Polytechnic
NBV	Net Book Value
NGAAF	National Government Affirmative Action Fund
NGCDF	National Government Constituency Development Fund
NITA	National Industrial Training Authority
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TVC	Technical Vocational College
TVET	Technical Vocational Education Training
MoE	Ministry Of Education
SAGA	Semi Automatous Government Agencies
CDACC	Curriculum Development ,Assessment and Certification Council
BETA	Bottom Up Economic Transformation Agenda

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Polytechnic Information and Management

(a) Background information

The polytechnic was established under the TVET Act in year 1984. The polytechnic is domiciled in Kenya and is under the Ministry of Education.

Jeremiah Nyagah National Polytechnic (JNNP) is a public National Polytechnic under the state Department of Vocational and Technical Training in the Ministry of Education. The (JNNP) was established in 1984 as a vocational training college on a 58 acre piece of land donated by the local community. This was made possible through the efforts of the late Hon. J. J. M. Nyagah

The Polytechnic derives its mandate from the Technical and Vocational Training Education Act of 2013. The management of the Polytechnic is under a Governing Council appointed by the Cabinet Secretary, Ministry of Education.

The Chief Principal is the Secretary to the Governing Council and the Chief Executive Officer of the JNNP. The Chief Principal is in charge of the day-to-day running of the Polytechnic and is assisted by two Deputy Principals, Registrar, and Dean of students and Heads of departments.

The JNNP offers training in Competence Based Education & Training (CBET) in all courses and course levels. The courses are offered in nine academic departments namely Mechanical Engineering, Building and Civil Engineering, Business and Entrepreneurship Studies, Electrical and Electronics Engineering, Hospitality and tourism, Fashion Design and cosmetology, Applied Science, Computing and Informatics and Agriculture and Environmental studies. Other support departments include Examinations, Guidance & Counselling, Industrial Liaison, Office of Career Services, Games and Sports, Performance Contract, Research and Quality Assurance.

(b) Principal Activities

The principal activity/mission/ mandate of the polytechnic is to training technical courses.

Vision

Centre of excellence for vocational and Technical Training

Mission

To provide quality, vocational and technical training

Core Functions

- a) Manage and administer Science, Technology and Technical education activities.
- b) Integrate Science, Technology and Innovation in National Development
- c) Promote research Science & Technology, development of human resource base.
- d) Monitor and evaluate Scientific, technological and technical education activities in Kenya.
- e) Formulate review and co-ordinate National Science, Technology and Technical Education policies.

Jeremiah Nyagah National Polytechnic
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Core Mandate

- a) Offer training programmes in Science and Technology through a developed curriculum.
- b) Promote education through provision of knowledge, skills and practical attitudes to trainees.
- c) Diversify training programmes in the area of TVET.
- d) Develop income generating production units for self sustainability.
- e) Develop policy frame work for collaboration with other institutions offering higher academic levels of education in Science and Technology.
- f) Create a Center of Excellence in Food and Beverage production and Service.

(c) Key Management

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

- Council members
- Accounting officer/ Principal
- Deputy principal administration and academic
- Heads of department academic and non-academic

(d) Fiduciary Management

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

SN.	Designation	Name
1)	Chief Principal	Simon C. Kivutih
2)	Deputy principal administration	Silvano Muriithi
3)	Deputy principal Academics	Wandia N. Kithenya
4)	Registrar	Gabriel Njagi Magu
5)	Dean of students	Martin Njuguna
6)	Head of Finance	CPA Jeremiah Gachoki
7)	Head of Procurement	Antony Kinyua
8)	Internal Auditor	Alfred Mugira (CPA)

(e) Fiduciary Oversight Arrangements

Council Committees

To assist the Council in the discharge of its responsibilities, Council committees have been established. All the Council committees meet at least four times a year. The committees are as follows: -

i. Finance, planning and development committee

Responsibilities:

- a. To receive, consider and submit the proposed budget estimates from the various Polytechnic department for approval by the Council ;
- b. To receive and consider all requests for authorization of expenditure more than the approved annual estimates and make recommendations to the Council ;
- c. To report to the Council all matters related to finance and development;
- d. To ensure that accurate records are kept on the establishments in the Polytechnic;
- e. To consider and recommend to the Council the priority development projects and receive reports, and the recommendations of Management on the progress of the physical development of the Polytechnic;
- f. To report to the Council on the progress of physical infrastructure development of the Polytechnic;
- g. To prepare Polytechnic Development plans for an approved period and submit to the Council ; and
- h. To exercise such other powers as the Council may from time-to-time delegate to the Committee.

ii. Audit and Risk Committee

Responsibilities:

- a. To evaluate adequacy of management procedure with regard to issues relating to risk management, control and governance;
- b. To review external audit findings and recommendations and propose corrective and preventive actions where necessary;
- c. To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics;
- d. To initiate special audits and or investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Accounting Officer; and
- e. To exercise such other powers as the Council may from time-to-time delegate to the Committee

iii. Academic and research committee

Responsibilities:

Human resource

- a. Continually examine the College's structure, core functions, staff establishment and if necessary, make proposals for harmonization and rationalization in order

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- to eliminate possible wastage arising from redundancy, overlaps and duplications;
- b. Examine policy and procedures on employment
 - c. Examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development and consultancy services;
 - d. Examine and review the terms and conditions of service;
 - e. Examine the adequacy of the performance and reward system;
 - f. Examine and review the staff welfare policy
 - g. Establish & review the human resource policy, college scheme of service and career progression structure make recommendations for broad guidelines; and
 - h. Propose innovative ideas for transformation of the college into a world-class college of higher learning and employer

Academic

- a) Formulation and Review of the Academic Policy
- b) Quality Assurance & standards evaluations
- c) Development and Implementation of New Programmes
- d) Determination of Resources:
 - i. Human Resource
 - ii. Teaching/Learning Materials
- e) Curriculum Evaluation
- f) Establish Linkage between the Polytechnic and Industry
- g) Ensure Relevance of Courses to Market Needs
- h) In Charge of Graduations and Academic Awards

(f) Polytechnic Headquarters

P.O. Box 1264-60100
15kms from Embu town-2.5 kms Off Embu Kiritiri Road
Kenya

(g) Polytechnic Contacts

Telephone: (254) 700334477
E-mail: rwikati@yahoo.com
Website: www.jnnp.ac.ke

(h) Polytechnic Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

ABSA Bank Kenya PLC
Embu Branch
Along Embu -Meru Highway
P.O. Box 88
60100
Embu , Kenya

Kenya Commercial Bank
Embu Branch
Along Embu-Meru Highway
P.O Box 75
60100
Embu, Kenya

Equity Bank of Kenya Limited
Embu Branch
Along Embu-Meru Highway
P.O Box 1994
60100
Embu, Kenya.

(i) Independent Auditors






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

(j) Principal Legal Adviser






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

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3. The Council members





No	Name	Date Of Birth	Key Qualifications	Work Experience	Membership	Committee
1.	Mr.Dominic Ileri Muriuki 	16/04/1966	-post graduate diploma in law -Bachelor of Law Degree -Bachelor in Economics and Business studies	-private law practice with D. Muriuki & co advocates	current council chairperson	Executive
2.	Hon.Dr. Norman M.G.K NYagah 	15/09/1950	-Honorary Doctorate of philosophy in humanities -Bachelor Degree in Tourism and Hotel Management -Diploma in tourism	-Director of Treat-global international ltd -Director of private business in oil & gas industry	Council Member	Executive Finance & Development
3.	Dr.Patrick W. Okanya 	1//1/1978	PHD in Natural Sciences (Biochemistry) MSc Bio-Chemistry BSc Biochemistry	Snr. Lecturer Technical University of Kenya	Council Member	Risk & Audit Finance & Development
4.	Ms Teresiah Njoki Migua 	31/03/1975	Bcom. Marketing Diploma in Business Administration	Embu Equity Bank Branch Manager Branch manager K-rep bank (Sidian)	Council Member	-Risk & Audit -Finance & Development
5.	Mr.Eliud mwendia Kibuchi 	17/07/1975	-masters of science in civil engineering (structure option) -Bachelor degree in civil engineering	-Civil Engineer Director of Roads Kirinyaga County	Council Member	Risk & Audit

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No	Name	Date Of Birth	Key Qualifications	Work Experience	Membership	Committee
6	M/s Mary Akoth 	1/01/1979	-Bachelor of science in Electrical Engineering	-consultancy services	Council Member	Academic & Human Resource Committee.
7	Mrs.Jayne Mugambi 	27/09/1959	-B.e.d science Botany & Zoology -Masters Agricultural Entomology	Council Member and County Government of Embu Representative	Council Member	Academic & Human Resource Committee.
8	Dr. Lawrence Guantai 	31/12/1973	-PHD Medical microbiology -Msc. Medical Microbiology -Bed . Science	-Council PS Alternate Meber SD-TVET	Council Member	Audit Committee
9	MS. Pauline Mbogo 	8/09/1974	-Bed. Education	Council Member	Council Member	Education and Research
10	Mr.Simon Charles kivutiuh 	29/09/1965	-Master's in Business Administration (HRM Option) B.e.d (Arts) Economics and Business Studies	-Chief Principal Jeremiah Nyagah Technical Polytechnic	Council Secretary	Principal

Jeremiah Nyagah National Polytechnic
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4. Key Management Team

SN.	Member/ Director	Details
1)	<p>Mr. Simon Charles Kivutih</p> 	<p>He is the Chief Principal, Secretary to the Council members and the accounting officer</p>
2)	<p>Mr. Silvano Muriithi</p> 	<p>He is the Deputy Principal Administration</p>
3)	<p>Mrs. Wandia Kithenya</p> 	<p>She is the Deputy Principal Academics</p>
4)	<p>Gabriel Njagi Magu</p> 	<p>Registrar</p>

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SN.	Member/ Director	Details
5)	Martin Njuguna 	Dean of students
6)	CPA Alfred Mugira 	Internal auditor
7)	CPA Jeremiah Gachoki 	Finance Officer

5. Chairman's Statement



I feel honoured and duty – bound to present an over view of the Jeremianah Nyagah National Polytechnic performance for the year ended 30th June, 2024. The council played its rightful role in the polytechnic governance and remained steadfast and united in support of efforts by JNNP management in transforming the polytechnic into a regional and global centre of academic and research excellence.

