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REPORT



OF

THE AUDITOR-GENERAL

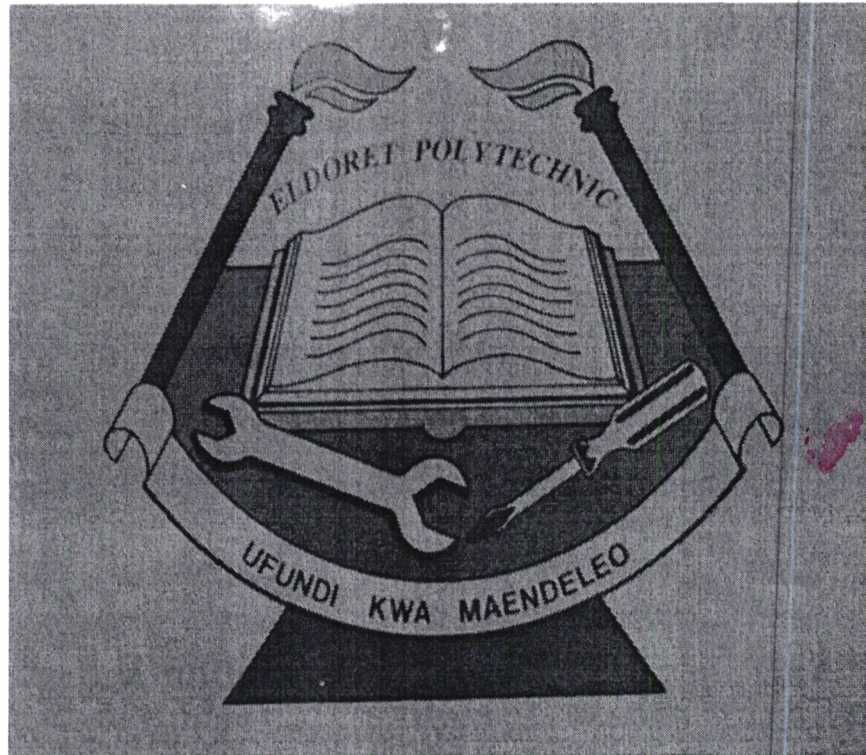
ON

THE FINANCIAL STATEMENTS OF  
ELDORET NATIONAL POLYTECHNIC

FOR THE YEAR ENDED  
30 JUNE 2015



*The Eldoret National Polytechnic Financial Statements for the year ended 30<sup>th</sup> June, 2015*



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**THE ELDOR ET NATIONAL POLYTECHNIC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2015**

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

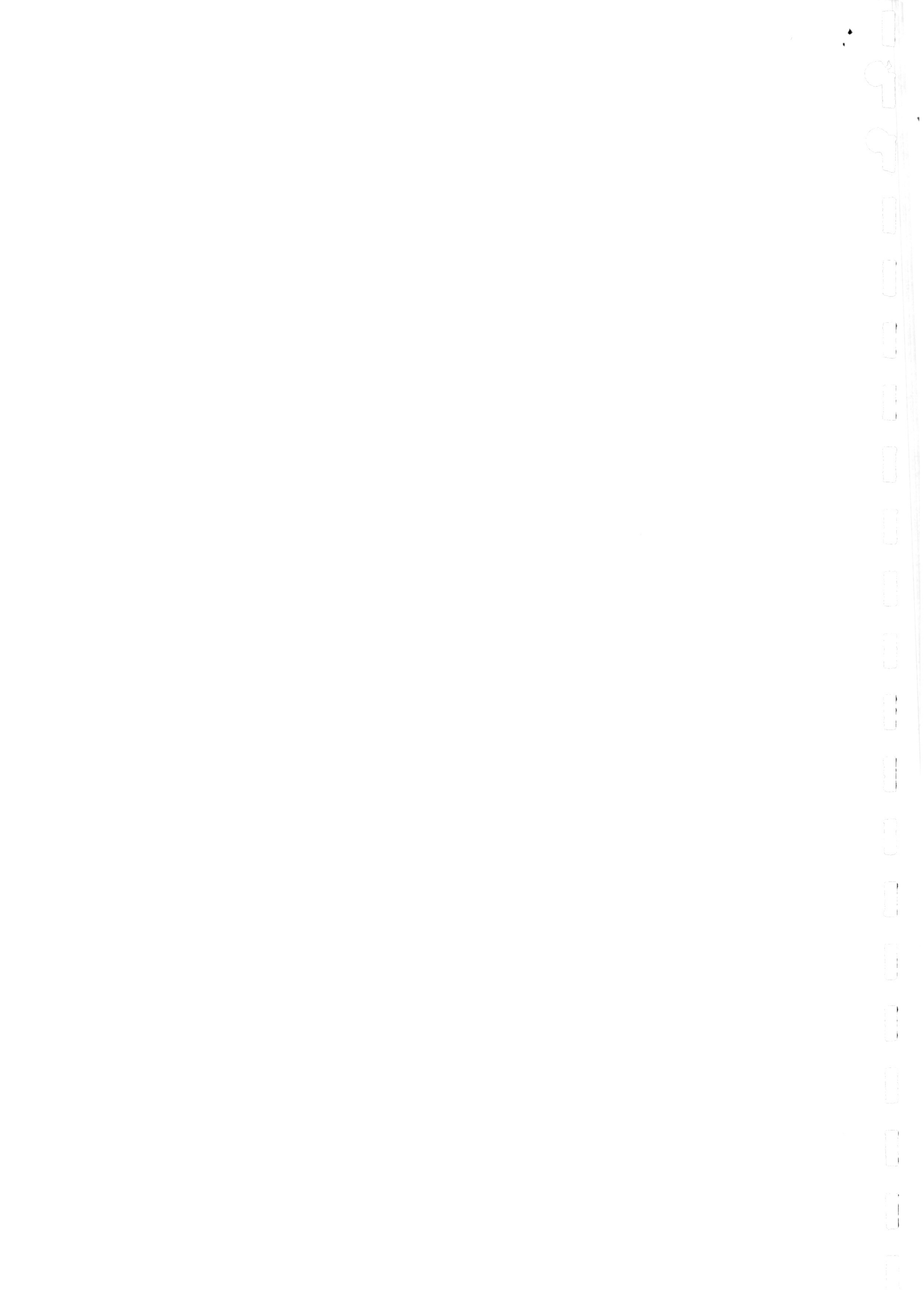
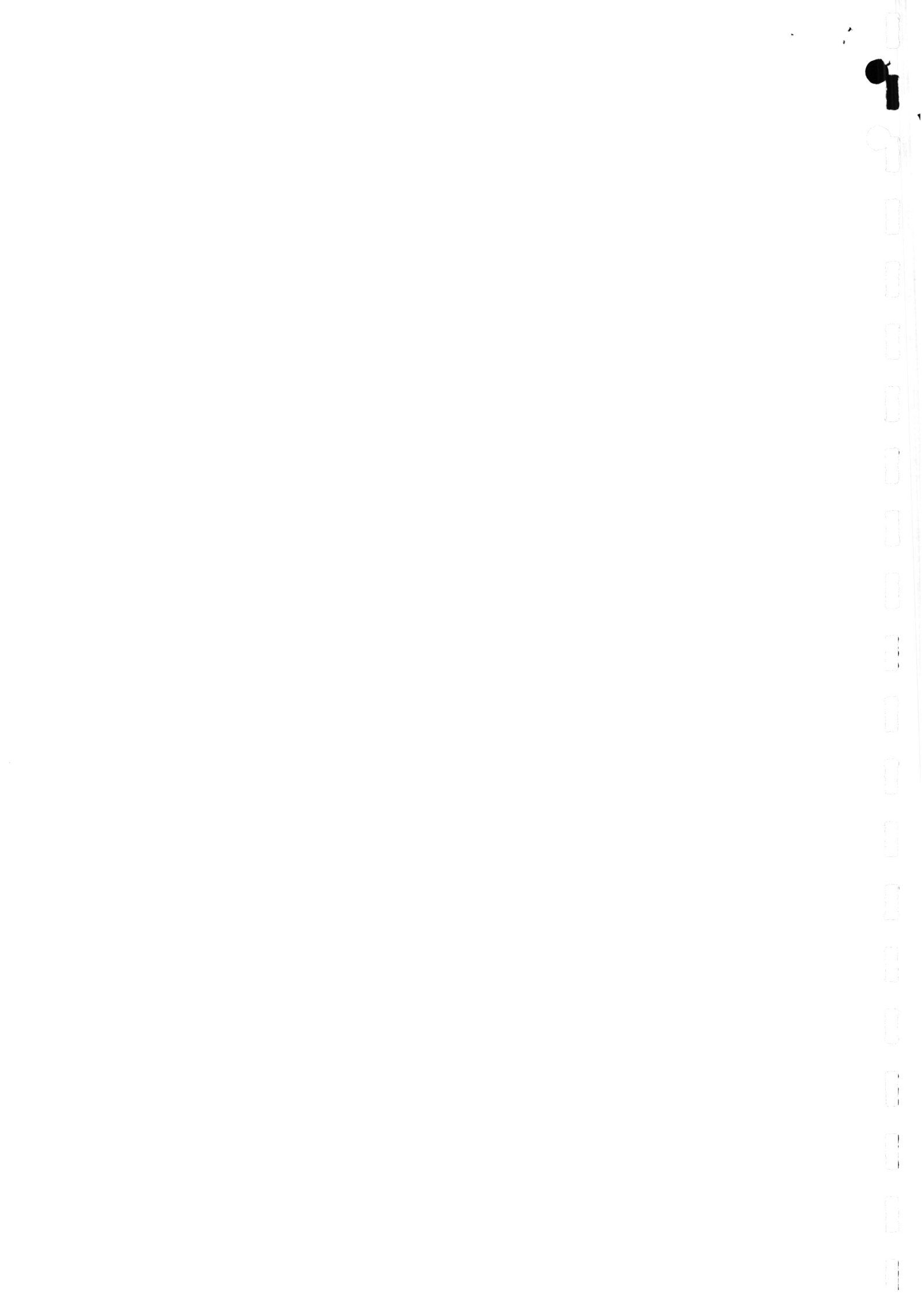


Table of Content

Page

**I. Contents**

I. THE ELDORET NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT.....	ii
II. THE GOVERNING COUNCIL.....	v
III. MANAGEMENT TEAM.....	xi
IV. CHAIRMAN'S STATEMENT.....	xiv
V. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xvi
VI. CORPORATE GOVERNANCE STATEMENT.....	xviii
VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	xix
VIII. REPORT OF THE GOVERNING COUNCIL.....	xx
IX. STATEMENT OF GOVERNING COUNCIL S' RESPONSIBILITIES.....	xxiii
X. REPORT OF THE INDEPENDENT AUDITORS ON THE ELDORET NATIONAL POLYTECHNIC.....	xxv
XI. STATEMENT OF FINANCIAL PERFORMANCE.....	1
XII. STATEMENT OF FINANCIAL POSITION.....	2
XIII. XIII STATEMENT OF CHANGES IN NET ASSETS.....	3
XIV. 4. STATEMENT OF CASH FLOWS.....	4
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XVI. NOTES TO THE FINANCIAL STATEMENTS.....	6-22



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

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

The Eldoret Polytechnic was established as per the legal notice No. 120 in the Kenya Gazette Supplement No. 30 dated 8<sup>TH</sup> May 1987 under the Education Act(Cap. 211) conferring the Minister then to make an order establishing the Governing Council of Governors of Eldoret Polytechnic referred to as -THE EDUCATION(GOVERNING COUNCIL OF GOVERNORS) (ELDORET POLYTECHNIC), ORDER, 1987. Subsequent to this order, the institution changed status as per Kenya Gazette Legal Notice No.114 dated 22<sup>nd</sup> August, 2014 for THE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING ACT (no. 29 of 2013) which states;  
IN EXERCISE of the powers conferred by section 26 ( 2) of the Technical and Vocational Education and Training Act, 2013, the Cabinet Secretary for Education Science and Technology makes the following Order:- THE ELDORET NATIONAL POLYTECHNIC ORDER, 2014 hence recognizing the governing council as responsible for the general policy and strategic direction of the The Eldoret National Polytechnic.

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

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

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

1. To restructure the Governing organs including Governing Council and management committee to be compatible with a degree awarding institution with appropriate industrial cluster;
2. To establish and maintain effective and strategic leadership that is able to formulate policies and monitor the achievement of institutional vision , mission and objectives;
3. To establish and encourage democratic governance and management of the institution;
4. To promote and adopt principle of good corporate governance and achieve high quality of work, image and culture to ISO 9001 standards;
5. To strengthen guidance and counselling and public relations office;
6. To attract and retain highly qualified competent and motivated human resource for the institution ;
7. To develop human resource capacity and capability that is able to provide an excellent service delivery in teaching and research for the institution;
8. To develop and upgrade teaching/learning facilities and equipment up-to the required international standards;
9. To develop quality ICT infrastructure for learning, research, effective and efficient institutional management information systems;
10. To develop high quality academic and research programs that are market driven so as to



- contribute towards training of competent innovative graduates;
11. To restructure and broaden resource base of the growing institution by diversifying sources and improving the resource management system;
  12. To harmonize admission criteria to meet Quality assurance standards; and
  13. To promote and establish collaboration, linkages and networking with other institutions.

**(c) Key Management**

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

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

**(d) Fiduciary Management**

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

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

**(e) Fiduciary Oversight Arrangements**

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

1. Finance committee activities
2. Disciplinary Committee

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

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

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

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



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

1. National Bank of Kenya Ltd  
Eldoret Branch  
P.O. Box 3111 code 30100  
Eldoret, Kenya
2. Co-operative Bank of Kenya Ltd  
Eldoret Branch  
P.O. Box 2948 code 30100  
Eldoret, Kenya
3. Equity Bank Ltd  
Eldoret Supreme Branch  
P.O. Box 75104 code 00200  
Nairobi, Kenya
4. Kenya Commercial Bank Ltd  
Eldoret West  
Branch  
P.O. Box 5197 code 30100  
Eldoret, Kenya



**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Advisers**

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

**II. THE GOVERNING COUNCIL**

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





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

- Chairman Audit & Risk committee

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



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

- Member Infra structure committee

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





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

- Member Infra structure committee

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



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

- Member Infra structure committee

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

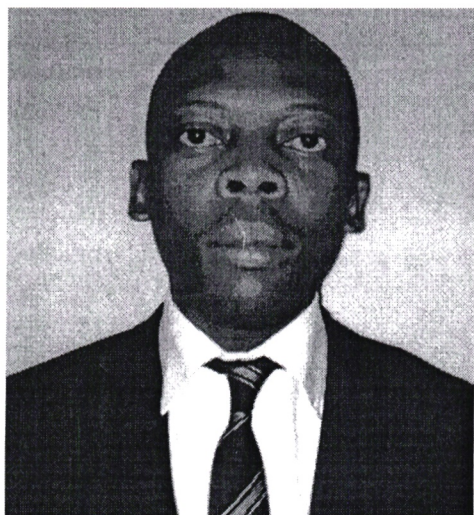




**Prof. Peter Okemwa, PhD.**

- Member Infra structure committee

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

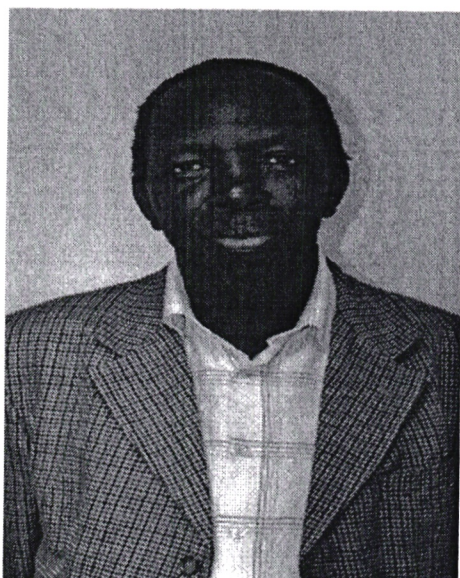


**Patrick Mbehi Stom, Msc(Finance-JKUAT), Member ICPAK.**

- Member Finance & General purpose committee
- Representative of the PS, The National Treasury