It is imperative to note that the polytechnic transited from the technical training institute to national polytechnic through legal notice 15 dated 18th January, 2024.

The polytechnic realized in the financial year 2023- 2024 reported a deficit of kshs 50,009,154 which is a decrease of 60% from the previous year. This is basically due to increased operation expenses incurred with upgrading the institute to national polytechnic status.

The polytechnic council is focused to position the JNNP as cradle of knowledge in providing quality education, teaching, research and innovation community outreach that meet the needs of a dynamic society. The polytechnic has been keen on addressing national aspirations by conforming to national policies as envisioned in the President's Bottom Up Economic Transformation Agenda (BETA).Agenda.

In effort to promote excellence in all its operations, the JNNP management has proactive team of heads of department who are the central enabler for quality service delivery. The polytechnic has organized activities to emphasize the benefits from team work and the need to leverage on the shared goals for the achievement of the institutional vision. The JNNP top management under the guidance of the council will endeavour to develop and sustain a shared vision for the benefit of the institution and all it current and potential stake holders.

The Polytechnic has endeavoured to achieve quality teaching and learning by developing quality academic delivery model in the light of the dynamic and changing trends in higher education nationally and globally. It has identified clear pathways in training and research by introduction of additional training programme that support economic transformation of the immediate community and the nation at large by equipping its trainees with knowledge, skills and attitudes for the dynamic labour market. Expanding of the academic programme will contribute significantly towards creating a broad knowledge – based economy to meet the human resource requirements for the rapidly changing and diversified local and global economy

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JNNP has actively participated in community service social – distanced activities which include the promotion of peer counselling activities, donating trees to the locals and organising health talks geared towards health living. In addition, the JNNP have participated community education and blood donation activities.

I wish to finally thank the government of Kenya, council members, management, staff, trainees and other stake holders for their continued support over the year in striving to make JNNP Centre of excellence for vocational and Technical Training


Mr. Dominic Ileri Muriuki

Chairman to the Council members

Jeremiah Nyagah National Polytechnic

Jeremiah Nyagah National Polytechnic
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6. Report of the Chief/Senior Principal



It's with great pleasure that I present the annual report and financial statements for Jeremiah Nyagah National Polytechnic performance for the year ended 30th June, 2024. This year has been a remarkable year for the JNNP with transition from the technical training institute to National Polytechnic through legal notice no. 15 dated 18th January, 2024. This is an indication that the Kenya Government through the ministry of education is cognizant of our commitment to continue to improve our competitiveness in

TVET. The new status will enable us take a national focus in service delivery.

This year has been a year with new challenges but also many other opportunities to improve and move forward. The staff and the management has risen to the challenges with great deal of resilience and determination. The polytechnic took great stride towards implementation of the CBET curriculum by continuous training of our trainers in collaboration with CDACC and in addition, mounting structures for the CBET training.

The year also saw the polytechnic implementing a massive programme of improving our infrastructures including

- a) Completion of multipurpose administration block
- b) Modern furniture for the trainers
- c) Expanding internet and ICT infrastructures
- d) Re branding to the national polytechnic status
- e) Acquisition of utility vehicle for the management

Despite these successes, we have faced numerous challenges of mobilizing adequate funds to build training rooms, hostels and developing new infrastructures to cater for the increase in population and also match the industry trends to ensure relevance in training. We acknowledge that we require a lot of investment in both financial and human capacities which continue to stretch the scarce financial resources at our disposal.

These challenges are also compounded by the heavy financial burden incurred by the polytechnic as remuneration for trainers hired under governing council terms as the PSC has not been able to provide adequate human resource to enable the polytechnic deliver her mandate

We would like in a special way to thank the government of Kenya for the renewed commitment to TVET and recognizing technical training as a mode for achieving the vision 2030. The funding of trainees through capitation and provision of loans and bursaries by HELB.

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JNNP remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of President's Bottom Up Economic Transformation Agenda (BETA)

We also greatly appreciate the council, staff, trainees and all stake holders who have contributed greatly in their own way to make the polytechnic a Centre of excellence for vocational and Technical Training



Mr. Simon Charles Kivutih
Chief Principal,
Secretary to the Council
Jeremiah Nyagah National Polytechnic

Jeremiah Nyagah National Polytechnic
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7. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Polytechnic's performance against predetermined objectives.

Jeremiah Nyagah National Polytechnic has 7 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020 to 2023/2024. These strategic pillars are as follows:

1. To provide adequate, modern and a working infrastructure for quality service delivery
2. To produce quality and globally competitive holistic graduates
3. To promote and entrench into the Polytechnic a culture of scientific research and innovation that supports development
4. To boost student enrolment and retention
5. To promote production units for income generation
6. To create and deepen collaborations, partnerships and linkages beneficial to the Polytechnic
7. To improve and enhance trainee welfare

Jeremiah Nyagah National Polytechnic develops its annual work plans based on the above 7 pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The council achieved its performance targets set for the FY 2023/2024 period for its 7 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Modern and Working Infrastructure	To construct a tuition block to accommodate 1000 students	The proposal is with the Ministry of Education for direction and action.	Preparation of Bill of Quantities and drawings	Work in progress.
Quality and Globally Competitive Graduates	Attach all 950 students to relevant field of study for hands on training	All the 950 students were successfully attached and assessed	Trainers Visited all the 950 attaches	Achieved.
Scientific research and Innovation	Complete Multipurpose complex	Multi-purpose Complex 100% Complete	100% complete	100% Complete.
Student enrolment and retention	To increase the student population to a minimum of 5,000 students	Customer satisfaction and retention	Marketing of institution to the neighbouring counties	Number of students increased from 2,500 to 3,531.
Production Units for income generation	Install 100 Beehives(apiary)	Bill of Quantity Stage	Work in Progress	Not Achieved

Jeremiah Nyagah National Polytechnic
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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Collaborations, Partnerships and Linkages	Collaborate with Embu University on Technical courses	Number of Students trained	Work in progress	Not Achieved
Trainee Welfare	Support provision of 3,000 trainee welfare programs such as recreational activities and physiological counselling and health services	Customer lifetime value	The Guidance & counselling department was fully functional to facilitate 3,531 trainee welfare.	Achieved

During the financial year under review Jeremiah Nyagah National Polytechnic Signed a Performance Contract with the Ministry of Education and the strategic pillars were tied to the performance contract and the performance contracting secretariat meet every Quarter to ensure that the goals set are achieved.

The strategic pillars as highlighted above are a true reflection of how the Council of Management would like to see the institution in 5 years of the strategic plan.

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8. Corporate Governance Statement

Jeremiah Nyagah National Polytechnic is governed by the council that consist of 9 members appointed by the Cabinet Secretary, Ministry of Education as follows

- a) Chairman and five other members appointed through an open process
- b) One member representing permanent secretary on matters relating to education
- c) One member representing cabinet secretary on matters relating to finance
- d) The principal who is an ex- official member of the council.

The appointment of the chairman and other members of the council is done by the cabinet secretary, ministry of education through a gazette notice to serve for period of three (3) years renewable once .For the purpose of succession planning the Cabinet Secretary shall stagger the appointment of some members to maintain a proportion of new membership that ensures continuity in the services of the Council

Names of the JNNP council members

No	Name	Designation	Term status
1.	Hon. Dr. Norman Nyaga	Rep- trustee	On-going
2.	Mr. Dominic Ileri	Council Chair	On-going
3.	Mr. Simon C Kivuti	Principal	On-going
4.	Dr. Patrick Okanya	Member	On-going
5.	Dr. Lawrence Guantai	PS rep	On-going
6.	Eng. Mary Okoth	Member	On-going
7.	Mrs. Pauline Muthoni	Member	On-going
8.	Mrs. Jayne Mugambi	Member	Appointed
9.	Mrs. Teresiah Njoki Migua	Member	Appointed
10.	Eng. Eliud M Kibuchi	Member	On-going

Roles and functions of the JNNP council

The role and functions of the council are outlined in Kenya gazette supplement no, 14 Legal notice number 15. Dated 18th January, 2024. Which state that;

- a) The Council shall ensure that a proper management structure is in place and that the management maintains the corporate integrity, reputation and responsibility of the Polytechnic.
- b) The Council shall monitor and evaluate the implementation of strategies, policies, and management plans of the Polytechnic.
- c) The Council shall constantly review the viability and financial sustainability of the Polytechnic at least once in every year.
- d) The Council shall ensure that the Polytechnic complies with all the relevant laws, regulations, governance practices and accounting and auditing standards.

Induction and capacity building for the council members

New members, once are appointed are inducted and issued with relevant documents to familiarize themselves with their roles as outlined in the law. Subsequent training are conducted to equip the board members with relevant knowledge and skills required to discharge their responsibilities effectively.

Board charter

The council has board charter which outlines the powers and the responsibilities of the board, committee's terms of reference. Membership, appointment, remuneration, term of the board members, conduct of the meetings, conflict of interest among others. The charter is premised on the Mwongozo Code which guides on corporate governance practices.

Remuneration of the council members

The remuneration of the council members is as per the guidelines set out by the state corporations advisory committee circulars and the national treasury directives in respect to sitting allowance, transport, and accommodation costs. Details of the full council and committee allowances are included in the financial statement.

Conflict of interest

Council members are required to avoid conflict of interest and deal at arms- length in any matter of the national polytechnic. Each member is obligated to disclose any real issues or potential conflict of interest, which may come to their attention whether directly or indirectly. During every council meeting, members are required to make declaration of any conflict of interest they may have in the agenda of the day by way of signing a conflict of interest register. The register is maintained and updated accordingly.

Council members' performance

The performance of the council and its members is evaluated on regular basis in order to gauge their performance and identify areas of improvement. During the year self-evaluation was conducted by the council themselves.

Ethic and conduct

The council members are expected to conduct themselves ethically, honestly and with integrity in all dealings as per the JNNP code of ethics and conduct.