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





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

- Chairman, Infra structure committee

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

Currently he is a lecturer in the Department of Civil Engineering, University of Eldoret.



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

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

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







**Josphat K. Sawe**  
Med(Baraton), Bed(CUEA),  
Diploma(Education)

- Principal/ Secretary  
Governing Council

Josphat was born on 12th December, 1958. He is the chief executive officer of the polytechnic serving as the principal and secretary to the Governing Council. He has a wealth of experience in Education Management having served as a principal in various institutions. He has been a deputy principal, head of department at Primary teacher training college and a teacher in high school. He has a masters degree in Education from the University of East Africa, Baraton. He attained his Bachelors degree in Education from Catholic University and also has a diploma in Education.



III. MANAGEMENT TEAM

Key manager's passport-size photo and name, and key profession/academic qualifications	The main area of responsibility
 <p><b>Josphat K. Sawe</b> Med(Baraton), Bed(CUEA), Diploma(Education)</p> <ul style="list-style-type: none"> <li>• <b>Principal/ Secretary Governing Council</b></li> </ul>	<p>Josphat was born on 12th December, 1958. He is the chief executive officer of the polytechnic serving as the principal and secretary to the Governing Council. He has a wealth of experience in Education Management having served as a principal in various institutions. He has been a deputy principal, head of department at Primary teacher training college and a teacher in high school. He has a masters degree in Education from the University of East Africa, Baraton. He attained his Bachelors degree in Education from Catholic University and also has a diploma in Education.</p>
 <p><b>Isaac Kipkoech Kilach,</b> Bed(science) University of Nairobi</p> <ul style="list-style-type: none"> <li>• <b>Deputy Principal(Administration)</b></li> </ul>	<p>Mr. Kilach was born on 14<sup>th</sup> September, 1956. He attended Kenyatta University College then under University of Nairobi and graduated with Bachelors in Education science option. He has been a teacher and a Principal in Various Public schools and also a lecturer at Tambach Teachers Training College before joining Eldoret Polytechnic as a registrar. He has vast experience in education management and curriculum development.</p>



**Josphat K. Kipkemboi,**  
MPhil(Moi), Bed( K.U)

- **Deputy Principal - Academics**

Josphat was born on 31<sup>st</sup> December, 1964 . He is the Deputy principal in charge of academic affairs. He is currently pursuing his PhD in agriculture economics and resource management in Moi University where he also attained his masters degree in agriculture economics and resource management. He has a bachelors degree in education from Kenyatta University. Mr.Kipkemboi has vast experience in education management for a span of 25+ years including having been a Principal and a Dean of Students.



**David Ogega Onyimbo,**  
MPhil(Moi), Bed(Moi)

- **Registrar**

David was born in 1962. He is the Registrar and has a master in Business Administration from the Catholic University of East Africa , a *Bachelors* degree in Business Administration from Kenya Methodist university and a diploma in education. Mr Onyimbo has experience in education management) with over 25 years' experience having worked as a lecturer and a Head of department.





John Kipkori  
Mphil(Moi), Bed, Technology(Moi)

- **Dean of students**

Mr. Kipkorir was born on 18<sup>th</sup> Jan.1974. He was the Dean of students, holder of master of philosophy in Technology Education,(Mechanical Technology option) and a Bachelors degree in Education Technology from Moi University. He has experience in technical vocational education and training (TVET) with over 15 years experience as a trainer, examiner, Campus coordinator and Dean of Students.



Richard K. Sang  
MBA(Moi),Bcom(UON),CPA(K),CPS(K)

- **Finance Officer**

Mr.Sang was born on 31st December, 1966. He graduated from the University of Nairobi having trained in Bachelor of Commerce(Accounting Option). He also has MBA(Finance) degree from Moi University. Mr. Sang is a member of ICPAK and ICPSK. He has been in accountancy field for more than 30 years.



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

I am delighted to present this financial report for the year ended 30<sup>th</sup> June, 2015.

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

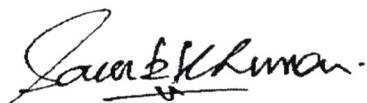
Indeed, the Governing Council of Eldoret National Polytechnic is committed to providing new appropriate facilities and improving existing ones to facilitate effective learning and teaching. In the financial year under review, we worked very hard towards accomplishing this duty. For instance, we succeeded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

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

I take this opportunity once again to thank The Ministry of Education, Science and Technology for funding our activities to ensure our continued progress during the year under review. I also appreciate our sponsors and other stakeholders who chose to partner with us in different ways during this year. The unwavering support, patience and understanding exhibited by our staff, students and the suppliers of

services and goods during times of challenges along the way are highly appreciated by the Governing Council. Similarly the immense contributions and the support I received from the previous members of the Council is invaluable and highly appreciated.

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



Amb. Samson K. Chemai

**CHAIRMAN OF THE GOVERNING COUNCIL**

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



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

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

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

The main source of funding to the Polytechnic during this period under review was the Exchequer with a contribution of a total of **Kshs.102,686,375** million for recurrent expenditure purposes. Internally generated revenue from Fees was **Ksh.163,287,432**. In the Financial year under review hire of facilities was another major source of funding. In a nutshell, the Polytechnic realized an aggregate income of **Kshs. 265,973,807** in revenue during the year. The recurrent expenditure stood at **Kshs.316,445,979** therefore the Polytechnic closed the year with a shortfall of **Kshs. 50,472,173**. The shortfall is attributed to the general price increase in goods and services while fees charged remain constant and all were not realised.

Under the Capital development Exchequer allocations, the Polytechnic received a total of **Kshs.81,000,000** for budgeted physical and infrastructure development



during the year and **Ksh.54,500,000** for Endeless and Turkana East TTI's. The amount was expended in construction of the on-going Capital projects namely; Institutional, Hospitality and Consumer Science Lab project, Science Lab and Renovation of existing Buildings. I wish to report that construction works on these projects progressed well during the year and that all of them are expected to be completed in the 2016/2017 financial year.

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

On behalf of the Polytechnic Governing Council and Management, I take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Council as well as the cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my gratitude to them all.

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



**Mr. Josphat K. Sawe**  
**PRINCIPAL**

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

## **VI. CORPORATE GOVERNANCE STATEMENT**

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

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

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

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



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

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

- **Research with impact**

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

- **Socially responsible graduates**

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

- **Engaging our communities**

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

- **Responsible processes**

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

- **Environmental sustainability**

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

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

## **VIII. REPORT OF THE GOVERNING COUNCIL**

The Governing Council submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the *The Eldoret National Polytechnic's* affairs.

### **Principal activities**

The principal activities of the The Eldoret National Polytechnic are;

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

55



- (k) participate in commercial ventures and activities;
  - (l) foster the general welfare of all staff and students;
  - (m) provide opportunities for development and further training for staff of the National Polytechnic;
  - (n) develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;
  - (o) provide programmes, products and services in ways that reflect the principles of equity and social justice;
  - (p) facilitate student mobility between different programmes at different technical training institutions, national polytechnics and other National Polytechnics;
  - (q) conduct examinations for and grant such academic awards as provided under this Order;
  - (r) collaborate with recognized universities for the conduct and award of degree programmes in technology.
- (2) The National Polytechnic shall have powers to grant higher diplomas, diplomas, certificates, or other academic qualifications which may, for the time being, be authorized by the Academic Policy of the National Polytechnic.
- (3) Subject to Technical, Vocational ,Education & Training Order, the National Polytechnic may award scholarships, bursaries and prizes and make other awards which may be provided for by the Academic Policy.

## **Results**

The results of the The Eldoret National Polytechnic for the year ended June 30, 2015 are set out on page 1 to 5



### **Governing Council**

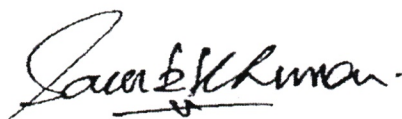
The members of the Governing Council who served during the year are shown on page v-x in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education, Science & Technology.

### **Auditors**

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

No other auditors were appointed.

By Order of the Governing Council



**Amb. Samson K. Chemai**  
Chairman, Governing Council  
Eldoret

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

55

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

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

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

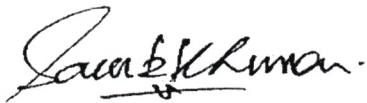
The Council are responsible for the preparation and presentation of the *The Eldoret National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *The Eldoret National Polytechnic* for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of The Eldoret National Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of *The Eldoret National Polytechnic*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for *The Eldoret National Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Council are of the opinion that *The Eldoret National Polytechnic's* financial statements give a true and fair view of the state of *The Eldoret National Polytechnic's* transactions during the financial year ended June 30, 2015, and of *The Eldoret National Polytechnic's* financial position as at that date. The Council further confirm the completeness of the accounting records maintained for *The Eldoret National Polytechnic*, which have been relied upon in the preparation of *The Eldoret National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

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



**Chairman ,Governing Council**



**Secretary, Governing Council**

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON ELDORET NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Eldoret National Polytechnic set out on pages 1 to 24, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts and statement of cash flows 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 14 of the Public Audit Act, 2003. I have obtained all information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

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

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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*Report of the Auditor-General on the Financial Statements of Eldoret National Polytechnic for the year ended 30 June 2015*

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

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

## **Basis for Adverse Opinion**

### **1.0 Exchequer Grants**

The statement of financial performance reflects exchequer grants balance of Kshs.102,686,375 being transfers from the Ministry of Education, Science and Technology. Although the amount was received by the polytechnic, no documentary evidence such as exchequer notification or Authority to Incur Expenditure (AIE) were availed for audit verification. Under the circumstances, the validity and completeness of the exchequer grants totalling Kshs.102,686,375 for the year ended 30 June 2015 could not be confirmed.

### **2.0 Employee Expenses - Production Unit Allowances**

Included in employment costs balance of Kshs.108,890,307 reflected in the statement of financial performance for the year ended 30 June 2015 is Kshs.38,288,072 relating to part time teaching claims that include production unit allowances of Kshs.2,822,531. However, the management did not provide documentary evidence such as approval for the payment of the production unit allowances by the governing council in consultation with the Technical and Vocational Education and Training Authority as required by Section 29(m) of the Technical and Vocational Education and Training Act, 2013 which states that one of the functions of the board of governors is determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Technical and Vocational Education and Training Authority. Further, the basis of calculating each beneficiary's entitlement was not availed for audit verification. The management explained that the payment was provided in the revised production policy which was approved on 18 February 2016, after the payments had been made. A copy of this policy was not availed for audit review.

Under the circumstances, the expenditure of Kshs.2,822,531 incurred on production unit allowances could not be ascertained for the year ended 30 June 2015.

### **3.0 Remuneration of Governing Council Members**

The statement of financial performance for the year ended 30 June 2015 reflects remuneration of governing council members expenditure of Kshs.2,055,571 which is an increase of Kshs.1,189,775 or 137% compared to Kshs.865,796 reported in 2013/2014. No verifiable explanation was provided for the high increase of the

remuneration of governing council members' expenditure. Under the circumstances, the propriety of Kshs.2,055,571 expenditure on remuneration of governing council members for the year ended 30 June 2015, could not be confirmed.

#### **4.0 Rents**

The statement of financial performance also reflects rents expenditure of Kshs.5,669,614 which is described in note 12 as rent for town campus premises. However, lease agreement provided in support of this expenditure is dated 1 June 2015. It is therefore apparent that the expenditure was incurred without a valid lease agreement. Under the circumstance, the validity and accuracy of town campus rent expenditure of Kshs.5,669,614 for the year ended 30 June 2015 could not be confirmed.

#### **5.0 Staff Imprests**

Included in the receivables from exchange transactions figure of Kshs.130,641,765 reflected in the statement of financial position is staff imprest figure of Kshs.3,833,762. A review of imprest records revealed that imprest totalling Kshs.3,763,212 had not been surrendered or accounted for at the due date. No recoveries have been made from the defaulting officers. In the circumstances, the validity and accuracy of staff imprest of Kshs.3,833,762 could not be ascertained.

#### **6.0 Finance Cost**

The statement of financial performance reflects finance cost figure of Kshs.1,545,986 which was not supported by any documentary evidence. Under the circumstance, the accuracy and validity of the finance cost figure of Kshs.1,545,986 for the year ended 30 June 2015 could not be confirmed.

#### **7.0 Biological Assets**

The statement of financial position as at 30 June 2015 reflects biological assets figure of Kshs.7,292,800. However, the method and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets has not been disclosed in the notes to the financial statements as required by Paragraph 13 of the International Public Sector Accounting Standards 27 which stipulates that an entity shall disclose the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets. Under the circumstances, the accuracy and valuation of biological assets balance of Kshs.7,292,000 as at 30 June 2015 could not be confirmed.

#### **8.0 Trade and Other Payables**

Included in the trade and other payables figure of 102,285,507 as at 30 June 2015 are Ministry of Education grants for Ziwa and Bomet Technical Training Institutes of Kshs.5,841,709 and Kshs.21,324,553 respectively all totalling to Kshs.27,166,262. However, documentary evidence in support of these liabilities were not availed for

audit verification. Further, the trade and other payables figure include retention money due to Ms Pako contractors and Ms Nekins Merchants and contractors of Kshs.1,125,000 and Kshs.1,049,624 respectively. However, records made available indicate that the retention money relate to Endebbes Technical Training Institute and Turkana Technical Training Institute respectively. The retention money is therefore not related to Eldoret National Polytechnic. Under the circumstances, the accuracy and existence of trade and other payables of Kshs.102,285,507 as at 30 June 2015 could not be confirmed.

## **9.0 Bank Overdraft**

The statement of financial position as at 30 June 2015 reflects Bank overdraft balance of Kshs.3,314,655 relating to College fund account No. 010221027668101 National Bank of Kenya Kshs.3,155,790 and Coop bank account No.01129441884400 of Kshs.158,865. However, there were no documentary evidence availed to confirm that the overdraft had been approved by the Governing Council and Cabinet Secretary for Finance. The management explained that the overdraft relates to overdrawn cashbooks balances. Further, the cashbooks in support of the overdraft figure of Kshs.158,865 was not availed for audit verification. Under the circumstances, the validity, accuracy and propriety of bank overdraft balance of Kshs,3.314,655 as at 30 June 2015 could not be confirmed.