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Council Meeting attendance register

Full BoG Meeting
Full council meeting

No	Name	Designation	Date						Attendance
			14/7	8/8	27/10	15/3	13/5	19/6	
1	Hon. Dr. Norman Nyaga	Member	√	√	√	√	√	√	6
2	Mr. Dominic Ileri	Chair	√	√	√	√	√	√	6
3	Mr. Simon C Kivuti	Principal	√	√	√	√	√	√	6
4	Dr. Patrick Okanya	Member	√	√	√	√	√	√	6
5	Dr. Lawrence Guantai	PS rep	√	√	√	√	√	√	6
6	Eng. Mary Okoth	Member	√	√	√	√	√	√	6
7	Mrs. Pauline Muthoni	Member	√	√	√	√	√	√	6
8	Mrs. Jayne Mugambi	Member	√	x	√	√	√	√	6
9	Mrs. Teresiah Njoki Migua	Member	√	x	√	√	x	x	3
10	Eng. Eliud M Kibuchi	Member	√	x	x	√	x	√	3

Risk & audit council committee

No	Name	Designation	Date		Attendance
			29/7	7/6/	
1.	Dr. Lawrence Guantai	Member	√	√	2
2.	Eng. Mary Okoth	Member	√	√	2
3.	Mrs. Teresiah njoki Migua	Member	√	√	2
4.	Eng. Eliud M Kibuchi	Member	√	√	2

Special council meeting

No	Name	Designation	Date								Attendance
			12/10	13/11	1/1	3/4	28/4	11/5	20/6	21/6	
1.	Hon. Dr. Norman Nyaga	Member	√	√	√	√	√	√	√	√	8
2.	Mr. Dominic Ileri	Chair	x	√	√	√	√	√	√	√	7
3.	Mr. Simon C Kivuti	Principal	√	√	√	√	√	√	√	√	8
4.	Dr. Patrick Okanya	Member	x	x	x	x	√	x	x	x	1
5.	Dr. Lawrence Guantai	PS rep	x	x	x	x	√	x	x	x	1
6.	Eng. Mary Okoth	Member	√	x	x	x	√	x	x	x	1
7.	Mrs. Pauline Muthoni	Member	x	x	x	x	√	x	x	x	1
8.	Mrs. Jayne Mugambi	Member	x	x	x	√	x	x	x	x	1
9.	Mrs. Teresiah Njoki Migua	Member	√	√	x	x	x	x	x	x	2
10.	Eng. Eliud M Kibuchi	Member	x	x	x	x	√	x	x	x	1

Jeremiah Nyagah National Polytechnic
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Academic & research committee

No	Name	Designation	Date	Attendance
			8/12	
1.	Mr. Simon C Kivuti	Member	√	
2.	Dr. Patrick Okanya	Member	√	
3.	Dr. Lawrence Guantai	Member	√	
4.	Mrs. Pauline Muthoni	Member	√	
5.	Mrs. Jane Mugambi	Member	√	

Jeremiah Nyagah National Polytechnic
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9. Management Discussion and Analysis
1. Operational and Financial Performance,

Jeremiah Nyaga National Polytechnic continues to deliver its key mandate of provision of quality, Vocational and Technical Training. During the FY 2023- 2024 under review, JNNP has reported a deficit of kshs-50,009,154 from a deficit of kshs-19,782,119 reported prior year.

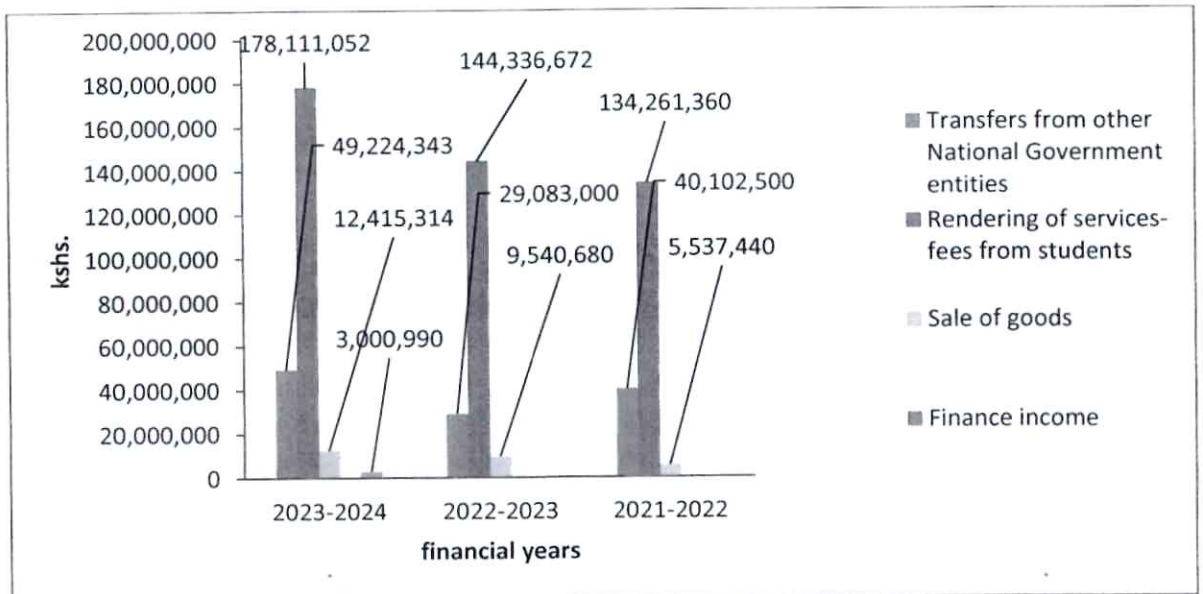
Financial performance review

The institute relies heavily on fees paid by the trainees, which constitutes to over 75% of the total revenue in the 3 consecutive years. There has been growth in the revenue in the past 3 years as shown below.

Revenue for the collections for the past 3 years.

Classification	2023-2024	2022-2023	2021-2022
Transfers from other National Government entities	49,224,343	29,083,000	40,102,500
Rendering of services- fees from students	178,111,052	144,336,672	134,261,360
Sale of goods	12,415,314	9,540,680	5,537,440
Finance income	251,428		
Miscellaneous income	3,000,990		
Totals	243,003,127	182,960,352	179,901,300

Revenue Graphs



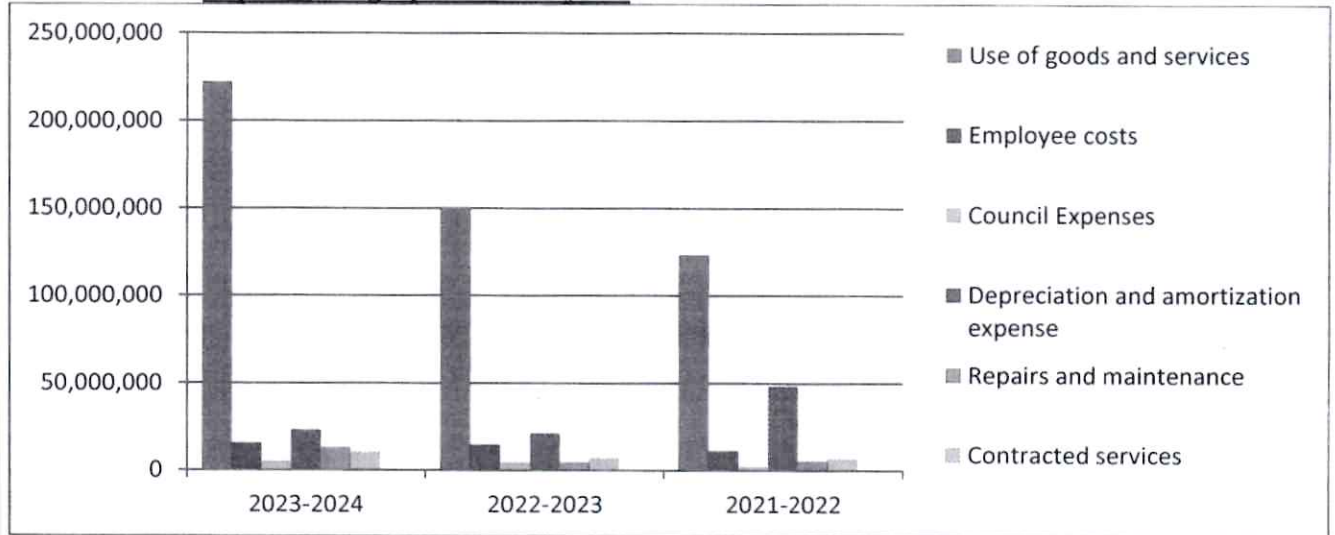
Jeremiah Nyagah National Polytechnic
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Expenditure for the past 3 years.