## **10.0 Total Liabilities**

The statement of financial position reflects total liabilities figure of Kshs.6,821,248 which varies with the computed total balance of Kshs.115,285,249 resulting to a variance of Kshs.108,464,001 which has not been explained or reconciled. Under the circumstance, the accuracy and validity of the total liabilities figure of Kshs.6,821,248 as at 30 June 2015 could not be confirmed.

## **11.0 G.O.K Exchequer Development Grants**

The statement of financial position reflects G.O.K exchequer grants of Kshs.260,706,446 as at 30 June 2015 which include Development grants of Kshs.81,000,000 received during the year under review. However, exchequer notifications in support of the exchequer grants of Kshs.81,000,000 were not availed for audit verification.

Under the circumstance, the accuracy and validity of exchequer grants of Kshs.81,000,000 as at 30 June 2015 received could not be confirmed.

## **12.0 Statement of Cash Flows**

The statement of cash flows reflects net inflows/outflows from operating activities of negative Kshs.9,850,278 which include realized income from revaluation of biological assets and prior year ledger adjustment of Kshs.735,100 and Kshs.27,267 respectively and which were not supported by any documentary evidence. Further, the total net inflows/outflows from operating activities of negative Kshs.32,441,474 include changes in accounts payable of Kshs.174,424 which varies with computed

figure of Kshs.7,919,600 resulting to a variance of negative Kshs.7,745,176 and also which has not been explained or reconciled. The cash and cash equivalents figure of Kshs.31,192,157 at the end of the year also varies with the cash and cash equivalents figure of Kshs.34,506,812 reflected in the statement of financial position resulting in a variance of Kshs.3,314,655 and also which has not been explained or reconciled.

Under the circumstances, the validity and accuracy of the statement of cash flows for the year ended 30 June 2015 could not be confirmed.

### 13.0 Statement of Changes in Net Assets

The statement of changes in net assets reflect prior year adjustment (segregation of Mentoring Projects) figure of Kshs.2,588,513 under revaluation reserves. However, journal vouchers in support of this adjustment were not availed for audit verification. Under the circumstance, the accuracy and validity of the Kshs.2,588,513 adjustment on revaluation reserves could not be confirmed.

### 14.0 Over-Expenditure

Included in the total expenditure of Kshs.316,445,979 reflected in the statement of financial performance is a total expenditure of Kshs.34,813,336 incurred against a budget of Kshs.15,660,000 resulting in an over expenditure of Kshs.19,153,336 as shown below:

Expenditure	Budget (Kshs)	Actual Expenditure (Kshs)	Over Expenditure (Kshs)	Percentage Over Expenditure
Repairs and Maintenance	0	13,460,110	13,410,110	
Finance Costs	0	1,545,986	1,545,986	
Rent	4,560,000	5,699,614	1,139,614	25
Governing Council Expenses	1,200,000	2,055,571	855,571	71
Marketing Expenses	9,900,000	12,052,055	2,152,055	22
Total	15,660,000	34,813,336	19,153,336	

However, documentary evidence of the approval of the over expenditure of Kshs.19,153,336 was not availed for audit review. Under the circumstances, the propriety of Kshs.19,153,336 excess expenditure for the year ended 30 June 2015 could not be confirmed.

### Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the

*Report of the Auditor-General on the Financial Statements of Eldoret National Polytechnic for the year ended 30 June 2015*

financial position of the Eldoret National Polytechnic as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with Technical and Vocational Education and Training Act, 2013.



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

**Nairobi**

**09 January 2017**

**I. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2015**

	NOTE	2015 Kshs	2014 Kshs
<b>Revenue from non-exchange transactions</b>			
Exchequer grants	3	102,686,375	96,345,000
		<b>102,686,375</b>	<b>96,345,000</b>
<b>Revenue from exchange transactions</b>			
Tuition fees & Other incomes	4	151,887,702	154,397,134
Rental revenue from facilities and equipment	5	909,030	1,157,780
Other income	6	10,490,700	4,935,774
		<b>163,287,432</b>	<b>160,490,688</b>
<b>Total revenue</b>		<b>265,973,807</b>	<b>256,835,688</b>
<b>Expenses</b>			
Employee costs	7	108,890,307	104,811,521
Remuneration of Governing Council members	8	2,055,571	865,796
Depreciation and amortization expense	9	38,033,380	35,617,073
Repairs and maintenance	10	13,460,110	5,616,379
Administration & Central service expenses	11	132,904,061	98,282,293
Rents	12	5,699,614	3,853,960
Marketing expenses	13	12,052,055	8,913,067
Provisions	22	1,804,895	4,295,578
Finance Cost	25	1,545,986	42,454
<b>Total Expenses</b>		<b>316,445,979</b>	<b>262,298,121</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets		-	-
<b>Surplus before tax</b>		<b>(50,472,173)</b>	<b>(5,462,433)</b>
Taxation		-	-
<b>Deficit for the period</b>		<b>(50,472,173)</b>	<b>(5,462,433)</b>

The notes set out on pages 6 to 24 form an integral part of the Financial Statements

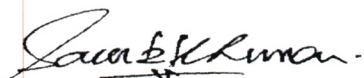


**STATEMENT OF FINANCIAL POSITION**

**XII. As at 30 June 2015**

<b>Assets</b>	NOTES	<b>2,015</b>	<b>2014</b>
<b>Current assets</b>		<b>Ksh</b>	<b>Ksh</b>
Cash and cash equivalents	14	34,506,812	38,625,393
Receivables from exchange transactions	15	130,641,765	107,455,311
Inventories	16	4,062,025	5,350,102
		<b>169,210,602</b>	<b>151,430,807</b>
<b>Non-current assets</b>			
Biological assets	17	7,292,800	6,557,700
Property, plant and equipment	18	1,155,343,841	1,150,935,747
		<b>1,162,636,641</b>	<b>1,157,493,447</b>
<b>Total assets</b>		<b>1,331,847,243</b>	<b>1,308,924,253</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	102,285,507	102,459,931
Bank Overdraft	20	3,314,655	11,554,981
Refundable deposits from customers-caution money	21	1,703,839	1,288,689
Provisions	24	1,160,000	1,080,000
		<b>108,464,001</b>	<b>116,383,601</b>
<b>Non-current liabilities</b>			
Borrowings	23	6,821,248	9,095,000.00
		<b>6,821,248</b>	<b>125,478,601</b>
<b>Total liabilities</b>		<b>1,216,561,994</b>	<b>1,183,445,652</b>
<b>Net assets</b>			
Revaluation Reserves		922,167,330	919,578,817
Accumulated surplus		3,387,002	53,859,174
G.O.K Exchequer grants		260,706,446	179,706,446
Donated Assets (MOEST)		30,301,215	30,301,215
<b>Total net assets and liabilities</b>		<b>1,216,561,994</b>	<b>1,183,445,652</b>

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



Chairman , Governing Council



Secretary, Governing Council



**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2015**

	Revenue reserve	Revaluation reserve	G.O.K grants	Donated Assets (MOEST)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 30 JUNE 2014</b>	<b>53,859,174</b>	<b>919,578,817</b>	<b>179,706,446</b>	<b>30,301,215</b>	<b>1,183,445,652</b>
Surplus/(deficit) for the period	(50,472,173)	-	-	-	(50,472,173)
Prior year adjustment (Segregation of mentoring Projects)	-	2,588,513	-	-	2,588,513
Exchequer grant	-	-	81,000,000	-	81,000,000
Revaluation of Biological assets	-	-	-	-	-
<b>Balance as at 30 JUNE 2015</b>	<b>3,387,001</b>	<b>922,167,330</b>	<b>260,706,446</b>	<b>30,301,215</b>	<b>1,216,561,993</b>