The institute expenditure have been evenly incurred across the financial years with use of goods & services being the highest

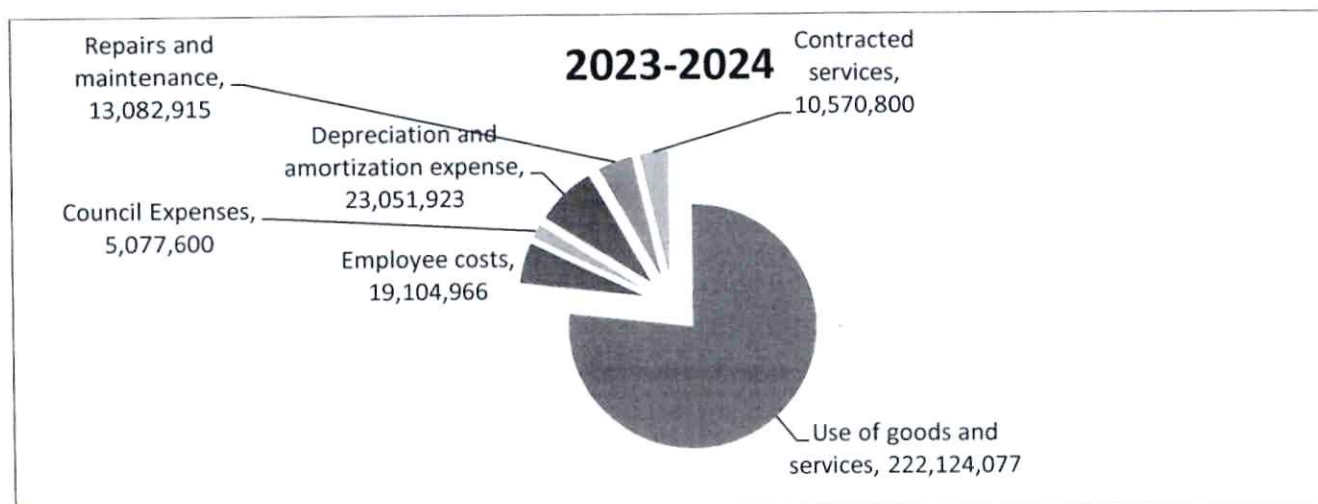
Expenditure Classification	2023-2024	2022-2023	2021-2022
Expenses			
Use of goods and services	222,124,077	150,668,647	123,105,249
Employee costs	19,104,966	14,777,966	11,279,549
Council Expenses	5,077,600	4,472,775	2,184,800
Depreciation and amortization expense	23,051,923	21,249,203	48,268,582
Repairs and maintenance	13,082,915	4,567,630	5,472,228
Contracted services	10,570,800	7,006,250	6,634,700
Total Expenses	<u>293,012,281</u>	<u>202,742,471</u>	<u>196,945,108</u>

Expenditure graph for the 3 years



Jeremiah Nyagah National Polytechnic
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Expenditure presentation for the 2023- 2024



Financial Health

Liquidity is a key factor in assessing an entity health. Liquidity is the amount of cash and easily – convertible – to – cash assets an entity owns to manage its short – term debt obligations. A JNNP current asset to current liability is 4:1 (168,542,898: 47,035,767) which is healthy as compared to 2.1 bench mark. Our working capital is approximately 121,507,131 (168,542,898 - 47,035,767) an entity that has high net working capital generally has the financial resources to meet its short-term financial obligation. High working capital signals and suggests that JNNP the potential for strong growth and that is what the institute is holding in store towards the achievement of its mandate.

2. Compliance with Statutory Requirements.

The national polytechnic complies with statutory requirements as follows

PAYE

Income tax act, 1973 law of Kenya, places on employers an obligation to deduct and remit monthly income tax for all employees and be remitted to the pay master general on or before 9th day of the following month. JNNP has complied with the set deadline for remission.

NSSF

The NSSF Act, 2013, laws of Kenya, requires employers to deduct and remit NSSF deductions on monthly basis and remit the same on or before 9th of the following month. JNNP has been remitting the deductions to NSSF on time.

NITA

National Industrial Training Authority (NITA) is a state corporation established under the industrial training (amendment) act of 2011. Its mandate is to promote the high set standards in the quality and efficiency of industrial training in Kenya and ensure an adequate supply of

properly trained manpower at all levels in the industry. Employers are required to pay NITA levy annually at monthly rate of kshs.50 per employee including a casual employee as per section 5 (CAP 237) of the industrial training act. JNNP has been remitting the levy to NITA on time.

NHIF

NHIF Act, 1998. Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9th of the following month. The National Polytechnic has complied with the NHIF act.

HELB

HELB Act.1995. Laws of Kenya, requires employers to deduct from wages or remuneration of the loanee(s) the amount of any loan as instructed by the board and submit within 15 days after the end of each month. JNNP has recovered HELB loans from staff as required and submitted the same within the stipulated fifteen days after the end of each month.

Housing levy

The Affordable Housing Act, 2024 designates KRA as the 'Collector' of the Affordable Housing Levy (AHL). With effect from 19th March, 2024, all Employers are required to deduct the AHL from the employee's gross salary and remit together with the employer's contribution as follows:

- a) One point five per centum (1.5%) of the employee's gross monthly salary by the employee;
- b) One point five per centum (1.5%) of the employee's monthly gross salary by the employer.

The due date for remittance of Affordable Housing Levy is the 9th working day after the end of the month. The National Polytechnic has complied with the housing levy act.

3. Major Risk.

The national polytechnic principal financial assets are trade receivables and cash and cash equivalents which arise directly from its operations. The institute has financial liabilities comprising trade and other payable. JNNP is exposed to the following risk.

- a) Market risk
- b) Liquidity risk
- c) Credit risk
- d) Litigation risk

The council has overall responsibility for the establishment and oversight of the JNNP risk management frame work.

Risk management policy have been established to identify and analyse the risks faced by the national polytechnic, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policy and systems will be received regularly to reflect changes in economic conditions and the institution activities

Jeremiah Nyagah National Polytechnic
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Market risk

JNNP is located in severe hardship areas which is likely to experience low trainees' enrolment which may result in the reduction of revenue.

Liquidity risk

This is the risk of facing liquidity challenges in meeting its financial obligations as and when they fall due. This can be caused by the reducing funding levels from both exchange & non exchange transaction.

Credit risk

JNNP faces credit risk arising from its customers who majorly provides the income from exchange transactions.

4. Material Arrears in statutory and Other Financial Obligations.

The Polytechnic during financial year under audit did not have any material arrears in statutory and other financial obligations.

There is no major financial impropriety reported by internal audit/audit, risk, risk management & compliance committee of the council, and external auditors.

10. Environmental and Sustainability Reporting Statement

JNNP exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 7 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

Jeremiah Nyagah management has continued to put efforts on sustainability measures through creating relationships and collaborations with customers, stakeholders, and community, through quality teaching, exemplary academic performance and recruitment of competent staff. The management has also focused on marketing of JNNP programme in Embu County and the regions in order to attract more students. In the year ended, JNNP managed to attract more students compared to the proceeding years. We utilize resources without wastage and misappropriation by ensuring maximum value for the current and future generation.

The institute engages in promoting talents amongst its students by participating in TVET regional & national competition.

Environmental performance

In order to integrate the local community in the environmental conservation and management to also serve as an example to the community and also have a demonstration effect to the rest of the surrounding community, JNNP through a program known as Mbeere South Afforestation program planted 1,000 trees and encouraged the neighbouring community to do the same.

Employee Welfare

At Jeremiah Nyagah National Polytechnic we value our employees who are directly or indirectly involved in training of our students and contribute to their potential to bring positive and social environmental change. We value the contribution that individuals and external entities make to our Polytechnic through community consultation process.

The Polytechnic during the year under review recruited human resource officer to offer guidelines on hiring and appraisal of staff. Staff training and development has been factored in the annual budget to ensure that our staff are trained and equipped in regard to emerging issues.

The management of JNNP is dedicated to improving the working conditions for both staff and students. The institute provided modern comfortable furniture to the heads of departments and good meals to all staff

Market place practices-

- a) Responsible competition practice.
 - i) JNNP has a working and vibrant anti- corruption committee that reports to the ethics and anti- corruption commission. During the year under review, the institute sensitized its members on whistle blowing of any suspected cases of corruption. JNNP remained apolitical but maintained good relation with the county government in

Jeremiah Nyagah National Polytechnic
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JNNP adheres to the provision of PPDA and its regulations and ensure that all purchases are distributed equitably among all the groups; PWD, AGPO, Women and youths. bid to secure funding for her students through bursaries.

At the same time JNNP implemented activities under National Cohesion and values and corruption prevention in the strategic plan, during the year under review. All the measurements are geared towards improving the living standards and welfare of Kenyans

- ii) In maintaining good business practice and treating well suppliers by honoring contracts and respecting payment practices the Polytechnic during the year under review closed the year with pending bills that are within 90 days. This was made a reality by proper management of funds and making sure that funds are utilized where they are meant for.

Corporate Social Responsibility/Community Engagements-

The Polytechnic carried out various corporate social responsibilities during the year under review.

- a) Planting 1,000 trees.
- b) Due to increased students' population in the year under review, the community around the Polytechnic managed to increase students' accommodation from 3,000 to 5,000 capacities.
- c) Through the county government of Embu Phase II tarmacking of 2.5 kilometres was completed.
- d) The Polytechnic has a dam and during the dry season the local community were allowed to fetch water from the dam for their consumption.
- e) The student's welfare visited various charity works to promote the act of giving to the less fortunate in the surrounding community.

11. Report of the Council of Governors

The Council members submit their report together with the audited financial statements for the year ended June 30th, 2024, which show the state of the Polytechnic affairs.

Principal activities

The principal activities of the polytechnic are to provide competent skills through technology.

Results

The results of the Polytechnic for the year ended June 30th are set out on page 1-6


Council of Governors

The members of the Council who served during the year are shown on page viii-ix

Auditors

The Auditor General is responsible for the statutory audit of the Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June 2024.

By Order of the Council


.....
Secretary of the Council
Nairobi
Date: 15/11/2024

Jeremiah Nyagah National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

12. Statement of Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of that Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year and the operating results of the Polytechnic for that year. The council members 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 members are also responsible for safeguarding the assets of the Polytechnic.

The Council members are responsible for the preparation and presentation of the Polytechnic's financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes:

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

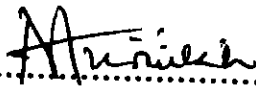
The Council members accept responsibility for the Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The council members are of the opinion that the Polytechnic's financial statements give a true and fair view of the state of Polytechnic's transactions during the financial year ended June 30, 2023, and of the Polytechnic's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Polytechnic, which have been relied upon in the preparation of the Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

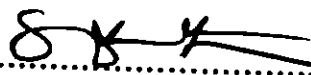
In preparing the financial statements, the Principal has assessed the Polytechnic's ability to continue as a going concern and nothing has come to the attention of the Council members to indicate that the Polytechnic will not remain a going concern for at least the next twelve months from the date of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

Jeremiah Nyagah National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

Approval of the financial statements

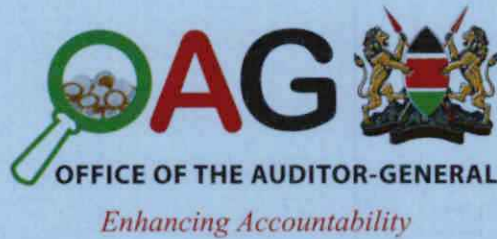
The Polytechnic's financial statements were approved by the Council on 09/09/2024 and signed on its behalf by:


.....
Name **DOMINIC I. MURIUKI**
Chairperson of the Council


.....
Name **SIMON C. KIVUTHI**
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Jeremiah Nyagah National Polytechnic set out on pages 1 to 36, which comprise of the statement of financial position

as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.492,382,073 as disclosed in Note 19 to the financial statements. However, review of asset ownership documents revealed that one of the two parcels did not have a title deed as proof of ownership and there were no written agreements between the Polytechnic and the owner, or an executable agreement of transferring this portion land to the Polytechnic. The second parcel of land as well as four (4) motor vehicles were registered in the name of Rwika Technical Training Institute.