**XIV. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30.6.2015**

	<b>2015</b>	<b>2014</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>Surplus/Deficit for the year</b>	<b>(50,472,173)</b>	<b>(5,462,433)</b>
Adjustments for non-cash income and expenses		
Prior year ledger adjustments	(27,267)	-
Adjustments for :-		
Realised income from revaluation of Biological Assets	(735,100)	
Finance cost	1,545,986	
Contribution to Provisions during the year	1,804,895	4,295,577
Depreciation	38,033,380	35,617,073
	<b>(9,850,278)</b>	<b>34,450,217</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Changes in Inventories	1,288,077	14,998,384
Changes in biological assets	(735,100)	(102,850)
Changes in Accounts Receivable	(23,186,454)	(30,449,534)
Changes in Accounts Payable	(174,424)	(14,870,215)
Changes in refundable deposits from customers	415,150	(940,377)
Changes in Provisions	80,000	-
	<b>(22,312,751)</b>	<b>(31,364,593)</b>
<b>Net Inflows/Outflows from Operating Activities</b>	<b>(32,163,029)</b>	<b>3,085,624</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Non-currents assets	(42,441,474)	(39,435,050)
Adjustment for Transfer of assets (Projects bank accounts)	-	(39,448,781)
<b>Net cash flows from investing activities</b>	<b>(42,441,474)</b>	<b>(78,883,831)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Government Development Grants	81,000,000	40,500,000
Asset Financing Term loan (NBK)/Repayment	(2,273,752)	9,095,000
<b>Net cash flows from financing activities</b>	<b>78,726,248</b>	<b>49,595,000</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>4,121,745</b>	<b>(26,203,206)</b>
Cash and cash equivalents at the beginning of the year	38,625,393	54,592,819
Bank overdraft at the beginning of the year	(11,554,981)	(1,319,201)
<b>Cash and cash equivalents at the end of the year:</b>	<b>31,192,157</b>	<b>27,070,412</b>



**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original budget	Adjustments	Final budget	Actual on	Performance
	2014-2015	2014-2015	2014-2015	comparable basis	difference
	Kshs	Kshs	Kshs	2014-2015	2014-2015
				Kshs	Kshs
<b>Revenue</b>					
Exchequer operations grants	150,000,000	-	150,000,000	102,686,375	(47,313,625)
Tuition fees & other incomes	213,555,073	-	213,555,073	163,287,432	(74,362,835)
<b>Total income</b>	<b>363,555,073</b>	<b>-</b>	<b>363,555,073</b>	<b>265,973,807</b>	<b>(121,676,460)</b>
<b>Expenses</b>					
Compensation of employees(both teaching & non teaching staff)	139,677,288	-	139,677,288	108,890,307	30,786,981
Administration costs & Central services	167,232,139	-	171,792,139	132,904,061	38,888,078
Repairs and maintenance	-	-	-	13,460,110	(13,460,110)
Finance cost	-	-	-	1,545,986	(1,545,986)
Rent	4,560,000	-	4,560,000	5,699,614	(1,139,614)
Governing Council expenses	1,200,000	-	1,200,000	2,055,571	(855,571)
Marketing expenses	9,900,000	-	9,900,000	12,052,055	(2,152,055)
Provisions	-	-	-	1,804,895	(1,804,895)
Provision for Depreciation	-	-	-	38,033,380	(38,033,380)
<b>Total expenditure</b>	<b>322,569,427</b>	<b>-</b>	<b>327,129,427</b>	<b>316,445,979</b>	<b>10,683,448</b>
<b>Surplus/Deficit for the period</b>	<b>40,985,646</b>	<b>-</b>	<b>36,425,646</b>	<b>(50,472,172)</b>	<b>(110,993,012)</b>



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

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

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

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

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

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

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

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

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

#### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to The Eldoret National Polytechnic and can be measured reliably.

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

#### **Rendering of services**

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

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

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

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

### ***Interest income***

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

### ***Rental income***

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

## **b) Budget information – IPSAS 24**

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

## **c) Taxes – IAS 12**

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

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

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

### ***Sales tax***

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

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

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

**d) Investment property – IPSAS 16**

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment – IPSAS 17**

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

**g) Intangible assets – IPSAS 31**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**i) Research and development costs**

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

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

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

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

### ***Financial assets***

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

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

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

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

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

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

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

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

- The major debtors or some of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization



- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

## **ii) Financial liabilities**

### **Initial recognition and measurement**

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

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

### **Loans and borrowing**

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

#### **IPSAS 29.65**

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

## **i) Inventories – IPSAS 12**

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

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

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

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

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

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



**j) Provisions – IPSAS 19**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**k) Nature and purpose of reserves**

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

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

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

**m) Employee benefits – IPSAS 25**

**Retirement benefit plans**

The Eldoret National Polytechnic provides retirement benefits for its employees on gratuity basis. Defined contribution plans are post employment benefit plans under which an The Eldoret National Polytechnic pays fixed contributions into a separate The Eldoret National Polytechnic (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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

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

**o) Borrowing costs – IPSAS 5**

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

**p) Related parties – IPSAS 20**

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

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

The Eldoret National Polytechnic analyses all aspects of service concession arrangements that it enters into in determining the



*The Eldoret National Polytechnic Financial Statements for the year ended 30<sup>th</sup> June, 2015*

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

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**s) Comparative figures**

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

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

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

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

***Estimates and assumptions***

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



### ***Useful lives and residual values***

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

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

### ***Provisions***

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

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

The provision for uncollectible debt for fees is charged at 5% on the amount outstanding. The provision has been netted off from the fees debtors in the financial statement. No provision is provided for other debtors.

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

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

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

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

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are fully depreciated in the year of acquisition and no depreciation is charged in the year of disposal.



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

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

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

#### **v) Agriculture – IPSAS 27**

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

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

- Agricultural activity means the management by the polytechnic of the biological transformation and harvest of biological assets
- Conversion into agricultural produce or into additional biological assets for sale or for distribution at no charge or for a nominal charge.
- Agricultural produce means the harvested product of the polytechnic's biological assets.
- Biological asset means a living animal or plant.
- Harvest means the detachment of produce from a biological asset or the cessation of a biological asset's life processes.
- Costs to sell means the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

#### **Recognition**

A biological asset or agriculture produce was recognized only when

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

### **Basis for valuation**

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

#### **Dairy cows**

All the cows were valued differently based on:

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

#### **Dorper Sheep**

The dorper sheep are valued based on the following:

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

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

Pigs are valued based on:

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

#### **Poultry**

The poultry is valued based on the following:

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

#### **Crops**

Crops are valued based on the following:

- Growth stage
- Acreage planted
- Inputs applied



<b>3. Exchequer Recurrent grants</b>	<b>2014-2015</b>	<b>2013-2014</b>
	<b>Shs</b>	<b>Shs</b>
Disbursements	102,686,375	96,345,000
<b>Total</b>	<b>102,686,375</b>	<b>96,345,000</b>

<b>4. Tuition fees and other related income</b>	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Tuition fees	102,805,352	106,434,723
Application fees	1,965,417	2,711,862
Attachment fees	3,372,045	5,065,075
Registration fees	1,867,400	2,942,415
Maintenance	2,060,345	2,080,700
Electricity & Water	1,994,070	2,420,540
Local Travel & Transport	3,252,554	4,201,495
Library levy	1,955,079	1,289,895
Internet Levy	2,100,250	2,267,780
Hostel & Catering	8,213,443	8,768,294
Tender fees and other misc. incomes	263,877	149,000
Medical fees	5,365,600	5,633,040
Personal Emoluments	14,338,100	9,397,035
Graduation Income	2,334,170	1,035,280
<b>Total</b>	<b>151,887,702</b>	<b>154,397,134</b>