In addition, the asset register provided for audit did not disclose the necessary information for easy tracking of the assets and did not contain the values of these assets, date when the assets were acquired, any additions during the year and other pertinent management details.

In the circumstances, the accuracy, ownership and existence of property, plant and equipment balance of Kshs.492,382,073 could not be confirmed.

2. Unconfirmed Biological Assets

The statement of financial position reflects biological assets balance of Kshs.813,000 as disclosed in Note 23 to the financial statements. Review of records provided for audit revealed the following anomalies;

- i. Both stock sheets as at 30 June, 2024 and farm records showing records of acquisition of animals, dates of birth, vaccinations, valuation reports by a competent valuer and periodic weight measurements of livestock assets were not provided for audit review.
- ii. Daily milking records for those that are being milked was not provided for audit review.

- iii. Management did not disclose the methods and significant assumptions applied in determining the fair value of each group of Biological Assets at the point of reporting contrary to the provisions of IPSAS 27.

In the circumstances, the accuracy, completeness, and valuation of the biological assets balance of Kshs.813,000 could not be confirmed.

3. Unsupported Intangible Assets

The statement of financial position reflects intangible assets balance of Kshs.1,209,663 which includes additions during the year amount of Kshs.371,000 as disclosed in Note 22 to the financial statements. However, the balance is not supported with assets register detailing the name of the software, cost, date of acquisition, supplier, purpose, amortization and net book value.

In the circumstances, the accuracy, completeness and existence of intangible assets balance of Kshs.1,209,663 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.420,694,000 and actual income of Kshs.247,003,127 resulting to an under-funding of Kshs.173,690,873 or 41% of the budget. Similarly, the Polytechnic spent Kshs.304,554,712 against actual receipts amount of Kshs.247,003,127 resulting to an over utilization amount of Kshs.57,551,585 or 23% of the actual receiptst.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the report of the previous year, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, Management has not provided evidence of how the issues were resolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xxii which comprise of Polytechnic information and Management, Chairman's Statement, Report of the Chief Principal, Statement of Performance against the Polytechnic's predetermined Objectives, Corporate Governance Statement, Management Discussion and analysis, environmental and sustainability reporting, Report of the Council of Governors and the statement of Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregularities in Software Acquisition and Utilization

The statement of financial performance reflects use of goods and services amount of Kshs.222,124,077 which includes Enterprise Resource Planning (ERP) annual subscription fees amount of Kshs.417,600 as disclosed in Note 11 to the financial statements.

Review of the service level agreement provided for audit revealed that the Polytechnic entered into a contract with a supplier for the provision of a software with finance management, student management, procurement and stores management and Portal modules. However, the agreement presented for audit review was not signed by the Polytechnic. In addition, review of the implementation of the system revealed that despite full payment of the annual subscription, several system modules have not been utilized or were not functional, the system was unable to generate reports directly unless the service provider was requested to command the system from wherever they are based.

Further review of documents and records provided reveals that the ERP annual subscription fees amount of Kshs.417,600 was meant for maintenance of the procurement and inventory and also student management and Portal modules amounts of Kshs.70,000 and Kshs.140,000 respectively. However, these modules were not operational at the time of this audit.

In the circumstances, value for money has not been obtained in the annual subscription amount of Kshs.417,600 paid towards the software.

2. Non-Compliance with the Law on Staff Ethnic Composition

Review of the staff Bio Data established that the Polytechnic had a total of sixty-four (64) employees on its payroll. However, 35 or 56% of employees were from one dominant community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Unsupported Approvals of Allocations of Capitation

Review of the capitation and scholarship files provided for audit revealed that there were no minutes by the Council approving the allocation of capitation to eligible trainees as directed by Ministry of Education Circulars. This was contrary to circulars Ref:MOE/DTE/SCHO/VOL 11 (33), Circular Ref: MOE/DTE/SCHO/VOL III (31), Ref. No.DTE/CAP 9/36 (38), Ref. No.DTE/CAP 9/39 (17), Ref.No. DTE/CAP 9/40(17) which requires the Institutions to have copies of the Council/BOG Minutes approving the allocation of capitation to eligible trainees.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Use of Manual Payroll

Review of the payroll provided for audit revealed that the Polytechnic operated a manual payroll system for the payment of Polytechnic staff. Manual system requires manual calculation of deductions, net pay and constant monthly and/or annual updates which could be subject to errors.

Use of manual payroll exposes the salary payments to errors that may lead to losses and misappropriation of funds.

2. Operating Without an Approved Staff Establishment and Salary Structure

An audit of the personnel records and the payroll showed that the Polytechnic had a total sixty-four (64) members of staff. However, the Polytechnic did not have a staff establishment approved by the Polytechnic's Council. This is contrary to Section 26 of the Public Service Commission Act, 2017 which states that, for the purpose of this Part, "establishment of offices in the public service" means the determination and creation of the number and kinds of offices in the public service. The Management therefore engaged staff without proper mechanisms of identifying existence of vacancies during the year under review.

In the absence of an approved staff establishment, the Polytechnic may not be able to budget for, recruit and retain an optimal number of staff necessary to deliver the objectives of the Polytechnic.

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

Responsibilities of the Management and the Polytechnic Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gatundu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

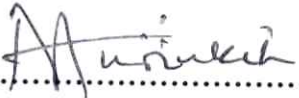
Jeremiah Nyagah National Polytechnic
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14. Statement of Financial Performance for the Year Ended 30th June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6 (b)	49,224,343	29,083,000
Total revenue from non-exchange transactions		<u>49,224,343</u>	<u>29,083,000</u>
Revenue from Exchange transactions			
Rendering of services- fees from students	7	178,111,052	144,336,672
Sale of goods	8	12,415,314	9,540,680
Finance income	9	251,428	
Miscellaneous income	10	3,000,990	
Revenue from Exchange transactions		<u>193,778,784</u>	<u>153,877,352</u>
Total Revenue		<u>243,003,127</u>	<u>182,960,352</u>
Expenses			
Use of goods and services	11	222,124,077	150,668,647
Employee costs	12	19,104,966	14,777,966
Council Expenses	13	5,077,600	4,472,775
Depreciation and amortization expense	14	23,051,923	21,249,203
Repairs and maintenance	15	13,082,915	4,567,630
Contracted services	16	10,570,800	7,006,250
Total Expenses		<u>293,012,281</u>	<u>202,742,471</u>
Net surplus/(deficit) for the year		<u>-50,009,154</u>	<u>-19,782,119</u>

(The notes set out on pages 7 to 40 form an integral part of the Annual Financial Statements).

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


.....

Chairman of Council

Date 15-11-2024


.....

Principal

Date 15-11-2024


.....

Finance Officer

ICPAK No 10789

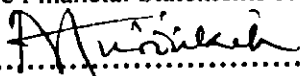
Date 15-11-2024

Jeremiah Nyagah National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

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

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	17	13,199,975	31,101,124
Current portion of receivables from exchange transactions	18	153,154,070	126,114,782
Receivables from non-exchange transactions	19		39,232,500
Inventories	20	2,188,853	599,485
Total Current Assets		<u>168,542,898</u>	<u>197,047,891</u>
Non-Current Assets			
Property, plant, and equipment	21	492,382,073	480,692,216
Intangible assets	22	1,209,663	1,357,090
Biological Assets	23	813,000	
Total Non-Current Assets		<u>494,404,736</u>	<u>482,049,306</u>
Total Assets (A)		<u>662,947,634</u>	<u>679,097,197</u>
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	24	42,810,867	15,104,176
Refundable deposits from customers	25	4,224,900	2,885,000
Total Current Liabilities		<u>47,035,767</u>	<u>17,989,176</u>
Total Liabilities (B)		<u>47,035,767</u>	<u>17,989,176</u>
Net Assets (A-B)		<u>615,911,867</u>	<u>661,108,021</u>
Represented By:			
Revaluation Reserves		330,807,949	329,994,949
Accumulated Surplus		40,258,656	90,267,810
Capital Fund		244,845,262	240,845,262
Net Assets		<u>615,911,867</u>	<u>661,108,021</u>

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



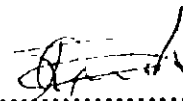
Chairman of Council

Date 15-11-2024



Principal

Date 15-11-2024



Finance Officer

ICPAK No 10789

Date 15-11-2024

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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
at 1st July, 2022	<u>329,994,949</u>		<u>109,236,865</u>	<u>240,845,262</u>	<u>680,077,076</u>
Total comprehensive income			-19,782,119		-19,782,119
(add) 2021-2022 overstated provision of audit fees			813,064		813,064
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
At June 30, 2023	<u>329,994,949</u>		<u>90,267,810</u>	<u>240,845,262</u>	<u>661,108,021</u>
at 1st July, 2023	<u>329,994,949</u>		<u>90,267,810</u>	<u>240,845,262</u>	<u>661,108,021</u>
Valuation of biological assets	813,000				813,000
Total comprehensive income			-50,009,154		-50,009,154
Development grants received during the year				4,000,000	4,000,000
Transfer of depreciation/amortization from capital fund to retained earnings					
At June 30, 2024	<u>330,807,949</u>		<u>40,258,656</u>	<u>244,845,262</u>	<u>615,911,867</u>

Development grants received for the construction of the lecture rooms. Capital expenditure is recognised in the statement of financial position under property plant and Equipment.

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

Description		2023-2024	2022-2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6 (b)	49,224,343	29,083,000
Rendering of services- fees from students	28 (a)	141,450,350	144,336,672
Sale of goods	8	12,415,314	9,540,680
Finance income	9	251,428	
Miscellaneous income	10	3,000,990	
Transfers from govt. Grants- government funded project	(6b)	4,000,000	
Total Receipts		<u>210,342,425</u>	<u>182,960,352</u>
Payments			
Use of goods and services	28 (b)	148,357,420	150,668,647
Compensation of employees	12	19,104,966	14,777,966
Remuneration of Directors	13	5,077,600	4,472,775
Repair and Maintenance	28(c)	11,867,435	4,567,630
Contracted Services	16	10,570,800	7,006,250
Total Payments		<u>194,978,221</u>	<u>181,493,268</u>
Net cash flow before working capital changes		15,364,204	1,467,084
Changes in working capital	26		-7,110,309
Net Cash Flows from operating activities	27	15,364,204	-5,643,225
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	29	-33,265,354	-28,229,119
Proceeds from sale of property, plant and equipment			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds From Borrowing			
Repayment Of Borrowings			
Deposits receipts			
Net cash flows used in financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		<u>-17,901,149</u>	<u>-33,872,344</u>
Cash and Cash equivalents at 1 July		31,101,124	64,973,468
Cash and Cash equivalents at 30 June	17	<u>13,199,975</u>	<u>31,101,124</u>

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18. Statement of Comparison of Budget & Actual amounts For Year Ended 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from National Government entities	69,000,000		69,000,000	49,224,343	-19,775,657	-29
Rendering of services- fees from students	336,444,000		336,444,000	178,111,052	-158,332,948	-47
Sale of goods	12,250,000		12,250,000	12,415,314	165,314	1
Finance income	0		0	251,428	251,428	100.00
Miscellaneous Income	3,000,000		3,000,000	3,000,990	990	0
Government funded project	0		0	4,000,000	4,000,000	100.00
Total Income	420,694,000		420,694,000	247,003,127	-173,690,873	155
Expenses						
Use of goods and services	338,820,160		338,820,160	222,124,077	116,696,083	34
Employee costs	44,000,000		44,000,000	19,104,966	24,895,034	57
Council Expenses	20,000,000		20,000,000	5,077,600	14,922,400	75
Repairs and maintenance	7,073,840		7,073,840	13,082,915	-6,009,075	-85
Contracted services	10,800,000		10,800,000	10,570,800	229,200	2
Total Expenditure	420,694,000		420,694,000	269,960,358	150,733,642	83
Surplus For the Period	0		0	-22,957,231	-22,957,231	
Capital Expenditure	45,000,000			34,594,354		

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Reconciliation of deficit in the statement of financial statement and the surplus in the statement of comparison of the budget		
Description	Note no	Amount (kshs)
Deficit in the statement of financial Performance		-50,009,154
(less)		
GoK funded projects recognised in the statement of change in net assets		4,000,000
(add)		
Provisions for depreciation	14	23,051,923
Surplus as per the statement of comparison of the budget		-22,957,231

NOTES TO THE BUDGET

Income

- Transfers from National Government entities was not achieved since the Original Budget had an expected total enrolment of 5,000 against the actual enrolment of 3,531 students.
- Rendering of services- fees from students was not achieved since the original budget had an expected total enrolment of 5,000 against the actual enrolment of 3,531 Students
- There was no budget for Finance income in the original budget
- There was no budget for Government Funded project in the original budget thus the variance in Government funded project

Expenses

- Use of goods and services has a 34% Under Expenditure due to under funding and uncollected fees due to low enrolment and fee debtors
- Employee Costs has a 57% Under Expenditure due to non-employment of budgeted additional staff which was not achieved due to lack of enough funds for budget actualisation
- Council Expenses has a 75% Under Expenditure due to under funding thus making it impossible for the council members attend seminars and trainings
- Repairs and Maintenance had an over expenditure of 85% due to the increase of repair areas in the institute due to the introduction of hair dressing and beauty therapy courses and kitchen repairs.

19. Notes to the Financial Statements

1. General Information

Jeremiah Nyagah National Polytechnic is established by and derives its authority and accountability from TVET Act 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is to provide competence through technology

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarial determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Polytechnic's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of this financial statement

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Jeremiah Nyagah National Polytechnic. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Polytechnic.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The IPSAS 43 will improve the reporting of the financial statement in the subsequent years.</p>

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<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The IPSAS 44 will improve the reporting for the non-current assets that will not be operational/operations discontinued in the subsequent years starting in the 2024- 2025 financial year.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The IPSAS 45 standard has no impact to Jeremiah Nyagah National Polytechnic since all the non-current assets are already recognised as assets.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. The IPSAS 46 standard has no impact to Jeremiah Nyagah National Polytechnic as the fees charged is regulated by the government.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that polytechnic shall apply to report useful information to users of financial</p>

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	statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The IPSAS 47 will improve the reporting of the financial statement in the subsequent years.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The IPSAS 48 standard has no impact as the Jeremiah Nyagah National Polytechnic does not transfer expenses to other entities.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. The IPSAS 49 will improve the reporting of the financial statement in the subsequent years.

iii. Early adoption of standards

The polytechnic did not early adopt any new or amended standards in year 2023- 2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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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 Polytechnic.

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Council on 28th June 2023. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Polytechnic's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section 1 of these financial statements.

c) Taxes

Current income tax

The Polytechnic is exempt from paying taxes as per 1st schedule of the income tax Act.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

e) Intangible assets

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

f) Research and development costs

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii. Its intention to complete and its ability to use or sell the asset.
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset.
- v. 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.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one Polytechnic and a financial liability or equity instrument of another Polytechnic. At initial recognition, the Polytechnic measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The Polytechnic classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Polytechnic's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Polytechnic assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Polytechnic recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 30 (i).

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

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

i) Provisions

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

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Contingent liabilities

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

Contingent assets

The Polytechnic does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Polytechnic in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits 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.

j) Social Benefits

Social benefits are cash transfers provided to

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

k) Nature and purpose of reserves

The Polytechnic does not maintain reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Polytechnic provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Polytechnic pays fixed contributions into a separate 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

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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.

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.

n) Borrowing costs

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

o) Related parties

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

p) Service concession arrangements

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

q) 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.

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r) Comparative figures

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

s) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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.

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 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 Polytechnic. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the Polytechnic.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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 provided below.

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.

- a. Bad Debts are written off after a period of 10 years as set out in credit and debt management policy currently since the Polytechnic started to be audited by the

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Auditor General in the FY 2018-2019 no debts are above 10 years thus no bad debts have been written off.

Bad debts are provided at the following rates

S no	Age Of Debtors	Rate
1	o 241 -360 days	5
2	o Up to 1 year	20
3	o Up to 2 years	50
4	o Up to 3 years	75
5	o Up to 4 years	100

- b. Obsolete stocks are disposed in conformity with Public Procurement and Asset Disposal Act of and an asset disposal committee considers the prevailing market prices.

Depreciation

Depreciation is charged on a reducing balance basis over the estimated useful lives of the assets.

The annual rates of depreciation used shall be as

No	Classification of asset	Rate
i.	Land	Nil
ii.	Buildings	2.5%
iii.	Motor Vehicles	15%
iv.	Furniture & Fittings	10%
v.	Computer equipment	30%
vi.	Plant and Equipment	15%
vii.	Intangible assets	30%

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6. (a) Transfers from other National Government entities- MoE

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	25,426,000	29,083,000
Government Scholarship	23,798,343	
Development fund	4,000,000	
Total Government Grants and Subsidies	53,224,343	29,083,000

(b) Transfers from other Government entities (Categorized) MoE

Name of the Polytechnic sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2022-2023
			Kshs	Kshs	Kshs
Ministry of Education	49,224,343		4,000,000	53,224,343	29,083,000
Total	49,224,343		4,000,000	53,224,343	29,083,000

7. Rendering of Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition Fees	45,164,356	49,935,332
Activity Fees	8,039,901	6,091,150
Examination Fees	21,555,500	23,639,550
Library Fees	386,824	-
Registration Fees	1,537,409	1,306,000
Student ID card	687,000	676,000
Repairs Maintenance and Improvement	4,538,489	2,678,645
Personal Emoluments	23,600,749	17,324,980
Local Travel and Transport	6,755,651	5,565,865
KNEC Examination Practical	801,800	1,075,650
Industrial Attachment	5,504,370	4,345,500
Electricity Water and Conservancy	4,996,466	3,863,060
Administration Fees	602,840	844,320
Student Council	671,500	724,500
PAYE meals	32,866,267	24,126,670
KUCCPS	2,650,500	2,139,450
NITA Exams	569,740	
KASNEB Examination Fee	83,890	
CBET Exam	13,406,665	
Internet	5,109	
CBET Class Practical	3,686,026	
Total Revenue from The Rendering of Services	178,111,052	144,336,672

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These are income from students' invoices

8. Sale of Goods

Description	2023-2024	2022-2023
	Kshs	Kshs
Sale of tender documents		15,000
Sale of Farm Produce	144,090	58,180
Hire of Polytechnic property	151,000	202,000
Enterprise C&J Accommodation	12,120,224	9,265,500
Total Revenue from Sale of Goods	<u>12,415,314</u>	<u>9,540,680</u>

This is income from Income Generating Activities

9. Finance Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest income from savings account	251,428	
Total finance income	<u>251,428</u>	

This is income from saving account held at ABSA BNK LTD

10. Miscellaneous Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Graduation fees	3,000,990	
Total other income	<u>3,000,990</u>	

Graduation fees invoiced to trainees who qualified for graduation.