<b>5. Rental revenue from facilities and equipment</b>	<b>2015</b>	<b>2014</b>
	<b>Shs</b>	<b>Shs</b>
Staff quarters rent	909,030	1,157,780
<b>Total</b>	<b>909,030</b>	<b>1,157,780</b>

<b>6. Other income</b>	<b>2015</b>	<b>2014</b>
	<b>Shs</b>	<b>Shs</b>
Receipts from sale of farm produce	2,441,910	1,734,775
Rental of physical facilities and services	7,772,876	3,125,280
Interest income	100,664	75,719
Reduction on provision for uncollectible fees debtors	175,250	-
<b>Total</b>	<b>10,490,700</b>	<b>4,935,774</b>



*The Eldoret National Polytechnic Financial Statements for the year ended 30<sup>th</sup> June, 2015*

<b>7. Employee costs</b>	<b>2015</b>	<b>2014</b>
	Kshs.	Kshs.
Personal Emoluments	56,932,959	53,708,419
Other Allowances(Hse,leave & DIT Levy)	9,115,858	8,986,044
Gratuity Costs	3,136,828	1,176,088
Medical allowances	1,416,590	1,397,300
Part time teaching claims	38,288,072	39,543,670
<b>Total</b>	<b>108,890,307</b>	<b>104,811,521</b>

<b>8. Remuneration of Governing Council</b>	<b>2015</b>	<b>2014</b>
	Ksh	Ksh
Governing Council Expenses	2,055,571	865,796
<b>Total</b>	<b>2,055,571</b>	<b>865,796</b>

<b>9. Depreciation and amortization expense</b>	<b>2,015</b>	<b>2,014</b>
	Shs	Shs
Property, plant and equipment	8,906,523	8,830,084
Buildings	9,119,165	9,119,165
Computers, Printers and Copiers	12,336,668	10,123,854
Furniture and fittings	2,078,634	1,951,580
Motor vehicles	5,592,390	5,592,390
<b>Total</b>	<b>38,033,380</b>	<b>35,617,073</b>

<b>10. Repairs and maintenance</b>	<b>2015</b>	<b>2014</b>
	Shs	Shs
Property and equipment	13,460,110	5,616,379
<b>Total</b>	<b>13,460,110</b>	<b>5,616,379</b>



<b>11. Administrative and Central service costs</b>	<b>2015</b>	<b>2014</b>
	<b>Ksh</b>	<b>Ksh</b>
Medical Expenses	1,060,590	1,929,042
Travelling, Transport & Accom. Exp.	35,611,456	26,422,617
Telephone Expenses	4,159,464	3,879,734
Electricity, Water & Conservancy	20,685,676	9,677,857
Graduation Expenses	4,954,000	2,928,058
Insurance Expenses	1,421,300	-
Postage	-	62,905
Bank Charges	514,659	776,182
Administrative costs	-	2,148,469
Fees, Commissions & Honoraria	-	3,839,797
Establishment costs	17,318,939	-
Hostel and Catering Expenses	18,022,561	15,254,492
Attachment Expenses	957,300	2,024,565
Tuition and related Expenses	28,198,116	29,338,575
<b>Total</b>	<b>132,904,061</b>	<b>98,282,293</b>

<b>12. Rent Expenses</b>	<b>2015</b>	<b>2014</b>
	<b>Ksh</b>	<b>Ksh</b>
Rent expense- town campus	5,699,614	3,853,960
<b>Total</b>	<b>5,699,614</b>	<b>3,853,960</b>

<b>13. Marketing Expenses</b>	<b>2015</b>	<b>2014</b>
	<b>Ksh</b>	<b>Ksh</b>
Advertising & Publicity	12,052,055	8,913,067
<b>Total</b>	<b>12,052,055</b>	<b>8,913,067</b>



**14. Cash and Bank Balances**

		2015	2014
		Ksh	Ksh
Cash-on-hand and in transit		13,615,627	9,062,930
Bank		20,891,185	29,562,463
Short-term deposits		-	-
<b>Total cash and cash equivalents</b>		<b>34,506,812</b>	<b>38,625,393</b>

**Detailed analysis of the cash and cash equivalents**

**14 (a) Banks**

Name of the Bank	Bank Account Number	2015	2014
		Ksh.	Ksh.
National Bank of Kenya -Eldoret	01021027668102	362,601	314,815
National Bank of Kenya -Eldoret	01021027668103	319,930	-
National Bank of Kenya -Eldoret	01021027668104	46,807	47,908
National Bank of Kenya -Eldoret	01021027668105	16,132,092	17,819,129
National Bank of Kenya -Eldoret	01021027668106	455	2,106
National Bank of Kenya -Eldoret	0124027668100	3,805,745	10,081,315
Co-operative Bank of Kenya	01129441884400	-	726,776
Co-operative Bank of Kenya	01129441884401	223,555	570,414
Equity Bank	01640262813295	-	-
Kenya Commercial Bank	1159276706	-	-
<b>Total</b>		<b>20,891,185</b>	<b>29,562,463</b>

Form of cash holding e.g liquid cash, Mpesa, Mobicash, e.t.c		2015	2014
		Ksh.	Ksh.
Hard Currency		22,530	29,135
Money Orders & cheques		931,653	1,590,788
M-Pesa (Pay Bill No. 30425)		12,662,974	7,443,007
<b>Total</b>		<b>13,615,627</b>	<b>9,062,930</b>

**14. (C) Net Bank Balances**

		2015	2014
		Ksh.	Ksh.
<b>Total</b>		<b>31,192,157</b>	<b>27,070,412</b>



**15. Receivables from exchange transactions**

<b>Current Receivables:</b>	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Amounts falling due within one year:-		
Students debtors	90,539,254	70,595,986
House Rent debtors	3,998,410	3,389,100
Staff P.U Advances	21,687,406	19,162,778
Staff salary advances	754,951	1,011,188
Staff Imprests	3,833,762	8,660,749
EPSU	4,155,985	1,527,777
Sports	5,452,792	3,107,133
Prepaid Examination fees to KNEC	219,205	600
<b>Total</b>	<b>130,641,765</b>	<b>107,455,311</b>

**16. Inventories**

	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Inventory Farm Stores(Stock)	450,000	636,000
Inventory Central Stores(Stock)	3,612,025	4,714,102
<b>Total</b>	<b>4,062,025</b>	<b>5,350,102</b>