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11. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Registration expense	813,500	1,350,100
Water	934,747	598,976
Electricity	1,985,253	1,474,956
Entertainment	113,400	132,600
PAYE Meals expenses	52,655,950	31,665,995
Performance contract	1,239,000	1,748,000
Industrial attachment	3,252,370	562,219
Hired rent/accommodation	11,039,000	7,697,000
Production unit/enterprise farm	129,550	119,800
Administration Cost	796,174	1,135,630
Provision for audit fees	500,000	500,000
Conferences and delegations	2,161,840	130,400
Co-curriculum activities	5,977,950	2,051,630
Examination	41,133,142	32,911,076
Insurance	807,559	388,251
Student council activities	652,100	809,150
Library magazines	120,300	59,940
Travelling and accommodation	3,199,180	1,374,900
Fuel and oil	6,065,459	4,248,979
Telephone Expenses	593,750	279,000
Training Expenses	16,307,504	20,411,885
Postage	7,725	1,016
Internet services	1,093,300	616,292
HELB Loan Refund	235,265	
Internal meetings	666,500	1,010,000
Rebranding & renaming the Polytechnic	748,500	80,000
Robotic Exhibition and promotion	1,787,920	
Staff Uniforms	446,650	207,300
KNEC Examination practical	11,278,060	10,510,235
Student ID Expense	1,121,500	1,145,000
Training seminar and workshop	4,304,146	1,478,000
Tender Meeting /advert	249,800	857,700
Class Practical -other department		623,887
Class practical hospitality and tourism expenses	647,389	941,460
Provision for bad debts	42,678,638	23,019,008
ERP annual subscription fees	417,600	417,600
Bank Charges ABSA	46,973	94,747
Bank Charges KCB	2,896	1,425
Bank Charges Equity	9,152	14,490
Graduation expenses	3,977,300	
KATTI subscription	50,000	

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Bill board Fee(KENHA)	17,325	
Main A/C I	20,250	
Marketing And Advertising	1,759,860	
KASNEB exam	79,600	
Total Use of Goods and Services	<u>222,124,077</u>	<u>150,668,647</u>

12. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Basic Pay	12,820,353	10,704,016
Other Allowances	228,000	178,000
Commuter Allowance	1,386,995	393,805
NSSF	1,523,748	1,293,980
Housing benefits and Allowances	1,776,500	1,447,300
Social contributions/JISWA	188,700	155,400
NHIF	473,600	401,750
PAYE	168,963	60,516
HELB Loan Refund	258,206	143,199
Housing levy	242,701	
NITA levy	37,200	
Total employee Costs	<u>19,104,966</u>	<u>14,777,966</u>

13. Council Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Council of Governors Allowance	710,000	2,021,000
Other council members Expenses	4,367,600	2,451,775
Total Council Expenses	<u>5,077,600</u>	<u>4,472,775</u>

14. Depreciation and Amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Building	8,171,230	8,185,344
Motor Vehicle	2,451,070	863,175
Furniture & Fittings	2,704,571	1,764,823
Computers	2,909,192	2,445,507
Plant & Equipment	6,297,433	7,408,745
Intangible Assets	518,427	581,610
Total depreciation and amortization	<u>23,051,923</u>	<u>21,249,203</u>

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15. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Computer Maintenance		576,200
Repair Maintenance & improvement	11,932,455	2,705,590
EWC Repairs	236,070	
Repair Maintenance of machines	44,500	765,530
Vehicles Repairs	869,890	520,310
Total Repairs and Maintenance	<u>13,082,915</u>	<u>4,567,630</u>

16. Contracted Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Cleaning services and security services	10,570,800	7,006,250
Total contracted services	<u>10,570,800</u>	<u>7,006,250</u>

17. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
ABSA Bank Kenya PLC	6,475,193	9,715,539
Kenya Commercial Bank	1,342,026	1,747,594
Equity Bank of Kenya	5,382,756	19,637,991
Total Cash and Cash Equivalents	<u>13,199,975</u>	<u>31,101,124</u>

(a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
ABSA Bank PLC	2026031233	6,475,193	9,715,539
Kenya Commercial Bank	1121471226	1,342,026	1,747,594
Equity Bank	0190273909253	5,382,756	19,637,991
Grand Total		<u>13,199,975</u>	<u>31,101,124</u>

18. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Student Debtors (Regular & NYS Students)	153,154,070	126,114,782
Total Current Receivables	<u>153,154,070</u>	<u>126,114,782</u>

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(b) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024 Kshs		2022-2023 Kshs	
	% of the total	2023-2024	% of the total	2022-2023
Less than 1 year	34	52,298,475	25	37,820,835
Between 1- 2 years	53	81,239,345	75	111,312,955
Between 2-3 years	13	19,616,250		
Over 3 years				
Total	100	153,154,070	100	149,133,790

(c) Analysis Bad debt provision of Receivables from Exchange transactions

Description	2023-2024 Kshs				2022-2023 Kshs		
	Current FY	Rate	Provision	Net	Current FY	Provision	Net
Less than 1 year	55,051,026	5	2,752,551	52,298,475	37,820,835	756,417	37,064,418
Between 1- 2 years	101,549,182	20	20,309,836	81,239,346	111,312,955	22,262,591	89,050,364
Between 2- 3 years	39,232,500	50	19,616,250	19,616,250			
Total (a+b)	195,832,708		42,678,638	153,154,070	149,133,790	23,019,008	126,114,782

(d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	126,114,782	120,938,055
Receivable from non-exchange transactions transferred to exchange transaction receivables	39,232,500	
addition during the year	55,051,026	37,820,835
Provisions during the year	(42,678,638)	-23,019,008
Recovered during the year	(24,565,600)	-9,625,100
Write offs during the year		
At the end of the year	153,154,070	126,114,782

The rate for the expected credit loss is provided in note 5 on provision for bad debts.

19. Receivables from Non-Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Capitation Grants		39,232,500.00
Total Current Receivables		39,232,500.00

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20. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable stores	2,188,853	599,485
Total Inventories at lower of Cost and Net Realizable Value	2,188,853	599,485

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21. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital Work in Progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1st July 2022	<u>93,000,000</u>	<u>345,000,000</u>	<u>6,770,000</u>	<u>10,505,700</u>	<u>7,359,900</u>	<u>58,107,800</u>		<u>520,743,400</u>
Additions		16,913,759		8,193,100	2,999,760			28,106,619
Disposals								
Transfer/adjustments								
At 30th June 2023	<u>93,000,000</u>	<u>361,913,759</u>	<u>6,770,000</u>	<u>18,698,800</u>	<u>10,359,660</u>	<u>58,107,800</u>		<u>548,850,019</u>
At 1st July 2023	<u>93,000,000</u>	<u>361,913,759</u>	<u>6,770,000</u>	<u>18,698,800</u>	<u>10,359,660</u>	<u>58,107,800</u>		<u>548,850,019</u>
Additions		7,620,790	11,449,140	11,162,300	3,991,124			34,223,354
Disposals								
Transfer/adjustments								
At 30th June 2024	<u>93,000,000</u>	<u>369,534,549</u>	<u>18,219,140</u>	<u>29,861,100</u>	<u>14,350,784</u>	<u>58,107,800</u>		<u>583,073,373</u>
Depreciation and Impairment								
At 1 July 2022		34,500,000	1,015,500	1,050,570	2,207,970	8,716,170		47,490,210
Depreciation		8,185,344	863,175	1,764,823	2,445,507	7,408,745		20,667,594
At 30 June 2023		<u>42,685,344</u>	<u>1,878,675</u>	<u>2,815,393</u>	<u>4,653,477</u>	<u>16,124,915</u>		<u>68,157,804</u>
At 1st July 2023		<u>42,685,344</u>	<u>1,878,675</u>	<u>2,815,393</u>	<u>4,653,477</u>	<u>16,124,915</u>		<u>68,157,804</u>
depreciation rate		0.025	0.15	0.1	0.3	0.15		
Depreciation		8,171,230	2,451,070	2,704,571	2,909,192	6,297,433		22,533,496
At 30th June 2024		<u>50,856,574</u>	<u>4,329,745</u>	<u>5,519,964</u>	<u>7,562,669</u>	<u>22,422,348</u>		<u>90,691,300</u>
Net book values								
At 30 June 2023	93,000,000	<u>319,228,415</u>	<u>4,891,325</u>	<u>15,883,407</u>	<u>5,706,183</u>	<u>41,982,886</u>		<u>480,692,216</u>
At 30 June 2024	<u>93,000,000</u>	<u>318,677,975</u>	<u>13,889,395</u>	<u>24,341,136</u>	<u>6,788,115</u>	<u>35,685,452</u>		<u>492,382,073</u>

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were re-valued by Milestone Land Access Limited professional valuers on September 2021. These amounts were adopted in the financial statements on 21st September 2021.

(b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	93,000,000		93,000,000
Buildings	369,534,549	50,856,574	318,677,975
Motor Vehicles	18,219,140	4,329,745	13,889,395
Furniture and Fittings	29,861,100	5,519,964	24,341,136
Computers	14,350,784	7,562,669	6,788,115
Plant and Equipment	58,107,800	22,422,348	35,685,452
Total	<u>583,073,373</u>	<u>90,691,300</u>	<u>492,382,073</u>

22. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	1,816,200	1,816,200
Additions	122,500	122,500
At end of the June,	1,938,700	1,938,700
At beginning of the July,	1,938,700	
Additions during the year	371,000	
At end of the year	<u>2,309,700</u>	<u>1,938,700</u>
Amortization and impairment		
At beginning of the year	581,610	
Amortization	518,427	581,610
At end of the year	<u>1,100,037</u>	<u>581,610</u>
Impairment loss		
At end of the year		
NBV	<u>1,209,663</u>	<u>1,357,090</u>

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23. Biological Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cattle	333,000	
Pigs	480,000	
Total	<u>813,000</u>	

24. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Fees paid in advance	6,589,000	14,104,176
Other Payables (Audit Fees)	1,500,000	1,000,000
Trade creditors	34,721,867	
Total Trade and Other Payables	<u>42,810,867</u>	<u>15,104,176</u>

Ageing analysis:	2023-2024 Kshs	% of the Total	2022-2023 Kshs	% of the Total
Under one year	41,810,867	98	14,104,176	93
1-2 years	500,000	1	1,000,000	7
2-3 years	500,000	1		
Total (to tie to totals above)	<u>42,810,867</u>	100	<u>15,104,176</u>	100