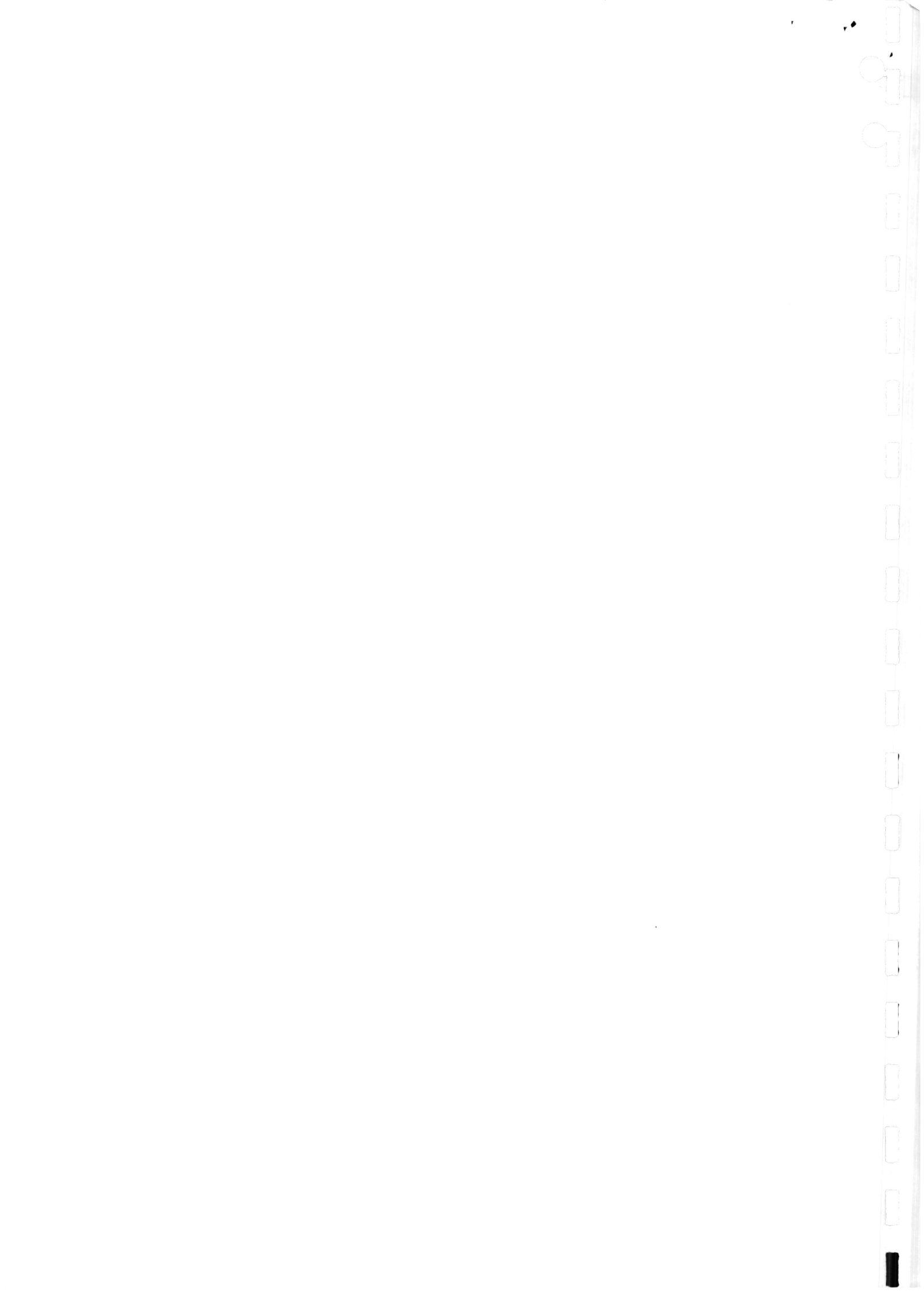
**17. Biological assets**

<b>Group A</b>	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Maize in Field	1,200,000	1,200,000
Fodder in Field	40,000	40,000
Vegetables	90,000	90,000
Sheep	-	-
livestock	5,805,000	4,997,000
Pigs	-	-
Poultry	157,800	230,700
<b>Total</b>	<b>7,292,800</b>	<b>6,557,700</b>



### 18. Property, Plant and Equipment Movement Schedule 2014-2015

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate	nil	2%	nil	12.50%	33.30%	12.50%	25%	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
As at 1st July,2013	520,000,000	371,780,000.00	215,096,973	39,230,000	20,701,673	14,257,485	11,000,000	1,192,066,131
Additions	-	-	15,900,585	1,109,461	9,700,290	1,355,154	11,369,560	39,435,050
Prior year adjustments(WIP)	-	-	(51,484,383)	-	-	-	-	(51,484,383)
Adjustment/General Journal	-	-	-	-	-	-	-	-
Donations (moest)	-	-	-	30,301,215	-	-	-	30,301,215
Disposals	-	84,178,255	(84,178,255)	-	-	-	-	-
As at 30 June,2014	520,000,000	455,958,255	95,334,920	70,640,676	30,401,963	15,612,639	22,369,560	1,210,318,013
As at 1 July,2014	520,000,000	455,958,255	95,334,920	70,640,676	30,401,963	15,612,639	22,369,560	1,210,318,013
Additions	-	-	34,168,446	611,510	6,645,089	1,016,429	-	42,441,474
Disposals	-	-	-	-	-	-	-	-
Donations (moest)	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Bal as at 30 June,2015	520,000,000	455,958,255	129,503,366	71,252,186	37,047,052	16,629,068	22,369,560	1,252,759,487
Depreciation and impairment								
At 1 st July 2013	-	(7,435,600)	-	(4,903,750)	(6,893,657)	(1,782,186)	(2,750,000)	(23,765,193)
Depreciation charged	-	(9,119,165)	-	(8,830,084)	(10,123,854)	(1,951,580)	(5,592,390)	(35,617,073)
Impairment	-	-	-	-	-	-	-	-
Accum. At 30 June 2014	-	(16,554,765)	-	(13,733,834)	(17,017,511)	(3,733,766)	(8,342,390)	(59,382,266)
At 1st July 2014	-	(16,554,765)	-	(13,733,834)	(17,017,511)	(3,733,766)	(8,342,390)	(59,382,266)
Depreciation charged	-	(9,119,165)	-	(8,906,523)	(12,336,668)	(2,078,634)	(5,592,390)	(38,033,380)
Impairment	-	-	-	-	-	-	-	-
Accum. At 30 June 2015	-	(25,673,930)	-	(22,640,358)	(29,354,179)	(5,812,399)	(13,934,780)	(97,415,646)
NET BOOK VALUES								
At 30 June 2015	520,000,000	430,284,325	129,503,366	48,611,828	7,692,873	10,816,669	8,434,780	1,155,343,841
At 30 June 2014	520,000,000	439,403,490	95,334,920	56,906,841	13,384,452	11,878,873	14,027,170	1,150,935,747



<b>19. Trade and Other Payables</b>	<b>2,015</b>	<b>2014</b>
<b>Amounts falling due within one year:-</b>	<b>Kshs.</b>	<b>Kshs.</b>
Trade Creditors	35,731,653	41,019,795
Staff P.U Creditors	15,896,560	16,552,786
Examination Fund	-	4,274,925
<b>Unreceipted effects:</b>		
CDF Bursaries	11,021,522	4,898,262
Bank deposits	10,294,886	-
<b>Retention accounts:</b>		
Pako contractors	1,125,000	-
Nekims Merchants & contractors	1,049,624	-
<b>Amounts falling due without one year:-</b>		
MOE Grant Ziwa	5,841,709	7,970,829
MOE Grant Bomet	21,324,553	27,743,334
<b>Total</b>	<b>102,285,507</b>	<b>102,459,931</b>
<b>20. Bank Overdrafts</b>	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
College Fund A/C-NBK No.01021027668101	3,155,790	11,129,138
Co-operative Bank of Kenya No.01129441884400	158,865	-
<b>Total</b>	<b>3,314,655</b>	<b>11,554,981</b>
<b>21. Refundable deposits from customers</b>	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Caution Money	1,622,019	1,288,519
Prepaid Fees	81,820	170
<b>Total</b>	<b>1,703,839</b>	<b>1,288,689</b>
<b>22. Provisions during the period</b>	<b>2015</b>	<b>2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Provision for Audit fees during the year	580,000	580,000
Provision for uncollectible fees debtors	1,224,895	3,715,578
<b>Total</b>	<b>1,804,895</b>	<b>4,295,578</b>
<b>23. Borrowings</b>	<b>2015</b>	<b>2014</b>
	<b>Shs</b>	<b>Shs</b>
Bank loans(National Bank of Kenya)	6,821,248	9,095,000
<b>Total non-current borrowings</b>	<b>6,821,248</b>	<b>9,095,000</b>