25. Refundable Deposits from Customers/Students

Description	2023-2024	2022-2023
	Kshs	Kshs
Caution money	4,224,900	2,885,000
Total Deposits	<u>4,224,900</u>	<u>2,885,000</u>

Ageing Analysis of Refundable Deposits from Customers/Students

Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	1,339,900	32%	1,420,000	49%
1-2 years	1,420,000	34%	1,465,000	51%
2-3 years	1,465,000	34%		
Over 3 years				
Total	<u>4,224,900</u>	100%	<u>2,885,000</u>	100%

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26. Change in working capital

Description	2023-2024	2022-2023
	KShs	KShs
Net Cash Flows from operating activities	15,364,204	-5,643,225
(less) Net cash flow before working capital changes		1,467,084
Changes in working capital	15,364,204	-7,110,309

27. Cash generated from operations.

Description	2023-2024	2022-2023
	KShs	KShs
Surplus for the year before tax	-50,009,154	1,467,084
Adjusted for:		
2021-2022 overstated provision of audit fees		813,064
Development grants	4,000,000	
Depreciation	23,051,923	
Working Capital adjustments		
Increase in inventory	-1,589,368	831,600
Increase in receivables	12,193,212	-5,176,727
Increase in payables	27,717,591	-3,578,246
Net cash flow from operating activities	15,364,204	(5,643,225)

28. Reconciliation of the amount in the statement of financial performance and statement of cash flow

(a) Rendering of services

Description	2023-2024	2022-2023
	KShs	KShs
Rendering of services in the statement of financial performance	178,111,052	144,336,672
(less) 2023- 2024 fees debtors	-55,051,026	
2022- 2023 prepaid fees	-14,104,176	
(add) Fees debtors recovered	24,565,600	
2023- 2024 prepaid fees	6,589,000	
Caution money	1,339,900	
Rendering of services in the cash flow statement	141,450,350	144,336,672

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(b) Use of goods and services

Description	2023-2024	2022-2023
	KShs	KShs
Use of goods & services in the statement of financial performance	222,124,077	150,668,647
(less) 2023- 2024 trade payables	-32,177,387	
2022- 2023 inventory	-599,485	
(add)2023- 2024 inventory	2,188,853	
(less provisions) Bad debts	-42,678,638	
Audit fees	-500,000	
Use of goods & services in the cash flow statement	148,357,420	150,668,647

(c)Repairs and maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Repairs and maintenance in the statement of financial performance	13,082,915	4,567,630
(less) 2023- 2024 trade payables	-1,215,480	
Repairs and maintenance in the cash flow statement	11,867,435	4,567,630

29. Purchase of property, plant, equipment and intangible assets

Description	2023-2024	2022-2023
	KShs	KShs
Buildings	7,620,790	
Motor vehicles	11,449,140	
Furniture and fittings	11,162,300	
Computers	3,991,124	
Intangible assets	371,000	
	34,594,354	
(less) payables – furniture	-1,329,000	
Cash flows from investing activities	33,265,354	28,229,119

30. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from exchange transactions	126,114,782	37,064,418	89,050,364	
Receivables from non-exchange transactions	39,232,500		39,232,500	
Bank balances	31,101,124	31,101,124		
Total	196,448,406	68,165,542	128,282,864	
At 30 June 2024				
Receivables from exchange transactions	153,154,070	52,298,475	100,855,595	
Receivables from non-exchange transactions				
Bank balances	13,199,975	13,199,975		
Total	166,354,045	65,498,450	100,855,595	

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

The Polytechnic has significant concentration of credit risk on amounts due from 3 months

The council members sets the polytechnic's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Polytechnic's directors, who have built an appropriate liquidity risk management framework for the management of the Polytechnic's short, medium and long-term funding and liquidity management requirements.

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The Polytechnic manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Fees paid in advance	14,104,176	0	0	14,104,176
Trade Payables	0	500,000	500,000	1,000,000
Refundable deposits from customers	1,420,000	1,201,900	263,100	2,885,000
Total	<u>15,524,176</u>	<u>1,701,900</u>	<u>763,100</u>	<u>17,989,176</u>
At 30 June 2024				
Fees paid in advance	6,589,000			6,589,000
Trade Payables	35,221,867		1,000,000	36,221,867
Refundable deposits from customers	1,339,900		2,885,000	4,224,900
Total	<u>43,150,767</u>		<u>3,885,000</u>	<u>47,035,767</u>

(iii) Market risk

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

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

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

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

iv) Capital Risk Management

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

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Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	330,807,949	329,994,949
Retained Earnings	40,258,656	90,267,810
Capital Reserve	244,845,262	240,845,262
Total Funds	<u>615,911,867</u>	<u>661,108,021</u>
Total Borrowings		
Less: Cash and Bank Balances	13,199,975	31,101,124
Net Debt/(Excess Cash and Cash Equivalents)		
Gearing	2.14%	4.70%

31. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Council of directors;
- v) Local Community
- vi) Support Staff
- vii) Trainees

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

Description	2023-2024	2022-2023
	Kshs	Kshs
a) Purchases from related parties		
Purchases of electricity from KPLC	1,985,253	1,474,956
Purchase of water from govt service providers		598,976
Rent expenses paid to govt agencies		7,697,000
Training and conference fees paid to govt. agencies	4,304,146	130,400
Total	<u>6,289,399</u>	<u>9,901,332</u>
b) Grants /Transfers from the Government		
Grants from National Govt	53,224,343	29,083,000
Total	<u>53,224,343</u>	<u>29,083,000</u>
c) Expenses incurred on behalf of related parties		

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Description	2023-2024	2022-2023
	Kshs	Kshs
Payments of Salaries and Wages for BoG Employees	19,104,966	14,777,966
Payments for Goods and Services for internal meetings		1,010,000
Total	<u>19,104,966</u>	<u>15,787,966</u>
d) Key Management Compensation		
Directors' emoluments	5,077,600	4,472,775
Compensation to Key Management		
Total	<u>5,077,600</u>	<u>4,472,775</u>

32. Events After The Reporting Period

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

33. Ultimate And Holding Polytechnic

The Polytechnic is a TVET polytechnic under the Ministry of Education. Its ultimate parent is the Government of Kenya.

34. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
Basis for Qualified Opinion				
1.	Inaccurate cash and cash equivalents	The direct credits were entered in the cash book	Resolved	resolved
2	Unsupported maintenance of motor vehicles	Service contracts and procurement documents provided	Resolved	resolved
3	Inaccuracy in the financial statements	Corresponding expenditure omitted in note 9 inserted	Resolved	resolved
4	Lack of ownership documents for assets	Follow up on the land issue and change of name of motor vehicles in progress	Not resolved	June 2024
Key Audit Matters				
1	Budgetary control and performance	Revenue shortfall and under expenditure are directly connected to the number of students and timely release of funding by the government which was not within the Polytechnics control	Not resolved	Work in progress

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Unresolved prior year audit issues	Audit and Risk Committee of the council to discuss the external audit report	Not resolved	June 2024
Basis for Conclusion				
1	Irregular sale of farm produce	Disposal process documentation provided	Resolved	resolved
2	Corporate Governance	Query not complete	-	-
2.1	Lack of Authority for approving rates for council allowances	Parent Ministry consulted on the issue	Not resolved	June 2024
2.2	Appointment procedure of council members	Notice of the appointment in the Kenya Gazette not within the control of the institution	Not Resolved	June 2024
3.1	Lack of approved staff establishment	The Polytechnic to develop and approve staff establishment policy	Resolved	Resolved
3.2	Lack of salary structure and scheme of service	The management to develop and approve salary structure and scheme of service	Resolved	Resolved
3.3	Failure to comply with ethnicity and diversity requirement	Future employments to consider section 7(2) of the National Cohesion and Integration act,2008	Not Resolved	Work in progress
3.4	Failure to recruit a competent human resource officer	The FY 2023-2024 budget has included hiring of a competent human resource officer	Not resolved	June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Untagged Assets	All assets to be properly tagged	Not Resolved	June 2024
Conclusion				
1	Non-establishment of Audit department and Audit Committee	Internal department have been established	Resolved	Resolved
2	Lack of Operational Health Policy	Management to develop occupational safety and health policy	Not Resolved	June 2024



Name: Mr. Simon Charles Kivutih
Accounting Officer
Chief Principal / Secretary Council of Governors
Date 15/11/2024

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Appendix II: Projects Implemented by Jeremiah Nyaga National Polytechnic

Projects

Projects implemented by the polytechnic Funded by development partners.

Note: Within the year, the polytechnic didn't receive development fund from the government and development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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Appendix III- Inter-Polytechnic Confirmation Letter



MINISTRY OF EDUCATION
STATE DEPARTMENT OF VOCATIONAL & TECHNICAL TRAINING
JEREMIAH NYAGAH NATIONAL POLYTECHNIC
P.O. BOX 1264 - 60100 EMBU. Tel: +254 700 334 477
Email: rwikati@yahoo.com / Web: www.jnti.ac.ke



The Ministry of Education wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Jeremiah Nyagah National Polytechnic as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2024				Amount Received by Jeremiah Nyagah National Polytechnic (Kshs) as at 30 th June 2024 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
DTE/CAP 9/36(38)	9/10/2023	8,274,000	0	0	8,274,000	8,274,000	0
DTE/CAP/9/39(17)	18/01/2024	8,004,000	0	0	8,004,000	8,004,000	0
DTE/CAP 9/40(17)	6/02/2024	9,148,000	0	0	9,148,000	9,148,000	0
BATCH 5262/63	22/02/2024	21,876,738			21,876,738	21,876,738	
BATCH 5277	12/03/2024	1,921,605			1,921,605	1,921,605	
MOE/DTE8/65(49)	17/07/2023		4,000,000		4,000,000	4,000,000	
Total		49,224,343	4,000,000	0	53,224,343	53,224,343	

I confirm that the amounts shown above are correct as of the date indicated.
Head of Accountants department of beneficiary Polytechnic:
 Name SIMON C. KIWITIH Sign [Signature] Date 15-11-2024

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Appendix IV: Reporting of Climate Relevant Expenditures

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

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Appendix V: Reporting on Disaster Management Expenditure

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